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# POLICY BRIEF

# UNEMPLOYMENT

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August 2024

Investment and Job Creation:  
A Framework of Employment  
Creation Through Strategic  
Investment in High Growth  
Industries

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## INTRODUCTION

After more than two decades of economic turmoil, Zimbabwe continues to face the challenge of creating employment for its largely youthful population comprised of 61% aged under 25 years (UNICEF, 2023). Employment is scarce and where jobs are found they are not high-quality jobs that promote sustainable, decent and well-paid work (Robalino, Couasnon and Mutsaka, 2021). Many jobs are now found in the informal sector or in the agricultural sectors which are more likely to have lower wages and less skills diversity. During a recent Policy Advocacy Lab hosted by SIVIO Institute, participants identified unemployment as a key issue which needs to be addressed for Zimbabwe's economic advancement.

## SCOPE OF THE CHALLENGE

At present Zimbabwe has a 20.5% (UNICEF, 2024) unemployment rate with 80% of the jobs being found in the informal sector (Robalino et al, 2021). The country has 12 universities and other tertiary institutions which annually produce approximately 30,000 graduates with various qualifications. ***To maintain current employment rates the country needs to create 185,000 jobs per year over the next 10 years and 165,000 per year after that to maintain the rate of employment. Industry (inclusive of the public service) cannot adequately absorb the university graduates, O and A level students (Robalino et al, 2021).*** Unemployment has heightened the vulnerability of the youth and rural populations with 74% of inactive workers and 60% of those unemployed being found in rural areas. Additionally, 2.6 million people including 1.7 million children will require urgent humanitarian assistance due to El Nino-induced droughts which are affecting rural and peri-urban livelihoods and disrupting social protection mechanisms from the 2023 agricultural season (UNICEF, 2024).

Between January and March 2024, Zimbabwe experienced the first quarter-on-quarter rise in employment since COVID-19 inspired economic challenges took effect (The Herald, 2024). The 200,000 new jobs created in this quarter came after over 100,000 had lost jobs in the previous quarter.

## SCOPE OF THE CHALLENGE

Forty-one-point-three percent (41.3%) of the current available jobs were found in the informal sector; 30% in the formal sector and 23% in agriculture (Robalino et al, 2021). The contribution of the service industry has declined since the turn of the century with industry and services being negatively affected by repeated economic downturns, despite having the best chance of creating high-value jobs.

## SO MANY BLUEPRINTS AND YET LITTLE PROGRESS

In the last two decades several policies have been put in place to encourage employment creation or business development, for example:

- **The Small and Medium Enterprise (SME) Policy** of 2002 focused on encouraging entrepreneurial activity and innovation (Nyoni, 2002).
- **Integrated Skills Outreach Programs of 2006** encouraged the training of practical skills such as bee keeping, carpentry, vehicle maintenance, electrical wiring (Tambwari, Undated).
- **Indigenisation and Economic Empowerment Act of 2007** sought to promote economic empowerment, prioritising youth of colour ahead of other racial groups (Government of Zimbabwe, 2007).
- **Zimbabwean National Employment Policy Framework** aimed to provide a strategy for economic growth to create decent work and give opportunities for the unemployed to access the labour market (Government of Zimbabwe, 2009).

- **Zimbabwe Agenda for Sustainable Socio-Economic Transformation** was designed to create social equity and sustainable development by promoting indigenisation of the economy and employment creation leveraging the natural resource base with the youth as key recipients (Government of Zimbabwe, 2013), Maulani and Agwanda, 2020)
- **National Youth Policy** which is aligned with Section 20 of the constitution makes provisions for youth to ensure they have access to education, training, and opportunities for employment and other avenues to seek economic empowerment (Government of Zimbabwe, 2020a).
- **Zimbabwe National Industrial Development Policy (2019–2023)** which is a blueprint for industrialisation is based on Vision 2030 and aligned to the Transitional Stabilisation Programme which was introduced between 2018 to 2020 and the National Development Strategy (NDS1) of 2021 to 2025 (Government of Zimbabwe, 2019).
- **Zimbabwe National Industrial and Development Policy** is aligned with the Southern African Development Community (SADC) Industrialisation Strategy and Roadmap (2015 -2063) and The African Union (AU) Agenda 2063. Its implementation is centred on the development of linkages across key growth sectors promoting value addition, beneficiation and the support of strategic value chains to promote industrial development and economic growth (Government of Zimbabwe, 2019; SADC, 2020; and AU, 2019)

## POLICY OPTIONS AND RECOMMENDATIONS FROM THE PAL PROCESSES

The goal of this policy brief is to advocate for the promotion of foreign direct investments (FDI) in key (high growth) sectors which have been identified for their potential for job creation and their alignment with the ZNIDP and NDS-1. These sectors include mining, agriculture, tourism and manufacturing. The following options are recommended by Policy Advocacy Lab participants:

**1. Increase Resource Allocation to Zimbabwe Investment Development Agency (ZIDA)** and expand its reach into each embassy starting in strategic markets with a complete roll out by 2025. This will ensure that FDI flows are encouraged and any bottlenecks for incoming investors are removed. Embassies will be key in ensuring that ZIDA offices are hosted in each embassy with an emphasis on luring investors and identifying potential partnerships for technical support of key Zimbabwean industries.

**2. Encourage Job Creation by Implementing the Strategic Pillars of the ZNIDP (2019 to 2023).** This includes consolidating the development of sector strategies for identified businesses in mining, agriculture, services and tourism. The 2019 to 2023 ZNIDP emphasises the following:

- Development of industrial parks
- Enforcement of legislation to promote SME growth
- Facilitation of supplier development programs for SMEs
- Linkage of SMEs to large-scale entrepreneurs
- Stimulation of investments by locals in industrial parks
- Ensuring adequate financing arrangements for SMEs including tax rebates and favourable interest rates.

There is a need to include specific financing arrangements that attract FDI and domestic investment. Each action should have a specific funding arrangement and modelled financial allocations. The government should focus on reviving or supporting industries that were key for Zimbabwe historically, such as railways and air transport. This will also include investment into new infrastructure projects such as transportation and renewable energy which have the potential to create jobs and stimulate economic growth.

**3. Advocate for the Finalisation and Implementation of the Mines and Minerals Amendment Bill** by the end of 2024 to enable robust investment in mining and sustainable use of land for both farming and mining whilst bringing direction to small-scale mining operations.

**4. Invest in the Resuscitation of Old Infrastructure** to make way for new needs and cater for new jobs by renewing old infrastructure for new needs i.e. spaces for vendors, and motor mechanics. This includes old buildings (schools, halls, civic centres or parks).



These facilities can be modified into modern amenities based on the different needs of the community members with an emphasis on promoting home industries and community-level job creation.

**5. Modernise Old Tourist Facilities and Build New Ones.** This will ensure the revision of the overall tourism infrastructure to ensure the rehabilitation of current facilities raising their standards and improving visitor satisfaction and overall tourism rates for the country. This will result in the downstream impact of job creation in the tourism industry.

**6. Promote Annual Multi-stakeholder Engagements and Dialogues** between government and private sector actors to discuss how to improve business and expand the job market. This will ensure that all stakeholders are working towards a common vision with the concerns of business owners being addressed promptly. These stakeholder engagements will involve the deliberate and continuous focus on mutually identified outputs to promote the development of new jobs. The process must be inclusive of all relevant stakeholders in the agriculture, mining, manufacturing and service industries.

## RECOMMENDED ACTIONS FOR STAKEHOLDERS

It is anticipated this work will require the actions and involvement of the Government of Zimbabwe, parliament and civil society, working collectively to ensure the desired outputs are achieved.

Recommended Action	Stakeholder
Resource allocation for ZIDA expansion	<ul style="list-style-type: none"> <li>• Ministry of Foreign Affairs and International Trade</li> <li>• Zimbabwe Investment Development Agency</li> </ul> <p>◦ <b>Aim:</b> Embassies and ambassadors in all identified embassies working together to promote Zimbabwe as a business destination.</p>
Finalisation of Mines and Minerals Amendment Bill	<ul style="list-style-type: none"> <li>• Parliament and Parliamentary Portfolio Committee on Mining</li> <li>• Mining companies in the region or from strategic countries which have expressed interest in Zimbabwe</li> </ul> <p>◦ <b>Aim:</b> To create an inclusive and sustainable mining sector that promotes local and international involvement.</p>
Promote stakeholder engagement	<ul style="list-style-type: none"> <li>• Government of Zimbabwe with all relevant ministries</li> <li>• Private sector (manufacturing, agriculture, mining banking, tourism, services, construction, energy)</li> </ul> <p>◦ <b>Aim:</b> This will foster the engagement between government and private sector through regular meetings to create labour incentives, identify skills gaps and provide mechanisms for progress measurement.</p>

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Recommended Action	Stakeholder
<p>Refine the Zimbabwe National Industrial Development Policy and promote entrepreneurship and development of new business</p>	<ul style="list-style-type: none"> <li>• Ministry of Finance, Economic Development and Investment Promotion</li> <li>• Ministry of Transport and Infrastructural Development</li> <li>• Ministry of Energy and Power Development</li> <li>• Ministry of Women’s Affairs, Community, Small and Medium Enterprise Development</li> <li>• Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development</li> </ul> <p>o <b>Aim:</b> Promote skills development through strategic trainings and partnerships with other friendly governments, local universities and the private sector.</p> <ul style="list-style-type: none"> <li>• Develop incubation hubs; link small and large SMEs; enforce new legislation to promote business development.</li> <li>• Training and mentoring interested youth on new skills to promote innovations and new product development</li> </ul>
<p>Modernise facilities (tourism and local authority)</p>	<ul style="list-style-type: none"> <li>• Ministry of Local Government and Public Works</li> <li>• Local authorities</li> <li>• Ministry of Travel, Tourism and Environment</li> </ul> <p>o <b>Aim:</b> Identify sites for rehabilitation and investment</p>

## CONCLUSION

The Government of Zimbabwe should improve its focus on employment generation and job creation to reduce the deepening inequality and promote inclusive growth. The job creation process should additionally be inclusive of all stakeholders in the labour market. The emphasis should be on the development of different types of jobs using the principle of developing and using every available local resource to promote productivity, innovation and skills transfer in all sectors, with a special focus on the establishment of new enterprises through SME support.

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# ABOUT SIVIO INSTITUTE

SIVIO Institute (SI) is an independent organisation focused on ensuring that citizens are at the centre of processes of socio-economic and policy change. It aims to contribute towards Africa's inclusive socio-economic transformation. It is borne out of a desire to enhance agency as a stimulus/catalyst for inclusive political and socio-economic transformation.

SIVIO's work entails multi-disciplinary, cutting-edge policy research, nurturing citizens' agency to be part of the change they want, and working with communities to mobilize their assets to resolve some of the immediate problems they face. SIVIO Institute has three centres/programs of work focused on:

- (i) Civic Engagement
- (ii) Philanthropy and Communities
- (ii) Economic Development and Livelihoods.

In the process SI addresses the following problems:

- Inadequate performance of existing political and economic systems
- Increasing poverty and inequality
- Limited coherence of policies across sectors
- Ineffectual participation in public processes by non-state actors
- Increased dependence on external resources and limited leveraging of local resources