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1. Overview of the Economy

1.1.Domestic Economy

Zimbabwe faces continued cycles of economic challenges such as high inflation and prohibitive and volatile foreign exchange controls; which are currently being fueled by the COVID-19 pandemic. Nevertheless, the economy is expected to rebound in 2021, mostly supported by a recovery of the agriculture sector characterized by a bumper harvest and also due to implementation of a rule-based monetary policy. The COVID-19 pandemic continues to negatively affect economic activity in the country, limiting employment growth and improvement in living standards. However, the government, through the Ministry of Health and Child Care, is already implementing a COVID-19 vaccination programme, since February 2021. The vaccination programme has been shown to be highly effective and one of the best not only in the Southern African region but also in the world. This will go a long way in managing the pandemic. The recent Statutory Instrument 127 of 2021 (SI 127-2021) announced by the government in May 2021 entails civil penalties for all economic agents that override the Banking and Use Promotion Act (24:24) and the Foreign Exchange Act (22:05). SI 127-2021 is not economically justifiable in the sense that not everyone or every business can easily access forex on the RBZ auction system. After all, the Zimbabwe dollar is currently overvalued on the auction market, hence its heightened depreciation in alternative markets. Currently, parallel rates range between ZW\$130 and ZW\$150 to US\$1. With the official exchange rate at

ZW\$85.91, parallel market premiums have now increased beyond 50%. Since the promulgation of SI 127-2021, it is now 50% more expensive to buy US\$1 on the black market relative to the official market. SI 127-2021 is a threat to business continuity. Despite the economic hurdles posed by the pandemic and the country's "command economics", the Reserve Bank of Zimbabwe (RBZ) still believes that the anticipated economic growth of 7.4% in 2021 is attainable, anchored, mostly on fiscal sustainability, good agricultural sector performance, price and financial system stability. The central bank recently projected that annual inflation will fall below 25% by end of 2021. In the recent 2021 mid-term budget review, the Ministry of Finance and Economic Development reviewed Gross Domestic Product (GDP) targets up to 7.8% arguing that the projection would be anchored on bullish international mineral prices, the scaling up of a vaccination drive to combat the COVID-19 pandemic as well as positive spin-offs from a good agricultural season following high rainfalls received in the past season.

Below is a summary of economic growth forecasts for Zimbabwe:

Table 1: Economic growth forecasts for Zimbabwe

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

Takeaway: the government's growth projections may not be realistic especially given the current threat of a third COVID-19 wave, the new imported B.1.617.2 variant and the effects of SI 127-2021. Government's immediate policy priorities should be biased towards liquidity management to stabilize exchange rates, controlling the spread of COVID-19, as well as ensuring adequate and widespread COVID-19 vaccine deployment.

1.1.1. COVID-19 Pandemic in Zimbabwe

Zimbabwe's COVID-19 situation report by the Ministry of Health and Child Care (MoHCC) as of 31 August 2021 indicated that there were 124 773 cumulative cases, 4 419 total deaths, 113 057 total recovered cases; with a recovery rate of 91%. From February 2021 up to 31 August 2021; 2 582 705 people have received their first dose of the COVID-19 vaccines while 1 636 498 people have received their second doses. Zimbabwe continues to lead all mainland southern Africa when it comes to procuring and administering vaccines. The country set aside US\$100 million for COVID-19 vaccine acquisition. This month, the World Health Organization (WHO) rated Zimbabwe amongst the best countries in the world when it comes to buying and acquiring supplies of COVID-19 vaccines.

1.2. Global Economy

As vaccination campaigns are in progress, the global economy is slowly recovering from the COVID-19 pandemic. Most developed economies have already vaccinated large parts of their population, while the outcome is more mixed in developing countries. Global GDP growth in 2021 will be mainly consumer driven, as spending opportunities, mainly in services, are beginning to open up. Global GDP growth is likely to be threatened by the spread of new, more transmissible variants of the coronavirus. Such a downside scenario may significantly push down growth in 2021 and even beyond. The World Bank remains optimistic that the global economy will expand by approximately 4% in 2021, making a return to growth, following a

4.3% contraction in 2020. Below is a summary of economic growth forecasts for economies around the globe:

Table 2: Economic growth forecasts for economies around the globe

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

Source: World Bank (2021)

As shown in table 2 above, in 2021, China is projected to experience the highest growth rebound of approximately 8%, following a 2% contraction in 2020. China's economy was outperforming in early-2021, but other regions have eventually caught up in recent months. Global trade is projected to grow by 6% in 2021, followed by a similar amount in 2022. According to the UNCTAD, world trade's recovery from the COVID-19 pandemic reached a record high in the 1st quarter of 2021, increasing by an estimated 10% year-on-year. This rebound has been mostly driven by exports from East Asian Economies, specifically China, while other developing regions and countries including Russia have experienced trade recovery more slowly. This rebound is likely to continue into the 2nd quarter of the year, with combined value of goods and services reaching nearly \$6.6 trillion. Also, worthy to note on the global scenario is that prices of key raw materials for crude oil shot up by more than 100% in the global market. This implies that edible oils producers will need more foreign currency to maintain current production levels and meet demand. The surge in prices on the global market also shades more light on the sharp increase in the prices of cooking oil on the domestic market.

1.2.1. COVID-19 Pandemic Around the Globe

Table 3: COVID-19 situation around the globe as at 4 September 2021

Country	Total Cases	Total Deaths
USA	40 805 259	666 219
India	33 027 621	440 785
Brazil	20 890 779	583 628
Russia	7 030 455	187 990
UK	6 978 126	133 229
France	6 836 452	114 905
Turkey	6 498 054	58 106
Argentina	5 203 802	112 511

Iran	5 156 986	111 257
Colombia	4 918 648	125 278

Source: WHO (2021)

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

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

2. Inflation

Figure 1: Month-on-month inflation rates

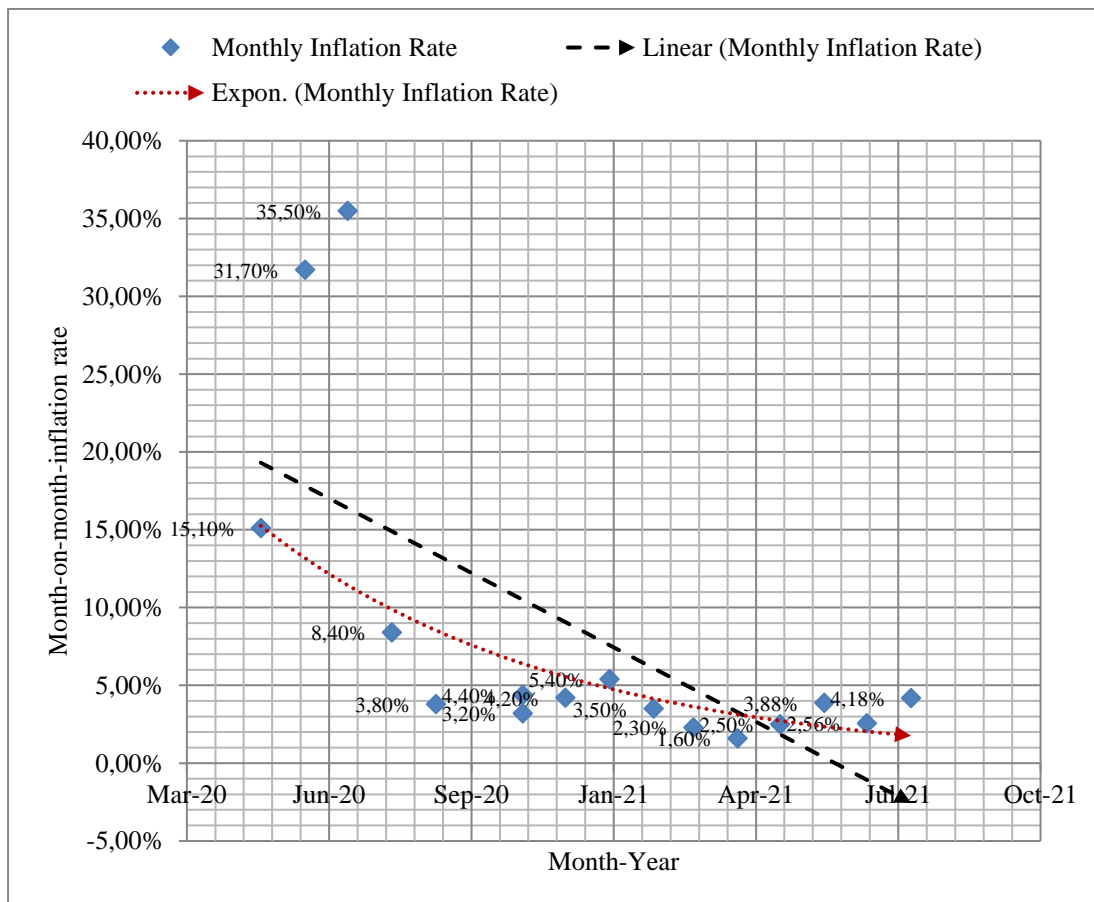
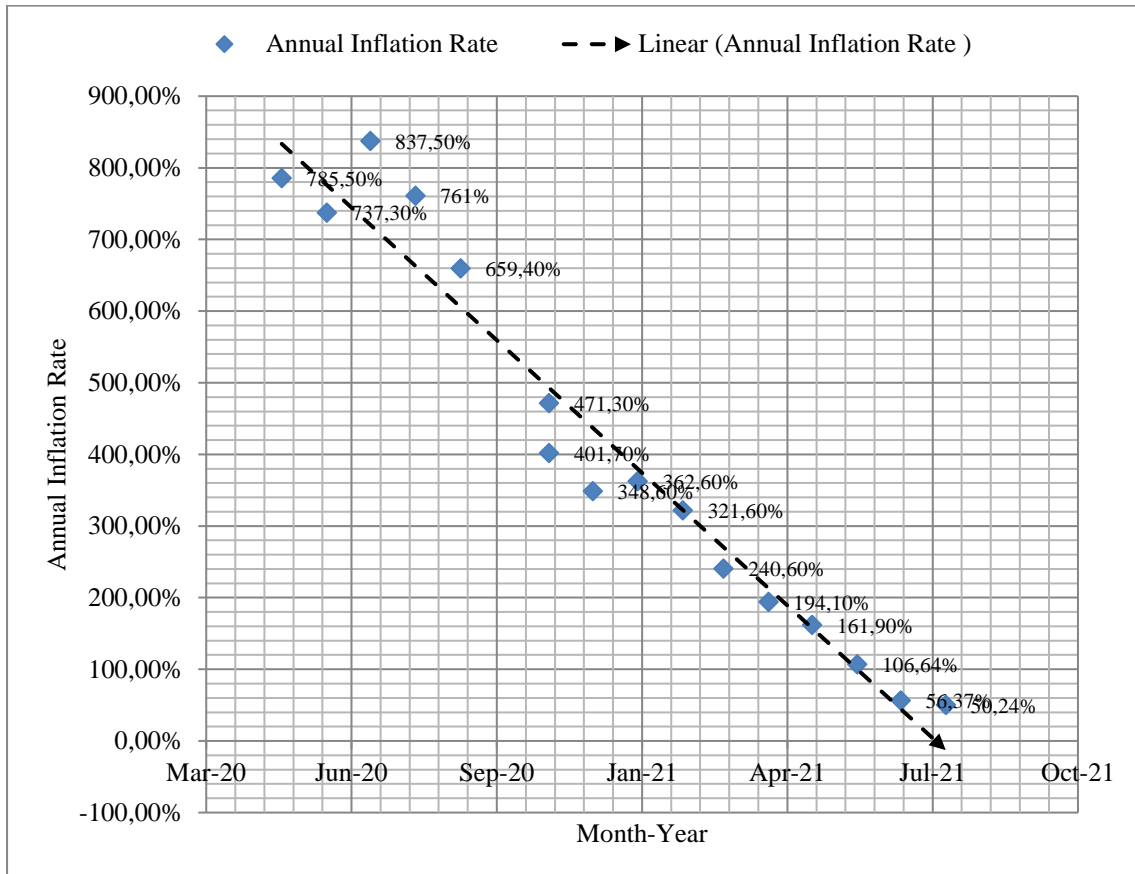


Figure 2: Annual inflation rates



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

As shown in figures 1 and 2, Zimbabwe's annual inflation rate eased to 50.24% in August 2021 from 362.3% in January 2021. Since July 2020, annual inflation rate has been falling in the country, indicating the central bank's commitment to sustaining the disinflationary path. At the beginning of the year, the RBZ projected that year-on-year inflation will decline to less than 55% by end of the year 2021. The disinflationary trend is attributed to the introduction of a foreign exchange auction trading system in June 2020, which has played a pivotal role in restoring stability in the foreign exchange market. Figures 1 and 2, also show that monthly inflation has been generally declining over the period May 2020 to July 2021. However, the month of May 2021 witnessed a slight increase in month-on-month inflation from 1.6% in April 2021 to 2.5%. This marginal increase of 0.9% may have been triggered by the fluctuating exchange rate in alternative markets, which is still a basis of price determination for goods and services across the country. Similarly, the month of June witnessed a slight increase in month-on-month inflation from 2.5% in May 2021 to 3.88%. The marginal increase of almost 1.34% could be attributed to fluctuating exchange rates in alternative markets as necessitated by announcement of SI 127-2021. Figure 2 also shows that Zimbabwe's annual inflation for the month of August 2021 slowed down to 50.24%. The decline, which shows a 10.87% drop from the July 2021 annual inflation rate of 56.37%, is consistent with RBZ's target of less than 25% annual inflation rate by year-end. Month-on-month inflation rate in July declined by approximately 34%, to about 2.56% from last month's 3.88%. Month-on-month inflation rate in August 2021 was 4.18%, gaining 1.62 percentage points on the July 2021 rate of 2.56%. It is important to note that parallel markets remain the basis of price determination for goods and services across the country.

Takeaway: inflation rate is likely to remain on a generally downwards trajectory given the central bank's conservative monetary policy stance.

3. Foreign Currency Market

During the month of August 2021, the USD gained against 10 out of 18 currencies in the basket under consideration. The USD gained the most against the Swiss franc (1.071%), Argentine Peso (0.961%), Russian Rubble (0.472%), Zimbabwean Dollar (0.313%), Japanese Yen (0.196%), Swedish Krone (0.169%), Hong Kong Dollar (0.0599%), Chinese Yuan (0.0302%), South African Rand (0.022%) and the Canadian Dollar (0.009%). Just like in the month of July 2021, the USD neither gained nor lost value against the French franc during the month of August 2021. However, it lost value against the rest of the currencies in the basket under consideration, losing the most against the Norwegian Krone by approximately 1.917%. Table 5 below is a summary of the August 2021 exchange rate analysis:

Table 4: Exchange rate analysis

Currency/USD	2 August 2021	31 August 2021	Change (%)
Zimbabwean dollar	85.64020	85.90840	0.313
ZAR-South African rand	14.62540	14.62860	0.022
GBP-British pound	1.39025	1.37875	-0.827
JPY-Japanese yen	109.665	109.88	0.196
BWP-Botswana pula	0.09055	0.09010	-0.497
CHF-Swiss franc	0.90590	0.91520	1.071
AUD-Australian dollar	0.7343	0.73205	-0.341
NOK-Norwegian krone	8.8273	8.6581	-1.917
SEK-Swedish krone	8.5982	8.6127	0.169
CAD-Canadian dollar	1.24745	1.2592	0.009
EUR	1.18705	1.1821	-0.495
CNY-Chinese yuan	6.4653	6.46725	0.0302
INR-Indian rupee	74.3855	73.275	-1.493
BRL-Brazilian real	5.21315	5.1845	-0.55
RUB-Russian rubble	73.0595	73.40455	0.472
FRF-French franc	7.43295	7.43295	0

HKD-Hong Kong dollar	7.76215	7.76680	0.0599
ARS-Argentine Peso	96.69	97.6195	0.961

Source of data: RBZ (2021)

The table below shows the daily midpoint rates of the Zimbabwe dollar/USD exchange rate for the month of August 2021. The Zimbabwe dollar lost value by an overall margin of 0.313% against the USD. It is important to remember that the Zimbabwe dollar remains overvalued in the auction market; this is the reason why it is always depreciating in alternative markets.

Table 5: Zimbabwe/USD exchange rate for August 2021

Date - August 2021	Midpoint Rate (Zimbabwe dollar/USD)–August 2021
2	85.64020
3	85.64020
4	85.72860
5	85.72860
6	85.72860
9	85.72860
10	85.72860
11	85.72860
12	85.74670
13	85.74670
16	85.74670
17	85.74670
18	85.82900
19	85.82900
20	85.82900
23	85.82900
24	85.82900
25	85.90840
26	85.90840
27	85.90840
30	85.90840
31	85.90840

Source of data: RBZ (2021)

RBZ Foreign Currency Auction Market

The auction market resumed on the 12th of January 2021. So far, the USD has gained 4.65% against the Zimbabwean dollar, from 82.0914 as at 12 January 2021 to 85.9084 as at 31 August 2021.

Foreign exchange auction for 1st of week of August 2021

Table 6: Foreign exchange auction for 1st of week of August 2021:

PURPOSE	AMOUNT ALLOTTED SME AUCTION	AMOUNT ALLOTTED MAIN AUCTION
Raw Materials	2,420,925.75	14,424,474.16
Machinery and Equipment	2,491,365.09	8,122,641.57
Consumables (Incl. Spares, Tyres, Electricals, etc)	2,119,675.23	2,821,012.22
Services (Loans, Education, Dividends, Disinvestments, etc)	770,877.03	1,820,934.53
Retail and Distribution (Incl. Food, Beverages, etc)	1,383,858.25	3,779,637.98
Fuel, Electricity and Gas	334,796.07	1,428,010.66
Pharmaceuticals and Chemicals	440,846.64	2,178,056.90
Paper and Packaging	351,577.26	611,688.87
TOTAL	10,313,921.32	35,186,456.89
GRAND TOTAL AWARDED	45,500,378.21	

On the 1st week of August 2021, US\$45,500,378.21 was allocated to various sectors of the economy. As shown in table 6 above, most the funds were allocated towards machinery and equipment for SMEs while most of the funds were directed towards raw materials for the rest of economy.

Foreign exchange auction for 2nd week of August 2021

Table 7: Foreign exchange auction for 2nd week of August 2021:

PURPOSE	AMOUNT ALLOTTED SME AUCTION	AMOUNT ALLOTTED MAIN AUCTION
Raw Materials	2,351,192.10	14,011,320.21
Machinery and Equipment	2,559,391.68	7,939,559.49
Consumables (Incl. Spares, Tyres, Electricals, etc)	2,432,945.36	2,406,795.44
Services (Loans, Education, Dividends, Disinvestments, etc)	859,923.67	1,589,893.19
Retail and Distribution (Incl. Food, Beverages, etc)	1,331,734.37	3,064,452.54
Fuel, Electricity and Gas	254,155.57	1,217,751.92
Pharmaceuticals and Chemicals	589,863.17	2,429,520.05
Paper and Packaging	383,174.94	652,120.15
TOTAL	10,762,380.86	33,311,412.99

GRAND TOTAL AWARDED	44,073,793.85
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On the 2nd week of August 2021, US\$44,073,793.85 was allocated to various sectors of the economy. As shown in table 7 above, most the funds were allocated towards machinery and equipment for SMEs while most of the funds were directed towards raw materials for the rest of economy.

Foreign exchange auction for 3rd week of August 2021

Table 8: Foreign exchange auction for 3rd week of August 2021:

PURPOSE	AMOUNT ALLOTTED SME AUCTION	AMOUNT ALLOTTED MAIN AUCTION
Raw Materials	2,602,606.69	16,084,510.52
Machinery and Equipment	2,916,795.17	8,720,467.04
Consumables (Incl. Spares, Tyres, Electricals, etc)	3,063,886.09	2,187,488.80
Services (Loans, Education, Dividends, Disinvestments, etc)	861,513.52	1,809,919.73
Retail and Distribution (Incl. Food, Beverages, etc)	1,688,192.68	3,973,338.31
Fuel, Electricity and Gas	253,910.32	1,678,523.58
Pharmaceuticals and Chemicals	580,359.01	1,642,222.27
Paper and Packaging	390,281.73	650,887.78
TOTAL	12,357,545.21	36,747,358.03
GRAND TOTAL AWARDED	49,104,903.24	

On the 3rd week of August 2021, US\$49,104,903.24 was allocated to various sectors of the economy. As shown in table 8 above, most the funds were allocated towards machinery and equipment for SMEs while most of the funds were directed towards raw materials for the rest of economy.

Foreign exchange auction for 4th week of August 2021

Table 9: Foreign exchange auction for 4th week of August 2021:

PURPOSE	AMOUNT ALLOTTED SME AUCTION	AMOUNT ALLOTTED MAIN AUCTION
Raw Materials	3,192,120.15	13,093,143.79
Machinery and Equipment	3,901,801.01	8,570,635.86
Consumables (Incl. Spares, Tyres, Electricals, etc)	1,704,547.79	2,134,357.20
Services (Loans, Education, Dividends,	953,761.85	1,472,119.76

Retail and Distribution (Incl. Food, Beverages, etc)	1,209,766.93	4,160,981.27
Fuel, Electricity and Gas	237,280.11	1,297,081.46
Pharmaceuticals and Chemicals	787,501.10	2,797,310.08
Paper and Packaging	386,049.17	606,738.39
TOTAL	12,372,828.11	34,132,367.81
GRAND TOTAL AWARDED	46,505,195.92	

In the 4th week of August 2021, US\$46,505,195.92 was allocated to various sectors of the economy. As shown in table 9 above, most the funds were allocated towards machinery and equipment for SMEs. Within the main auction, most of the funds were directed towards raw materials.

For the month of August 2021, US\$185,184,271.20 was accumulatively allocated to various sectors of the economy with the bulk of funds being committed towards machinery and equipment as well as raw materials.

Takeaway: There is no doubt, the auction system is playing a critical role in stabilizing the financial system and therefore, the central bank should continue conserving and supporting the foreign exchange auction system. However, parallel, or alternative market rates remain a cause for concern as they are now hovering between ZW\$130 and ZW\$150 against the official rate. This is, however, an indication that the auction foreign exchange market still has a long way to go in terms of meeting the requirements of economic agents in the country. In the short run, local currency is likely to weaken further, due to pressure coming from alternative markets and the increased demand for foreign currency. The RBZ is encouraged to tighten money supply and address the foreign exchange allotment backlog in order to deal with the gap between official and parallel exchange rates.

4. Various Sectors of the Economy

4.1. Manufacturing Sector

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

4.1.1. New Highlights

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

4.2. Mining Sector

The sector is on track to achieve its target of generating US\$12 billion annual revenue by 2023. Under the US\$12 billion mining roadmap, gold is projected to contribute US\$4 billion, platinum US\$3 billion, while chrome, iron, steel, diamonds, and coal are expected to rake in US\$1 billion. Lithium is projected to bring-in US\$500 million while other minerals will

contribute US\$1.5 billion. In the diamond mining sector, 3 million carats are expected to be produced in 2021. Various thermal power projects are reportedly in various stages of development within the coal and hydrocarbons sector. Companies within the chrome, nickel and steel sector are set to expand their capacities in 2021. Jinan Corporation, for instance, has reportedly started expanding its smelting capacity. Companies such as Zimplats, Unki and Mimosa are expanding their operations with new projects reportedly in various stages of development.

4.2.1. New Highlights

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

4.3. Agriculture Sector

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

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

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

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

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

Table 10: Crop hectareage

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

Sunflower	24,595	15,843	-35.6%
Sesame	11,534	10,279	-10.9%

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

4.3.1. New Highlights

- ✓ Granadilla producer started exporting first fruits to the United Kingdom (UK), setting pace on the horticultural sector.
- ✓ Government is set invest US\$4 billion under the Presidential Inputs Scheme for grain production.
- ✓ The marketing season for cotton farmers started on the 18th of May 2021. Farmers have started delivering their bales, however; no payment has been done, cotton farmers are currently owed about ZW\$1.5 billion for the last crop season.
- ✓ Promulgation of SI 2021-97 – Grain Marketing (Control of Sale of Soya Beans). Under this new law, farmers should not store or transport above 100kgs of soya beans without permission from the Grain Marketing Board (GMB).
- ✓ Government to increase tobacco production to 300 million kilograms by 2025
- ✓ Tobacco sales for this season (which closed on the 14th of July 2021) increased by 31% to US\$515.9 million compared to last year's US\$393.9 million (Tobacco Industry Marketing Board, 2021).
- ✓ At least ZW\$13.2 billion worth of grain delivered to GMB. ZW\$8.3 billion has already been paid to the farmers.

5. Labour Market

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

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

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

5.1. Labour Force Participation Rate (LFPR)

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

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

5.2. Employment to Population Ratio (EPR)

- ✓ National EPR – 36%

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

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

5.3. Distribution of Employed Persons by Industry

Table 11: Employment by industry

Industry	Distribution
Accommodation and food service	1.4%
Administrative and support service	1.7%
Human health and social work	2%
Public administration and defense	2.4%
Other services	2.5%
Transportation and storage	2.9%
Other industrial sectors	3.3%
Construction	3.6%
Household activity	5.7%
Education	6.8%
Mining and quarrying	7.2%
Manufacturing	7.5%
Retail trade	17%
Agriculture, forestry and fishing	36%

Source: ZimStats (2019)

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

5.4. Distribution of Employed Persons by Occupation

Table 12: Employment by occupation

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

Source: ZimStats (2019)

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

5.5. Distribution of Employed Persons by Highest Level of Education

Table 13: Employment by education level

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

Source: ZimStats (2019)

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

5.6. Informal Economy

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

5.7. Wages – Collective Bargaining Agreements

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

Table 13: Minimum wage for the lowest paid employee by sector or employment council

SECTOR OR EMPLOYMENT COUNCIL	MONTHLY MINIMUM (ZWL\$)	HOUSING ALLOWANCE	TRANSPORT ALLOWANCE	EFFECTIVE DATE	NEXT REVIEW DATE
Chemicals, Fertilizers, Battery and Plastics Manufacturing Industry					

Phosphates and Explosives	16 289.10			01/01/2021	
Paints and Printing Inks	14 000	52 USD	44 USD	01/04/2021	
Fertilizers and agro-chemicals	13 050	3 320	3 652	01/01/2021	
Industrial chemicals sector	12 500	40 USD or ZWL\$ equivalent	44 USD or ZWL\$ equivalent	01/01/2021	
Pharmaceutical and Beauty Care sector	12 595.73	40 USD or ZWL\$ equivalent	44 USD or ZWL\$ equivalent	01/01/2021	
Battery manufacturing	15 300	40 USD	22 USD	01/01/2021	31/12/2021
Plastics manufacturing	14 175	1 312.50	1 312.50	01/03/2021	
Welfare and Educational Institutions	200 USD	60 USD	43 USD	31/03/2021	
Air Transport	15 425	5 000	3 200	01/08/2021	
Detergents, Edible Oils and Fats Industry	17 100	3 800	3 600	01/04/2021	
Banking Undertaking	5 815.67 No agreement for 2021 but a 348.6% increase effected in January 2021			01/01/2020	
Printing, Packaging and Newspaper Industry	27 850			01/07/2021	
Medical and Allied Industry	203 USD			15/05/2021	
Harare Municipal Undertaking	11 710			01/01/2021	
Zimbabwe Schools Development Associations	10 000			07/05/2021	
Engineering, Iron and Steel Industry	19 500			01/07/2021	
Tourism industry	5 116.72	625	562.50	01/05/2021	
Funeral Industry Employers	14 026.74			01/03/2021	31/12/2021

Mining Industry	24 500 RTGS & 145 payable in USD			19/05/2021	
Cotton Industry	12 410			01/01/2021	
Food and Allied Industries					
Baking sector	19 000	2 000	1 750	01/04/2021	
Sweets and confectionary sector	17 200	2 150	1 850	01/04/2021	
Sugar refinery sector	18 900	2 050	2 100	01/04/2020	
Brewing and distilling sector	19 091.40	1 950	1 710	01/04/2021	
Food processing sector	17 150	3 045	2 100	01/04/2021	
Meat, Fish, Poultry, Abattoir, and Meat Processing sector	17 275.30	1 924	2 300	01/04/2021	
Lumber Milling, Timber Processing and Trading Industry	13 200			01/03/2021	
Construction Industry	153.65 <i>per hour plus</i>			01/05/2021	
Textile Industry	17 000			01/07/2021	
Clothing Industry	10 730.35			27/05/2021	
Agricultural Industry					
General agricultural sector	4 882			10/03/2021	
Tobacco sector (miscellaneous)	18 250			01/01/2021	
Cigarette and Tobacco Manufacturing Industry	13 200			29/01/2021	
Timber sector	8 600			01/07/2021	
Tea and Coffee sector	5 144			15/06/2021	
Sugarcane sector	6 500			01/04/2021	
Horticulture sector	5 208			01/07/2021	
Agro sector	6 750			01/05/2021	
Kapenta sector	8 400			01/04/2021	
Catering Industry	14 612.13	2 534	1 267	16/04/2021	
Soft drinks Manufacturing	18 000			01/04/2021	
Motor Industry	15 000			04/04/2021	

Zimbabwe Revenue Authority Undertaking	31 170	7 033.29	7 901.59	01/01/2021	
Security Industry	8 500	1 500	10 <i>per shift</i>	01/04/2021	
Brick Making and Clay Products Manufacturing Industry	5 200			01/01/2021	
Insurance and Pensions Industry	16 390	4 750	3 960	01/01/2021	
Furniture	17 400			01/04/2021	
Cement and Lime and Allied Industry	16 569.36 No agreement for 2021 yet			01/07/2020	
Electronics, Communications, Radio, TV Manufacturing and Allied Industry	18 518.43			30/06/2021	31/12/2021
Commercial Sectors of Zimbabwe	12 000			01/04/2021	
Leather and Shoe, Sports Equipment, Animal Skin Processing and Taxidermy, Leather goods, Travel and Canvas goods Manufacturing Industries					
Travel goods sector	11 077.80	1 107.78	1 107.78	01/01/2021	
Canvas goods sector	11 077.80	1 107.78	1 107.78	01/01/2021	

Source: EMCOZ Annual Report (2021)

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