WEEKLY REVIEW

29 June 2022

Weekly Dashboard

Forex Auction Weighted Rate

Week	14. 06. 2022	21.06.2022
Per USD1	ZWL 338 491	ZWL 352 0626

Consumer Price Index

Month	May	June
	6.662.17	8.707.35
Blended	174.03	205.39

Inflation

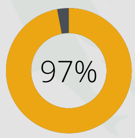
Month	May	June
M.O.M.	21.0%	18%
Y.O.Y.	131.7%	191.6%

COVID-19 Cases

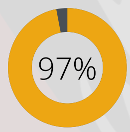
Week	20.06.22	26.06.22
Positive	254 919	255 383
Recovered	247 649	248 317
Deaths	5 536	5 549

National Recovery Rate

20.06.22



26.06.22



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1. Analysis of Zimbabwe's new measures to stabilize the economy and cushion civil servants

The Government of Zimbabwe (GoZ) has introduced a raft of measures set to redress the present economic turmoil, welfare of general Zimbabweans and more specifically Civil servants. These measures do not come in a void and have come at a time when the latest inflation statistics released by the Zimbabwe National Statistics Agency (ZimStat) show prices of basics increasing by 191% in the last 12 months through June 2022 compared to 131% in the prior month while the Minister of Finance & Economic Development insists that we are not in a crisis. The present economic quandary is primarily centred around the value of the Zimbabwean Dollar (ZWL) which continues to lose weight against the United States Dollar since its premature reintroduction despite a clear lack of strong macroeconomic fundamentals to anchor the currency. Following, there is need for specific measures to be taken to stabilize the economy and meaningfully cushion civil servants as recommended below.

Of Concern

To curb ZWL depreciation and inflation, the Treasury and the RBZ through its Monetary Policy Committee (MPC) have announced additional fiscal and monetary measures respectively to buttress the stability measures that were announced by the President on the 7th of May 2022. Below is an analysis of these.

MPC Measures

- **Benchmark Policy Rate:** In a bid to discourage borrowing for speculative purposes in the economy, the MPC has hiked RBZ's benchmark policy (interest) rate from a global high of 80% to another global record high of 200%. While an interest rate above the inflation rate is key to ensuring positive real interest rates in the economy, a policy rate of 200% will significantly increase the private sector's cost of borrowing. Consequently, the unit cost of production will burgeon forcing businesses to cut production, hike prices, and retrench workers. This shows that RBZ is now sacrificing economic growth for price stability, a move that will entrench poverty and further push the unemployed youths into substance abuse, crime, and early marriages, among other career-shattering activities. It is therefore the public's view that authorities should always strike a balance between these 2 policy trade-offs: reducing inflation and increasing employment of factors of production.

- **Deposit rate:** The MPC has also increased the minimum deposit rate for ZWL savings from 12.5% to 40% per year and the minimum rate for ZWL time deposits to 80% from 25% per annum. By increasing these ZWL interest rates, the MPC seeks to increase ZWL saving by increasing the opportunity cost of holding cash. However, these interest rates on deposits will not likely make ZWL savings appealing to the public as it lags the inflation rate. As such, a rational investor would withdraw all ZWLs and invest elsewhere in safe-haven assets that cushion against uncertainties like stocks and real estate.
- **Liquidation of Unutilized Retained Export Receipts:** The RBZ will liquidate 25% of all unutilized export receipts at the willing buyer willing seller (WBWS) exchange rate after 120 days from the date of receipt of export proceeds. According to the monetary authority, this policy stance will enhance the circulation of forex in the economy as well as support the WBWS forex market. It is however irrational for RBZ to force businesses to liquidate their remaining forex balances after ceding 40% to the government at an overvalued WBWS rate. Already, companies are complaining that these retention thresholds are not taking into account the costs incurred in generating exports. The move by RBZ will suffocate exporters while subsidizing importers disproportionately. Ironically, these importers are benchmarking their goods at or above parallel rates after receiving cheap forex on the auction market to import raw materials. Therefore, this policy stance will subdue exports while entrenching rent-seeking behaviour in the economy.
- **Introduction of Gold Coins as a Store of value:** The MPC has resolved to introduce gold coins to enable investors to store value. These coins will be minted by Fidelity Gold Refineries (FGR) and sold to the public through the banking channels. A gold coin is a coin that is made mostly or entirely of gold minted by the government and typically has a legal tender face value within the sovereign nation it is struck. It is the public's view that since these coins will be backed with gold, they will bring stability to the market. However, the success of gold coins is hinged on the trading modalities yet to be announced by authorities. While waiting for these, it is questionable if Zimbabwe is producing enough gold to set aside some to sell in the local market. The public is aware that Zimbabwe is using its gold to pay for collateralized loans like the over US$250 million fuel loan that was extended by Trafigura in 2019.[1] From this alone, it will be difficult for RBZ to sell some of its gold locally in local currency given the current acute shortages of foreign currency. There is also a lack of trust in RBZ. In 2014 when it introduced the bond coins, it claimed that there were backed by a US dollar loan from Afreximbank which later turned out to be misleading.

1. https://www.bing.com/search?q=government+paying+trafigura+using+gold&cvid=6e1cb1f1a1d143ca8465
2. 82f283e6a3de&aqs=edge..69i57j0l8.14937j0j9&FORM=ANAB01&PC=HCTS

Treasury Measures

- **Entrenching multi-currency system in law:** The government has entrenched the multicurrency regime into law, that is, US dollar use will remain legal tender in circulation together with the ZWL for the entire period of NDS1. According to the Treasury, this is key to boosting market confidence as it guarantees economic agents that the multi-currency system will remain in the foreseeable future thereby eliminating speculation and arbitrage. This will indeed dwarf recurring public fear that the government was going to ban US dollar use and convert all existing forex bank balances at the interbank just as was the case in 2019. However, a multi-currency system is feasible when the ZWL is stable. The status quo of ZWL depreciation is creating widening income inequalities and creating classy systems of the haves (those earning in stable US$) and the have-nots (those earning in the fragile ZWL). Therefore, the government should go further to address the root causes of ZWL depreciation which include among others fiscal indiscipline, excessive money supply growth, illicit financial flows, and rampant public corruption.
- **Entrenching interbank market exchange rate into law:** The government announced that the interbank market exchange rate is now determined by banks on a WBWS basis. Also, this WBWS rate is now the reference rate for all economic transactions in Zimbabwe with those found violating the law by discounting US$ prices will face criminal and civil penalties, suspension, or cancellation of business licenses. While this move is intended to bring market discipline, the current disparity between ZWL and USD in the parallel market renders the policy stance ineffective. Forcing economic agents to use the WBW rate which is currently overvalued is tantamount to price controls and results in an acute shortage of goods in formal channels. As such, the government should allow the market to discover the true price of ZWL without interference and revert to sustainable fiscal spending. This is the only key to the restoration of currency and price stability.
- **Fuel Sector:** Since the outbreak of the Russia-Ukraine war, global crude oil prices have gone haywire. This is largely affecting net-importers of fuel like Zimbabwe as they take global fuel prices as is. To cushion the general public and the economy, the government has now instituted a downward review of its fuel levies and will release fuel from the Strategic Fuel Reserve. This is commendable as it will bring needed relief. However, authorities can do more by liberalizing the ethanol sector which is currently under the control of a single supplier. There is also a need to allow the participation of many players in the fuel importing and retailing business. The current setup where few large fuel importers are also key players in the retailing sector contributes to pricing distortions.

2. https://twitter.com/zimlive/status/1539164947179085824?s=21&t=Tu9krkDY-4TUmK5vvbd3_g

3. As at the time this article was written.

- **Grain Sector:** Despite initially announcing that there are enough grains in Zimbabwe, the statement made by the finance minister now acknowledges that it is the shortage of maize meal and flour in the market that is pushing prices of commodities like bread beyond the reach of the poor majority. To curb price growth, the government will release to millers 20 000 metric tonnes (MT) of wheat and 27 000 MT of maize from its dwindling Grain Reserve for the next 3 months. The government will also help to facilitate the importation of grains from Malawi and Zambia. This release of grains from available reserves buttressed by imports is commendable as it will help reduce acute shortages and stiff price hikes of food for a country that experienced a poor 2021/22 agriculture season. However, to bring long-lasting solutions, the government should increase investments in climate-smart agricultural techniques like irrigation and short varieties. There is also a need to finalize the land audit to help identify underutilized multiple farms and redistribute them. To ensure efficient use of land, the government should implement the Use-It or Lose-It policy as well as address land tenure to make 99-year leases bankable.
- **Civil servants' salaries:** To cushion public workers in the executive, judiciary, and legislative branches of government, the Treasury has announced a 100% salary increment with effect from 1 July 2022. There are also other varying incentives announced like housing loan guarantee scheme, civil service housing loan scheme, civil servant access to duty-free importation of a single motor vehicle for personal use, transport allowances, and payment of school fees for up to 3 biological children among others. While the 100% salary increment will provide some form of relief to public workers already earning paltry salaries, the hike is lagging behind the growth of price inflation. Since inflation is rising monthly as it tracks exchange rate depreciation, it is the public's view that government should increase the US dollar salary component to at least 50% just as is the case with government contractors in road construction and pay the ZWL balance at the closing interbank rate for every month. Increasing the US$ component will help to reduce ZWL liquidity in the market since the vast incentives offered to the civil service entail increased government spending.

Recommendations

Noting the effort to alleviate the challenges that citizens are facing, it is our position that government take deliberate effort to correct the problems of the day and consider the suggestions below:

- **Pegging Civil servants' salaries in USD:** GoZ should pay 50% of civil servant's salaries in USD & another 50% in ZWL at the interbank rate. The idea here is to cushion workers from perpetual ZWL exchange rate depreciation. This will also help stabilize the local currency as it reduces both government ZWL spending & USD demand from individuals.
- **Fiscal discipline:** Government should spend within its means/budgets. This entails abolishment of all quasi-fiscal operations (QFOs) by RBZ. It also means adhering to the contract of a budget that has been approved after consultation with citizens.
- **Addressing Corruption:** Graft and resource leakages continues to exert a weight on state resources while prejudicing citizens. Furthermore, it erodes the necessary trust between government and the people.
- **Market driven exchange rate (free float):** The Willing Buyer Willing Seller (WBWS) system through banks will help discover the true price of ZWL as long as RBZ does not interfere. As such, there is need to remove trading caps on this WBWS system.
- **Address public debt:** Latest statistics are showing burgeoning debt figures from US$10.7B as of Dec 2020 to US$17.15B as of Dec 2021. Of the total PPG, arrears alone constitute more than US$14B. This show that the nation is in debt distress. This burden will continue to exert pressure on citizen's livelihoods when repayment demands are made. Furthermore, unsustainable debt constrains the countercyclical effects of fiscal policies & affect economic growth through heightened interest rates, taxes & inflation. With low levels of debt, Zimbabwe will be able to provide social safety nets to the vulnerable.

2. The Cost of Living And The Zimbabwean Worker

Official statistics show that inflation is now at 192% whereas Steve Hanke's estimates are at 377% - positioning Zimbabwe at the pole of global inflation way ahead of 41% for war-torn Ukraine. The monetary authorities seem to have failed to tame the galloping inflation as the monetary policy measures being gazetted are futile. The latest presser by the Ministry of Finance and Economic Development has no hope of arresting the rebellious trend of inflation. At a time, the cost of living is affecting the standards of living of many, the worker is on the receiving end. Government has maintained a tight wage bill despite the salaries falling below the poverty datum line. The government offered 100% salary increment for civil servants, a margin way below the ruling inflation rate. For any salary increment to make impact, the salary increment rate must exceed the current inflation rate. Otherwise it is a give and take scenario. Worse still, the USD component of the emoluments is facing the rising USD-inflation.

A salary increment of 100% only gives less than ZWL50 000 for most employees– an amount equating to about USD70 at the going parallel market rates. This scenario is replicative of the sad realities of 2008 when inflation eroded salaries till all employees downed tools leading to the closure of schools, colleges, universities and health facilities. The government is failing to address the salary issue decisively. The repugnant effects of ever-rising cost of living is the worsening standards of living as many cannot afford medical bills, pay school fees, pay for utilities (power and water), afford enough food and clothing as well as transport. Already the health sector staged a strike with the low salaries and extinct medical supplies being the trigger. The unfolding humanitarian situation in Zimbabwe calls for assertive policies to stabilize the fundamentals buttressed by a well-to-do currency reform inclined on reserving the purchasing power of the ZWL if the cost of living is to remain tamed. Paying meagre ZWL salaries under the hyperinflationary environment is tantamount to modern-day slavery – a banned exercise worldwide.

3. Is The 2025 US$ 8.2 Billion Agriculture Sector Possible

The economic performance of Zimbabwe largely depends on developments in its agricultural sector. Zimbabwe has 4,130,000 hectares of arable land, with 25% being cultivated using manual draught power and animal[2]. As governments ambition to grow the sector increases announced its ambition to have a US$ 8.2 billion agriculture sector by 2025 from the current $5,8 billion to an US$8,2 billion economy by 2025. Thus making the sector contribute approximately 20% to the gross domestic product (GDP)[3]. However, although this is an ambitions projection, it success lies in the availability of agricultural machinery. There is machinery and infrastructural gaps in the agricultural sector.

2. https://www.trade.gov/country-commercial-guides/zimbabwe-agricultural-sectors
3. https://www.newsday.co.zw/2022/05/govt-targets-us82bn-agric-sector-by-2025/

Zimbabwe has approximately 10 300 functional tractors against a national demand of 40 000 tractors for commercial cultivation.[4] Thus, Zimbabwe currently need 29 700 tractors to satisfy its national demand. However, in 2020 the government made positive strides towards capacitating the sector by signing an agreement with John Deere, to import tractors and other agricultural machinery. A survey conducted in Karoi shows that local farmers have shown that they prefer American quality and value over Chinese and Belarussian models competing in the market. The failure by the government to revive ADA by supplying modernised centre pivots is a clear testament to the operational incapacity being experienced by farmers. Zimbabwe has approximately 50 000 medium-to-large scale farms that are in need of farming equipment. In the past the government has donated or supplied farmers with modernised combine harvesters and centre pivots however, partisan allocation affected the process as only those connected to the high echelons of power benefited. The 2008 Agriculture Farm Mechanisation project remains a unique referral case point.

As the weather patterns change and droughts become more frequent, the country has failed to produce enough grain to meet domestic demand culminating into food scarcity and donor dependence. Zimbabwe is largely dependent on food donations, particularly from the international support it receives from the World Food Programme (WFP). In 2021, the WFP supported 2.2 million beneficiaries with 55% being women and 45% being men. A total of 86, 462 metric tonnes were distributed with US$ 44.5 million used in cash transfers. The scale and magnitude of the assistance points to food insecurity and governments failure to provide sufficient food despite claims of bumper harvest.[5] This also derails Zimbabwe`s ambitions as projected in the National Development Strategy 1 (NDS1) under the Food and Nutrition Security cluster. The NDS1 seeks to improve food self-sufficiency and to retain the regional breadbasket status. The main objective is to increase food self-sufficiency from the current level of 45% to 100% and reduce food insecurity from a high of 59% recorded in 2019 to less than 10% by 2025.

Despite efforts by the government to increase food security and create a competitive sector, there are various emerging issues that militates against the optimal performance of the agriculture sector. Therefore, the following issues need to be redressed before for the attainment of vision 2025:

- The government must establish or create a conducive environment for the establishment of inclusive markets.
- There is need to capacitate smallholder farmers with postharvest technology.
- Revitalization of infrastructural gap is a must to redress infrastructural gaps.
- Establishment of sustainable agriculture should be the primary objective of the Ministry.

4. https://www.trade.gov/country-commercial-guides/zimbabwe-agricultural-sectors

5. https://www.newsday.co.zw/2021/09/zims-bumper-harvest-what-went-right-and-what-needs-to-be-done/#:~:text=ZIMBABWE%20has%20reported%20a%20bumper%20harvest%20of%20maize,production%20for%202021%20stands%20at%202%2C7%20million%20tonnes

4. Rule of law or Rule by law when “all animals are equal, but some animals are more equal than others”

State Owned Enterprises (SOEs) and Parastatals play a pivotal role in enabling service delivery and driving economic growth. Upon independence, the government entrusted SOEs and parastatals with a developmental mandate to promote growth with equity through provision of key infrastructure and utilities such as, roads, rail and air transport, telecommunication, electricity and water. However, factors such as poor governance, endemic corruption, illicit financial flows, impunity and partisan hegemony in the political economy has seen a dearth of service delivery by parastatals. These have manifested in a complex web of socioeconomic challenges bedeviling the country including rising indebtedness with an external debt stock of approximately US$14.4 billion, (December, 2021) increasing poverty with over 7.9 million[6] people living in extreme poverty and widening inequalities. To this end, these attendant effects have rendered such key institutions weak and in need of reforms. But is the government ready for reforms? This piece is a call for an accountable and responsible government as it reflects on the recent looting at National Railways of Zimbabwe (NRZ) within the context of upholding the rule of law.

A recent NRZ internal audit report, submitted to government authorities on 31st March 2022, has unveiled the governance rot and looting by the board and senior officials through wasteful expenditure and unsubstantiated payments. The report exposed how the parastatal’s board and senior managers, systematically creamed off the ailing parastatal through allocating themselves huge, unapproved allowances and bonuses which were, in some instances, paid several times in a year.[7] The board allowances included unbudgeted expenses at prime hotels, inflated construction costs, and exorbitant fuel consumption resulting in loss of millions of US dollars in 2021. The debt of the collapsing NRZ rose to astronomic levels in 2020 to US$575 million from US$314 million in 2017, fueled by unpaid employee salaries and arrears owed to various creditors, according to the parastatal’s latest financial statement. This huge debt burden has been attributed to a confluence of poor policy choices, gross mismanagement, abuse of state resources and poor fiscal management among other issues. The situation is compounded by governance challenges and disregard of the rule of law.

As intimated above, the Zimbabwean economy has been marred by corruption, illicit financial flows, and mismanagement. This is not the first time for NRZ to be involved in such scandals. In March 2009, the NRZ also made headlines when it was revealed that the parastatal’s management led by retired Air Commodore Mike Karakadzai were looting the company resources ahead of the appointment of the new government so that they could walk away with properties should there be changes in management as a result of a new government. It came to light that Karakadzai acquired a Toyota Landcruiser valued at US$250 000 and five Toyota Prado's for US$100 000[8] each, state of the art furniture for his luxurious house, at a time when the state of trains was dilapidating and workers demanding their dues since August 2008.

6. https://www.theguardian.com/global-development/2021/jun/21/half-of-zimbabweans-fell-into-extreme-poverty-during-covid
7. https://www.theindependent.co.zw/2022/06/24/nrz-looting-unearthed/
8. https://www.thezimbabwean.co/2009/03/nrz-looting-unearthed/

Since then, the state of Zimbabwe's transport, infrastructure and utilities development continues on a downward trend and falling below the targets of the NDS1.[9] The crippled and dilapidating NRZ has also become cash-strapped spending approximately US$ 3.5 million annually.[10] NRZ has failed to resuscitate viability and optimum efficiency in its operations which is vital not only for effective public transportation but to reawaken industry across the country. The 2020 Auditor General's report exposed that the parastatal`s liabilities exceeded its assets by ZW$875 million (approximately US$5,8 million). While the NRZ is the principal transporter of heavy cargo, revenues have been on a perennial decline due to shrinking business volumes owing to a depressed economic environment. In April 2022, it was in the media again that "NRZ is hiring locomotives for approximately US$150 000 per month and wagons for approximately US$33 per day from foreign companies," yet this has not positively transformed NRZ's service delivery and organisational performance, clearly pointing to weak financial management, organisational incapacity and maladministration.

Zimbabwean public sector in general and parastatals in particular have become a haven for corruption scandals, political risk, financial uncertainty which has resulted in citizens sinking deeper in poverty. Zimbabwe ranks 157 out of 180 countries in the Transparency International Corruption Perception Index which attest to a perception of high corruption in the public sector. High-level corruption has surfaced repeatedly over the years in-spite of Zimbabwe's anti-corruption efforts, and this has continued to squeeze wealth out of the country, further compromising the country's domestic resource mobilization drive and efforts towards public health, education, livelihoods, and economic rehabilitation.

The aforementioned brings reminiscence of the 1986 NRZ scandal; the 1987 Zisco Steel and Air Zimbabwe Fokker Plane scandals; the 1988 Willowgate scandal; the 1989 ZRP Santana scandal; the 1994 War Victims compensation scandal; the 1995 GMB grain scandal; 1999 NocZim scandal; the 2001 Harare Airport scandal; the 2008 – 2014 Airport road scandal; the 2016 Command Agriculture scandal; the 2020 'Draxgate' scandal; the 2019 NSSA scandal which has left the elderly of this country destitute in spite of having worked and contributed to NSSA payments for their entire working life, thus affecting their welfare and right to a dignified life. It is therefore depressing to note that as with the Mugabe regime, similar trends on corruption and mismanagement of public resources have continued unabated under the current administration. Upholding the Rule of law in Zimbabwe is necessary to ensure equal application of law to the people of our country and to strike down laws that target or unfairly affect particular groups. This is because Rule of Law provides that "the law must afford adequate protection of fundamental human rights." However, Zimbabwe has often experienced rule by law where those in power choose which laws to apply — or not apply — and against which citizens. Perpetrators of corruption have often went scot-free or been involved in the "catch and release" gimmick without paying back to the state thereby betraying citizens of the much needed public service delivery resulting in break of the social contract and growing public mistrust.

9. https://zimcodd.org/wp-content/uploads/2022/04/NDS-1-CISOMM-Report.pdf
10. https://www.theindependent.co.zw/2022/04/22/broke-nrz-coughs-up-us35m-on-locomotives-and-wagon-hire/

With limited transparency and accountability in the manner in which public resources are managed in the public sector, it is difficult to curb corruption. The appalling statistics of poor public service delivery needs urgent redress. Priority should therefore be given to water, energy and transport as they are major pillars that not only affect economic buoyancy, but the general standard of living for Zimbabweans. To this end, the government need to implement economic, political and governance reforms in its Public Finance Management (PFM) system including aligning laws to the constitution. A sound PFM system is an important pillar for an effective state as it aims to achieve four objectives which are: maintenance of fiscal discipline (avoids unsustainable borrowing); allocative efficiency (resources are allocated to agreed strategic areas); operational efficiency (value for money); and following the due process (being transparent and applying democratic checks and balances).

In conclusion, the government urgently needs to put in place strong accountability measures in order to arrest the scourge of corruption which is blatant in the country. The government needs to strengthen all key accountability institutions including the Auditor General's Office, Parliament, Debt Management Office, Zimbabwe Anti-Corruption Commission and the National Prosecuting Office. The government must demonstrate a political will and commitment to transparency and accountability by fighting corruption and ensuring that offenders payback stolen public resources. Citizens need assurance that public resources would not be used for personal gain by the politicians and the politically connected. In this matrix, the role of civil society and broad citizenry in holding government accountable for prudent governance of resources, transparency, and accountable public finance management remains crucial. Civil society and the resilient people of Zimbabwe should never stop working to defend the rule of law so as to build a more accountable system of governance.

5. Informality of Employment in Zimbabwe

Many Zimbabwean women and youth have resorted to informal trade due to lack of employment opportunities in the country despite government promises to create 2,2 million jobs in the 2013 People's Election Manifesto.[11] Zimbabwe National Statistics Agency (Zimstat) has indicated that the country's unemployment rate is currently at 20%. The unemployment rate in Zimbabwe is greatly disputed with figures ranging from 5% to 90% unemployment, depending on the definition of employment that is used. When assessing the labour market, it must be noted that unemployment rate alone is only of limited utility as it does not reflect the quality of employment. ZimStat uses the International Labour Organisation's broad definition of employment, which liberally takes into account informal economic activity. The ILO's 19th International Conference of Labour Statisticians (ICLS) defines persons in employment as:

"All those of working age who, during a short reference period, were engaged in any activity to produce goods or provide services for pay or profit. They comprise: (a) employed persons "at work", i.e., who worked in a job for at least one hour; (b) employed persons "not at work" due to temporary absence from a job, or to working-time arrangements (such as shift work, flexitime and compensatory leave for overtime)."[12]

11. https://zimfact.org/zanu-pfs-4-5-million-jobs-claim-false/
12. www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_230304.pdf

The informal economy is saturated by trade such as the selling of bales of clothing. This industry has provided opportunities for people to work, through selling and for those who typically did not have access to clothing from departmental stores; an opportunity to buy clothes. Many who trade in this business have expressed that this gives them access to US$ which they typically would not get or did not get since the introduction of the Zimbabwean dollar. Most activities in Zimbabwe's informal economy are taken up as a last-ditch effort for survival or as a "side hustle" in order to make ends meet due to lack of employment opportunities and low wages. Salaries for people in Zimbabwe remain meagre as the purchasing power of their salaries are decimated by the ever-increasing inflation rate. Zimbabwe is plagued by the failure to adhere to the rule of law and non-creation of a secure environment for domestic and foreign investment. There is lack of development of formalisation strategies for income generating activities such as cross border trading and general disregard for the development of policies in consultation with those that are affected to ensure such policies deliver the intended result of creating an enabling business environment. To add insult to injury, Zimbabwe's distorted exchange rate system, currency crisis and ever-changing monetary policies do not inspire confidence in the economy.

The informal sector makes up the larger part of Zimbabwe's economy and many people turn to in an effort to sustain their livelihoods. It remains unregulated and this offers little to no protection by the law to workers in this sector. The true figures pertaining to Zimbabwe's informal sector remain largely unknown due to failure in capturing the size of informal trade which is sustaining most families in Zimbabwe. Although it is important to recognise that informal employment has made a substantial contribution to overall employment[12] and accounts for just over 80% of all jobs in the country, it would be remiss to exclude the fact that cash incomes of informal workers are generally extremely low and their working conditions poor.[13] In light of the above, ZIMCODD proffers the following,

- the creation of an enabling business environment through monetary policy reforms is imperative in order to integrate informal activities and the formal economy while offering decent jobs, productivity gains and economic growth.
- Policy interventions should strategically circumvent harsh restrictions and work conditions in an effort to create a qualifying environment for people to work.
- Employing effective labour laws that cater and offer protection to those working in the informal sector as they make significant contributions to the country's GDP.
- Initiatives aimed at facilitating developments in the environments in which small scale trading is conducted would go a long way in supporting the transition to formalisation through more simplified trade regimes.

12. In accordance with the above definition.

13. https://unstats.un.org/unsd/gender/Ghana_Jan2009/Background%20doc2%20for%20paper%2039%20(ILO-WP-90).pdf