

WORKFORCE CONNECTIONS

Zimbabwe Labor Market Assessment

October 2014



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Zimbabwe Labor Market Assessment

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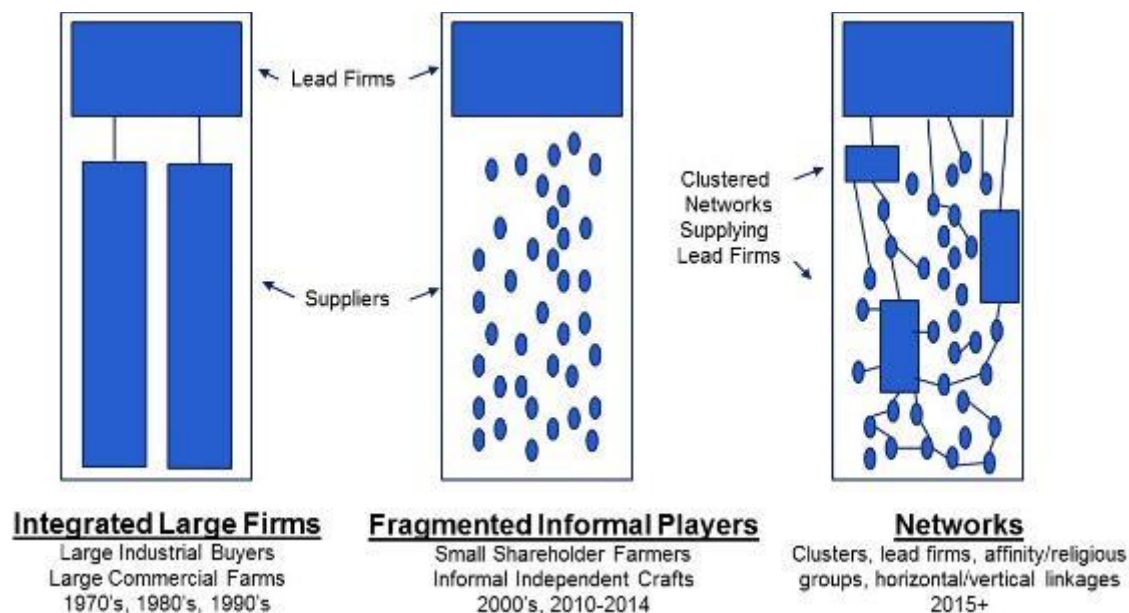
Acronyms

AGRITEX	Agricultural Technical and Extension Services
ARDA	Agricultural and Rural Development Authority\
CEDAW	Convention on the Elimination of all forms of Discrimination Against Women
COMESA	Common Market for Eastern and Southern Africa
DANIDA	Danish International Development Agency
ESAP	Economic Structural Adjustment Program
FAO	Food and Agriculture Organization
GERPMI	Gender-Responsive Economic Policy Management Initiative
GDP	Gross Domestic Product
GMB	Grain Marketing Board
GNU	Government of National Unity
GoZ	Government of Zimbabwe
HPC	Horticulture Promotion Council
ICT	Information and Communication Technology
IMC	Irrigation Management Committee
IMF	International Monetary Fund
ISF	Irrigation Support Fund
LMA	Labor Market Assessment
MDGs	Millennium Development Goals
MoWAGCD	Ministry of Women Affairs, Gender and Community Development
MoAg	Ministry of Agriculture
MoLSW	Ministry of Labour and Social Welfare
MoSEP	Ministry of State Enterprises and Parastatals
MoSME	Ministry of Small Medium Enterprise
MoYDIE	Ministry of Youth Development, Indigenisation and Empowerment
MoHTE	Ministry of Higher and Tertiary Education
MTP	Medium-Term Plan
NIEEB	National Indigenisation and Economic Empowerment Board
OVCs	Orphaned and Vulnerable Children
SADC	Southern Africa Development Community
SME	Small to Medium Enterprise
SSIP	Support to Smallholder Irrigation Program
UNDP	United Nations Development Programme
UZ	University of Zimbabwe
WDTF	World Bank's Multi-Donor Trust Fund
WFD	Workforce Development
YALI	Young African Leadership Initiative
ZDHS	Zimbabwe Demographic Health Survey
ZEDS	Zimbabwe Economic Development Strategy
ZESA	Zimbabwe Electricity Supply Authority
ZFU	Zimbabwe Farmers Union
ZIMPREST	Zimbabwe Programme for Economic and Social Transformation
ZIMSTAT	Zimbabwe Statistical Agency
ZiNEPF	Zimbabwe National Employment Framework
ZWRCN	Zimbabwe Women Resource Centre and Network

I. Executive Summary

At the request of the USAID mission in Zimbabwe, the FHI 360 Workforce Connections team conducted a Labor Market Assessment (LMA) to systematically analyze the country's labor market system to better inform USAID & DFID on youth employment and entrepreneurship programing. The LMA team assessed overall economic trends and patterns, the resulting demand for skills and workers, and the supply of workers and skills, in order to arrive at the below conclusions and recommended interventions.

Zimbabwe's economy was formerly referred to as the "breadbasket of Africa" characterized by large commercial farms and large industrial firms that exported most of their production. The economic system (supply chains, banking system, education system, agriculture extension, etc.) was structured around serving these large farms and firms. The political and economic challenges over the past decade have resulted in a structural shift from an economy based on large, stable, formal enterprises to an economy based on fragmented, fragile, informal enterprises.



The economic challenges - ranging from the liquidity crisis, poor infrastructure, government debt, indigenization pressure, corruption, policy uncertainty, insufficient formal employment, etc. have created a low demand, low trust environment that has led to business contraction. This, in turn, has resulted in a desperate workforce who rely increasingly on multiple sources of revenue. This context is important for workforce program planners to keep in mind in order to focus on key employment drivers and to appropriately frame what can be accomplished.

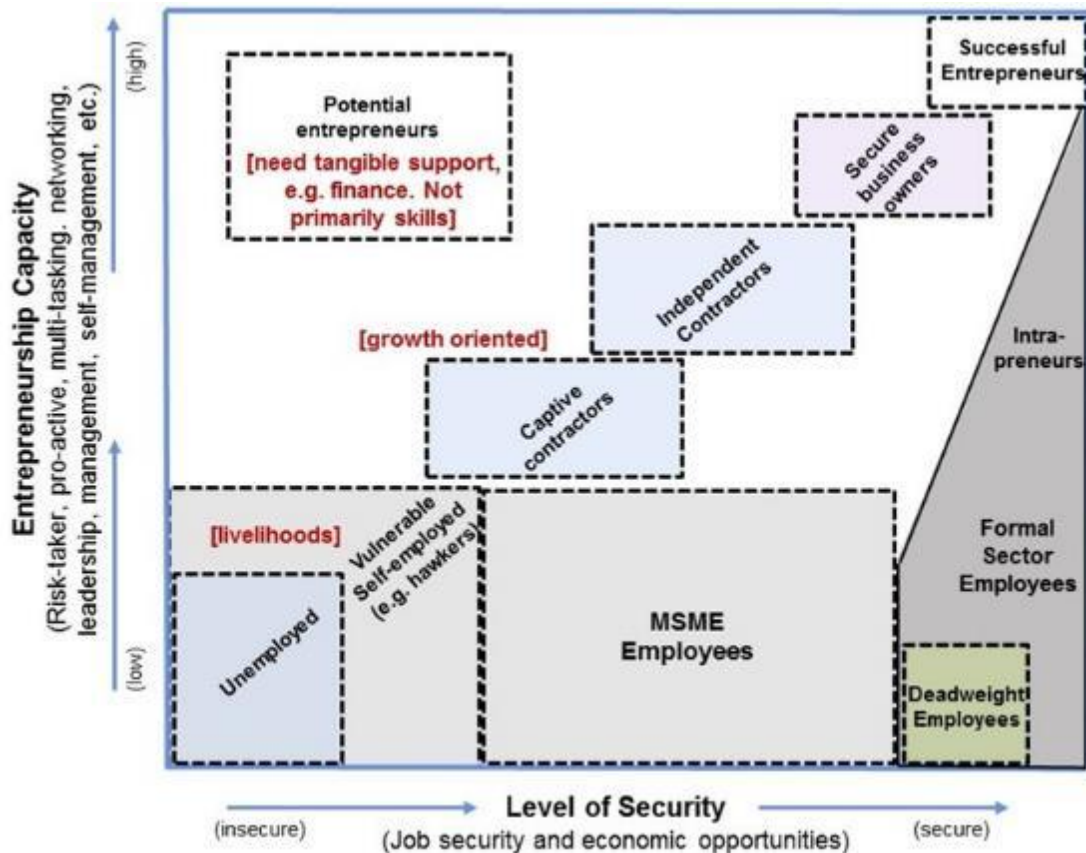
Typically, the LMA team would select sectors based on the past and projected future performance of each sector evaluated, as well as the ability for women and youth to access these types of jobs. However, in the Zimbabwean context it makes more sense to focus on "pockets of growth" within sectors that can be upgraded while operating primarily with direct stakeholders, i.e. without requiring significant cooperation from government. "Pockets of growth" are new market demand opportunities

with the following characteristics: a clear opportunity for growth, low policy constraints, strong leadership, a manageable group of market actors, and low investment requirements.

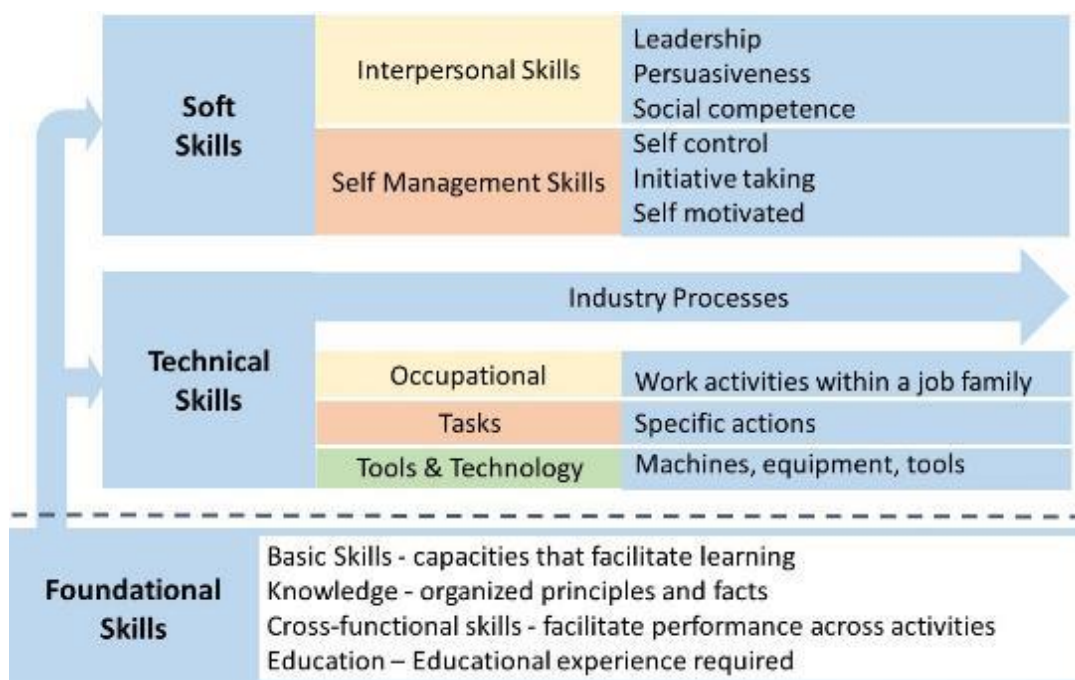
Some examples of pockets of growth and patterns worth noting are:

- Bananas – Lead firms like Matanuska and Favco working with growers to supply key inputs such as plant material from South Africa, fertilizers and pesticides; advice on planting, irrigation, application of chemicals, and handling of green bananas; and collaboration on constructing sheds for storage of harvested bananas.
- Poultry – Lead firm Higro, an input distributor of day-old chicks, vaccines, antibiotics, vitamins and feeds, working with youth to provide inputs, customer growing solutions, and training to youth through a network of affiliated congregations.
- Timber – Entrepreneurial firm Tsanga Timbers and their team working to leverage a small investment of \$19,000 in a cutting machine from to produces planks for wooden pallets, benches for schools and ceiling installations for homes. In addition, they sell an innovative kit for a three-bedroom pine cabin for \$375, which has interest from tourist lodges and neighboring countries.
- Business Services – Cyrex Business Solutions is working with entrepreneurs to provide solutions in communications, printing, registration, taxes, and office sharing solutions.

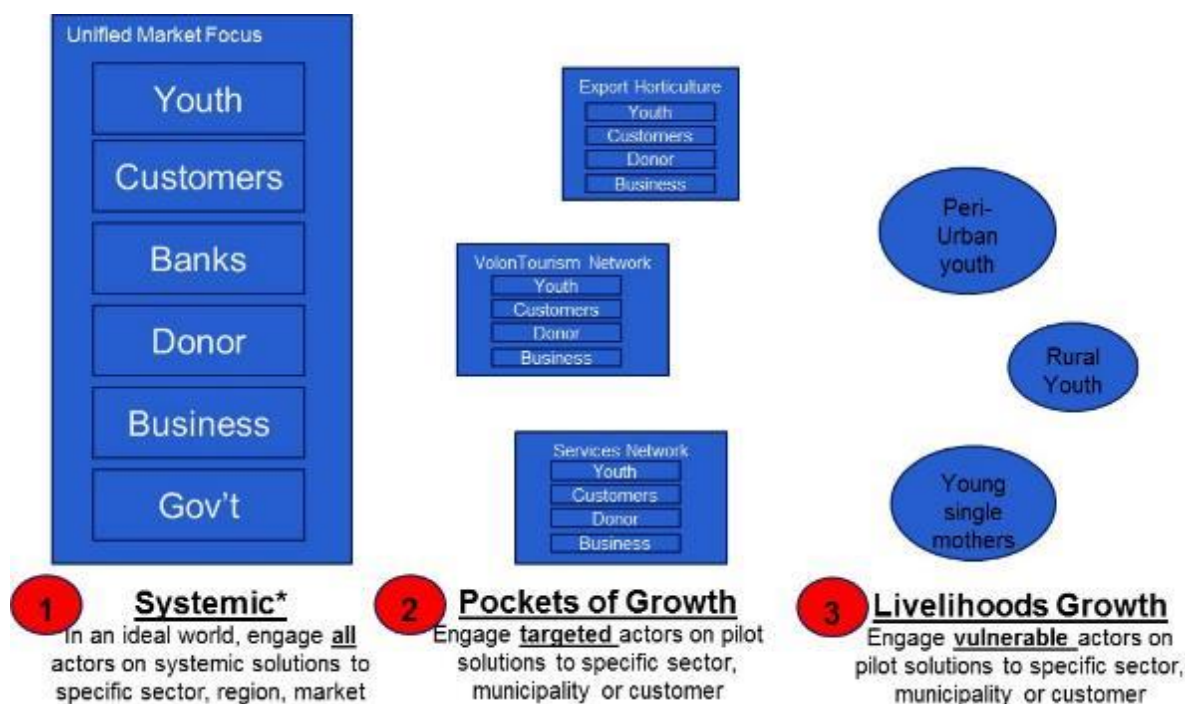
This economic context has resulted in a contraction of formal sector employment and a surge of interest by donors and government in entrepreneurship and MSME development. However, the unemployment challenge in Zimbabwe and elsewhere is often oversimplified by targeting two solutions: employability or entrepreneurship. When using this binary approach, one merely needs to identify those who can be made employable, and all the rest must become – voluntarily or involuntarily – entrepreneurs. The figure below represents the spectrum of employment possibilities that exist between employment in formal sector firms and successful, voluntary entrepreneurship. Recognizing these distinctions allows for a more targeted approach to each segment.



In addition to looking at the economic and employment landscape of Zimbabwe, the LMA team also analyzed Zimbabwe's supply of the youth workforce aged 15-34 by examining Zimbabwe's formal education system as of 2013 (the education flows), as well as the stock of the youth workforce, aged 15 to 34, by level of educational attainment. It was found that despite Zimbabwe's reputation for a well-educated workforce, the "less-educated workforce" (those with less than a secondary education) make up 42 percent of the youth workforce - a troubling proportion. Worryingly, the stock of youth with less than primary education is also growing at a rate of 5 percent per year. The LMA team evaluated the supply of and demand for skills in Zimbabwe, using the skills framework developed by Workforce Connections team which simplifies the wide array of skills frameworks available into a more general set of categories: foundational skills, technical skills, and work readiness skills.



It was confirmed that Zimbabwe's workforce has high levels of foundational and technical skills. The human capacity developed during Zimbabwe's economic boom years has largely remained in the country but the process of de-industrialization threatens to weaken these skill sets. Soft skills are proving to be increasingly important to employers, both in the formal and informal sector. With the disintegration of the commercial sector, the skill needs of the economy have changed and those with entrepreneurship skills have a higher chance of succeeding.



There are three ways to work in a country to promote workforce development: systemic engagement of all stakeholders, “pockets of growth”, and livelihoods. The systemic approach is ideal, however in the Zimbabwean political context it is not possible to achieve as it necessitates government coordination. The livelihoods approach has limited impact and does little to strengthen the economic environment and drive job growth. The “pockets of growth” approach was determined to be the best option for Zimbabwe as a means of achieving economic and employment development.

Regarding policy and regulation, the enabling environment presents many challenges to business including, for example, rigid labor policy/high retrenchment costs and treatment of informal sector (85% of businesses) as an extra-legal activity. While there are several efforts and channels to engage policy makers in productive discussions, the overarching feedback from many business owners and leaders was that the voice of business is not being heard. What they businesses need is their voices heard and policies created that facilitate business growth.

In terms of conclusions for how to align demand with supply of labor, it is clear that in the Zimbabwe context, growth-oriented activities need to be closely tied to workforce development interventions. Strengthening growing MSMEs in promising sectors will help to increase employment opportunities for youth and will contribute to a better functioning economic environment. Second, it is important to remember that there is no one sector experiencing growth in Zimbabwe, rather there are pockets of growth in various sectors, each having a different set of employment needs and skills requirements. Third, and related to the segmented demand, is that the heterogeneous population groups (education, age, gender, rural/urban) exhibit different profiles, needs, career paths and entry points.

When focusing interventions on pockets of growth, it will be important to understand the target population segment and to analyze employment contexts, in order to develop tailored activities to boost enterprise, strengthen workforce, or both. Activities can add tremendous value by strengthening the tools, values, and skills that knit together the pieces of fragmented value chains. Trust, transparency, financial literacy, and collaboration are key elements needed for the businesses of Zimbabwe to grow and flourish. It is critical to note that training is one tool, but not the only one to rely on, to support business strengthening and in turn, lead to business investment in the workforce.

The figure below represents a framework for a segmented approach to designing and delivering training and career guidance. The segments depend on type of firm being assisted (large, medium, small, micro) and the type of youth being engaged (education, age, gender, rural). This helps determine the mix of interventions needed to establish a strong and skilled workforce, as well as more effective, youth-friendly work environments.

C



With this focus on pockets of growth, strengthening MSMEs, providing tailored support for the different labor force profiles, programs can create a portfolio of targeted interventions that build a strong workforce from the bottom up.

Examples of additional recommended activities that can guide implementers and workforce planners are:

- Promote integrated approach across a wide variety of "local value chains" or seed clusters
- Place entry level employees ("attachments") in an enterprise simultaneously receiving technical assistance for upgrading
- Concentrate activities into one project
- Provide market analysis support in identifying demand opportunities and actions required to access
- Seek and support strong business and value chain leaders
- Focus on low profile business improvements to fly "under the radar" of enabling environment challenges
- Seek modest, grounded policy measures
- Focus on coordinated activities that business can control and push forward together
- Strengthen labor market information systems
- Facilitate youth business analysis projects (Similar to civic projects model).
- Link existing and future donor economic growth activities to HR optimization.
- Facilitate employer HR assessments
- Promote the development of green entrepreneurs
- Connect youths and elders through business mentoring and gradual associate buy-in programs.
- Facilitate microfranchise opportunities
- Support a significant effort in business financial literacy campaign.

II. Introduction: Audience, Purpose, Synopsis of Task

Audience – USAID & DFID

The principal audiences for this Labor Market Assessment Report are the economic growth programming offices of USAID/Zimbabwe and DFID/Zimbabwe. Additional audiences that may find this report useful are Zimbabwe actors interested in promoting a stronger labor force for tomorrow (private sector, government, education and training institutions, donors, and NGOs).

Purpose – Labor Market Assessment (LMA) to Inform Workforce Project Design

USAID/Zimbabwe, in partnership with the United Kingdom’s Department for International Development (DFID), are designing a second phase of the [Zimbabwe Works](#) (ZW) project – a youth employment and entrepreneurship project. The first phase of the ZW project coincided with the 2013 general elections and the primary objective was violence mitigation through productive engagement of youth during the highly politicized periods pre and post-elections. The second phase is meant to have a market-driven approach with significant focus on the economic empowerment of young women. To advise the design USAID/Zimbabwe engaged the Workforce Connections project, managed by FHI360, to undertake an assessment of the Zimbabwe youth workforce and labor market.

Methodology

This assessment was conducted by a mixed international-local team and included fieldwork from October 6 – 31, 2014, and pre/post trip desk research, and qualitative and quantitative analysis. The field work included a wide range of key informant interviews in Harare, Gweru, Bulawayo and Chitungwiza (see Appendix 02 for list). In addition, the team conducted focus group discussions with youth and before leaving, sought feedback on initial LMA results from stakeholders in a “champion’s workshop”.

Table 1: Labor Market Assessment Methodology

Analysis	Methodology
Economic Context	Desk research Trade data Macroeconomic statistics
Value Chains	Desk research Interviews with actors in the system, especially employers Sector growth statistics
Supply of Workers	Analysis of enrollment and completion data Focus group discussions with employed and unemployed youth Interviews with employers Interviews with youth coordinators
Supply of and Demand for Skills	Desk research Interviews with employers Interviews with education specialists
Gender Context	Desk research Interviews with employers Focus group discussions with employed and unemployed youth
Policy	Desk research

	Stakeholder interviews
Mapping of Stakeholders	Desk research Stakeholder interviews

The Zimbabwe Labor Market Assessment (LMA) is the third in a series of labor market assessments conducted under the Workforce Connections project. The methodology builds on standard approaches to understanding labor markets used in the past by USAID, other donors, governments, and private organizations, with the addition of a more focused economic analysis which makes it possible to generate deeper insight into the drivers of skills demand. Results from this and the other Workforce Connections assessments, and the tools used to generate them, will be shared and further refined through the project's Community of Practice over the coming year.

III. The Big Picture

The current state of Zimbabwe's employment challenges is rooted in the massive economic contraction that occurred during the "Lost Decade" (1998-2008) and the resulting difficult economic situation that remains. This section highlights some of the key elements of that decline, from an employment perspective. Overall, the economic challenges - ranging from the liquidity crisis, poor infrastructure, government debt, indigenization pressure, corruption, policy uncertainty, insufficient formal employment - have created a low demand, low trust environment that has led to business contraction which, in turn, has resulted in a desperate workforce. This context is important for workforce program planners to keep in mind in order to focus on key employment drivers and to appropriately frame what can be accomplished.

A. Past - Economic Decline and Informalization

Between independence (1980) and the beginning of the crisis (1998), Zimbabwe's economy was referred to as the "breadbasket of Africa" characterized by large commercial farms and large industrial firms that exported most of their production. The economic system (supply chains, banking system, education system, agriculture extension, etc.) was structured around serving these large farms and firms. The manufacturing firms enjoyed some protectionism so their growth and performance may have exceeded what they would have achieved in a competitive environment. Nevertheless, Zimbabwe enjoyed steady GDP growth of 4.5% per year between 1980 and 1990.¹

While the 80's were solid economically, the post-independence euphoria fed heavy public investment in health and education, which tripled expenses and inflated public payrolls. The upside from the investments is that Zimbabwe has one of the best educated populations in Africa. However, the downside from overspending was ballooning debt. This large deficit was part of what led to a prescription by the World Bank for a structural adjustment program, ESAP, from 1991 to 1995. The ESAP program's forced reduction of government expenditures coincided with major drought, and hurt the economy, along with a controversial and expensive foray into the Second Congo War. In 1999 Zimbabwe defaulted on international debt obligations and thus lost access to the IMF, World Bank and African Development Bank for the next 15 years (Zimbabwe's outstanding debts in 2014 total more than \$10B).

Amidst this growing political pressure and a breakdown in talks with the international community, came the July 2000 announcement of the "fast track" acquisition of 3,000 farms for redistribution whereby the government was able to acquire land compulsorily without compensation.² According to the International Fund for Agriculture Development (IFAD), "The government's land reforms dismantled the existing system of land distribution and severely damaged the commercial farming sector, which was an important source of exports and foreign exchange, and which provided employment for about 400,000 people in rural areas. The old system was geared to large-scale production and the transition to smallholder production has been slow and painful.³" One interviewee said his farm exported fresh vegetables three times a week to Marks and Spencer's in the UK. His farm employed 3,500 locals and had a school and a clinic. One day they were told they were "fast tracked" and they had to leave the premises within 1 week. All staff were let go and the company and export contract closed. This disorganized, politicized land reform resulted in international sanctions. There were also destabilizing

¹ Steenkamp, Philip John and Rodney Dobell. *Public Management in a Borderless Economy*. 1994. p. 664.

² Miller, Darlene. "Fast Track Land Reform in Zimbabwe". Human Rights Watch. 2002.

³ International Fund for Agriculture Development (IFAD)

effects of the indigenization program on the economy – the program whereby all companies must be 51% indigenous owned.

From 2000 to 2007 the economy contracted by 40 percent and inflation increased considerably. Foreign direct investment dropped from a high of \$444 million in 1998 to a low of \$3.8 million in 2003⁴. Between 2008 and 2009, hyper-inflation peaked dramatically at over 231,000,000 percent. In 2009 Zimbabwe abandoned its currency and began using the US dollar. The poverty rate has increased from 42 percent in 1995 to 63 percent in 2003 and is currently estimated to be over 70 percent.

The chain of events described above has caused a systematic economic contraction. This contraction has led to a structural shift from large commercial farms and large industrial firms to smallholder farms and a fragmented informal sector. It is important for workforce planners to note that:

- At the macro-level, the lack of jobs and low/no growth are long-term problems that do not have a quick fix.
- Without investment there is no growth. Both the World Bank economist and Professor Hawkins⁵ make this point. The World Bank puts it directly: "the reversal in economic fortunes in any significant way is not likely to be achieved without inflows of FDI (foreign direct investment). [...] Without a dramatic increase in FDI inflows, modernization of Zimbabwe's extractive and manufacturing sectors will simply not occur."⁶

The current Zimbabwean economic and social reality has been molded by these dramatic events, as Hawkins (2010) notes, "For Zimbabwe, the new normal is a dollarized economy, unprecedented levels of poverty and unemployment, acute scarcity of blue-collar and other technical skills, a seriously damaged infrastructure, and a fragile banking system. Against this difficult background, policy-makers must find new growth engines to replace large-scale commercial agriculture and come to terms with unprecedented levels of dependence on foreign capital of all kinds."⁷ Reverting back to Zimbabwe's pre-2000 economy is not an option. Moving forward will necessitate a more nuanced view of creating economic growth, further in this report, a "pockets of growth" approach will be discussed as an alternative growth engine. This challenging economic context is the foundation upon which workforce development programs need to be built.

B. Current Economic Context

Today, growth of the national economy is constrained with 92 percent of the 2013 GoZ budget allocated to recurring costs versus investment (of which 72 percent went towards government salaries)⁸. Real GDP growth is estimated to have decelerated to 3.7 percent in 2013 from an estimated 4.4 percent in 2012 with a marginal improvement to 4 percent projected for 2014.⁹ Zimbabwe's economy is also burdened by severe external debt which impedes the country's ability to leverage new investments and capital. As

⁴ Cato Institute. "Electing for Real Growth in Zimbabwe". 2013.

⁵ Hawkins, Tony. "Zimbabwe's Economy Today and Beyond". The Herald. Nov. 11, 2014.

⁶ Kaminski, Bartłomiej and Francis Ng. "Zimbabwe's Foreign Trade Performance: During the Decade of Economic Turmoil Will Exports Recover?" World Bank. February 2011.

⁷ Hawkins, Tony. "ZIMBABWE: It takes two". May 26, 2010

⁸ Zimbabwe Independent. "2015 national budget unlikely to inject new stimulus for growth" Nov. 14, 2014.

⁹ Monyau, Mary Manneko and Amarakoon Bandara. "Zimbabwe Economic Outlook 2014". AfDB, OECD, UNDP. 2014 http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/2014/PDF/CN_Long_EN/Zimbabwe.pdf

of 2012 debt stood at USD 6.1 billion (49 percent of GDP) and the stock of accumulated arrears accounted for USD 4.7 billion, 78 percent of total debt stock.

In 2013, the government released the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimASSET, 2013-18). The policy document outlines some positive objectives for improving four strategic areas: food security and nutrition; social services and poverty eradication; infrastructure and utilities; and value addition and beneficiation.¹⁰ However, although ZimASSET identifies key constraints and necessary reforms for economic growth, it does not lay out a clear plan for how the country will realize these objectives within the five-year period in light of its financial constraints and limited institutional capacity.¹¹

C. Current Business Outlook

It is extremely challenging to do business in Zimbabwe, due first of all to irregular and costly delivery of water and power. This is caused, in part, by cash strapped government coffers (beholden to excessive government payrolls) and deteriorating infrastructure. The unavailability of government resources makes service provision a low priority, compared with increasing fees and taxes to improve revenue.

In addition, policy volatility and ambiguity destabilizes the operating environment. The highly politicized environment, nationalistic prioritization (over competitiveness), and poor execution of reform policies have added to the challenges of doing business. In one example, the government introduced a ban on exporting raw hides as a means of promoting national industry, however, Zimbabwe lacked a leather processing industry with the capacity to absorb the extra hides which resulted in hides that were ineligible for market and losses to the livestock industry. The indigenization program is unevenly applied and thus engenders low trust and high uncertainty.

Pervasive corruption at all levels of government translate into a low trust environment and higher transaction costs. For example, in a local livestock value chain, an inspector may threaten to condemn an animal in order to extract \$10 from the owner. At the national level, the IMF reports that \$600 million of diamond dividends to the state initially budgeted for 2012, but only \$45 million was actually received in the treasury¹². This environment hinders stability, investment, and growth opportunities.

The combined impact of the dysfunction in the enabling environment has businesses on the sidelines, not wanting to expand or make investments until there is more stability and trust. Businesses also exist within a fragmented, informalized, contracting, and severely cash constrained context that furthers limits their growth. In addition, the continued Informalization of the economy has resulted in fragmented sectors. Many of the large firms have either been closed or are operating on life support,

¹⁰ Government of Zimbabwe. "Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset)". 2013

¹¹ Monyau, Mary Manneko and Amarakoon Bandara. "Zimbabwe Economic Outlook 2014". AfDB, OECD, UNDP. 2014
http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/2014/PDF/CN_Long_EN/Zimbabwe.pdf

¹² International Monetary Fund. "IMF Country Report No. 13/193". 2013.
<http://www.imf.org/external/pubs/ft/scr/2013/cr13193.pdf>

and for the most part individuals and small informal companies have not succeeded in filling the vacuum, as they have little experience and lack scale, as well as the ability to promote a market vision or exert sector leadership. In addition, there is little coordination. Since most business are small and struggling to stay afloat the luxury of advocating policies is out of grasp. In sum, many sectors as a whole are operating at small scale and inefficiently.

There is a **lack of compelling markets**. For small scale businesses there is a challenge in accessing and servicing export markets without some form of assistance. In terms of the domestic market, the recent poverty report on the 2011-2012 Poverty, Income Consumption and Expenditure Surveys (PICES) (ZimStat 2013) reveals that 72.3% of Zimbabweans are poor. Regarding markets, this means 3 in 4 consumers are very price sensitive. This means that a domestic market of 14M people shrinks to 3.8M that are not poor and might have some disposable income. Assuming 5 people per household, that leaves roughly 775,000 households significantly reducing the attractive market, particularly if a durable good.

In addition to fragmented sectors and lack of compelling markets, there are basic challenges in upgrading value chains. Given the enabling environment, most value chains suffer from a lack of access to inputs, poor quality assurance, and limited access to finance.

D. Employment Challenges

There are very few formal jobs in Zimbabwe. According to the 2011 Labor Force Survey 84 percent of employment is in the informal sector. In terms of employment, more than 300,000 young people enter the labor market annually, but less than 10 percent are absorbed into formal employment.¹³ An interview with a recruiter revealed that demand from business is down 5 times from peak days of the economy in the '90's while at the same time job seekers are up 500 percent.

Employees are in **survival mode** and rely on multiple sources of revenue. A "Profile of a Zimbabwean Employee Survey" of 858 employees revealed that six in ten employees depend on one or more income streams to supplement their salary. This has implications for worker productivity and potential for company growth. This is indicative of a general lack of loyalty to a single organization and reduced engagement. The survey further showed that those who are involved in other income generating activities are employed at all levels, from entry level to management. In fact, 64 percent of senior and middle management employees admitted to having outside revenue streams compared with 55 percent of lower level employees.

There is brain drain of skilled workers, with the emigration rate of tertiary educated persons at 13 percent as of 2000, compared with 5 percent for Botswana and 7 percent for South Africa. Furthermore, there is less investment in education, both at a national and household level. Public spending on

¹³ African Development Bank. "Zimbabwe Country Brief 2013-2015". October 2013.
http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/2013-2015_-_Zimbabwe_-_Country_Brief.pdf

education has dropped to 3 percent of GDP from a peak of 44 percent in 1994. Although enrollment rates remain high, the quality of the education is declining. At a household level, education is still valued with parents spending a large portion of their income on school fees but financial constraints act as the biggest barrier to education. Minimum wage for farm workers is \$65 per month and school fees average \$120 per student per year, not including uniforms, textbooks and additional levies that are typically required.¹⁴ Sixty-three percent of 15 to 17 year old and 73 percent of 10 to 14 year old school leavers cited financial constraints as the main reason for leaving school.¹⁵ All this results in the declining quality of the labor force.

¹⁴ The Herald. "Zimbabwe: Wage Hike for Farm Workers". April 9, 2013. <http://allafrica.com/stories/201304090237.html>

¹⁵ Zimbabwe National Statistics Agency. "Labor Force Survey". 2011.

IV. Findings: Employment Demand

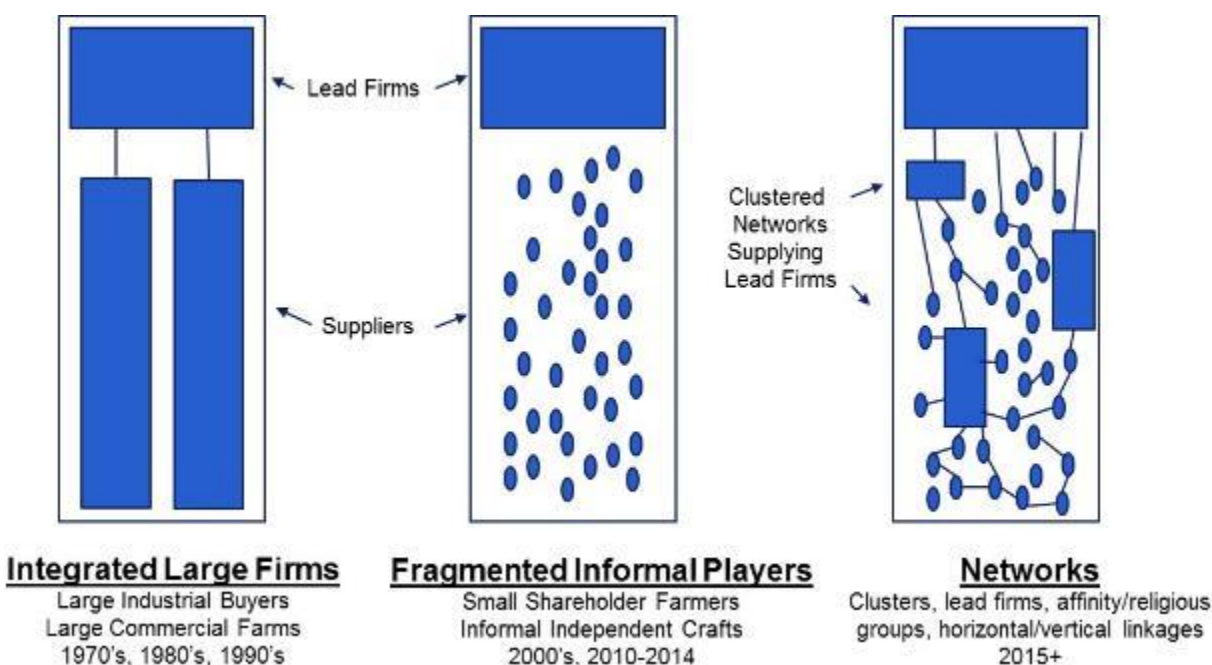
Employment demand is critical to a functioning labor market and in Zimbabwe overall employment demand is very weak, but some pockets of growth exist. Understanding the economic context and the binding constraints at a sectoral level is critical to identifying leverage points to strengthen the labor markets. Accordingly, this section reviews the main trends in key sectors and provides two in-depth value chain case studies, before providing findings and conclusions regarding employment demand, as part of process to identify key workforce entry points.

A. Sector Analysis of Labor Demand

The fragmentation of industries and value chains over the past 15 years has had a transformative effect on the Zimbabwean economy, which is now largely informal. Fragmentation occurred particularly among successful export industries, which had been dominated by medium and large scale commercial enterprises, many of these enterprises were either broken up, taken over, or went bankrupt due to loss of market and other disruptions. In the case of take-overs, the new owners tended not to have the knowledge, experience and connections to reach anything like the former levels of productivity, so their returns, as well as their output, have declined sharply.

As a result, very the buyer-supplier relationships and other linkages that allowed most value chains to operate efficiently (left side of Figure 1) have broken down, leaving a large number of new, inexperienced and largely un-integrated informal sector players. This has not only put pressure on the lead firms – mainly buyers, distributors and exporters – but has also left the MSME's with far lower returns to the owners and far lower ability to hire workers or even keep existing workers employed.

Figure 1: From vertical Integration to Fragmentation to Integrated Networks



The middle, fragmented diagram characterizes most value chains in Zimbabwe today. In our study, we identified two that represent some ‘pockets of growth’ that have successfully integrated, at least in some geographic areas (bananas and poultry), with significant positive impacts on incomes and reduction of imports.

USAID can play a role in the re-integration of value chains with a focus on MSME’s and communal farmers, as shown in the right-hand side of the figure. In many cases, the best approach is to partner with one or more lead firms, which have the expertise and the motivation to help make this happen. Some detailed suggestions for accelerating this process can be found in the recommendations section of this report. However, our main finding is that, given the severely negative policy environment, operating in these ‘pockets of growth’ with limited interaction with the national government is the most effective and robust means of boosting growth in employment in Zimbabwe.

B. Sector Selection

With Zimbabwe’s business contraction and unpredictable enabling environment, it is even more difficult than usual to make worthwhile predictions about which sectors are likely to expand their employment. With a population that is 70% rural, agriculture remains the biggest employer and the most likely engine for growth when the economy does recover – stimulating growth in manufacturing and services as the volume of agricultural raw materials grows. Service sectors such as tourism and financial services may generate job growth, but each are highly subject to changing enabling environment policies which are immune to forecasting.

The mining sector is one of the few ‘sure bets’ in terms of likely near future investment and GDP growth, simply because the government is against a fiscal wall and must approve some major mining contracts that are currently under negotiation – but in this sector, unfortunately, direct employment generation is tiny. New mining concessions will stimulate some indirect jobs, primarily short term construction jobs as road and bulk handling infrastructure is improved to serve the mines, but other more creative ways of using mining concessions to generate enough jobs to dodge the “capital-intensive, low-labor” label are challenging under the best of circumstances, and the complexity of such negotiations for Zimbabwe is already quite high. Our requests for interviews in the mining sector were rejected (required a letter from government that was too difficult to obtain on short notice) but several observers close to the talks mentioned that job and community enhancing terms were being discussed. Even if this does come to pass, given the awkwardness of USAID assistance to Zimbabwe regarding sovereign issues, it’s hard to imagine how USAID could engage productively in this sector in the short term.

Table 2 shows a series of ‘best guesses’ for employment, output, value added and exports based on numbers from the Zimbabwe National Statistics Agency (ZIMSTAT) and various sector associations, ranging from 2011 to 2013. This table should be seen as indicative, not definitive, and there are many cells where estimates were too unreliable or inconsistent to report. Nevertheless, it provides an overall ‘big picture’ or long list which can be helpful as a starting point for sector selection. Note that employment estimates are for the formal sector only – reliable estimates of informal sector employment are important to develop, but reasonable and consistent estimates were not found (with the exception of the overall estimate of 3,574,000 for agriculture).

Table 2: Estimates of Employment, Output, Value Added and Exports by Sector

SECTOR	Employment	Output	Value Added	Exports
PRIMARY SECTOR		(Millions of \$US)		
AGRICULTURE	3,574,000			
Livestock				
Beef				
Dairy	4,236	73		3
Poultry	5,800	330		1
Leather (skins / hides)		7	2	5
Aquaculture				
Horticulture -Fruits, vegetables, herbs		72		39
Tree/Bush crops				32
Legumes -beans, etc.				13
Grains	12,400	19		
Cotton	5,748	130		118
Tobacco	8,500	610		505
TIMBER	8,169	36		21
MINING	21,866	612	328	
MANUFACTURING	131,114	2,923	1,251	
Processing of fish & dairy products	4,972	177	55	28
Other food products	10,380	258	74	4
Beverages; tobacco products	7,366	361	175	43
Textiles	7,286	270	133	0.3
Garments/apparel	20,571	227	112	5
Footwear	2,315	26	10	2
Sawmilling and planing of wood	4,742	51	8	22
Paper and paper products	3,672	74	23	12
Publishing	6,557	120	50	0.1
Basic chemicals; other chemical products	11,977	355	133	2
Rubber products; plastic products	10,305	169	67	17
Glass and glass products	56	2	1	0.3
Non-metallic mineral products	5,244	146	52	75
Basic iron and steel	4,609	49	22	18
Non-ferrous basic metals	571	13	6	161
Structural metal products	9,467	236	141	
General purpose machinery; comm. Equip.	4,895	129	86	1
Electric motors, generators and transformers	1,654	41	17	5
Bodies (coachwork) for motor vehicles; trailers	1,890	62	30	12
Furniture	8,576	94	33	5
Jewelry and related articles	4,009	63	24	1
Pharma & medical products				3
SERVICES	1,016,975			
Construction	17,192	116	51	
Tourism	545,066		1,397	
ICT	n.a.			
Business Services	26,516	897		
Transport/logistics	106,706		1,320	
Retail	n.a.			
Personal Services	83,605		41	
Health Care	67,161	109		
Utilities (energy, water, waste)	3,387	454	309	
Education	167,342		518	

Source: ZIMSTAT and associations

In some countries it is feasible to use a semi-quantitative framework to develop sector selection recommendations, using estimates for current employment, anticipated growth, and weightings of other factors to arrive at a synthesis of available statistics and best judgments of a panel of experts. However, in Zimbabwe neither the statistics for the base, nor the trends for forecasting, are reliable enough to make such an exercise meaningful. As a consequence, we include some observations on sectors with apparent potential, and recommend that implementers of workforce-oriented programs be given wide latitude in their selection of sectors as they initiate their work, with room to make adjustments in real time as the fluid economic situation evolves.

Table 3: Sectors with potential for employment or smallholder/MSME growth

Sector	Description of Opportunity
Livestock	Several fully integrated value chains with significant linkages to manufacturing and services. Includes dairy, beef, poultry, aquaculture and leather.
Horticulture and Legumes	Promising regional markets, variety of niches where cost disadvantages can be overcome with good strategies. Specific opportunities include vegetables, fruits, beans, and tree/bush crops such as avocados and macadamia.
Timber	Extensive forward and backward linkages, natural resource base and market position.
Tourism	Existing capacity, strong potential (attractions), significant spillovers.
Pharmaceuticals	The domestic market is ripe for generics.
Financial Services	Innovative banking solutions are required as entrepreneurship expands; bookkeeping services will be key. Cross-cutting sector.
ICT & Mobile Apps	Significant spillovers, appeals to educated uneducated youth alike. Cross-cutting sector.

Progress can be made in all of these sectors, primarily by working at the district level within specific segments by supporting champions who are willing to join forces.

C. Illustrative Sectors

Horticulture Sector

Traditionally horticulture was a significant source of revenue for Zimbabwe. In 1995, agriculture accounted for 51 percent of exports, and provided around 27% of formal employment opportunities.¹⁶ However, the horticulture sector has suffered the worst of Zimbabwe's land reforms and economic decline. In 2008, horticulture contributed only 2 percent to the country's exports (down from 13 percent in 2007).¹⁷ The 2012 Zimtrade report outlines some of the current challenges of the horticultural sector, including irregular and unreliable power supply which affects both irrigation and temperature regulation, lack of transportation services and logistical constraints. However despite this challenging environment, the team encountered several examples of successful horticultural endeavors. Given the fragmentation of large commercial farms into less productive stallholder farms, many of the success stories in horticulture revolve around the strengthening of linkages between farmers and other stakeholders to create a more integrated system.

¹⁶ Proctor, S., Henson, S., Loader, R., Masakure, O., Brouder, A., Bhila, L. and Sigauke, N. "Facilitating the Effective Production and Marketing of Processed Food Products by Small-Scale Producers in Zimbabwe". DFID. 2000.
<http://r4d.dfid.gov.uk/pdf/outputs/r7485c.pdf>

¹⁷ Kuhudzai, N. "Horticulture Zimbabwe". Zimtrade. 2012
<http://www.zimtrade.co.zw/pdf/sector%20right-ups/HORTICULTURE.pdf>

One of the clear success stories of the past five years has been in the banana sector. Following the breakup of the large commercial operations, buyers needed to turn to smallholders to procure the majority of their green bananas. Typical smallholders operate on plots of ¼ ha, with yields in the range of 5-10 tons/ha. They lacked high yielding varieties (HYV) of plant material, proper fertilizers and pesticides, and the knowledge to apply these inputs appropriately.

Some lead firms attempted to introduce more advanced methods, but operated in a very ‘top-down’ authoritarian manner, dictating terms to growers and reinforcing already existing cultural tendencies that have generated distrust. Accordingly, these lead firms only managed to boost yields slightly, and even where they had benefits, they were among too few farmers to generate any positive synergies.

However, these synergies can be achieved, creating a win-win situation for both growers and lead firms, as well as other beneficiaries of expanded value chains. Two donor-funded activities (SNV and Fintrac) worked with banana growers (in the Honde Valley, Mutewa and Chibuwe) and achieved yields of 40 – 60 tons per hectare working with smallholders. This was achieved by working with groups of farmers on contiguous plots (often within an irrigation scheme) to develop their understanding of the project’s requirements and potential gains; and by working with lead firms (Matanuska and Favco) to ensure that the growers were getting a fair deal and felt they were being treated with respect.

The basic ‘deal’ was that lead firms would supply the growers with

- key inputs such as plant material from South Africa, fertilizers and pesticides;
- advice on planting, irrigation, application of chemicals, and handling of green bananas (provided by resident extension agents of Matanuska and Favco, supplemented by local government extension agents); and
- collaboration on constructing sheds for storage of harvested bananas.

The lead firms also had to solve problems related to transporting the green bananas out of the regions, all of which are quite hilly and have very poor road access. USAID was able to assist by providing two tractors and four trailers (so that one trailer could be loaded while the other was being transported to a location where a large 18-ton trucks could pick up the products and transport to the ripening sheds in Harare and other locations).

There were many twists and turns along the way, such as credit being supplied under terms that changed after other stakeholders had already committed themselves (which required Matanuska to reach out to CABS to provide a loan to keep the project going), but the partnership among the growers, the lead firms, the donor representatives and the local extension was maintained through to the crucial second harvest, when it became clear that the model was not only feasible but highly successful and sustainable on its own terms, at which point the donors were able to withdraw.

Bananas are not the only example of value chain integration being undertaken in horticulture. The team also interviewed the founder of the Federation of Young Farmer’s Clubs and one of its ‘ambassadors’ in Bulawayo. Their model is to form clubs with one lead farmer (the ambassador) and up to ten members who agree to be mentored, learning together how to address production and marketing issues related to specific crops that are leaders in that region. In Bulawayo, the lead farmer, the 31 year-old owner of a 2.5 ha farm, focused on tomatoes and cabbage, although he ran a fairly diversified operation and was prepared to teach the farmers in his club how to use chickens to supplement their income (while

providing valuable fertilizer for their main operations) and many other techniques for lowering risk while boosting productivity.

Some of the critical success factors for value chain development in Zimbabwe include trust building (respect for cultural factors), sufficient time (continuity of funding), working with lead firms and utilizing a systems approach to the entire value chain.

Livestock Sector

The livestock sector in Zimbabwe has historically been defined much more broadly than in most countries, as it encompasses

- meat production (primarily beef, but also sheep and goats)
- production of skins and hides for the leather industry
- poultry, both eggs and meat (broilers)
- dairy
- fisheries (primarily fish farming though also some wild catch in major rivers and lakes)

Most of these elements of the livestock sector have strong potential for value chain integration, while the importance of individual sub-sectors varies depending on the region of the country. Historically, beef production was the dominant industry, with beef from Zimbabwe being considered one of the best quality imports in the U.K. and other European countries. Due to the disintegration of commercial farming (cattle ranchers call themselves farmers) and the expansion of hoof-and-mouth disease, Zimbabwean exports of beef have dwindled to nearly a trickle (to Botswana and Tanzania). Due to the drastic decline in purchasing power, even the domestic market, which used to have a significant share of choice quality beef, is now dominated by “economy” grade beef, with no more than 10% of production going to higher grades of beef.

As incomes fell in all socio-economic groups in the country, many households substituted away from beef and toward poultry, creating an income generation opportunity for enterprising Zimbabweans. According to estimates from the Livestock and Meat Advisory Council (LMAC), the output of chicken meat (broilers) more than doubled from 2009 to 2013, and the production of eggs more than tripled, as shown in Table 4.¹⁸

Table 4: Production of Poultry Meat, Eggs and Day Old Chicks in LMAC Zimbabwe

Year	Broilers	Eggs (dozens)	Day Old Chicks
2009	7,826,643	7,566,415	18,405,356
2010	14,545,288	16,423,381	37,523,124
2011	18,469,059	25,163,637	52,099,337
2012	16,725,500	24,977,122	55,128,793
2013	20,632,080	24,605,308	64,415,326
CAGR 2009-13	27%	34%	37%

Source: Zimbabwe Livestock and Meat Advisory Council (LMAC)

Most of this additional production took place among smallholders who were producing at well below former commercial scales. While firm employment estimates by sector were impossible to obtain, a

¹⁸ The poultry production estimates only cover LMAC members, which does not cover the entire poultry sector.

rough estimate suggests that full time equivalent employment (FTE) in the poultry sector grew from roughly 25,000 to 60,000 during the 2008-2013 period.

The poultry value chain provides a good example of successful integration. Lead firms in the poultry industry have strong incentives to work with smallholders and assist in the acceleration of the integration of the sector. Unlike the case of bananas, where the lead firms were banana buyers, in poultry the lead firms tend to be producers of day old chicks (DOC), which require more specialized incubation conditions and are therefore still concentrated among a small number of larger players. While the team visited three poultry operations, the following information is based primarily on information provided by the manager of the Hi-Grow office in Bulawayo.

Hi-Grow recruits new customers to its stores, which provide feed and day-old-chicks (DOCs) primarily through providing free trainings which help new producers to enter the market and structure their operations so that they will be successful. A typical customer may be a housewife who initially purchases 50 DOCs along with the necessary feed and equipment. Upon successfully bringing the chickens to the market (typically after 5 weeks when the chickens have reached an average weight of 2.1 kg) the customer is encouraged to reinvest the proceeds to expand their operations, perhaps up to 300 chicks. Such micro and small scale operations can typically market their output in their neighborhood primarily among friends and family.

Some of the operators who can successfully manage 300 chicks may consider expanding to a mid-size operation, handling from 1,000 to 3,000 chicks at a time. Such operations typically require more manpower than a single family, as well as more formal arrangements with providers of ancillary services such as veterinary, utilities, and transportation. As the Beef and Poultry Association President, Solomon Zawe, warned that there are so many new producers in the market operating at this scale that it raises concerns about their viability: many of them have almost literally sprung up overnight, without any apprenticeship in professional operations with more experienced producers, so they are somewhat vulnerable.

Nevertheless, the Hi-Grow model is an excellent example of a lead producer pro-actively intervening to help create the necessary knowledge and linkages in the market to help re-integrate the value chain. In the case of Hi-Grow, some of the inevitable trust issues are addressed by recruiting new candidates from church groups, which provides a slightly higher level of shared values and potential cohesion among the various players. In all of the interviews, there was always some element of *social cohesion* or *social capital* formation that was part of the mixture that made value chain integration efforts successful.

Timber Sector

The timber sector, despite having contracted through 2008, has seen significant growth between 2009 and 2013 with sales from \$237,455 in 2009 to \$65,6 million in 2014. The industry has seen consolidation of the formal sector with three main lead firms (Allied Timbers, Border Timbers, Wattle Company) and an increase in participation by informal operators. The related products include furniture companies, housing, roofing, doors, frames, moldings. An innovative entrepreneurial firm, Tsanga Timbers, a saw-mill that sources from managed pine plantations purchased a \$19,000 cutting machine to develop wooden pallets, benches for schools ceiling installations for homes and an innovative kit for a three-bedroom pine cabin for \$375 USD has attracted interest from tourist lodges.

While employment in the industry is approximately 8,000, micro and informal timber wholesale and retail industry that is housed at centers like Mbare has found innovative ways of sourcing and distributing the timber which has created employment within the area. In addition, the industry has potential for export (South Africa, Botswana, Zambia, Kenya, Malawi and Namibia), and with potential to export 50% more according to Timber Producers Federation. But, two key elements must be addressed to ensure sustainability – forest management (to control illegal logging) and replanting to replenish timber hectareage that fell from 108 214 hectares to a mere 80 000 hectares over the past decade¹⁹ due to illegal settlements after the fast-track land reform program.

Tourism Sector

Zimbabwe is banking on tourism growth. It contributes approximately 10 percent of GDP and is one of the four pillars earmarked by government to drive the economy in addition to agriculture, mining and manufacturing. In 2013, Zimbabwe received 1 832 570 visitors in 2013 per Zimbabwe Tourism Authority statistics. This is up 2% from the 1 794 230 in 2012. While African visitors are the primary source of visitors, of the overseas visitors come primarily from Europe (49%), Americas (21%) and Asia (20%). According to the World Travel and Tourism Council, the 2014 visitors are expected to generate USD476.8mn and support 45,500 jobs (3.5% of total employment) (growth of 4.3% from 2013). Direct employment includes hotels, travel agents, airlines, other passenger transportation services (excluding commuter services) and restaurant and leisure industries directly supported by tourists. In terms of outlook, the tourism sector is often the first to contract and the first to rebound. Zimbabwe Tourism saw rebound during the 2009-2013 period, but now is tapering off as it reaches pre-crisis capacity.

In terms organizational landscape, the Zimbabwe Tourism Authority (ZTA) is the implementing arm for the Ministry of Tourism and Hospitality Industry and works with the Zimbabwe Council for Tourism (ZCT). The ZCT represents the tourism private sector on policy development includes the Hospitality Association of Zimbabwe (HAZ), Boat Operators Association of Zimbabwe (BOAZ), Hunters Association of Zimbabwe, Association of Zimbabwe Travel Agency (AZTA), Safari Operators Association of Zimbabwe, (SOAZ), Inbound Tour Operators of Zimbabwe Association (ITOZA), and the Association of Community Based Tourism Enterprises (CBTE).

Zimbabwe naturally endowed with natural attractions (Victoria Falls, Hwange Park, etc), hospitable people and culture and proximity to SADC markets. The major challenges are poor international brand perception of Zimbabwe, poor connectivity and poor roads infrastructure. While Victoria Falls offers a large opportunity, travel industry journals cite the need of a lodging facelift noting that many hotels have experienced underinvestment²⁰ during crisis years but are now are strapped for investment due to liquidity crisis. In interviews Tour Operators validated the upgrading need and noted acceptable supply in the upper tier but that not much exist in middle and lower tier for the budget or domestic traveler. In addition to infrastructure, accessibility and lodging upgrades, Zimbabwe must address: poor product diversification, poor marketing, poor visitor facilitation, lack of critical mass of skilled personnel, and poaching and poor wildlife management. On the positive front, Government is pushing positive advances such as coordinating a coordinated uni-visa with Zambia, marketing to attract Indian & Chinese, and an extension of Victoria Falls Airport. On the workforce front, the brain drain that occurred during the lost decade highly impacted the hospitality sector. Now many middle managers and technical staff left for opportunities in other countries.

¹⁹ Forestry Commission (2014)

²⁰ Euromonitor. "Country Report, Travel and Tourism in Zimbabwe". October, 2013.

With challenges on the macro, business and workforce front, the best approach to engaging at the sector level would be focused on one strong cluster such as Victoria Falls and work to expand business and product diversification. This would allow for both product and service improvements to strengthen the anchor destination and grow products and linkages to other destinations within Zimbabwe, this “Build from your strengths” approach would leverage the expanded Victoria Falls airport and uni-visa with Zambia.

Financial Services Sector

Financial services sector refers to business accounting services (bookkeeping, payroll, accounting, taxes), basic MSME services (company registration, tax clearing services) and innovative financial inclusion services (access to credit services, mobile payment services, etc.). With the majority of workforce in informal enterprise the room for business service growth is large. On the consumer level, with 24% of consumers banked, 13% ex-banked, and 63% unbanked, there is lots of room for growth of innovative services²¹. As more companies are outsource work to former employees turned contractors or entrepreneurial small enterprises, more and more will be needing basic services to manage books and banking. In addition, banks and microfinance funds commented that they are keen to build business with entrepreneurs and small businesses by developing new products.

ICT Sector

The Information, Communication and Technology (ICT) sector creates at least one hundred and twenty thousand new jobs every year (European Commission 2014). In Zimbabwe, ICT can be traced back to 1972 with the institution of the Central Computing Services (CCS), which was aimed at providing ICT services to the public service. In 2005, a fully-fledged Ministry of Information Communication Technology was established with the mandate of promoting the use of ICTs to enhance national competitiveness and socio-economic growth.

There is high demand for a workforce supply with ICT skills across all sectors of the Zimbabwean economy. The advent of mobile money is an example of where ICT has boomed. A prime example is “EcoCash, which was launched in 2011, [and] currently has close to 4 million subscribers and an expansive network of 15 000 agent points. 43% of Zimbabwe’s annual GDP moves through the service.”²² Econet has also created other ICT solutions across different industries because the use of technology also provides easier access to markets and resources. For agriculture, the firm created an application called EcoFarmer-- a micro-insurance product designed to insure inputs and crops against drought or excessive rainfall send weather and information, farming tips and market product-specific information. Through these technology services, more jobs have been created even as some have been made redundant.

There is an increase in ICT specific job demand such as programmers and developers as the global world focuses more on online presence and information accessibility. This reality creates a market which can absorb more youth once the skills training occurs. A male focus-group respondent, who works as a web developer, builds Web sites as a side business to supplement his low pay. He said he actually earns more

²¹ FinMark Trust. "Report: [Mapping the Retail Payment Services Landscape Zimbabwe](#)". August 2012.

²² “Econet Wireless customers can now receive money through Western Union”. November 6, 2014.
<http://www.techzim.co.zw/wp-content/uploads/2014/11/EcoCash-Diaspora-in-remittances-partnership-with-Western-Union.pdf>

money consulting than he does at work. This reveals an entrepreneurial track that is feasible through ICT training.

In a focus group discussion with employed youth in Harare, the group highlighted the need for education and growth in the ICT industry as they found the skills increasingly necessary in order to perform their jobs effectively. In the written responses to a questionnaire on youth employment, computer skills were described as an integral part of the respondents' jobs. Furthermore, these skills increased their chances of keeping their positions in a company or even receiving a promotion. These jobs were not ICT specific, yet the skills provided a competitive edge as most documents and communications happened over the internet.

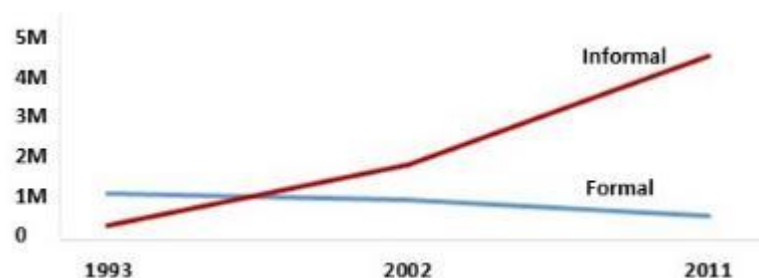
One respondent explained that he first saw and used a computer only a few years ago because his primary education was in a rural town. He said that he was disadvantaged in comparison to his peers who were accustomed to using computers. There is a huge deficit in computer training in government schools as there are insufficient resources to reach the majority of the youth regardless of the rising need. According to a key informant in the ICT sector "universities prepare graduates with theoretical understanding of ICTs without practical grounding." Employers interviewed ascribed the gap in ICT training to curricula that does not address the need.

The National ICT Policy and ZIM ASSET have recognized the ICT sector as a crucial element to the growth of the labor market. The cross-cutting nature of ICT makes it an ideal component of youth employability programming. Although the industry has indeed grown, female participation in this sector is still low as is found in most technical fields locally (See labor supply section for discussion of gender issues). Section 5.8 of the Zimbabwe National Gender Policy also highlights the need for programming centered on training on a variety of ICTs in order to increase "access to, and effective application of, ICTs by women entrepreneurs in marginalized areas."²³

D. Informal Sector

Two distinct employment and economic contexts exist between the formal and informal sectors. The lack of economic growth in Zimbabwe has resulted in a shortage of employment opportunities. As jobs in the formal sector have disappeared, people have turned to the informal sector for employment. The figure below shows that over the course of 1993 to 2011, employment in the informal sector has risen sharply, particularly during the period of hyperinflation, while employment in the formal sector has declined steadily.

Figure 2: Employment Statistics by Type



²³ TechWomen Zimbabwe. Uptake of ICTs by Women and Girls in Zimbabwe. 2014.

Source: ZimStat Labour force Surveys (2004 & 2011); Malte Luebker, ILO Sub-Regional Office for Southern Africa, July 2008²⁴

The employment opportunities available in the formal sector are almost exclusively reserved for those with a tertiary education, or at least a TVET qualification. There are some positive signs of formal education aligning with formal sector demand in Zimbabwe, particularly with regards to training in technical skills. Zimbabwe's attachment program for tertiary programs is a good example of aligning the formal education system with real-world employment experience. In the third year of a four year tertiary degree, students are expected to take a one year industrial attachment (internship) with a firm. Ninety-seven percent of respondents in a survey of students in the Department of Commerce at the University of Zimbabwe were happy with their attachment program, with 87 percent citing the ability to apply theory to practice as the main reason for their satisfaction.²⁵ Students and employers alike value the attachment program as a means for students to learn on-the-job and gain work experience. Schweppes indicated in an interview that they are impressed with their university attachments and end up hiring many of their former interns. Zimbabwe also aims to have curriculum design at the tertiary level in line with private sector needs through National Manpower Advisory Council (NAMACO). There is some concern that the linkages between NAMACO and the private sector are not strong enough for the accurate representation of private sector needs in NAMACO's recommendations so this could be an area for improvement.²⁶

The informal sector is the main employer of youth in the country. Part of strengthening the job prospects for youth in the informal sector entails HR optimization, as SMEs typically have much lower retention rates for interns or youth placements than formal sector firms. This is largely due to SMEs inability to provide young employees with satisfactory career growth potential. Guidance for SMEs in terms of human resource management could go a long way to improving the outcomes of youth placements in SMEs. Missing or ineffective employer workplace learning strategies are an often overlooked factor contributing to perceived skills gaps. Workplace learning, a critical driver of both technical and soft skills, is often particularly weak among SMEs, which are focused on short-term survival. Companies that invest in their workforce, whether informally or formally, and provide pathways for upward mobility often report high returns in terms of morale, productivity and retention. Examples identified during the assessment include formal sector businesses like Ariston and Schweppes, as well as informal sector players like a young farmer from the Federation of Young Farmers who has had 3 out of 4 former employees successfully start their own farming enterprises.

Youth can be equipped with skills to succeed in the informal sector as small business owners, or employees of SMEs. Many youth with less than a secondary education will find themselves employable only in agriculture and MSMEs, either as microenterprise owners or employees. For these youth, there are few alternative options available. Interventions should mainly concentrate on technical training in agriculture and trades, as well as entrepreneurial skills including market analysis, marketing,

²⁴ Saungweme, Talknice Matsvai, Simeon and Rose C Sakuhuni. "Econometric Analysis of Unemployment, Output and Growth of the Informal Sector in Zimbabwe (1985-2013)". 2014.

[http://www.ijeronline.com/documents/volumes/Vol%205%20iss%2002/ijer%20v05%20i2\(1\).pdf](http://www.ijeronline.com/documents/volumes/Vol%205%20iss%2002/ijer%20v05%20i2(1).pdf)

²⁵ Matamande, Wilson; Nyikahadzoi, Loveness; Taderera, Ever and Elinah Mandimika. "An investigation of the effectiveness of work related learning: A case of the industrial attachment program offered by the faculty of commerce, University of Zimbabwe". *Journal of Instructional Pedagogies*. <http://www.aabri.com/manuscripts/131524.pdf>

²⁶ Ministry of Higher and Tertiary Education. "Report on the Technical and Vocational Education and Training Policy Review Framework". 2005.

negotiation, and practical math (financial literacy and recordkeeping for example). Interventions will need to focus on enabling these youth to be self-sufficient.

For youth with a secondary education or above (the bulk of the youth workforce) there are more opportunities to not only be self-sufficient but to be employment generators themselves. Entrepreneurship skills and business management training could give these youth the support they need to develop and grow their own small businesses. However, as noted elsewhere in this report, access to finance and other forms of tangible support are needed for potential entrepreneurs to become successful entrepreneurs. In addition, secondary-educated youth with the right additional training, such as bookkeeping, could be placed in value chains as key service providers, thereby improving the profitability of businesses within those value chains.

E. Pockets of Growth - Approach

The assessment team concluded that the most effective approach to employment generation in Zimbabwe involves identification of ‘pockets of growth’ that can be upgraded while operating primarily with direct stakeholders, i.e. without requiring significant cooperation from government. Below are some of the key features of this approach, which are summarized in more operational detail in the recommendations section.

The importance of transparency and trust

The demand conditions in the case of poultry has been especially favorable – its position in the market, as the substitute for a traditional form of protein that had grown too expensive (beef) led to a phenomenal growth of this sector, providing roughly 30,000 (FTE) new jobs during a period when jobs have been very difficult to find. Due to this rapid demand growth, lead firms were well incentivized to pro-actively undertake value chain integration activities on their own – so the ‘market mechanism’ worked relatively well on its own. This study has identified a number of other sectors which can also generate more jobs based on value chain integration, but without the benefit of rapid demand growth, they may require outside assistance (as in the case of bananas) to accelerate the process.

One of the key insights from the value chain studies was the value of transparency and trust. Start-ups with some form of social capital to bind them, such as an irrigation scheme or church group, are much more likely to be able to overcome trust issues and undertake joint actions that lead to more integrated and more productive value chains.

One of the biggest constraints encountered has been the lack of transparency at almost every level – and initiatives that manage to increase transparency tend to increase trust and allow for more sophisticated linkages that improve productivity. One example was an abattoir located on the outskirts of Harare. Cattle farmers who bring their cattle to an abattoir are often mistrustful that the meat they receive at the end of the process is actually derived from their own cattle – so the owner of this abattoir discovered that he got more willing customers if he allowed the farmers to don protective clothing and enter the abattoir itself to keep an eye on their animals during the slaughtering process.

Principle-Agent issues and Financial Literacy

More generally, the extreme economic disruptions in Zimbabwe have exacerbated a common ‘principal-agent’ problem. Typically, small plots of land (or a small factory) may be owned by one individual, who is

often an absentee owner, and operated by a manager who oversees day-to-day activities. These small farms and factories will have higher productivity if the manager has adequate incentives to manage them intensively, learning as much as possible and generating as much value as possible. However, if the nature of the compensation agreement between the manager and the owner is vague, the manager may not see a strong incentive to invest all of his or her time into intensive management of the operation, preferring to allocate their time to other side activities that will spread the risk that they won't be well paid from the owner. In a low trust environment, where clear-cut information about the profitability of the operation is lacking, such vague compensation agreements are common, and as a result, the side activities are also common. In one memorable quote, a manager we interviewed asked “why should I put in all of the sweat so that he can drive a new Mercedes?”

In the course of interviews in Zimbabwe, we heard numerous variants of this basic story, whether it was in farming, manufacturing or services. One of the most effective ways to break out of this low-productivity equilibrium is to provide clear, simple templates for cost accounting, on the basis of which a clear profit-sharing agreement between the managers and owners can be reached. Hi-Grow, Matanaska and many other lead firms in interviews provided such templates. For larger, more complicated operations, a dedicated accountant (perhaps in the form of outsourced services for SMEs) may be necessary to ensure that operating costs versus investments are allocated correctly, and a fair settlement is reached. At present, widely agreed-upon settlement templates and outsourced accounting services are few and far between, and encouraging the expansion of such templates and services (e.g. financial literacy campaign) will be valuable components of any value chain integration initiatives.

F. Pockets of Growth - Entrepreneurship

Figure 2 represents the spectrum of employment possibilities that exist between employment in formal sector firms and successful, voluntary entrepreneurship. The economic environment in Zimbabwe, as with many countries in Sub-Saharan Africa, has forced many people into self-employment who would otherwise not have the capacity or desire to be entrepreneurs. During the economic meltdown, between 1999 and 2008, MSE entrepreneurial activity increased by approximately 8 times more than during the post-independence period of 1980-1998.²⁷ Entrepreneurial activity has thus far been largely driven by necessity rather than a burgeoning entrepreneurial spirit, with the absence of liquidity as well as the absence of formal employment opportunities having the greatest impact on the increase in MSE activity.²⁸ The unemployment challenge in Zimbabwe is often oversimplified by targeting two solutions: employability or entrepreneurship. When using this binary approach, one merely needs to identify those who can be made employable, and all the rest must become – voluntarily or involuntarily – entrepreneurs. In fact, there is a wide spectrum of capabilities and in the work force, and recognizing these distinctions allows for a more targeted approach to each segment.

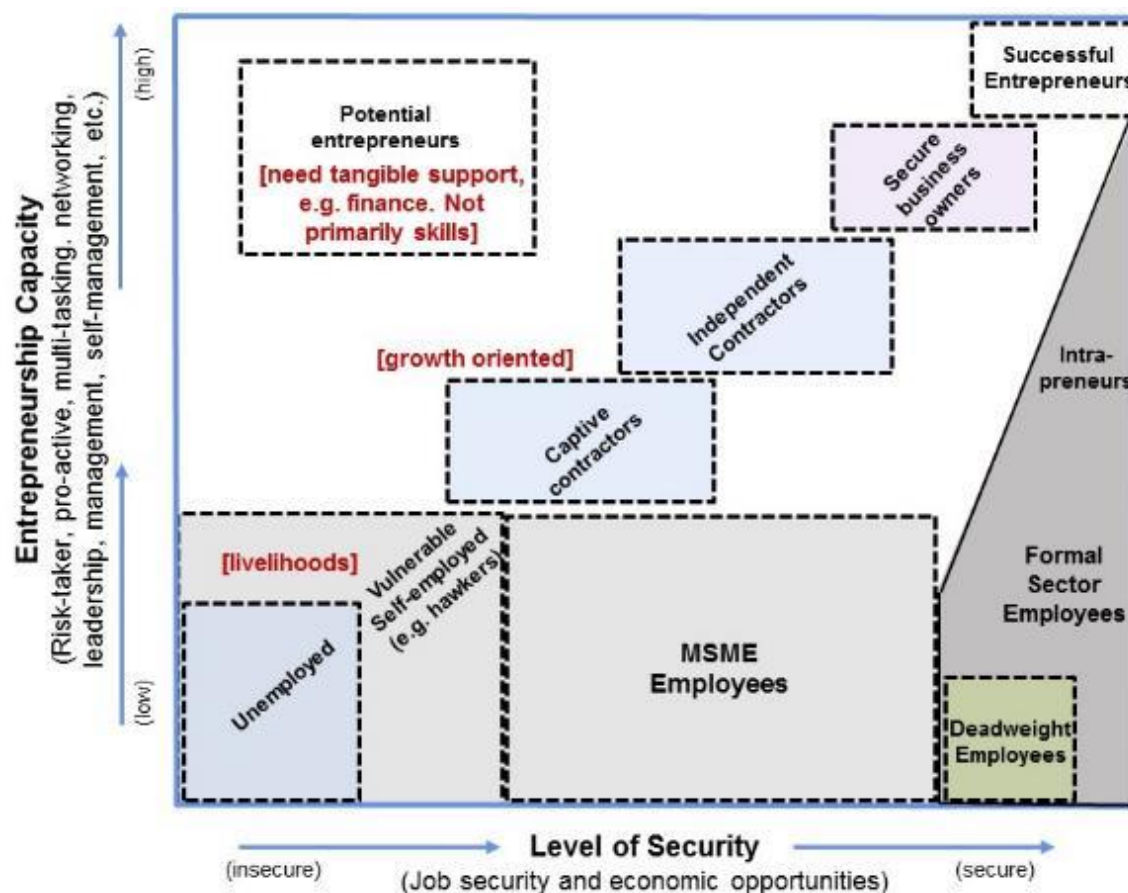
Different interventions are needed along this spectrum, depending on skill attributes and circumstances of the target group. Broad definitions of intervention type are indicated in red in the diagram. Potential entrepreneurs – those with high capabilities in entrepreneurship but limited success – may need tangible support, such as access to finance. The most vulnerable population – those who are unemployed or the self-employed who are most susceptible to unemployment – require support that

²⁷ Mukorera, Sophia and Darma Mahadea. “Linking Entrepreneurial Activity to Economic Meltdown in Zimbabwe”. *Mediterranean Journal of Social Sciences*. Vol 5 No 3. March, 2014. MCSER Publishing: Rome. Doi:10.5901/mjss.2014.v5n3p42

²⁸ Ibid

strengthens their livelihoods. The spectrum in the middle – business owners at varying degrees of independence – need growth oriented interventions.

Figure 3: Entrepreneurship Landscape



The vertical axis combines the particular capabilities that distinguish an entrepreneur from an 'employee', such as future orientation (or pro-active mindset), risk-taking, networking (people skills), leadership, and multitasking, among others.²⁹ Capacity for multi-tasking is a particularly important distinction in this context: while many workers at the bottom of the vertical scale may be highly skilled in one particular dimension (such as lathe turning, cooking, accounting or music), successful entrepreneurs tend to combine several talents and know how to apply them in a business context. The horizontal axis shows the individual's degree of security (both in terms of job and income security).

At the lower right corner are the most vulnerable and unemployed. In Zimbabwe the majority of the population falls in this category. Livelihoods strengthening may be the best option for this group since food and income security is of utmost concern. Moving youth from a vulnerable situation to increased

²⁹ There are many sets of characteristics attributed to entrepreneurship. This is a very interesting and important area of research, and other capabilities such as communications and problem solving which are not listed in the diagram due to space constraints are also worth considering. We are not endorsing any particular system in this section, but merely pointing out that such capabilities tend to be distributed along a continuum, so it's misleading to try to lump the entire workforce into one or the other extreme.

security, may entail apprenticeships, training in trade skills, providing “second-chance” educational opportunities for adolescent youth.

People in the lower left quadrant are employees in the formal sector who are the most secure. In fact some of these employees may even be very low-performing but cannot be fired due to labor law restrictions (deadweight employees). Although, formal sector employment is desirable, the lowest employment occurring in formal sector firms. At the upper right corner are successful entrepreneurs who benefit from high entrepreneurial capabilities and high economic security. Business optimization strategies could help to grow the employment potential of these businesses.

The upper left-hand corner consists of potential entrepreneurs who have entrepreneurial capabilities but low income security. In Zimbabwe the proportion of such unsuccessful and even failed entrepreneurs is particularly high given the challenging operating environment. The binding constraint for these individuals isn’t necessarily skills or training, but more ‘tangible’ support in the form of access to finance, lease arrangements, and incubators, along with stronger associations and regulatory reform. Having said that training, such as business and financial management, could be hugely beneficial for this group as they try to strengthen and stabilize their business ventures.

Having defined the four corners of the diagram, we believe that some of the most fruitful insights come from examining the more central areas. In the bottom center we have employees in informal micro, small, and medium enterprises. These workers generally have better income security than self-employed hawkers, since they work for actual enterprises.³⁰ For the most part, they are employed by individuals who are owners of the enterprises in the boxes above them (contractors and ‘secure business owners’). Their economic fates are therefore intertwined with the economic evolution of those central boxes. This central spectrum is critical in Zimbabwe’s current economic situation. The informalization of the economy means that for economic growth to occur, and to spur job creation, focus should be placed on MSME optimization.

The three boxes in the center depict a progression from simple ‘captive contractors’ to autonomous and relatively secure enterprises. Many of these captive contractors have only recently come into being, as a result of the disintegration of the commercial value chains that existed previously. They are described as captive because they generally have only one buyer or lead enterprise to whom they are beholden – it may be a food processor or distributor, a property owner, a major service provider or a middleman – but the economic relationship is one of dependency, where the buyer controls the relationship, has all of the knowledge of the market and financial resources, and can compel the contractor to remain dependent. One food processor told us that he had outsourced many of his former employees to become contractors – but he still did their bookkeeping and controlled their access to licenses and other necessities. As a result, he was able to control their performance better than he could when they were employees (who could not be dismissed).

To be a successful contractor, you need to understand the market and potential opportunities, and the ability to deliver quality products consistently. For this reason skills training in the areas of bookkeeping, market awareness and other entrepreneurship skills might help many of these contractors to progress into the next level, “independent contractors.” This area is far more secure, in that these companies are capable of selling goods or services to multiple buyers and/or in multiple markets. Examples of

³⁰ Though again, in Zimbabwe many employees go for months and even years without compensation, on the premise that they are better off with some chance of eventually being paid than by quitting.

successfully transitioning captive contractors to independent contractors, and eventually ‘secure business owners’ can be seen in the Zim-AIED project with regards to the banana value chain. Before Fintrac’s involvement, the value chain in the Honde Valley exemplified this captive contractor model whereby the lead firms had not established an equal partnership with the farmers, and low productivity resulted (about 5 – 15 tons per hectare). Fintrac worked with farmers and lead firms in Mutewa and Chibuwe to establish an integrated value chain where the farmers were able to operate as independent contractors. Since this intervention, productivity in the region has increased to 60 – 80 tons per hectare. By looking more broadly for such opportunities in more sectors, many more transformations can take place as have taken place in narrow segments such as bananas, poultry and green beans (documented earlier in the report).

The key interventions in this middle zone are growth-oriented initiatives, which have been characterized as the cluster approach or ‘pockets of growth’. The advantage of these programs is that they not only assist the individuals receiving the assistance to make progress, but as they build more successful enterprises, they can provide more secure employment for those in the boxes below them (MSME employees) and to the left (e.g. hiring some from the pool of unemployed and marginally self-employed).

This framework helps us to move away from the simple dichotomies of employee vs. entrepreneur to a richer set of characterizations that more accurately reflect the reality of the Zimbabwean labor market. It also enables us to understand the different needs of each group and therefore the various intervention types that may be best-suited to each target group.

V. Findings: Labor Supply

The main finding from the analysis of Zimbabwe’s labor supply is that the workforce is diverse in terms of attributes and skills. Subsequently interventions need to be tailored for each different group, depending on their specific career paths and skill needs.

A. Labor Supply by Target Group

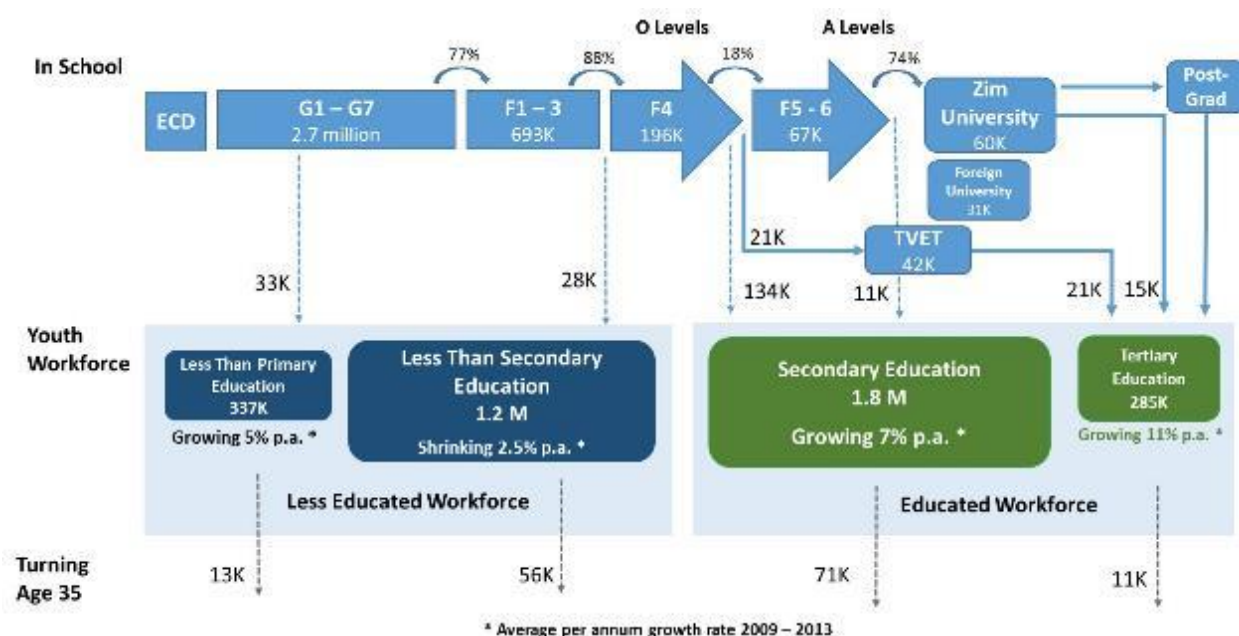
Education Stocks and Flows³¹

Although schooling is certainly not the same as learning, a review of educational attainment data yields a revealing picture of skills supply in the youth workforce, as represented by formal education levels. Compared with other countries in Sub-Saharan Africa, Zimbabwe has higher net enrollment rates (primary school enrollment was 83 percent in 2003 compared with an average 66 percent for Sub-Saharan Africa), but as mentioned earlier in the report the education system declined dramatically in the late 2000s. Several interviewees mentioned that despite the decline in education over the course of 2008-2009, it is not clear whether the education system is still in a state of decline or if the effects were isolated over those years.

The below diagram is a representation of Zimbabwe’s formal education system as of 2013 (the education flows), as well as the stock of the youth workforce, aged 15 to 34, by level of educational attainment. The top level of the diagram shows stocks and flows of students throughout the formal education system, based on gross enrollment rates for 2013. While the bottom half of the diagram shows four stocks of the youth workforce: those with less than a primary education, those with a primary education but less than a secondary education, those with a secondary education, and those with a tertiary education. These stocks were based on 2012 population census, and updated for each year between 2009 to 2013 based on a “stock-and-flow” methodology developed by the team. The dotted lines between the education flow and youth workforce stocks represent the youth, aged 15, that are exiting the formal education system in 2013 to enter into the workforce. The numbers next to the bottom four dashed arrows represent the outflow from these “stocks” of workforce – our best estimate of the number in each category who turn 35 and are no longer counted as “youth”.

³¹ Calculations are estimates. Some needed data are not available and assumptions or simple models were used for estimation. However, results have been reviewed with leading professionals in the field and are understood to represent a reasonably accurate picture of the dynamics of youth labor market supply in Zimbabwe.

Figure 4: Education Stocks and Flows – Youth Labor Supply 2013 (Ages 15-34)



Source: Ministry of Education Enrollment Data

Enrollment data for Zimbabwe shows that there are 2.7 million children in grade 1-7 (primary school) in 2013. Currently, only 77 percent of students proceed from Grade 7 to Form 1 which means that 33 percent of youth are leaving the education system with only a primary school education. There is also an additional 22 percent of students that do not transition from Form 3 to Form 4. The surprising finding of this analysis is that despite Zimbabwe's reputation for a well-educated workforce, the "less-educated workforce" (those with less than a secondary education) make up 42 percent of the youth workforce - a more significant proportion than expected. Worryingly the stock of youth with less than primary education is growing 5 percent a year, however those with less than secondary is shrinking slightly, as the flows of dropouts are counteracted by the 56,000 youth "graduating" from this stock by turning 35.

Primary and secondary education is especially prone to political and economic disturbances. The increase in primary school drop outs likely reflects the financial constraints that many families would have been experiencing during the period of hyperinflation. During this period, school attendance also became less worthwhile due to numerous teacher strikes and absenteeism. "In 2008 children in primary and secondary schools were reported to have learnt for no more than 90 days over the whole year".³² It's worth noting that the average growth rate of the four stocks (particularly primary school and secondary school drop outs) was calculated based on enrollment numbers from this challenging period.

In Form 4 students complete their 'O' Level exams, but of the 194,000 students that enroll in Form 4 only about 21 percent achieve five 'O' Level passes. The Zimbabwe School Examinations Council (ZIMSEC) offers 'O' Level exams at \$13 per subject, which is a lower cost than the Cambridge examinations but still an expensive option for low-income students. Those who do not complete their 'O' Levels constitute the greater part of the 134,000 dropouts³³ that are entering the workforce with a

³² Industrial Psychology Consultants (Pvt) Ltd. "What Employers Look For In Prospective Employees". December, 2011.

³³ The term "dropout" is not intended to connote a failure of motivation on the part of youth.

secondary education. Several employers felt that completing Form 4 provided an assurance of basic literacy and numeracy skills that dropouts from early grades would not necessarily possess. However, although these youth have completed Form 4, they are not eligible for most tertiary vocational training opportunities, and some employers considered five 'O' Levels as the minimum qualification for entry level positions. Secondary educated youth make up the largest proportion of the youth workforce at 50 percent and this stock is growing by an estimated 7 percent per annum.

The majority of youth who obtain five 'O' Levels continue onto Form 5 or vocational training. One concern is that many students do not receive adequate guidance on subject selection and can find themselves in a situation where they have completed 5 'O' Levels but lack the subjects needed to enter into their desired vocational course. In Form 6 students complete their 'A' Level exams for which there is an 82 percent pass rate. Given that 'A' Levels is an academic track, most of the students who obtain their 'A' levels continue onto tertiary education. A smaller number of students enter the workforce immediately after completing Form 6 (11,000). Although the stock of tertiary educated youth is small (8 percent of the youth workforce), the stock of tertiary educated youth is growing at a rapid rate (11 percent). Competition for employment is driving demand for increased educational attainment. Tertiary degrees are seen by many large firms as the minimum requirement for entry level jobs, while smaller businesses are looking for those with a secondary education and often those who have supplementary college-level certificates. In addition, tertiary educated youth are leaving the country for opportunities abroad, particularly in South Africa and the United Kingdom, therefore it's expected that in Zimbabwe less than 8 percent of the youth workforce are tertiary educated. The strategic utilization of these high-potential youth in various levels of the economy, both formal large firms and informal MSMEs, is integral to driving economic growth.

The Stock and Flow chart contributes to our understanding of the different career pathways and other education opportunities available to the four youth segments identified. Within these four stocks additional segmentation can be made for gender, youth groups and rural/urban contexts, and different considerations should be made for each group.

Age Group

There are three youth age groups that can be applied to the four stocks: adolescent youth (ages 15-17), youth (ages 18-24), and experienced youth (ages 25-35). Youth in these age groups have different characteristics and specific challenges which may require different programming approaches.

The youngest group, adolescent youth, are still school-aged. School-leavers at this age are incredibly vulnerable and often lack sufficient foundational skills for decent employment. Ideally this group would be given opportunities to return to school or other educational tracks.

Youth aged 18-24 are in the best position to gain work experience and further training. Although youth in this category are inexperienced and have few technical skills, many employers felt that youth in this age group are especially receptive to additional training. Depending on education level, Zimbabwean youth typically have sufficient foundational skills and adapt quickly to employer needs. However, proficiency in literacy and numeracy is not assured for less than secondary graduates. Youth in this age group spent the majority of their educational and formative years during the challenging environment of hyperinflation, which increased the number of dropouts before secondary school and reduced the quality of foundational skill acquisition in earlier school years. Youth in this age group would benefit from career guidance and mentoring due to their lower experience levels.

Youth aged between 25 and 35 were most affected by the “Lost Decade” (1998-2008) which exposed many of them to traumatic events, such as political violence and financial hardships affecting their families. Trauma of this nature can have a detrimental effect on the development of soft skills linked to employability. The Adverse Childhood Experience Study, a Center for Disease Control and Kaiser Permanente project, revealed a strong correlation between traumatic childhood events and negative adult outcomes. According to research by Dr. Nadine Burke Harris among others, repeated stress actually damages the prefrontal cortex, a part of the brain responsible for self-regulatory activities, both emotional and cognitive.³⁴ Another consideration is that older youth may also have added responsibilities such as family obligations which would reduce their flexibility. On the other hand, some employers felt that older youth were more established and had a better sense of what type of career path suited them. This attribute makes them better able to work independently and take on more responsibility in the workplace.

Rural/Urban Divide

While primary school attendance is relatively high in both urban and rural areas (88 percent and 85 percent respectively), at secondary school level there is a large discrepancy, 60 percent attendance in urban areas and 39 percent in rural areas.³⁵ Rural schools also typically have fewer amenities for students and are more likely to lack access to infrastructure such as power and water. Education experts confirmed that rural teaching posts are less desirable so there is usually a high turnover at rural schools with many young teachers leaving for urban schools as soon as they get enough teaching experience.

Gender Considerations

Gender is an additional consideration which will be discussed in more detail in the gender section. There is relative gender parity in terms of school attendance, and women are equally as likely as men to continue onto tertiary education; in 2012 women made up 44 percent of tertiary graduates, similar ratios were seen in 2010 and 2011.³⁶ However, unemployment rates paint a different picture for gender dynamics in Zimbabwe. Youth with a secondary education face the highest unemployment rate, and this is especially true for women. Ten percent of men (aged 15 and above) with a secondary education are unemployed compared with 25 percent of women (aged 15 and above)³⁷. A similar trend is seen in tertiary educated youth, with 15 percent unemployment for women aged 15 and above with a tertiary degree versus 7 percent for men in the same category. Despite women having relatively the same education opportunities as men, there seems to be disproportionate unemployment among educated women. This could be due to the type of opportunities that women pursue. For example, Women continue to be groomed for traditional roles such as nursing, community service and secretarial work. There are few women in technical jobs. One of the vocational institutions in Chitungwiza had only 4 out of 20 women studying motor mechanics, and this is the annual trend. This disparity in career choices is most evident in vocational and tertiary institutions. Female tertiary enrolment in science subjects is notably low regardless of the fact that at primary school girls and boys are generally equally competent in these subjects. Figure 4 below reflects this disparity.

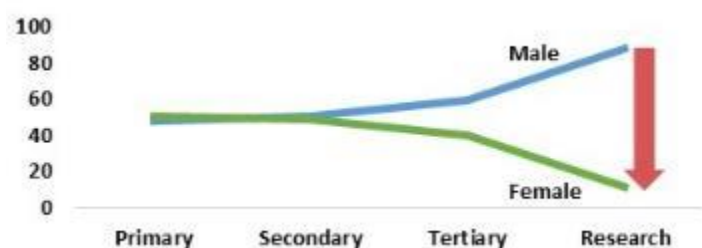
³⁴ Tough, Paul. *How Children Succeed*. 2012.

³⁵ Education and Policy Data Center (EPDC). Demographic and Health Survey. 2006.
http://www.epdc.org/sites/default/files/documents/Zimbabwe_coreusaid.pdf

³⁶ UNESCO Institute for Statistics. <http://data.uis.unesco.org/#>

³⁷ Zimbabwe National Statistics Agency. “Labor Force Survey”. 2011.

Figure 5: Science, Technology, Engineering and Math (STEM) gender ratios



Source: Ministry of Science and Technology Development, 2012

However, the unemployment rates could also point to challenges that exist in the workplace rather than being skills related. One of the employers interviewed specifying that entry level positions often required physical strength that better suited male workers.

G. Skills Supply and Demand

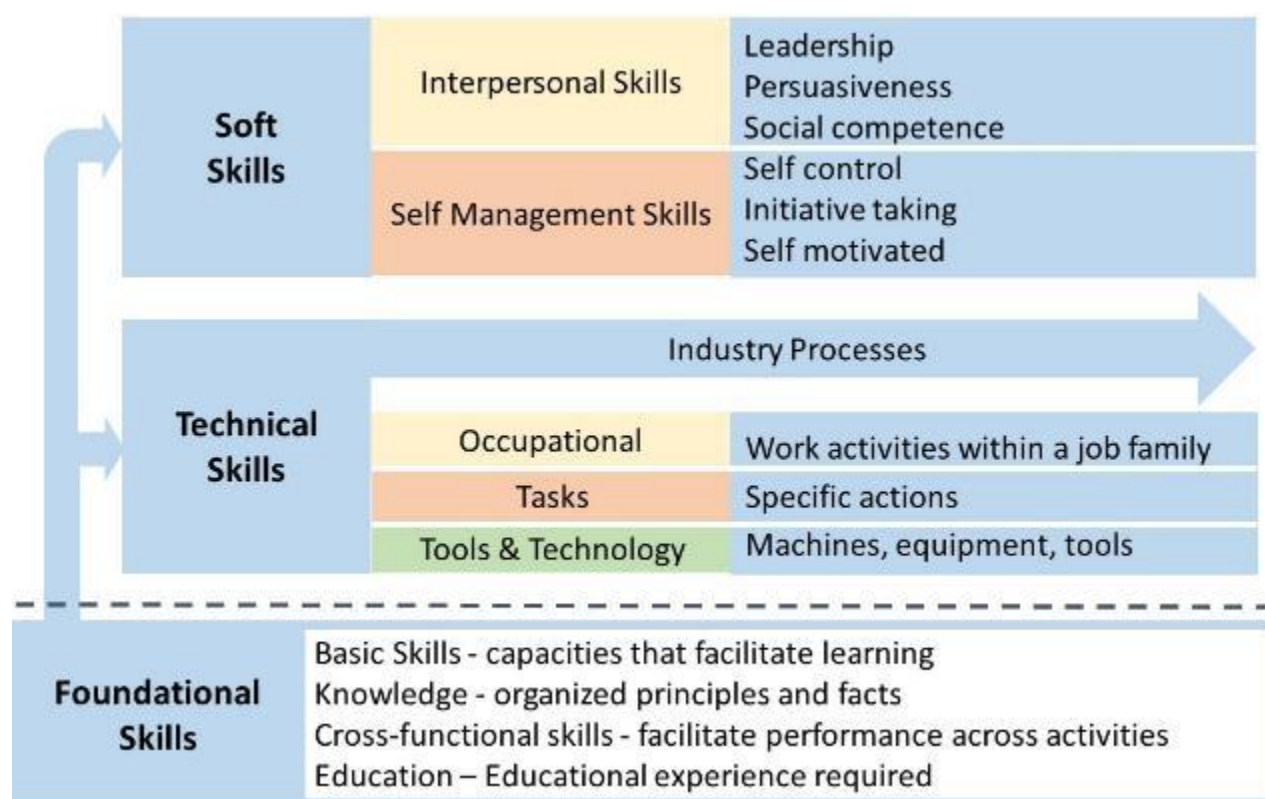
A skills framework is a useful tool for defining the various knowledge, skills, and attributes required for employment. There is a wide array of skills frameworks available, but they tend to be rather complex and specific to particular contexts. The skills framework developed by Workforce Connections team simplifies these frameworks into a broader, more general set of overarching skills categories:

- foundational skills,
- technical skills, and
- work readiness skills.

Foundational skills, which include functional literacy and numeracy, are typically learned in the formal education system. Technical skills are those needed for a task or process used in making a product or providing a service in a particular industry. While some level of technical skills is often required even for entry-level jobs, the vast majority of technical learning takes place on the job. Essential work readiness skills include interpersonal skills (e.g. teamwork, communications), and self-management skills (e.g. time management, problem solving, creativity).

It is important to note that not every worker needs all skills, as this depends on the nature of the work expected of them. Different countries have different requirements of their workforce, depending on the sophistication of their economic means of production. Ultimately, this framework serves as a rubric to enable a conversation about skills.

Figure 6: Workforce Connections Skills Framework



Zimbabwe's workforce has high levels of foundational and technical skills. The human capacity developed during Zimbabwe's economic boom years has largely remained in the country but the process of de-industrialization threatens to weaken these skill sets.

Foundational skills such as literacy and numeracy are well-established in Zimbabwe, but concerns of declining educational standards threaten to diminish this standing. The 2012 census estimated a 99 percent literacy rate for people aged 15 to 34 which is calculated by school attainment of at least grade 3, however in interviews several employers stated that literacy could not be guaranteed for those who have not obtained a secondary education. Nonetheless, Zimbabwe is considered to have the highest education score in Sub-Saharan Africa, particularly in literacy.

Foundational skills prepare youth for future learning and employability and are typically acquired through formal education.³⁸ Completing primary and lower secondary are integral for the acquisition of such skills but this is also reliant on the quality of the education. Zimbabwe has experienced a decline in educational attainment over the years. In 1999, most children entered school but by 2005, the numbers entering had fallen to 89 out of 100. There was even bigger drop in completion rates, from 85 in 1999 to 71 in 2005.³⁹ In 2008, the Zimbabwean education system was in a state of emergency.⁴⁰ At this time, an estimated 60% of the country's teachers were absent from classes, there was a two-month teachers strike and severe shortage of teaching materials; this all contributed to a rapid decline in the quality of

³⁸ UNESCO. "Youth and Skills: Putting education to work". 2012. <http://unesdoc.unesco.org/images/0021/002180/218003e.pdf>

³⁹ Ibid

⁴⁰ Singizi, Tsitsi. "Zimbabwe education system in a state of emergency". UNICEF. October 9, 2008. http://www.unicef.org/media/media_45950.html

education.⁴¹ Most employers interviewed felt that the current secondary school-educated youth workforce possessed the requisite foundational skills for on-the-job learning, however it is possible that the next generation of youth will be less equipped.

Cross-cutting skills such as computer and financial literacy are increasingly integral for employment and entrepreneurial enterprises, and the Zimbabwean workforce is weaker in these skills. At school, access to ICT education is limited and directly affected by the inadequacy of the power grid. In one example, a school principal of a rural secondary school complained that although the school received computers from a benefactor, the lack of electricity at the school meant the lab had been mothballed. College level courses are of varying quality. One employer expressed frustration at having hired a young graduate from a short-course on ICT, only to find that the employee lacked even basic computer skills.

Financial literacy was emphasized as a key requirement in several interviews with both employers and the financial sector. Focus group discussions of 90 recipients of Youth Development Fund loans in Zimbabwe highlighted that aside from the difficult business environment, the major challenges to establishing a business are lack of business skills and financial discipline.⁴² High default rates contribute to further restriction of services from financial institutions. In one instance, a government mandated youth loan program had such a dismal repayment rate (80 percent of youth defaulted) that the program was suspended after one cycle. Different levels of financial literacy training are needed across the workforce spectrum from vulnerable, self-employed to SME business owners.

Traditionally technical education has been strong, particularly in agriculture. There is consensus that uptake of new technical competencies is quick in the agricultural sector, but access to new technology is limited. Furthermore, although the extension service is under-funded, it has largely retained its human capital and is still able to offer valuable agricultural support. One issue that was repeated in several interviews was that the extension service was available and willing to offer support to small-holder farmers, but insufficient resources (such as fuel) prevented them from traveling where needed. One successful approach to combat this issue is for neighboring farmers to raise funds jointly for the extension service to visit their farms. One caveat is that current extension workers' technical knowledge may be outdated and in need of upgrading, additionally a fast-track extension program has produced subpar extension workers which has damaged institutional credibility

A common issue is that technical schools often do not have access to latest technologies which diminishes the productivity of the training centers as well as the students' ability to acquire modern technological skills. This is true for many colleges in Zimbabwe which are struggling with reductions in government funding and liquidity constraints. In the case of Zimbabwe there is the additional complication that youth who have not obtained four or five 'O' Levels are not eligible for admission into most vocational diploma programs at formal colleges.

Although much technical knowledge is obtained on-the-job, many employers agree that existing technical skills are imperative when hiring a new employee, especially in trade industries and in positions where a niche technical skill is needed, such as motor mechanics and panel beating, or refrigeration engineering. In these cases the employer is relying on their employees to perform relatively independently to achieve a particular standard. In other industries, such as agriculture,

⁴¹ Ibid

⁴² Mubaiwai, K.M. *The Unique Challenges of Youth Entrepreneurs in Zimbabwe: Is Access to Credit Enough?*. Presented at Makerere University Business School Business and Entrepreneurship Conference. Kampala, May 2013.

employers seemed to be more interested in an employee's ability and willingness to acquire new technical skills as skills training could be provided on-the-job.

Soft skills are proving to be increasingly important to employers, both in the formal and informal sector. A survey of 29 Senior Managers and Business Executives in Zimbabwe, conducted by Industrial Psychology Consultants (Pvt) Ltd, revealed that during the interview phase the majority of employers rank personality as very important (72 percent), followed by effective communication (48 percent), with only 38 percent rating sector-specific skills and knowledge of the job as very important. Several employers interviewed emphasized that attitude and work ethic was of great importance when considering employees for promotion. Unsurprising given the low trust environment in Zimbabwe, several employers cited trustworthiness and honesty as crucial qualities in an employee. In addition, employers mentioned that employees who are hardworking and display the ability and willingness to learn are more likely to be considered for promotion. Since these qualities are held in such high regard, employers are willing to provide opportunities for advancement and additional training for employees that demonstrate these attributes.

Leadership skills are also mentioned as important but often missing skills in the workforce. Seventy-four percent of respondents in a 2013 talent shortage survey conducted across 19 industries indicated that leadership and management skills are the most lacking in their current workforce, followed by soft skills in general (65 percent).⁴³ These skills are also essential in the informal sector for the creation and strengthening of business linkages needed for growth. The formal education system produces graduates that perform well in a large, hierarchical firm, but it does not necessarily instill the types of skills needed in the new, fragmented economy. Interviews with employers suggest that technical training prepares youth well for jobs in the manufacturing sector with regards to the technical and foundational training they receive. However, the soft skills component is often lacking with graduates less-prepared for problem-solving, leadership, and initiative.

One interviewee from a recruitment firm explained that during the peak period of economic and political turmoil, several high-level employees left the country leaving a leadership vacuum in their companies. Those suddenly promoted into high-level positions lacked the requisite management skills and poor performance resulted. This situation has negatively affected some employers' perceptions of the management capabilities of Zimbabwean graduates. However, a survey of 29 senior managers and business executives in Zimbabwe to gain insights into firm hiring practices, showed that employers are willing to hire Zimbabwean graduates but that only a handful of universities are thought to produce quality graduates. Fifty-two percent of respondents said that they preferred locally trained graduates, with 7 percent expressing a preference for South African trained graduates and 41 percent having no preference.⁴⁴ Respondents were also asked which universities they perceived as producing good graduates and of the 13 universities in Zimbabwe only 4 were mentioned: University of Zimbabwe, National University of Science of Technology, Midlands State University, and Africa University. Seventy-two percent preferred graduates from the University of Zimbabwe, which is also the largest university in the country. Seventeen percent preferred graduates from the National University of Science and Technology which has a strong reputation in industry.⁴⁵

⁴³ Industrial Psychology Consultants (Pvt) Ltd. "What Employers Look For In Prospective Employees". December, 2011.

⁴⁴ Ibid

⁴⁵ Ibid

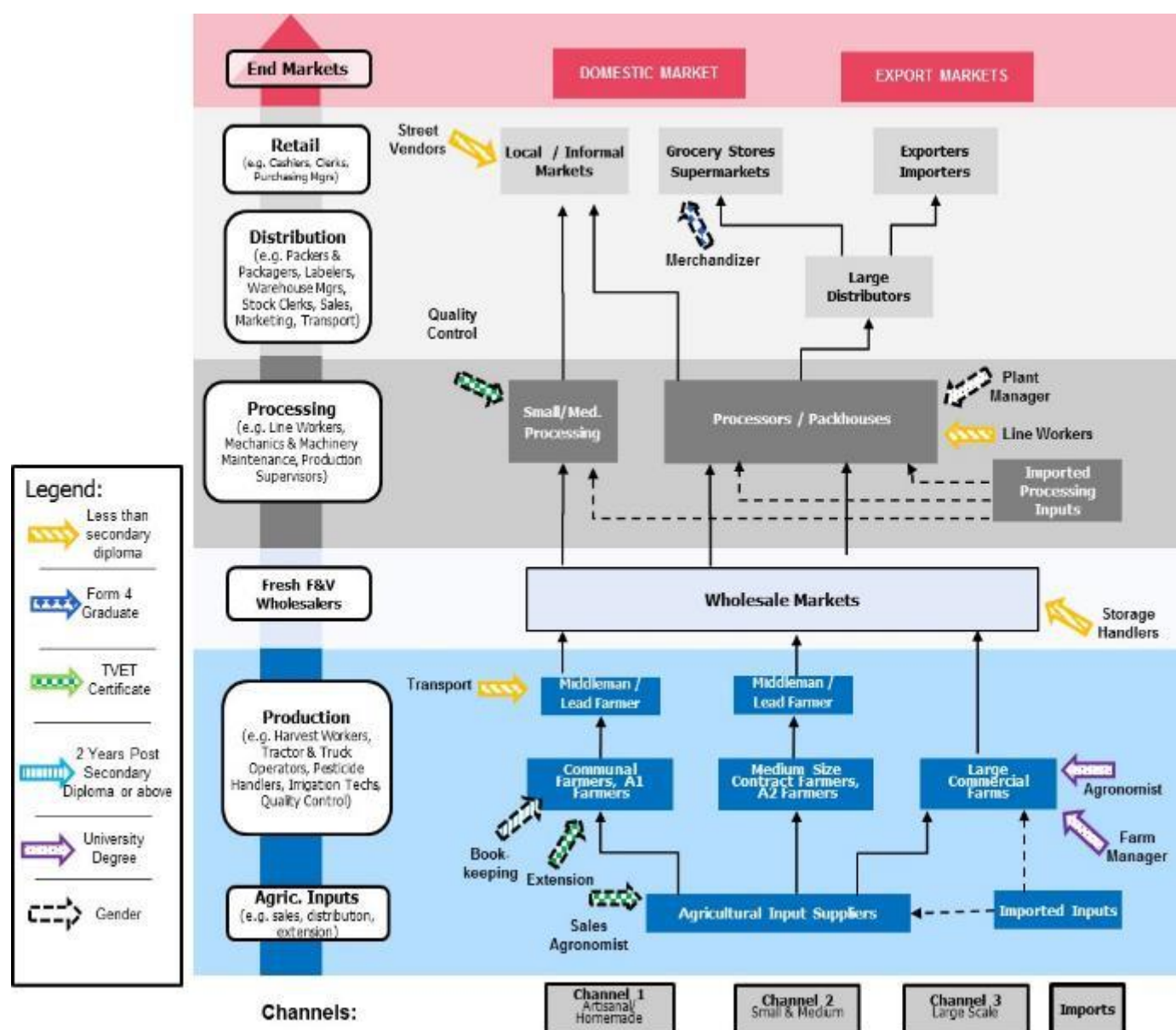
With the disintegration of the commercial sector, the skill needs of the economy have changed and those with entrepreneurship skills have a higher chance of succeeding. There are fewer large firms hiring, most businesses in Zimbabwe are contracting, and therefore many young people opt to start new businesses or contribute to growing MSMEs. Specifically the fragmentation of sectors has led to an increased demand for business acumen, entrepreneurship, and business management. Business acumen refers to the ability to understand the economic landscape and the available opportunities within value chains. This ability can be activated or enhanced through mentoring, coaching, and exposure to role models. Entrepreneurial skills are typically considered to include: initiative, flexibility, communication and collaboration, critical thinking and problem solving, future orientation, comfort with risk, and opportunity recognition. Business skills, including financial management, are integral for creating and running a business.

Since specific sectors are struggling to grow in Zimbabwe's current political and economic environment, it is difficult to pinpoint specific technical skills that are in high demand. Rather it is the entrepreneurial and cross-cutting skills that become increasingly relevant. These skills become particularly important in the informal sector where individuals need to be persistent, self-disciplined, and adaptable in order to succeed. The informal sector needs workers who can perform multiple tasks and therefore there is a demand for workers that possess aptitudes in multiple skills.⁴⁶ In the informal sector, cross-cutting skills such as ICT, financial management, sales and marketing, and the ability to manage and deliver quality products are often crucial supplements to a specific technical skill.

Within value chains it is possible to delve further to find opportunities for growth through skills development. In the banana value chain, for example, both soft and technical skills development was needed to ensure the integration of the value chain. In terms of soft skills, leaders of the small-holder groups received training in negotiation and conflict resolution. Cross-cutting skills development included financial management training for farmers. Technical upgrading was provided to farmers and extension workers in new varieties, modern irrigation methods, and use of chemicals. The value chain can be further strengthened through improved service provision such as bookkeeping and transportation, and there is an opportunity for increasing value-add by enhancing entrepreneurial skills along the value chain. The following value chain map provides an illustrative example of the skills integration and entry points for youth.

⁴⁶ Adams, Arvil V., Johansson de Silva, Sara, and Setareh Razmara. "Improving Skills Development in the Informal Sector: Strategies for Sub-Saharan Africa". The World Bank. 2013

Figure 7: Value Chain Map for Horticulture Detailing Opportunities for Youth



B. Gender Issues - Labor and Entrepreneurial Sectors

Maximizing the impact of 50% of the labor force and entrepreneurial talent is important for Zimbabwe's success. However, Zimbabwean labor market is rife with gender-based discrimination. Even though the Constitution of Zimbabwe promotes gender equality as an imperative, attaining gender equality in the labor and entrepreneurial sectors of the economy remains a challenge. Focus group discussions and interviews in Harare and Bulawayo highlighted that the primary barriers to gender equality in the labor force are an inadequate legal framework, low female representation in leadership, absence of skills

acquisition programs for technical jobs, and sexual harassment at work. In addition, lack of access to means of production and cultural practices have also contributed to gender inequality.

Zimbabwe has ratified international conventions that promote gender equality. These policies include the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), United Nations Resolution 1325, and SADC (2008) protocol on Gender and Development. Furthermore, government policies such as the National Gender Policy, and the Labor Act, state the government's objective to pursue gender equality. However, men continue to receive preferential treatment. In a focus group discussion with employed youth, female participants, who constituted a third of the respondents, pointed out that men receive more employment opportunities and higher salaries for the same work due to male networks and the perceived inferiority of women as skilled labor. A male captain of industry confirmed this bias by saying that he typically does not hire women over 25 years of age because it "does not make business sense" due to the potential cost of maternity benefits as well as the domestic demands on women which would "distract" them from performing well at work.

In contrast, another business leader stated that his employees were predominantly women as they connected more with clients and "worked harder." In his industry, soft skills such as persuasiveness and customer care are valued above physical strength. The bias towards men was more evident in heavy industry where physical strength was a requirement. This gender-based bias continues to exist in Zimbabwe despite the various legal instruments promoting gender equality. This cultural patterns have perpetuated the fact that women are still under represented in many sectors of the economy.

Zimbabwean women are underrepresented in leadership positions. The majority of the business leaders interviewed during the Labor Market Assessment were men, simply because more men are industry heads. When asked about gender issues in the labor market, the men acknowledged that there were female participants within their organizations; however, it is evident that the majority of these participants were in supporting roles and not actual leadership positions. According to Dezso (2012), in Africa, inequalities between women and men are among the greatest in the world. African women and girls are among the world's poorest. This inequality is certainly the case in Zimbabwe where women's participation in the formal labor sector is low. Discrimination against female entrepreneurs, workers and managers negatively affects their productivity and results in large income disparities.

In an unemployed youth focus group discussion, the female participants who had children at a young age described marriage and children as the end of their career outside the home. Some continued to stay home even after their children grew older because it was difficult for them to find employment. These women had not developed the necessary soft and technical skills to survive in the formal labor market. Most of these women were pre-O' Level drop outs who took it for granted that leadership positions belonged to men leading them to assume stereotypical female roles. Owing to this mindset, these unemployed women tended to engage in projects with low capital costs such as small-scale poultry farming which was popular with over 50% of the group. These small-scale projects provide livelihoods for uneducated females.

On the other hand, employed and educated women are faced with a different set of challenges. The focus group of employed youth demonstrated that employed women suffer more from a lack of confidence in the workplace. According to Adams and Funk (2010), a major problem relates to women's confidence, in both the beliefs in their own abilities, as well as in the capability of communicating confidence. In addition, women tend to experience a strong gender bias when being evaluated for promotions on both their level of performance as well as their potential impact. This was manifest in the

employed youth focus group discussion as women tended to be more timid. The majority of the females participating spoke only when specifically prompted. This highlights the need to not only capacitate women in terms of their self-perception but also their skill-set. Unfortunately, even when women overcome this gap and progress to formal employment issues such as sexual harassment obstruct their effective participation in the labor market

When asked if there were any female-specific challenges to effectively participating in the local labor market, female focus group participants alluded to the “carpet interview”, that is, the request for sexual favors in order to attain employment. Furthermore, once employed, females continuously fear quid pro quo propositions from their male bosses. This behavior continues, despite the fact that it is a criminal offence and companies have codes of conducts that outlaws it. There are also cultural practices that encourage women to submit to male dominance.

Women also lack access to land. Land tenure systems, for instance, are based on discriminatory cultural practices. While Zimbabwe has considered agriculture the backbone of the economy and acknowledged the significant role of women in the agricultural sector, no attention has been placed to the land tenure systems. For example “women constitute 53 percent of agricultural labor in Zimbabwe, yet they do not have access to key productive resources and assets including land, inputs, capital, finance, water and equipment” (USAID 2012. 1).

As a remedy to the lack of land, many women have opted to participate in the informal sector where at worst they are victims of state repression because most of their activities such as street vending are considered illegal. Markets such as Mbare Musika are full of female-headed stalls selling a variety of goods including fruits, vegetables and second hand clothes. A few have organized economic groups and cooperative ventures. Most of these groups, however, are small in nature and have been confined to the informal sector.

Interventions which specifically target women are necessary in donor programming. Women make up more than 50% of the labor force in Zimbabwe. It is therefore key to include them as key participants in internships and capacity building initiatives. The Ministry of Women’s Affairs, Gender and Community Development, which should play a leading role in creating gender parity, has limited capacity in terms of resources and personnel. Accordingly, there is a need for developing programming in conjunction with stakeholders within the public and private sectors which specifically targets female skill acquisition and internship opportunities.

On the entrepreneurial front for the segment with less than secondary education, there is a need to bolster an eco-system of support for female run businesses and the networks of micro-entrepreneurial women. For the female tertiary workforce segment they are opening the path in the new digital and services economy for female entrepreneurs. This path blazing entrepreneurship requires an ecosystem of support: mentors, role models, networking, business development services and access to capital – to create a nurturing environment for business ideas and a networked cadre of female entrepreneurial business leaders that can support and change cultural perceptions. On the workforce front, the challenge is changing management, peer and customer cultural practices of discounting female contribution to an enterprise. This will require a mix of tools: gender champions leadership (both male and female), consistent communications, role models/success stories, an empowering network of support, practical impact cases, and practical systems. Gender activities well integrated into business value creating initiatives can be powerful in changing perceptions.

C. Policy and Regulatory Issues

As mentioned above in the economic background section, the enabling environment presents many challenges to business. Two of the many labor market policy and regulation challenges - employee retrenchment costs and treatment of informal sector – are discussed below. However, the overarching theme regarding policy is that the voice of business –micro-entrepreneurs, small businesses and large businesses alike – are not getting heard or acted upon to facilitate business.

One example of policy a constraint that several interviewees cited was the rigidity and high costs of retrenchment, which in turn served as a deterrent to increasing employment. Labour Act Chapter 28:01 governs the terms of employment and, while in practice the application is not clear, the language provides the basis for 13 weeks of severance for an employee with 1 year tenure; 65 weeks of severance for employee with 5 years tenure; and 130 weeks of severance for an employee with 10 years tenure. The retrenchment process required an employer to submit a retrenchment proposal union (if applicable) and the GoZ Retrenchment Board for review/approval. If the Labour Relations Officer sees the reason for retrenchment as unclear and not in terms of which retrenchment has been agreed upon, it cannot be granted. One extreme example is that of a mining company that was projected to pay \$15M to reduce workforce by 2,000 workers:

“...one mining Company that was asked by the Retrenchment Board (Ministry of Labour) to pay a recommended package that included a one-and-half months' salary per every year served, severance pay of up to three months' salary, relocation allowances and the provision of transport allowances for 12 months. The workers were also expected to benefit from the payment of two terms' school fees for their children. The packages also included housing allowances for 12 months or up to the time the company re-opened its mines, insurance cover as per company policy, medical aid to cover six months all paid in United States dollars. However the Company appealed against the retrenchment package at the Labour Court arguing that the, “total package awarded by the first respondent (the Ministry) is in excess of US\$15 million, which is almost twice the applicant's market capitalization,” The Company went on to say, “even if the company was to sell all its assets, it will still not be able to pay the package”⁴⁷

The National Labor Act legislation is disproportionately designed to protect the interests of the workforce in terms of contracts, collective bargaining, redundancy and termination. Fees and regulations make the process of hiring workers in Zimbabwe difficult. Firing workers is problematic and costly—companies cannot lay off five or more workers within a consecutive six-month period without the Ministry of Public Service, Labor and Social Welfare's consent⁴⁸. The actual cost of retrenching an employee is exorbitant as noted in the example above. To circumvent these costs, employers often hire on a short-term contractual basis. These high regulatory fees create a market which is unable to absorb youth into full-time formal employment, and forces workers to resort to informal or temporary employment.

Another policy and regulatory challenge is the dealing with the reality of informal enterprises. There are approximately 2.8 million micro, small and medium businesses, of which 85 percent are unregistered, according to a Fintrac Survey. MSME have created 5.7 million informal jobs and produce approximately

⁴⁷ Musakaruka, Taurai. “Fair Retrenchment Package”. 2011

http://www.labour.co.zw/index.php?option=com_content&view=article&id=50:taurai-musakaruka&catid=34:contributors

⁴⁸ Labor Act, Section 12 C

\$7.4 billion dollars of revenue. Despite the major role informal enterprises play in the Zimbabwe economy, the government imposes impracticable and strict conditions on the informal sector instead of fostering and encouraging an increase in business activity in the country. Micro-businesses are heavily policed, which destroys the livelihoods of the smallest vendors. Informal vendors in Mbare, for example, are charged high operation fees and municipal charges that are unsustainable for their micro-business model. There is also uncertainty as the laws policing the informal sector are inconsistently enforced. For example, a sudden 2005 government clampdown, *Operation Murambatsvina*, destroyed hundreds of thousands of businesses and homes in the informal sector. Despite these drastic controls and clampdowns, the informal sector continues to grow because the formal sector simply cannot absorb the unemployed youth.

The government's aforementioned controls and interventions in the labor market are often driven by political considerations, rather than people's needs. A prime example of the fragmentation caused by government policy in business is the launch of the Youth Development Fund *Kurera-Ukondla Youth Fund* in 2011. The objective of the fund was empowering entrepreneurial youth, yet it was administered as a political boon, resulting in unstructured distribution of loans and a default rate of over 80 percent. Lending institutions, namely CABS, IDBZ, Stanbic Bank and CBZ, co-administered the loans and suffered losses. Since then, the banking sector has decreased loans to the private sector. Bank loans to the private sector contracted from an annual growth of 28.77 percent in February 2013 to 1.5% in 2014⁴⁹. Micro-finance institutions (MFIs) such as Micro King have filled the lending gap for youth and women in search of livelihood opportunities, as well as for SMEs.

These policy issues affecting labor markets are separate from the list of issues are policy constraints that impact business such as the inconsistent application of Indigenization Policy, unpredictable revenue seeking policies, and poor, non-competitive services (water/energy). While there is a need for strong policy analysis, recommendations and lobbying, there has been little uptake by government to date. The pockets of growth approach work on knitting together actors to access the growth by focusing on the actions within their control (upgrading quality, branding, service, etc.). This will strengthen and empower groups around market power, which may have the spillover effect of strengthening their position in targeted business critical discussions.

D. Mapping of Stakeholders

Overall given the past years of political challenges and economic challenges, there is a fundamental lack of trust and lack of an overall collaborative relationship between the private sector (both formal and informal) and government.

On the **education-private sector front**, there is a strong structure in large part due to the legacy of large, formal structured economy of 80' and '90s. National Manpower Advisory Council (NAMACO), a public-private partnership, established by an act of parliament, is tasked with investigating and making recommendations to the Minister of Higher and Tertiary Education on any matter affecting national manpower development and training.⁵⁰ The goal of NAMACO is to ensure that curriculum is demand-driven and meets the needs of the economy. NAMACO currently has 20 sector committees and tests 77 trades. Recently NAMACO conducted a thorough study of the tourism industry which is yet to be publicly released, however, lack of resources limits NAMACO's ability to conduct extensive studies

⁴⁹ Reserve Bank of Zimbabwe

⁵⁰ National Manpower Advisory Council (NAMACO) Website. 2012.

<http://www.namaco.org.zw/index.php/component/content/article/2-uncategorised/8-home>

regularly. NAMACO has been useful for facilitating dialogue with formal enterprise but slow to turn discussion to action. In addition, there is some concern that the linkages between NAMACO and the private sector are not strong enough for the accurate representation of private sector needs in NAMACO's recommendations so this could be an area for improvement.⁵¹

Figure 8: Stylized Map of a Workforce Development System

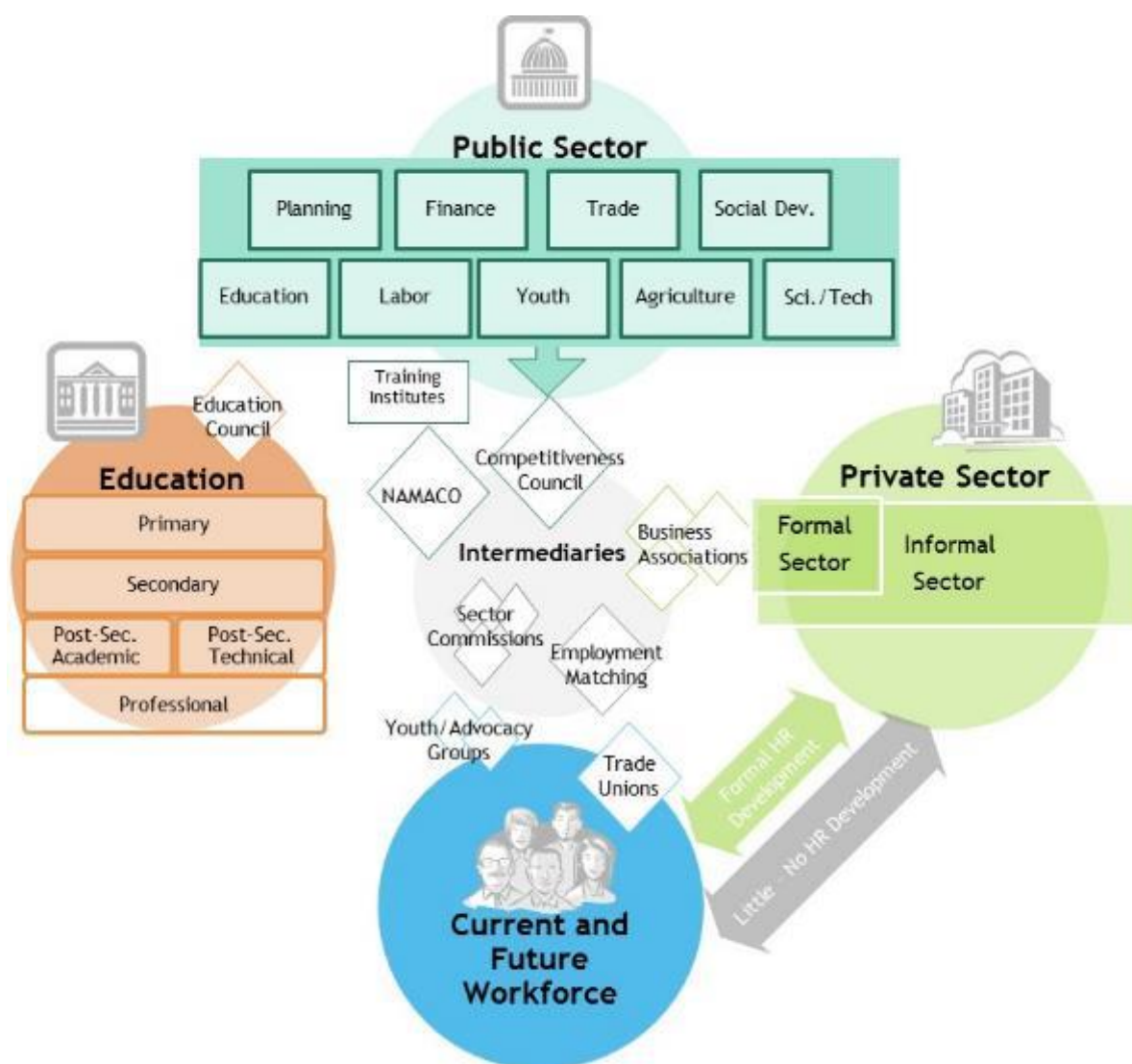


Figure 7 depicts a stylized map of a country's workforce development system, with a few adjustments made to depict the importance of the informal sector in Zimbabwe (Annex 5 contains a Zimbabwe-specific institutional organigram, showing the specific groups encountered by the team and illustrating where linkages between them are strong, weak, or nonexistent). As in many countries, there is little to no relationship between formal schooling and the informal private sector. Private training institutions,

⁵¹ Ministry of Higher and Tertiary Education. "Report on the Technical and Vocational Education and Training Policy Review Framework". 2005.

such as Species College are contemplating service offering for informal in response to market trends they say, but have not figured out the substance or the business model.

Intermediaries between formal workforce and formal employers like the trade unions carry significant political history (union movement was the source of political opposition growth) and, in addition, have a tradition of entrenched win-lose positions (no retrenchment negotiations, annual minimum wage negotiations). Development of a win-win collaboration to overcome years of politics and polarized distrust will take sustained support over time and taking moderate steps to reach cooperative goals.

Overall, the relationship between the government and informal is one of criminal pursuit and regulation, despite the informal sector account for 85% of population's livelihood. Efforts to formalize will be met with resistance since formalization is often associated with increased costs and little benefit. Any efforts to promote workforce and/or entrepreneurship will need an approach to formality to avoid persecution. Entrepreneurship can be an essential means of promoting growth but interventions should consider embedding programs into the existing system in order to take advantage of available resources, as well as considering where on the entrepreneurship spectrum the target group falls. All of this underscores the importance of "knitting together" stakeholders to work productively together in "pockets of growth."

VI. Conclusions: Aligning Supply and Demand

Growth drives demand for labor. It is with this mantra that workforce development in Zimbabwe should be pursued. Strengthening MSMEs in promising sectors will help to increase employment opportunities for youth and will contribute to a better functioning economic environment. It is important to remember that there is no one sector experiencing growth in Zimbabwe, rather there are pockets of growth in various sectors, each having a different set of employment needs and skills requirements. Steps can be taken to stimulate and stabilize promising networks of firms, through the alignment of supply and demand by specific target populations and employment contexts.

Focusing on pockets of growth, segmenting target populations, analyzing employments contexts will set the stage for development actors to facilitate tailored activities to boost enterprise, strengthen workforce, or both. Activities can add tremendous value by strengthening the tools, values, and skills that knit together the pieces of fragmented value chains. Trust, transparency, financial literacy, collaboration, are just some of the elements greatly needed for the businesses of Zimbabwe to grow and flourish. Training is one tool not the only one to rely on to enhance strengthened business behavior.

The figure below represents a framework for segmented approach. The segments depend on type of firm being assisted (large, medium, small, micro) and the type of youth being engaged (education, age, gender, rural). This helps determine the mix of interventions needed to establish a strong and skilled workforce, as well as more effective, youth-friendly work environments.

Figure 9: Training Interventions for Aligning Supply and Demand



The Youth Labor Supply down the first column repeats the results of the “stocks and flows” analysis, showing the youth workforce grouped by educational attainment. However, this is not the only segmentation that is valuable when selecting interventions for youth. Age, gender and rural location add another dimension to these “stocks” and should be taken into consideration for each cohort.

The center panels indicate skills interventions that respond to identified constraints in Zimbabwe and enable youth to better meet the requirements of employers or of self-employment. In some cases, the same categories of interventions are relevant for each of the four cohorts of youth, such as mentoring and access to information, training in soft skills, technical skills, and business and entrepreneurship skills. However, each group requires a tailored approach depending on their level of educational attainment, age, gender, and rural or urban location. Literacy and numeracy training has not been included in this graphic. Although it is a crucial skill requirement, it is lacking only among those with less than a secondary education.

The column on the right depicts potential job categories, and the arrow on the far right refers to the employer-side interventions that enhance employment opportunities for youth. HR optimization refers to the improvement of the workplace environment for youth and women which is essential if SMEs are to be viable employment options for the youth workforce. In Zimbabwe female unemployment is much higher than male unemployment, and this seems to be particularly true for those with higher levels of educational attainment. Interview with employers highlighted that while women perform equally well, if not better, in positions that require strong communication skills and attention to detail (such as quality control), many entry level positions are deemed too physically strenuous for women. Furthermore, as highlighted in the Gender section, the workplace is often hostile toward women with requests for sexual favors and the expectation of submission. In light of these employer perceptions of women, gender integration must be part of any HR optimization strategy undertaken.

VII. Recommendations: Potential Actions

This section provides recommendations regarding how USAID (working in concert with other donors, if possible) can expand upon the “pockets of growth” approach more systematically to cover more sectors and, ideally, generate more employment. While improved governance would clearly have a significant impact on increasing employment, these recommendations are geared to a context in which government policies are not significantly improved.

USAID should reconfigure existing and launch new projects that allow for an integrated approach across a wide variety of “local value chains” or seed clusters. These projects should be in a position to draw upon a variety of tools for value chain upgrading and employment generation including technical assistance, training, job placement, association support, policy reform and leadership development. In those instances where integration of all such capabilities into a single project is impractical, above-normal efforts to promote coordination among projects will be required to achieve the necessary degree of synergy of effort on the ground.

The ability to place entry level employees (“attachments”) in an enterprise, for micro and small enterprises in particular, that is simultaneously receiving technical assistance for upgrading is a powerful double-action lever: the new employee can work with project consultants to reinforce the upgrading agenda; the success of the upgrading will make the company more competitive, making the new employees’ position more sustainable.

Activities should, when possible, be concentrated into one project. All value chain upgrading does not need to be concentrated into a single project. It may be more practical to have separate projects working in different sectors agriculture, manufacturing and services such as tourism. However, to the degree that USAID is providing assistance to a specific value chain, it is optimal that this assistance be concentrated into one project. Providing technical assistance at the enterprise level from one project while providing effective assistance to associations in the same value chain from another project requires a degree of coordination which is nearly impossible to achieve in field conditions.

Provide analysis support in identifying market opportunities and actions required to access. Each local value chain may require the application of a slightly different set of tools. Such programs are seldom “one size fits all,” and even with producers of the same crop or products, the issues and required solutions in each region are likely to vary. A highly experienced value chain specialist should be closely involved during the initial engagement with the value chain leaders, to ensure that the diagnosis of the issues and the upgrading agenda are accurate. This will also inspire confidence on the part of stakeholders and minimize problems arising from trust issues.

Seek and support strong business and value chain leaders. In value chain strengthening, identification of champions and social capital is key. Most of the successful value chain integration initiatives studied in Zimbabwe had two elements in play: a) strong, committed ‘champions’, and b) some mechanism for social cohesion and shared values that played a role in addressing trust issues. The champions – visionary leaders who understand the issues and are committed to improving not only their own enterprise but the entire cluster – can be found in the lead enterprises, the smallholders, or (ideally) both.

Focus on low profile business improvements to fly “under the radar” of enabling environment challenges. Given the current governance context in Zimbabwe, constructive cooperation from government cannot be relied upon. In fact, drawing the attention of government can be counterproductive, as politicians and other powerful individuals seek to extract rents or appropriate successes. Accordingly, attempting broad national programs that are scaled-up via government programs are not highly recommended.⁵² While promising movements toward policy reforms should not be ignored, programs should be designed so that they can still operate effectively without strong policy support.

Seek modest, grounded policy measures. Most resilient enterprise leaders have learned to operate in an environment with chaotic and unpredictable government policies. While always being willing to support advocacy at the national level, efforts to adjust how policies are implemented “on the ground” can be more fruitful, especially when pursued at the provincial, district or even sub-district level. One enterprise owner said that, at this point, he would consider simply the posting of regulations on a monthly basis (regarding imports of cattle for genetic enhancements) to be a big improvement in transparency. Reaching for such changes in regulatory procedures seems to be a modest but appropriate goal in the current environment.

Focus on coordinated activities that business can control and push forward together. The majority of support to “sectoral policies” should be re-defined supporting competitiveness agendas among champions in value chain or cluster working groups. Such groups, often operating under the auspices of associations, can chart the upgrading pathway in purely business terms: joint efforts in terms of branding, quality improvements, certifications, training and market development. As such efforts are nearly always covered under the government’s priority actions, there is no conflict with government *per se*; these groups are simply more effective at developing detailed action agendas and implementing the policies if they agree in advance that 80% of their efforts will be dedicated to activities where government is not involved, and only 20% of their time and effort is dedicated to advocating for policy changes and are very unlikely to take place. USAID assistance to such groups as they formulate and implement these agendas – often much more effective at a regional or provincial level rather than national – can be crucial for such efforts.

Strengthen Labor Market Information Systems – For basic real-time demand information, donors can work with existing human capital industry actors such as Precision Recruitment International (PRI), CV People, Sweetmellon Publisher ([Smart Pages Directory](#)), to provide insights on jobs being demanded and skills that are missing. This short-term insights. For more formal information, donors could work to accelerate the work of the public- private sector partnership National Manpower Advisory Council (NAMACO). For informal services, donors could work with ICT innovators to develop a structured way to offer service with an e-bay style rating (vs. services being displayed on tree).

Facilitate Youth Business Analysis Projects (Similar to Civic Projects Model). Programs can focus the energy of teams of tertiary youth (18-24 students or graduates) youth on the analyzing and tackling business challenges the firms need. Topics range from new market research, new business models, customer surveys, internet research. Youth should get a short-training on consulting projects by a

⁵² This is not to say that government resources should not be leveraged. For example, in many rural areas the existing extension system, while badly short of funds, is still functional, and can provide a valuable support to value chain upgrading efforts. In some cases creative solutions to working with extension agents, such as having lead companies provide gasoline for government vehicles, can be a ‘win-win’, since extension workers can boost system-wide productivity as long as they can access the farms and enterprises.

mentor organization (consultant firm, university), then businesses would apply to mentor organization to help scope a project (output, time, resources) so a team can be selected to deliver a 3-6 month practical activity. This win-win relationship would provide growth or revenue focused analysis for a small, medium or large firm, plus provide great research & project management skills for the youth, and, if a job is done well, an opening for a job opportunity.

Link existing and future donor economic growth activities to HR Optimization. Build on donor economic growth activities to integrate win-win opportunities to optimize human resources. For example, access to Large or SME participating in donor value chain programs should be paired with an HR optimization model that looks at key points within the company where existing or new resources can add strategic value.

Facilitate Employer HR Assessments (Low cost ways to optimize employee performance) – As a effort to systemically engage employers, donor programs can work with HR intermediaries to develop a tool to Rapidly Assess and advise business on how to how to maximize current employees, what are current gaps, and how to plan job recruitments linked to growth.

Promote the Development of Green Entrepreneurs – Particularly with the cost of water and energy so high, donors should work to develop entrepreneurial opportunities in managing resources. Natural resource management, alternative energy provision, energy and resource efficiency, pollution mitigation. For example, South Africa’s Groen Sebenza Project: Catalyzing access to Employment and Job Creation in Ecosystem Management sought to create jobs through saving natural resources.

Connect youths and elders through business mentoring and gradual associate buy-in programs. As a farmer is looking to retire and a youth is looking to start-up, a potential win-win can be structured around a program of mentoring and facilitating a gradual “buy-in” by the youth to the elder’s business. The “associate buy-in” model is a partnership practice that can offer a favorable outcome for both the elder looking to monetize years of experience and sales contacts, and a youth, looking to get started.

Facilitate Microfranchise Opportunities – Microfranchise offer business models and templates for basic, high quality businesses that can be owned and managed locally, particularly for entrepreneurs looking for a moderate growth enterprise. An assessment of different entrepreneur profiles (rural, ICT, informal) can inform a program of what type of microfranchise may work for him/her.

Support a significant effort in business financial literacy campaign. With so many people in the informal sector and many employed seeking additional streams of revenue through side-businesses, business financial literacy is important basic skill to promote. Tools and practices for business people will be the building blocks of successful business transaction.

VIII. Annexes – Additional Relevant Information



A. Annex 01: Bibliography

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B. Annex 02: List of Meetings

DONOR PROJECTS

- Zim AEID - Fintrac
- ZIM ACP - DAI
- Zim Works - IYF
- Zim Works - Boost Fellowship
- Zim Works - Young Africa
- Zim Works - Junior Achievement
- SERA - Zimbabwe Strategic Economic Research and Analysis

MULTILATERAL ORGANIZATIONS

- USAID
- UNIDO
- DANIDA
- SNV
- ILO
- Restless Development
- DIFID
- LEDRIZ - Labor and Economic Development Research Institute of Zimbabwe
- World Bank

EMPLOYMENT ACTORS

- CV People
- Recruitment Matters

GOVERNMENT

- Zimbabwe Agricultural Development Trust
- National Manpower Advisory Council
- Zimbabwe Tourism Authority
- Dairyboard
- Standard Association of Zimbabwe
- CZI - Confederation of Zimbabwe Industry
- ZCTU - Zimbabwe Congress of Trade Union
- Comercial Farmers Union
- ZNCC - Zimbabwe National Chamber of Commerce
- ZFU - Zimbabwe Farmers Union
- Matebeleland Agri-business Chamber Byo

YOUTH SERVING ORGANIZATIONS

- WASA
- Farmers Federation of Young Farmers Union

INDEPENDENT ACTORS

- Dr Jesman Chipika
- Mr. Ian Miller, Tech Advisor
- Dr. Mano

PRIVATE SECTOR

- Micro King
- Allied Timbers
- Nestle
- Beef & Poultry Producer Association
- Ariston Holdings
- Matanuska
- Goromonzi Farm
- SCHWEPPES - Bulawayo
- Portify Micro Finance - Bulawayo
- Rose Chicks - Bulawayo
- Hi Gro Bulawayo
- Profeeds- Bulawayo
- Grills Bulawayo

EDUCATION

- Speciss College – Technical College
- National University of Science and Technology (NUST)

FINANCIAL INSTITUTION

- CABS

THINK TANKS

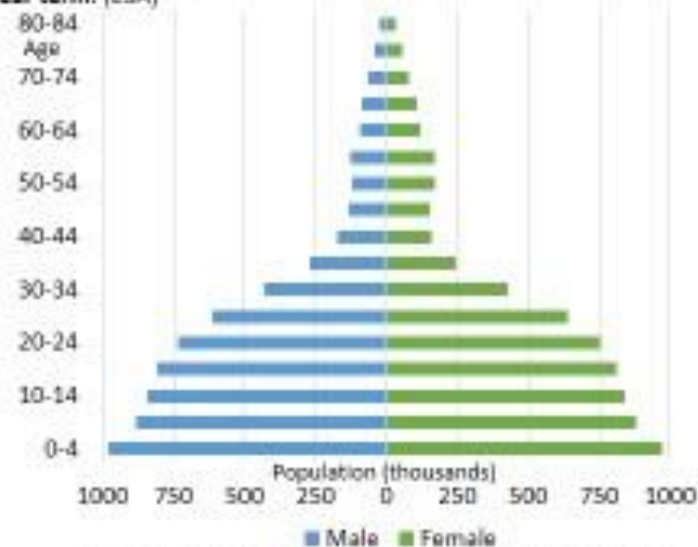
- ZEPARU

C. Annex 03: Zimbabwe Dashboard

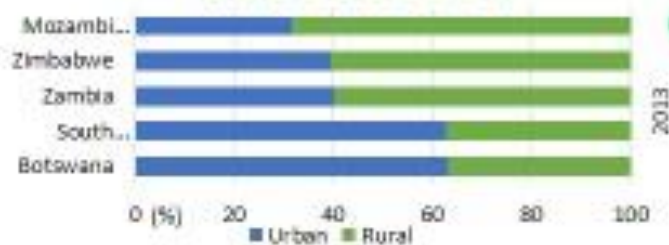
Zimbabwe

What are the demographic trends?

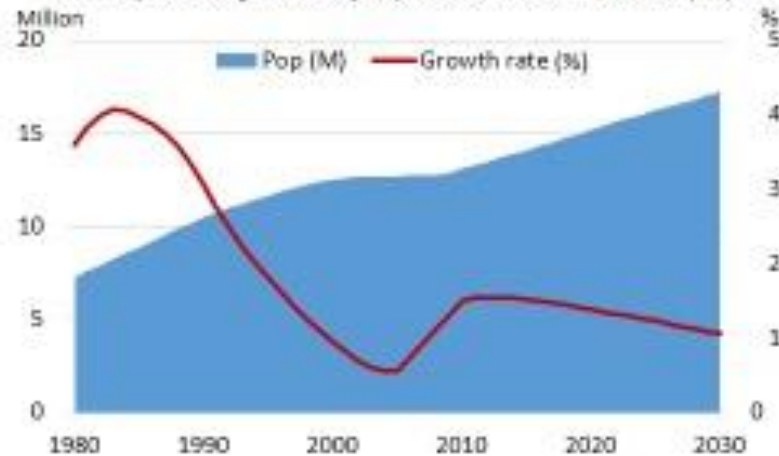
In 2010 Zimbabwe had a large young population, aged 0-14, so demand for employment opportunities will continue to rise in the near term. (ESA)



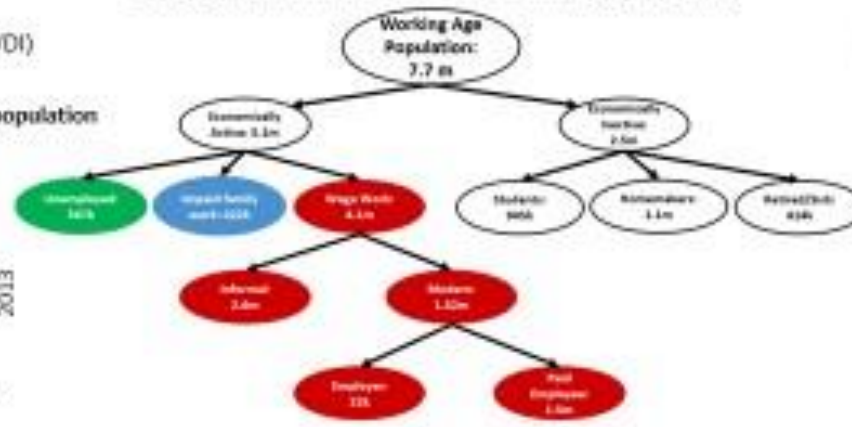
As of 2013, 39.6% of the population was urban. (WDI)



The population in 2014 is almost 14 million, with the growth rate experiencing a drastic jump between 2005 and 2010. (IFS)



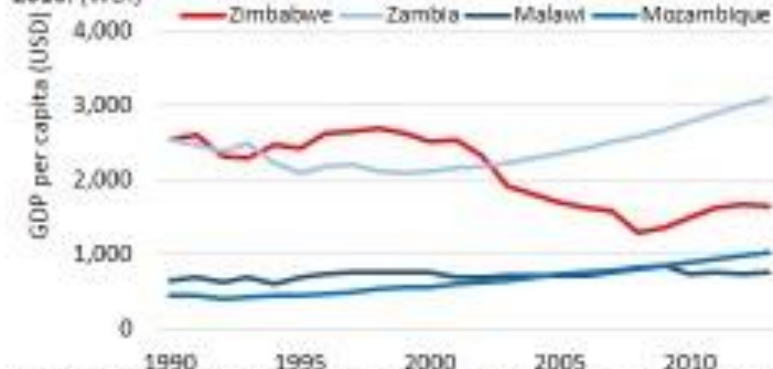
Of the 5 million economically active Zimbabweans employed in 2012, greater than 1 out of 10 were unemployed. (ZIMS)



Zimbabwe

What are the economic trends?

Zimbabwe's GDP per capita was 1,645 (2011 constant international \$) in 2013. (WDI)

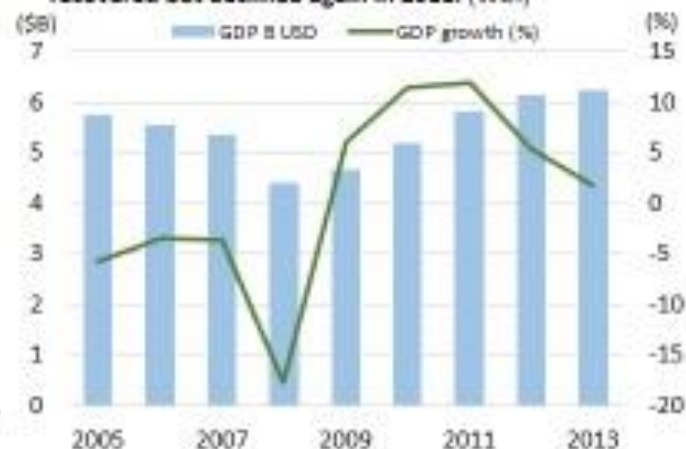


Note: South Africa's GDP/capita was \$12,100 and Botswana's was \$15,200 in 2013.

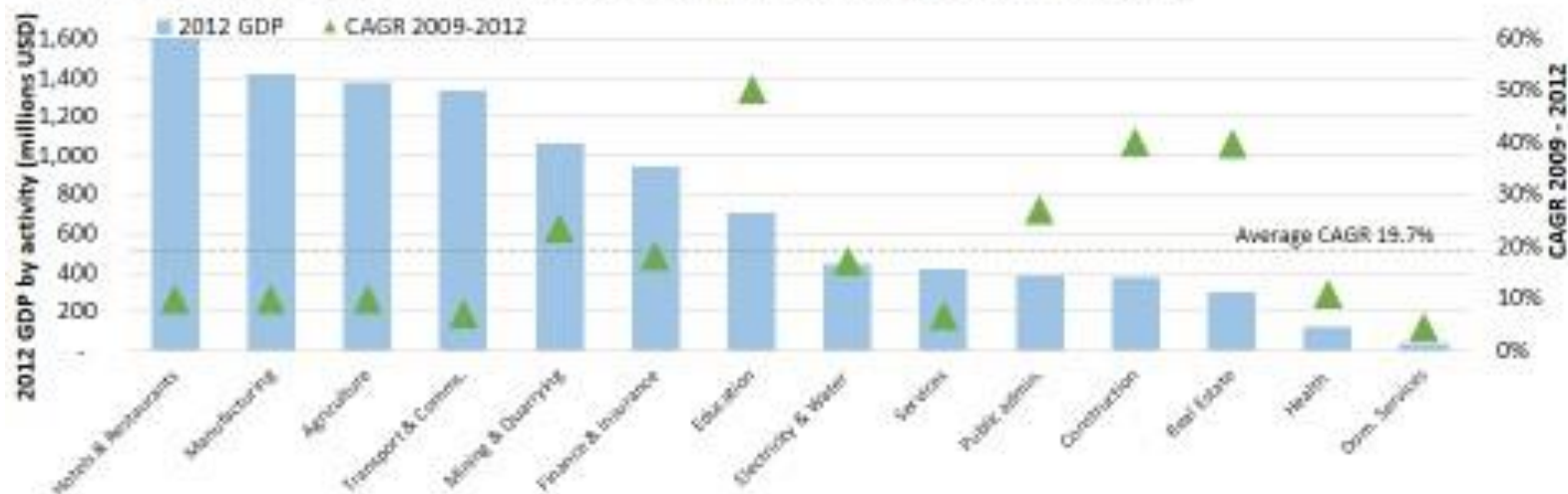
Economics Human capital Policy

Growth Trends

After a dramatic decrease in 2008, GDP growth recovered but declined again in 2011. (WDI)



Sectoral GDP in 2012 was highest in hotels and restaurants while growth was highest in education. (ZIMS)



Zimbabwe

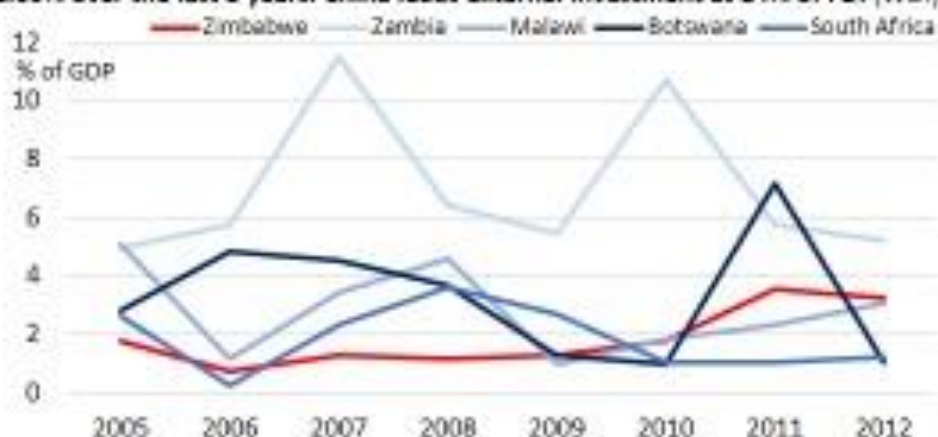
Where is foreign direct investment going?

In 2010, foreign direct investments were overwhelmingly concentrated in construction, mainly due to the Kunzvi Dam project worth \$250 M. (ZIA)



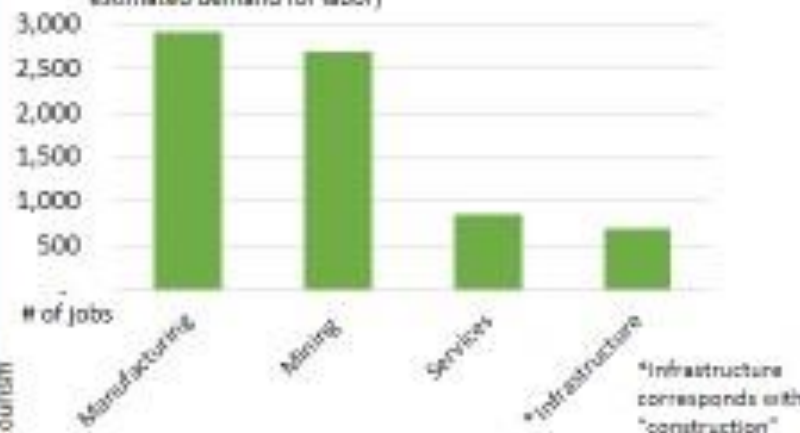
*Kunzvi Dam Project = 97% of construction FDI

Meanwhile, FDI inflows as a percentage of Zimbabwe's GDP have averaged 1.65% over the last 8 years. China leads external investment at 14% of FDI (WDI)

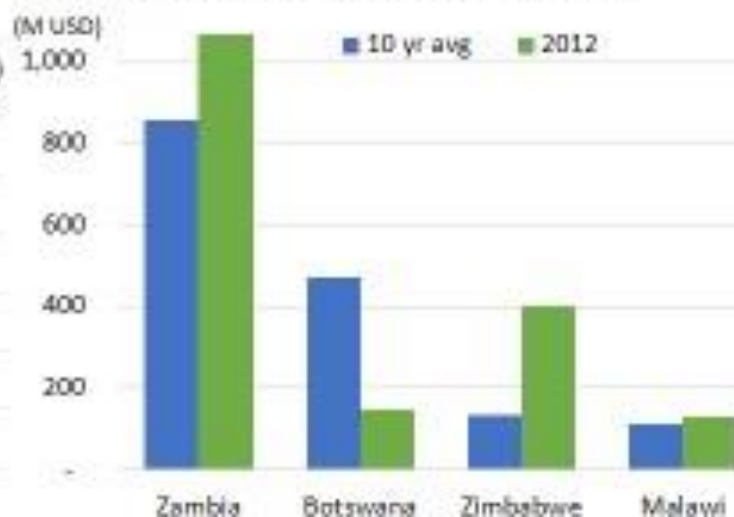


Economics	Human capital	Policy
Investment		

Potential job creation due to FDI is concentrated in the manufacturing and mining sectors, 2010. (ZIA)
(estimates generated based on project implementer's estimated demand for labor)



In 2012 Zimbabwe's FDI grew to USD 400 million from the previous 10 year average of USD 133 million. (WDI)

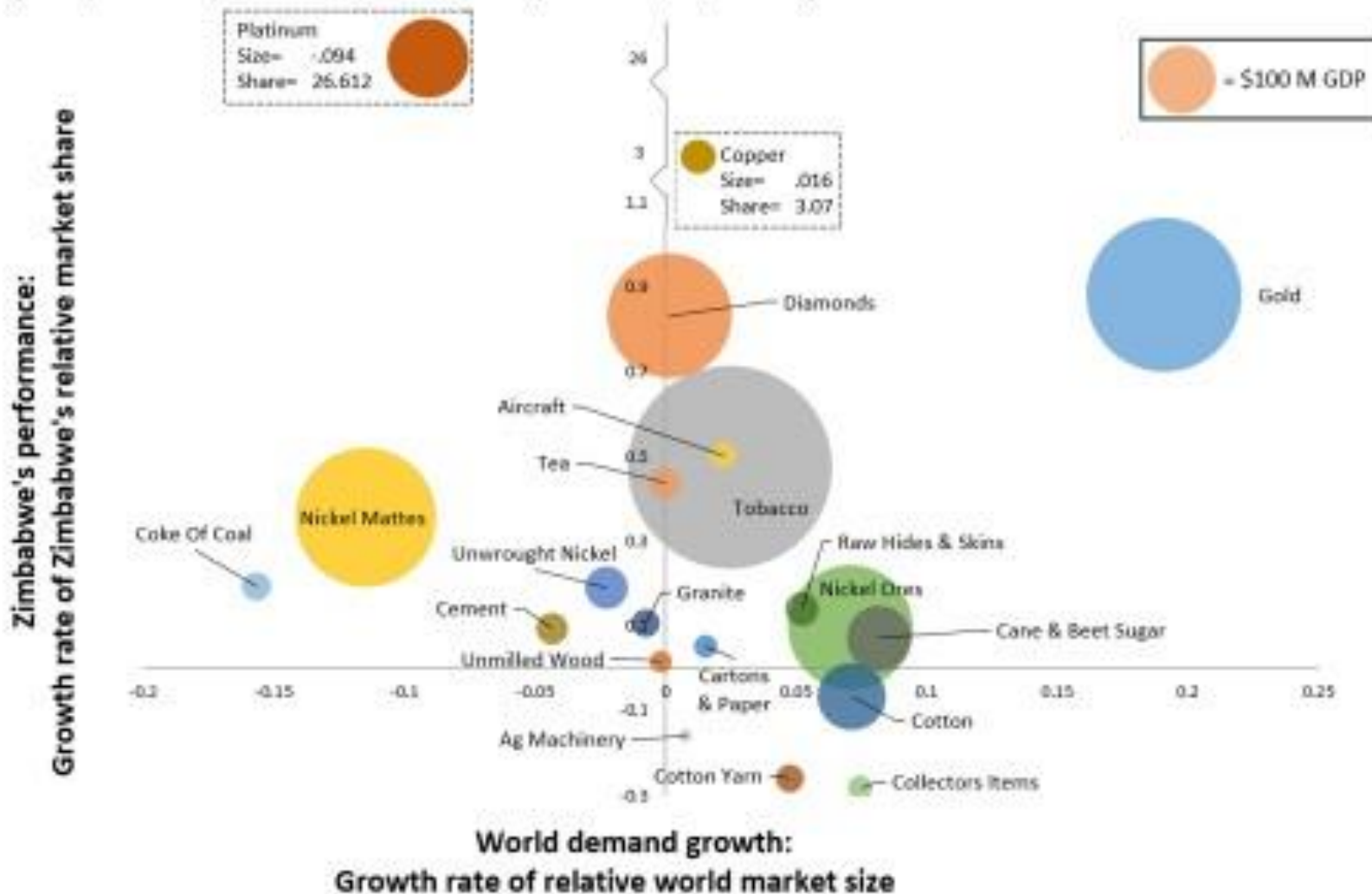


Zimbabwe

What are the trends in relative market share and

market size of exports? *Exports = 56% of national GDP in 2013*

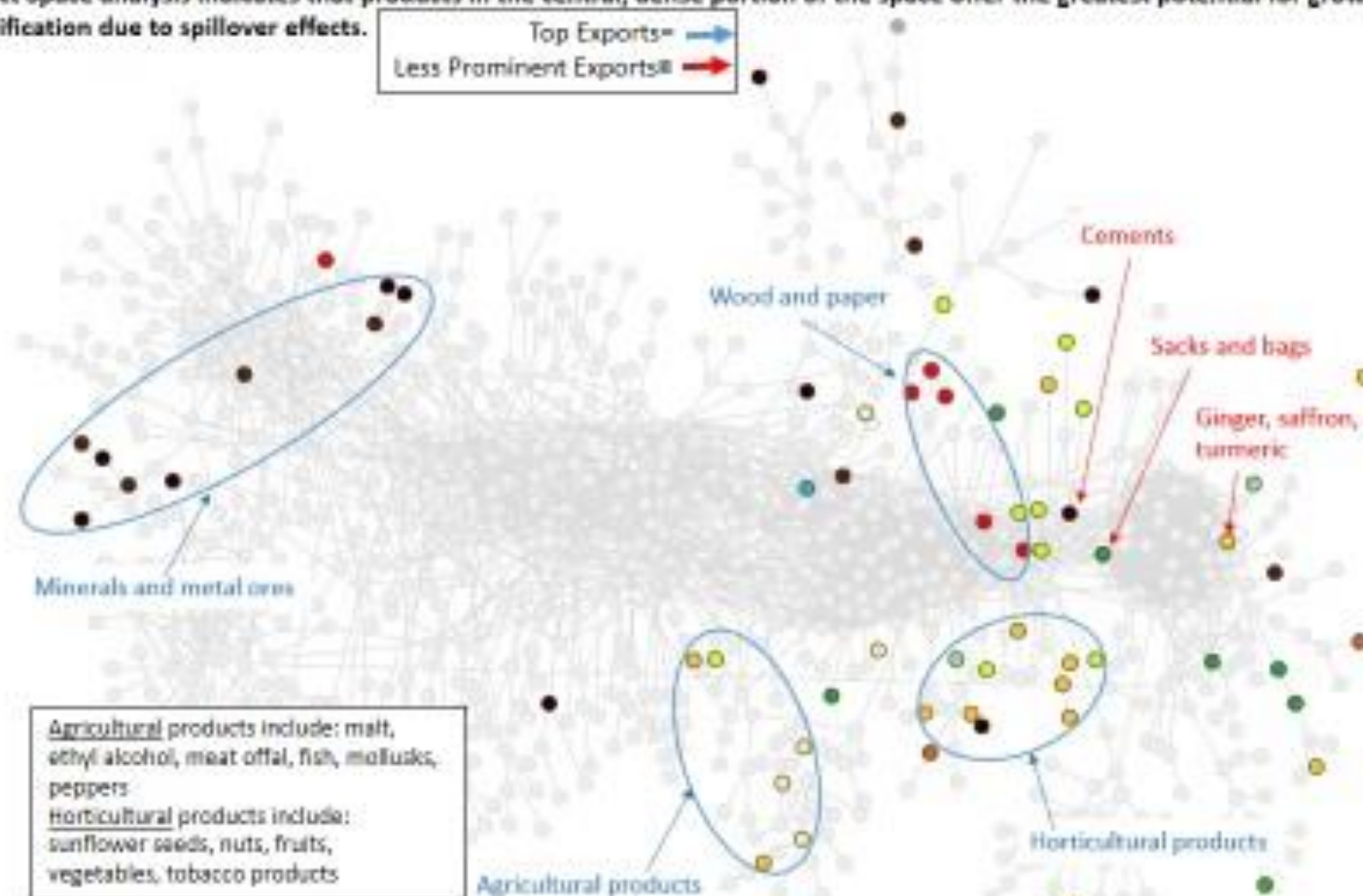
From 2008-2013, out of all exports from Zimbabwe, platinum saw the most growth in market share relative to the rest of the world. The gold export industry in Zimbabwe, which is growing worldwide, experienced growth of market share relative to the rest of the world. (GTA)



Zimbabwe

How can Product Space analysis improve sector selection?

Product Space analysis indicates that products in the central, dense portion of the space offer the greatest potential for growth and diversification due to spillover effects.



The wood/paper and agricultural product clusters are two of Zimbabwe's top export industries and unfortunately located in less-dense locations. The clusters are composed of relatively less complex products.

Most Zimbabwean export products with revealed comparative advantage ≥ 1 (colored bubbles) are isolated from the central cluster, therefore hold few knowledge and technology linkages to other products.

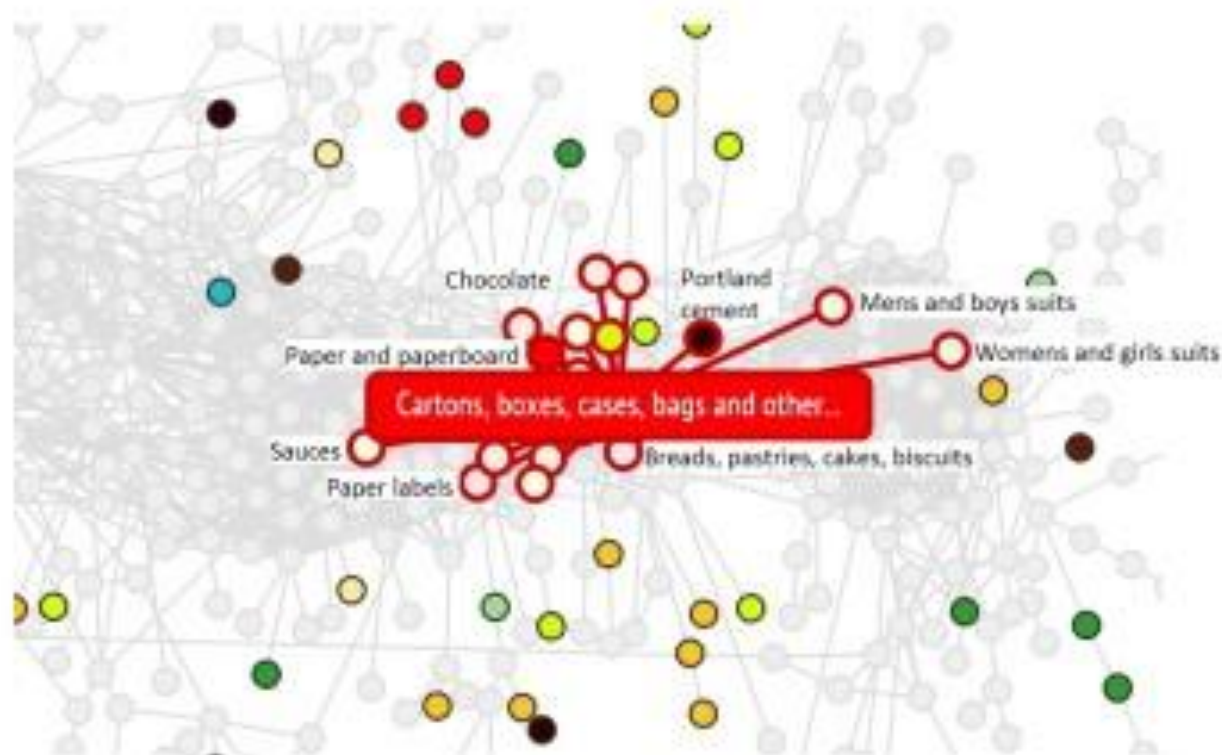
(OEC) 2012 Observatory of Economic Complexity

Zimbabwe

How can Product Space analysis improve sector selection?

Cartons, boxes, cases, and bags have linkages to products in the paper and labeling sector, as well as apparel, foods, and cement sectors.

Economics	Human capital	Policy
Diversification		

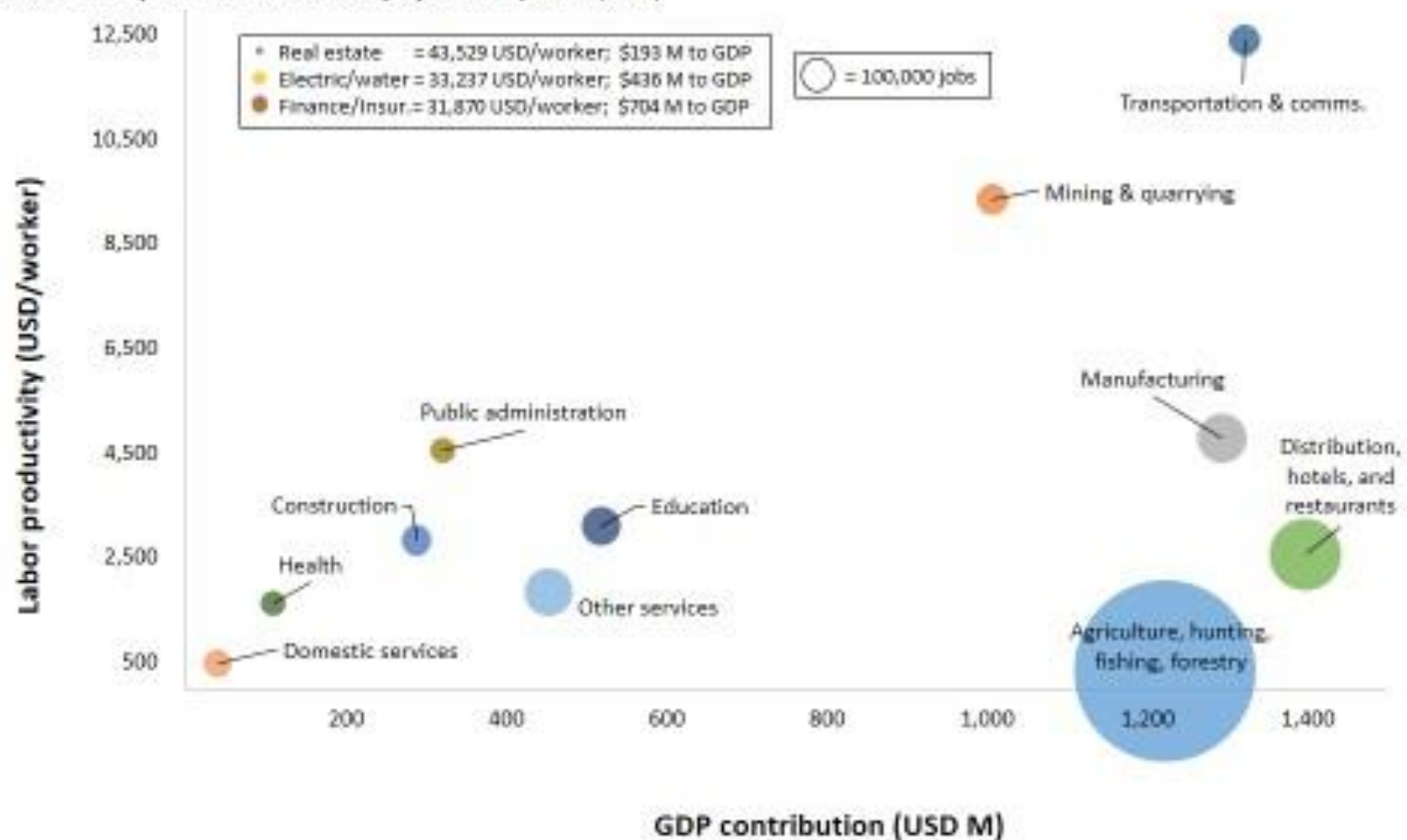


(OECD 2012 Observatory of Economic Complexity)

Zimbabwe

What sectors have the greatest labor productivity, employment and contribution to GDP?

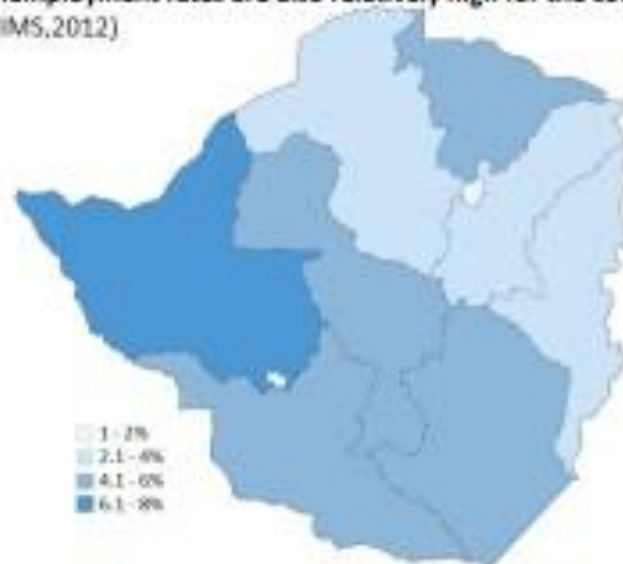
The highest number of people are employed in the agriculture, forestry, hunting & fishery sector, which also has lowest level of labor productivity compared to all other sectors. The bubble sizes below demonstrate the size of each sector by number of workers employed within, 2011. (ZIMS)



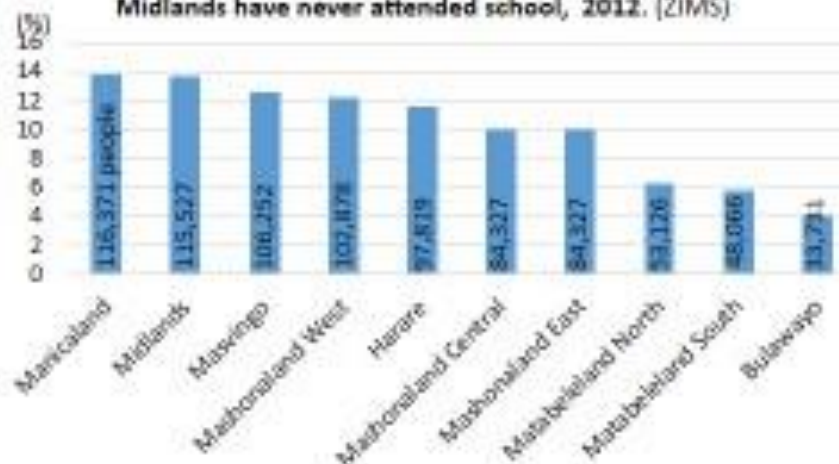
Zimbabwe

Who is being educated and where?

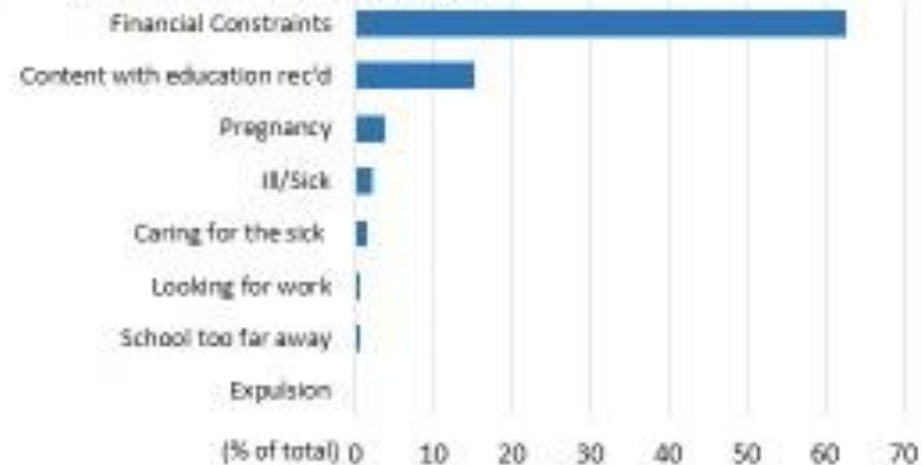
Illiteracy rates are higher in Matabeleland North, where unemployment rates are also relatively high for the country (ZIMS, 2012)



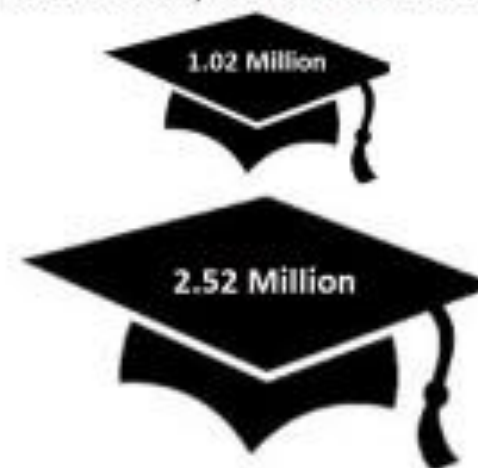
Almost 14% of school-aged people in Manicaland and Midlands have never attended school, 2012. (ZIMS)



Out of all 15-17 year olds who left school, the majority left due to financial limitations. (ZIMS, 2011)



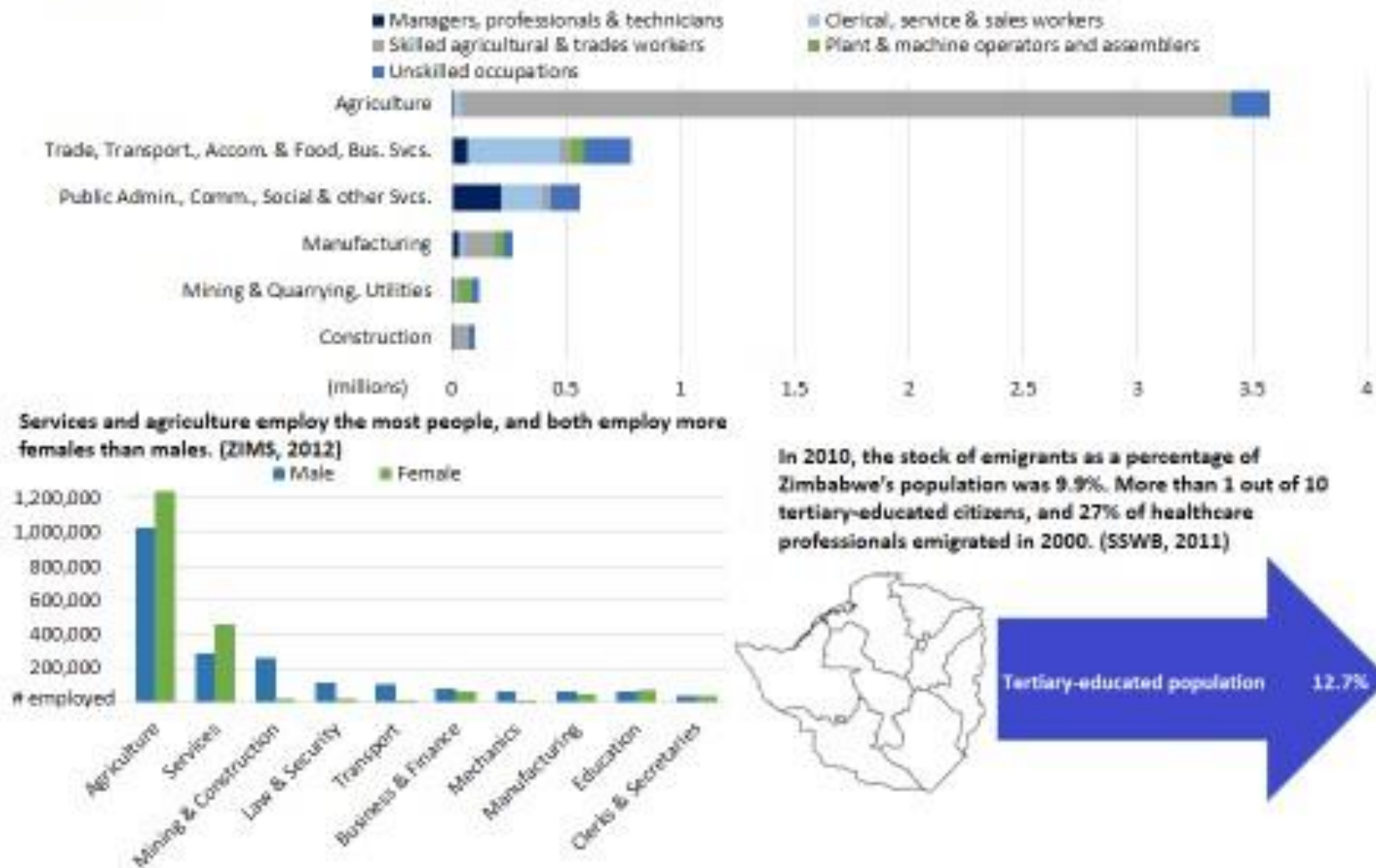
Between 2014 and 2018 over 1 million students will be finishing secondary school. This number more than doubles between 2018 and 2025, to 2.5 million students. (ZIMS, 2012)



Zimbabwe

What are the skills supply and demand challenges?

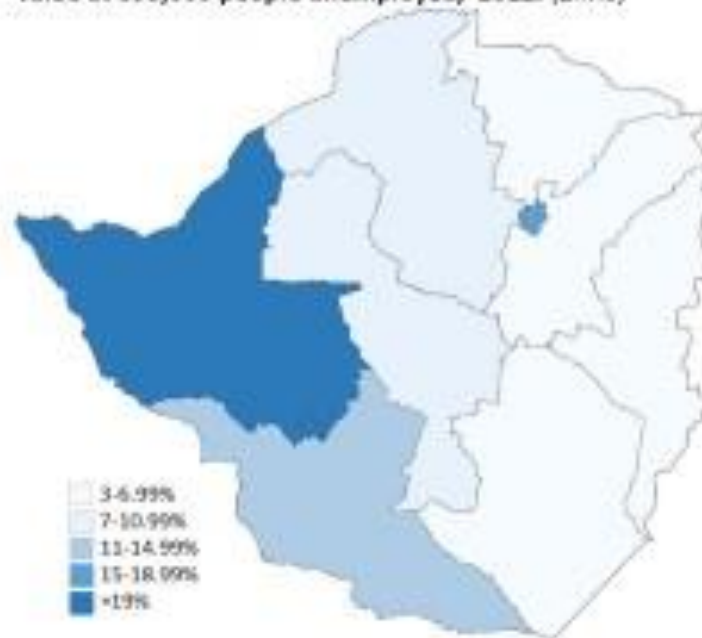
Agriculture employs the highest number of skilled workers, while trade and transport employ the highest number of unskilled laborers. (ILO, 2011)



Zimbabwe

Where is employment/unemployment highest?

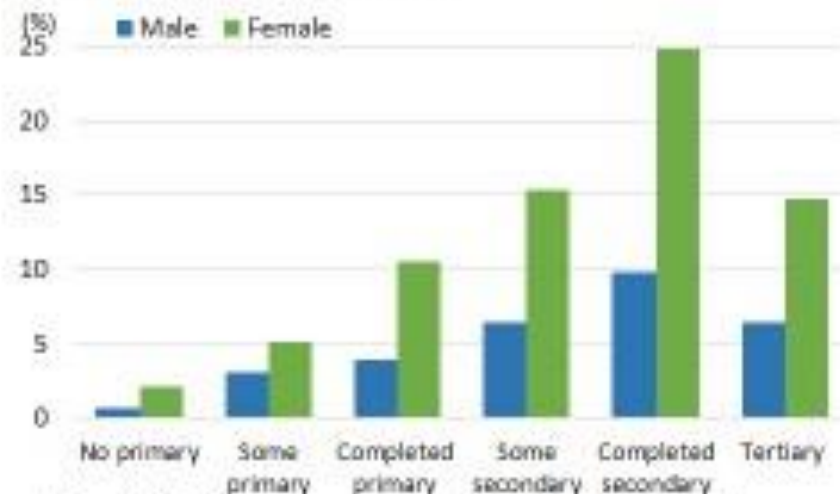
The unemployment rate is greater than 19% in Matabeleland North, but Harare has the highest absolute value at 899,000 people unemployed, 2012. (ZIMS)



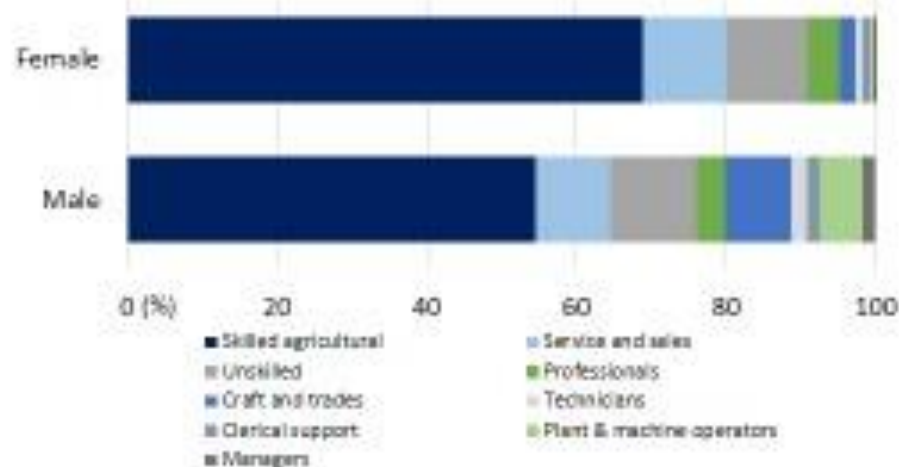
The unemployment rate (of those active in the workforce) is only 9.9% for women in Zimbabwe, compared to 12.1% for men, 2012. (ZIMS)



Unemployment rates are highest among both females and males with secondary education. (ZIMS, 2011)



Almost 2/3 of people are employed as skilled agricultural workers in Zimbabwe. (ZIMS, 2011)



Sources

{ESA} UN Population Division. <http://esa.un.org/unpd/wpp/Excel-Data/population.htm>

{GTA} Global Trade Atlas. <https://www.gtis.com/gta>

{IFS} University of Denver Pardee Center for International Futures.
http://www.ifs.du.edu/ifs/frm_CountryProfile.aspx?Country=ZW

{ILO} International Labour Organization. <http://www.ilo.org/ilostat>

{OEC} Atlas of Economic Complexity. <http://atlas.media.mit.edu>

{SSWB} World Bank Factbook. <http://siteresources.worldbank.org/INTLAC/Resources/Factbook2011-Ebook.pdf>

{WDI} World Bank Development Indicators. <http://data.worldbank.org/data-catalog/world-development-indicators>

{ZIA} Zimbabwe Investment Authority.
http://www.investzim.com/attachments/article/278/ZIA%202010_Annual_Report.pdf

{ZIMS} ZIMSTAT: Zimbabwe Statistics Division. <http://www.zimstat.co.zw/>



Statement of Work: Youth Labor Market Assessment - Zimbabwe

USAID/Zimbabwe implemented the Zimbabwe Works (ZW) project from June 2011 to present. In partnership with the United Kingdom's Department for International Development (DFID), USAID and ZW are designing a second phase of the program. This statement of work (SOW) outlines a labor market assessment that will provide evidence to advise the design of the second phase of youth employment and entrepreneurship programming. The ZW project is coordinated through the Ministry of Small and Medium-sized Enterprises, but does not directly work with, or benefit the Government of Zimbabwe (GOZ) due to USAID restrictions preventing support to the GOZ. Phase two of ZW will follow a market driven approach and have a significant focus on economic empowerment of young women and addressing barriers and constraints to self-employment and wage labor for young women. With high rates of un/underemployment in Zimbabwe, this labor market assessment should advise the programming balance between support for self-employment and for employability work to link youth directly to positions in the wage labor market.

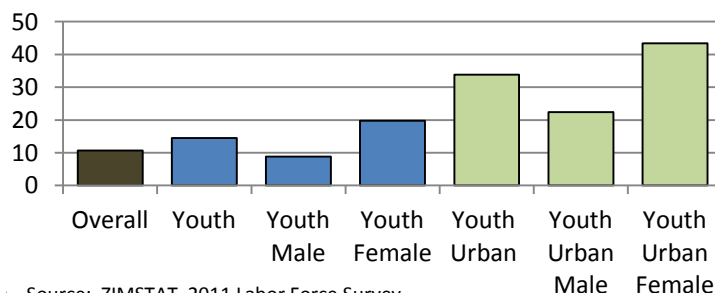
Background

Structural changes in key sectors of Zimbabwe's economy have dramatically changed the labor market since the 1990s with a slow decline in manufacturing competitiveness and abrupt restructuring of the agriculture sector with the fast-track land reform process. Nearly a decade of negative economic growth and crisis from 2000 to 2008 led to a period of deindustrialization and informalization as the economy shrank by nearly 50%. With macroeconomic stability returning in 2009, the economy rebounded from the low base, averaging 10% growth from 2009 to 2012, supported by high global commodity prices. With continued weak investment in Zimbabwe and growing financing constraints, economic growth in 2013 and 2014 is expected to slow to a much more moderate 3%.

Labor Market in Zimbabwe: According to the 2011 Labor Force Survey, just over half (54%) of the population is considered economically active and considered part of the labor force. Of those in the labor force, 54% are communal and resettlement workers (mostly small scale farmers), another 35% are either employed in wage labor or household and microenterprises. The remaining 10.7% are considered unemployed by a standard UN definition, much lower than the commonly accepted 80%-90% unemployment rate frequently quoted in the press.

Young Zimbabweans⁵³ are most likely to be unemployed. Youth make up 59% of the labor force, but account for 80% of the unemployed nationwide. The unemployment rate for youth is 14.5%, slightly higher than the national average. However, unemployment among

Zimbabwe: Unemployment Rates (%)



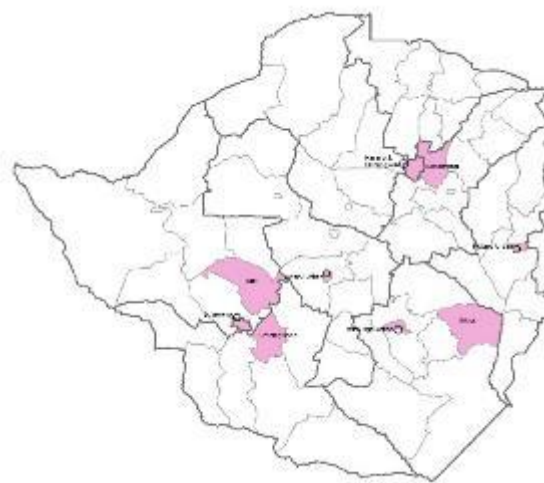
⁵³ The Government of Zimbabwe and African Union del Source: ZIMSTAT, 2011 Labor Force Survey

urban youth is considerably higher at 33.8%. Young women are also more likely to be unemployed with a total unemployment rate of 19.8% nationally, and 43.4% in urban areas.

The apparently low overall rate of unemployment masks major issues of underemployment and employment in low productivity and low skill activities. Zimbabwe has among the highest labor participation rates in the world with around 88% of the population above the age of 15 participating in the labor force. This demonstrates a large supply of labor for production of goods and services, as well as a high level of female participation in the labor market, but also demonstrates unwillingness or inability of cash-strapped Zimbabweans to exit the labor market as the country rebuilds from the economic crisis that saw a destruction of cash and non-cash assets.

USAID/Zimbabwe Works (ZW) Project:

The USAID/ZW project started in June 2011 as a 30-month program to build job and life skills among Zimbabwean youth through vocational/technical training, entrepreneurship training, life skills training, attachments/internships, civic engagement and mentorships. **Implementation coincided with the 2013 general elections and the primary program objective was violence mitigation by engaging youth productively during the highly politicized periods pre and post-elections.** With this primary objective, the key project outcomes focused on number and length of engagement of youth in skills training, and improvements in resiliency, as measured by the Connor-Davidson Resiliency Scale. The implementing partner is the International Youth Foundation which operates through a local affiliate organization called Zimbabwe Works (ZW). ZW operates through local sub-partners in ten target districts in rural, urban and peri-urban locations throughout the country (highlighted in pink on the adjacent map). The ten target districts were Harare, Mutare, Bulawayo, Bubi, Umzingwane, Bikita, Gweru Urban, Goromonzi, Masvingo Urban, and Chitungwiza. Target districts were selected based on large youth populations, and areas that were identified as swing-constituencies with either a history of election related violence or a significant likelihood for youth-led violence during the 2013 election period. To date the project engaged over 8,100 youth and 68% of youth participants demonstrated increased resiliency.



The sub-partners under ZW were local organizations specializing in entrepreneurship training (Boost Fellowship, Royal Business Consult Trust, Empretec), vocational/technical training (Young Africa, Hlekweni), life skills and internships or civic engagement (Restless Development, Junior Achievement Zimbabwe, ZNCC, and ZOIC), as well as access to finance (Microking, Empretec). A second phase of the project would likely target a sub-set of these local partners in a more targeted geographic area, but may include new partners as well.

Earlier this year, DFID approached USAID to partner on an extension and re-targeting of the ZW program. This joint program will re-focus the ZW activities and build on lessons learned from the first 2.5 years of implementation⁵⁴. To inform the design of the joint program, USAID and DFID will support a few key analyses, beginning with this Labor Market Assessment. Initial lessons learned from project implementation have been documented by ZW and informed a series of initial planned changes for the next phase of implementation. Phase two will have a greater focus on economic growth objectives including; on gender sensitivity and proactive promotion of economic empowerment for young women; greater linkages to the private sector and a market-driven approach; more targeted business development service provision; stronger M&E; use of youth networks and expanded youth participation, and greater use of mobile technology and social media.

⁵⁴Other key analysis will address knowledge gaps around access and barriers to financial services for youth; qualitative research on young people, how they use their time, their aspirations, expectations and social status; a political economy analysis around engaging youth in Zimbabwe; etc.

Target Populations: Phase one of the ZW project targeted youth ages 18-35 from various socio-economic and educational backgrounds. DFID/USAID are exploring a number of target populations for the second phase. For the purpose of this assessment, youth should be broadly defined as 16-34 years of age⁵⁵. Phase two of ZW will have a strong focus on young women in all aspects of the program including working to address barriers to young women's participation in wage labor and entrepreneurship.

USAID and DFID Development Priorities:

The main objective of U.S. policy in Zimbabwe is for the country to make the transition to a democratic, peaceful, productive, multi-racial society; able to take care of its citizens; abiding by the rule of law; respecting human rights; and contributing to the attainment of U.S. interests including regional stability and growth. The main goal of USAID's Transition Country Development Cooperation Strategy (updated February 11, 2014)⁵⁶ is "Strengthened Democratic Systems of Governance Contributing to Sustained Recovery." The ZW project supports Development Objective 3, which aims to "strengthen economic governance and resilience," under which IR 3.2 supports the outcome of "labor market entrants have increased employment opportunities and skills."

DFID's strategy [see DFID].

Objectives and Scope

The purpose of this assessment is to inform the joint USAID/DFID program extension of the ZW program. The intended audience for the assessment is the Economic Growth and Program Officers in USAID/Zimbabwe, as well as DFID advisors and program managers, and IYF/ZW and its local partners. Given high levels of un/under employment in Zimbabwe and relatively limited job opportunities, USAID/DFID wants to better understand the supply and demand for labor in the economy for both wage employment as well as self-employment opportunities, particularly for young women.

The primary tasks of the assessment are the following:

- **Sector Analysis:** The assessment team will perform a desk review to analyze factors affecting the formal and informal labor markets in the key sectors such as mining, agriculture and agro-processing, tourism, ICT, retail and food services, and financial services. Analysis should highlight growing sectors with potential for labor intensive activities where labor demand may be unmet, especially those with opportunities for young women, and the geographies where expected opportunities exist.
- **Labor Supply and Demand Analysis:** The assessment will look at supply and demand conditions in the labor market in target sectors and identify opportunities for matching supply and demand through institutional strengthening and improved market research, active consultation with the private sector, and subsequent strategic and operational planning at Young Africa, or other private technical/vocational training providers. This will include identifying private sector partners that are willing and interested in engaging in the process of designing and upgrading vocational training curricula, to ensure it better meets their needs. The assessment will highlight occupational profiles most in demand, the skill requirements to fill those profiles, and consider gender dimensions within these profiles.
- **Opportunities for Self-Employment and Micro-enterprise growth:** Based on the limited opportunities for wage labor, self-employment and microenterprise opportunities are expected to be a key area of USAID/DFID support. Based on the sector analysis and direct work in the field, the assessment will analyze opportunities for self-employment. This analysis should include identification of opportunities and markets for youth, (with specific attention to young women) to develop products or supply services to build income and develop micro and small enterprises. This analysis should include discussion of constraints to business formation, and barriers to self-employment, particularly for young women and

⁵⁵ Findings should be reported based on key age groups in this age, Older adolescents (age 16-17), young women and men (age 18-24), and older youth (age 25-35).

⁵⁶ <http://www.usaid.gov/sites/default/files/documents/1860/Zimbabwe%20Public%20TCDCS%20with%20Update%2002-12-2014.pdf>

both urban and rural youth. This could also include addressing barriers to participation in entrepreneurship and other skills building courses to inform gender sensitive design of such. The analysis may consider incorporating a value chain approach to understanding opportunities and challenges to youth employment and opportunities for upgrading, as appropriate. The assessment should recommend a programmatic and budget balance between activities focused on preparing youth for wage labor and preparing and supporting young entrepreneurs based on the labor market and self-employment analyses.

- **Key Stakeholder Identification:** The assessment will identify key stakeholders in the private sector that could provide internship and employment opportunities for youth, and for which ZW could tailor and target training programs. The assessment will also look at barriers to and opportunities for transitioning internships/apprenticeships to full-time employment after an internship. The second phase of ZW will likely work with a sub-set of the original training providers but could also include new training providers, as appropriate to sector demand. To the extent that the assessment team comes across other innovative and effective organizations or delivery options for youth employment and entrepreneurship activities, these should be included in the assessment.
- **Youth Analysis:** The assessment should collect qualitative data on youth perceptions, needs, and aspirations to inform the context of the labor market survey. The team should work in consultation with USAID/DFID in the methodology of this as surveying youth can raise political sensitivities, especially in rural areas. This analysis could also look at alternative sources of income for youth, how youth use their time, participation in illicit activities, mentorship relationships, role models, access to social networks, ability and willingness to pay for BDS, or to accept voluntary internships, etc.

Primary objectives of the assessment are:

- The assessment should provide actionable recommendations to inform project design and implementation based on evidence gained during the analysis balanced with expected resource constraints and USAID/DFID manageable interests. Recommendations, disaggregated by gender and age-group) should include:
 - Whether or which sectors (within the formal and informal sectors) should be targeted;
 - Target beneficiary populations best suited to take advantage of opportunities identified in the wage labor and self-employment markets (based on socio-economic and educational status of youth);
 - Geographic targets based on market opportunities, labor supply and demand (this is not limited to the current 10 geographic districts, and should consider implications of having a more urban or rural focus and consider focusing on a smaller number of target areas);
 - Opportunities to incorporate ICT and mobile technology to better achieve programmatic and M&E objectives;
 - Methods for encouraging greater youth participation and leadership in project implementation;
 - Evidence-based benchmarking targets for key indicators, such as how many youth could be placed in jobs/internships, realistic targets for placement rates, and the number of youth beneficiaries;
 - Identification of opportunities and barriers for young women in the labor market, and of solutions to maximize opportunities and overcome gender barriers for young women in key sectors and in addressing occupational segregation,
 - Opportunities to strengthen the interface between training providers and the local labor market and;
 - Analysis of some programmatic questions such as:
 - The need for the project to pay stipends for internships supported by the project,
 - The need to rationalize the number of sub-recipients,
 - The feasibility of requiring youth to pay for some portion of the business development services and entrepreneurship training,
 - Ways to improve placement rates for vocational/technical training providers and reasonable benchmarks based on international experience,
 - and others as discussed in consultation with USAID/DFID.

Technical Requirements and Deliverables

Technical Requirements: The Mission envisions the assessment being conducted by a team that will perform a combination of desk review and in-person data collection in Zimbabwe. One International consultant from FHI 360 will lead the assessment team. Other members of the team may include an additional international consultant, and/or one USAID/Washington staff and at least one local Zimbabwean expert to complete the assessment. Zimbabwean youth participation on the assessment team is highly encouraged. The assessment team will propose an appropriate division of labor. The Mission expects that each team member will be fully integrated into the assessment. One local staff member from the ZWs team may accompany the assessment team during portions of its field work to build relationships with private sector or other organizations interviewed during the field work. The assessment team will recommend the most appropriate data collection design and methodology to complete the tasks and meet the objectives set forth above.

At a minimum, the assessment team will include;

- Desk reviews of all existing and relevant data, assessments, and reports prior to arrival in-country. USAID/DFID will provide many of these but the assessment team will collect additional information where appropriate.
- Key informant interviews with selected stakeholders and informed sources, including: ZW and IYF team, ZW local sub-partners, a variety of private sector companies, and business associations (SMEAZ, ZNCC, CZI, WABAZ, ProWEB, and others), youth-led enterprises, Ministry of Small and Medium-sized enterprises, Ministry of Youth, Ministry of Women's Affairs, labor economists and think-tanks, development partners and the ILO, academia, and relevant USG and DFID staff.
- Facilitated exercises with USAID and DFID staff to inform the analysis.

Team Requirements: The assessment team leader will justify team personnel and level of effort. The team must include, at a minimum, an international team lead and a local specialist with additional support as needed. The following is the minimum mix of skills and experience required among team members:

- Advanced degree in Economics, Business, Development studies, or related fields.
- Detailed and in-depth knowledge of labor economics, business, human resources and best practices in workforce development, entrepreneurship and youth programming.
- At least 10 years professional experience as a team lead, responsible for assessing complex economic growth projects, particularly with experience in labor market and workforce development activities.
- Technical expertise and international experience in youth development and youth engagement practices.
- Demonstrated in-depth experience with and knowledge of Zimbabwe's economy, prospects, labor market, and employment and empowerment policies.
- Demonstrated written communication skills, especially in drafting and editing evaluations, assessments, and other reports.
- Familiarity with USAID's evaluation policy, and USAID/DFID standards and requirements.

Deliverables:

- Delivery and approval of assessment team work plan prior to arrival in Zimbabwe.
- At least two in-person progress reports to USAID/DFID during the assessment period.
- Interim presentation to USAID/DFID prior to team lead departure from Zimbabwe (submitted electronically in PowerPoint format and presented verbally). The interim report shall include preliminary key findings, conclusions and recommendations. USAID/DFID will provide oral comments on the day of

the briefing and summary comments will be provided in writing within one week after the interim presentation.

- Draft final report will be due within two weeks of submission of the interim presentation following the outlined in this SOW. USAID/DFID will provide written comments within one week of receipt of the draft final report.
- Final report will be due within one week of receipt of USAID/DFID comments and shall follow the format outlined in Annex A. The final report shall consist of the same sections and page limitations as the draft final report. The final report shall be submitted in electronic form, in Word format, as an email attachment. The final report shall be branded consistent with USAID's branding guidelines. The assessment team shall also submit one electronic copy of the Final Report to the Development Experience Clearinghouse at <http://dec.usaid.gov> or M/CIO/KM, RRB M01, USAID, Washington, DC 20523 within 90 days of final approval by USAID/Zimbabwe.

Performance Period, Budget and Schedule:

USAID expects the assessment to commence in August 2014; the final report should be completed by September 30, 2014. USAID/Zimbabwe expects a maximum of \$80,000 to be available for the purpose of this assessment. The field work is expected to be carried out over a period of 3-4 weeks.

Logistics:

- USAID/Zimbabwe will provide overall direction to the assessment team, identify and provide copies of key documents, and assist in arranging meetings with key stakeholders.
- The assessment team is responsible for arranging vehicle rental and drivers as needed and for procuring its own office space, internet access, printing, and photocopying.
- The assessment team will arrange any travel and lodging necessary and will be responsible for the costs of obtaining required visa, insurance, vaccinations and any other preparation required to travel to Zimbabwe. USAID will not provide office space or equipment for the assessment team.
- USAID will reimburse economy class air fare costs for non-Zimbabwean and Zimbabwean consultants located overseas, from their base, directly to Harare. Zimbabwe-based consultants will not be reimbursed for international travel.
- USG per diem policies and levels apply when in transit and in Zimbabwe. Lodging and per diem will not be paid when consultant is working from their home base. Lodging will be reimbursed on an actual cost basis, not to exceed published limits, receipts required; M&IE rates will be paid without documentation.
- Travel, lodging, per diem and any other expenses will be reimbursed after the assessment team submits a voucher that clearly itemizes these expenses. No advance payments will be made.
- The assessment team will submit an invoice at completion of project and fees will be paid after deliverables are accepted by USAID.
- The majority of field work is expected to be completed in and around Harare and Bulawayo or Mutare; however implementation may require field visits to rural areas to reach pertinent stakeholders, with USAID approval.

ANNEXES

Annex A: Final Report Format

The final evaluation report will have the following contents:

- Table of Contents (1 page);
- Executive Summary—concisely state the most salient findings, conclusions and recommendations (1-2 pages);
- Introduction—purpose, audience, and synopsis of task (1 page);
- Background—brief overview of development context and problem and objectives / purpose of the analysis (1–3 pages);
- Methodology—describe evaluation methods, including constraints and limitations (1-2 pages);
- Findings (analyses) and Conclusions (10-20 pages);
- Recommendations (5-10 pages);
- Annexes—document the assessment methods; schedules; bibliography of documents reviewed; list of meetings, scope of work, questionnaires, survey instruments, interviews and focus group discussions— all materials should be succinct, relevant and readable.

E. Annex 05: Institutional Organigram

