THE IMPACT OF AUSTERITY MEASURES ON WOMEN-OWNED BUSINESSES IN ZIMBABWE

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ACRONYMS AND ABBREVIATIONS

AFC	Agriculture Finance Corporation
AfDB	Africa Development Bank
CBZ	Commercial Bank of Zimbabwe
COMESA	Common Market for Eastern and Southern Africa
COMFWB-Z	COMESA Federation of Women in Business in Zimbabwe
CZI	Confederation of Zimbabwe Industries
GDP	Gross Domestic Product
ILO	International Labour Organisation
IMF	International Monetary Fund
MIC	Ministry of Industry and Commerce
MLFWCRD	Ministry of Lands, Agriculture, Fisheries, Water, Climate and Rural Development
MoFAIT	Ministry of Foreign Affairs and International Trade
MoFIP	Ministry of Finance and Investment Promotion
MTP	Medium Term Plan
MWACSMED	Ministry of Women Affairs, Community, Small and Medium Enterprise Development
NANGO	National Association of Non-Governmental Organisations
NDS1	National Development Strategy 1
OPC	Office of the President and Cabinet
RBZ	Reserve Bank of Zimbabwe
SADC	Southern Africa Development Community
SME	Small and Medium Enterprises
SMEAZ	Small and Medium Enterprise Association of Zimbabwe
SMEDCO	Small and Medium Enterprise Development Corporation
SSA	Sub-Sahara Africa
TSP	Transitional Stabilisation Plan
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization

UNW	United Nations Entity for Gender Equality and the Empowerment of Women
WABAZ	Women Alliance of Business Associations in Zimbabwe
WB	World Bank
WCoZ	Women Coalition of Zimbabwe
WiPSU	Women in Politics Support Unit
WLSA	Women and Law in Southern Africa
WTO	World Trade Organisation
ZES	Zimbabwe Economics Society
ZGC	Zimbabwe Gender Commission
ZIM-ASSET	Zimbabwe Agenda for Sustainable Socio-Economic Transformation
ZCIEA	Zimbabwe Chamber of Informal Economy Association

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EXECUTIVE SUMMARY

This study assesses the impact of economic stabilisation (austerity) measures implemented in Zimbabwe since August 2018 on women-owned businesses. It also looks at women's access to regional trading markets from a gender perspective. The period under review, September 2018-December 2023, is characterised by severe episodes of exchange rate and price volatility and concerted efforts by the fiscal and monetary authorities at economic stabilisation. The period also witnessed external shocks, including droughts, cyclone Idai, and the COVID-19 pandemic. The conduct of fiscal and monetary policies during the period under review is clearly within the traditional gender-blind macroeconomic framework, as aptly summed up in the theme of the 2020 Budget Statement, 'austerity for prosperity.' While economic stabilisation is often seen as short-term, in Zimbabwe, it has assumed a medium to long-term status owing to the elusive quest for macroeconomic stability.

The study uses quantitative and qualitative approaches, including a comprehensive literature review and content analysis, a structured questionnaire targeting Micro, Small and Medium Enterprises (MSMEs), key informant interviews and focus group discussions. In total, 582 MSMEs completed the structured questionnaire, spread across all 10 provinces of Zimbabwe.

The study findings confirm the gender-differentiated impact of macroeconomic policies and access to regional markets. Women-owned MSMEs are typically young and have been growing in response to economic hardships, being of a survivalist nature. Most (68 per cent) of these are individually owned, of which 64 per cent are not registered. These women-owned MSMEs

are typically informal, as they were established to circumvent Zimbabwe's cumbersome and burdensome regulatory environment.

Most women-owned enterprises (87 per cent) are micro enterprises, with none in the medium enterprise category. About 71 per cent of the employees in women-owned MSMEs are female. In two-thirds of the MSMEs, the top manager is female, with 54 per cent having attained an ordinary educational qualification. This suggests the existence of educational and skills gaps in women owned MSMEs.

Owing to their origin in response to economic hardships, the majority of surveyed MSMEs had an initial capital investment in the range of US$ 101-500. The initial capital invested was derived mainly from family members and friends, suggesting that informal funding sources are dominant. A paltry 8 per cent of the MSMEs sourced capital from banks and microfinance institutions where stringent requirements apply, including collateral security. In addition, owing to the low income generated, extortionary charges, and lack of trust and confidence in financial institutions, only 28 per cent of the women-owned MSMEs have an operational bank account.

While most financial institutions have established women's desks and SME units to serve women and MSMEs, and micro-finance institutions such as the Zimbabwe Women's Microfinance Bank and EmpowerBank were established in 2018, access to formal financial services by disadvantaged groups (women, youth, persons with disabilities and MSMEs) remains limited.

Even though they are operating under very difficult conditions, including interest rates that peaked at 200 per cent, exacerbated by climatic shocks and the COVID-19 pandemic, only 6 per cent of the MSMEs received incentives from the government between 2018 and 2023, and only 5 per cent received any form of assistance from government to stay afloat.

As the case in the FinScope 2022 MSME survey, where only one per cent of such firms exported, in this study, only 2 per cent of the MSMEs export their products to other countries. The MSMEs cited a lack of information about export markets, funding, cumbersome procedures and high transport costs as reasons for not exporting.

The study recommends the adoption of more effective gender-responsive macroeconomic policies, promoting transition from informal to formal economy, ease of doing business reforms, innovative financial instruments to promote financial inclusion, strengthening business development services (BDS), demand-driven skills training and strengthening export training and support services.

SECTION 1: INTRODUCTION

1.1 Background and Context

Women empowerment is a cornerstone of the Sustainable Development Goals (SDGs) based on its premise of leaving no one behind.[1] Women-owned businesses are regarded as one of the fastest-growing entrepreneurial populations globally.[2] The Zimbabwean economy's economic growth and development prospects are anchored on the establishment of booming women's businesses.[3] Entrepreneurship is a mechanism through which women are empowered and break the glass ceiling[4] that is a barrier to attaining top-level company positions. Macroeconomic policies are critical tools that shape the environment in which women's economic empowerment occurs.[5] The macroeconomic policies implemented by the government since 2018 have focused on austerity and did not effectively address long-standing, entrenched structural inequalities, such as limited access to finance, inhibiting the growth and success of women-owned businesses. Austerity refers to a set of economic policies, usually consisting of tax increases, spending cuts, or a combination of the two, used by governments to reduce budget deficits.[6]

After the national elections of August 2018, the Government of Zimbabwe adopted the Transitional Stabilisation Plan (TSP)[7], 2018-2020 and the National Development Strategy 1[8] (NDS1) (2021-2025) as the main policies aimed at stimulating sustainable and inclusive economic growth. Under the TSP period (2018-2020), the government of Zimbabwe implemented austerity measures,[9] including increasing the Intermediated Money Transfer Tax (IMTT), popularly known as the 2 per cent tax in October 2018,[10] a 5 per cent salary cut for senior government officials, rationalising foreign service posts, expenditure cuts and freezing of hiring of non-critical staff to lower the salary bill. Fiscal spending on essential public services like education and health care as a percentage of GDP declined significantly as the government targeted to reduce the budget deficit. Expenditure cuts in social services, especially education, often result in women acting as shock absorbers and mask the impact through increased unpaid care work[11] and negative coping mechanisms, including for younger women. In Zimbabwe, women undertake care responsibilities and have little time for productive activities,[12] such as venturing into entrepreneurship. Traditionalists and patriarchs are skeptical about the participation of women in business in Zimbabwe, citing the erosion of culture, especially when women engage in cross-border trading.[13] Owing to expenditure cuts and cultural norms, unpaid care and domestic work elevated the burden for women and widened the gender gap in access to economic opportunities.

On the monetary front, to buttress fiscal measures announced by the Treasury in October 2018, the

1 UN Women. nd. "Women and the Sustainable Development Goals (SDGs). In focus: Women and the Sustainable Development Goals (SDGs) | UN Women – Headquarters

2 Brusha G. Candida and Cooper. Y Sarah. 2012. "Female Entrepreneurship and Economic Development: An International Perspective." *Entrepreneurship & Regional Development* 24 (1–2), 1–6

3 Tsarwe, L. 2014. "Is There Value Out of the Informal Sector." *The Herald Business B, 3.*

4 Glass ceiling refers to the phenomenon where a person is stopped from advancing in the top levels of the organization due to discrimination on the grounds of gender, sex or race (Babic, A. and Hansez, I., 2021. "The Glass Ceiling for Women Managers: Antecedents and Consequences for Work-Family Interface and Well-Being at Work." *Frontiers in psychology*, *12*, pp. 1-17).

5 UN Women. 2017. "Macroeconomic Policy and Women Empowerment." https://www.unwomen.org/en/digital-library/publications/2017/9/macroeconomic-policy-and-women-s-economic-empowerment

6 Bondarenko Peter. "Austerity." Accessed? https://www.britannica.com/money/austerity

7 Government of Zimbabwe. 2018. "Transitional Stabilisation Plan (TSP). Ministry of Foreign Affairs & International Trade - Government launches Transitional Stabilization Programme (zimfa.gov.zw)

8 Government of Zimbabwe. 2020. National Development Strategy 1: Towards a Prosperous & Empowered Upper Middle-Income Society by 2030. January 2021 – December 2025, 16 November 2020, Harare.

9 UN Zimbabwe. 2020. "Zimbabwe Transitional Stabilisation Programme 2018 – 2020. Zimbabwe Transitional Stabilisation Programme 2018 - 2020 | United Nations in Zimbabwe

10 The IMTT was introduced in Zimbabwe in *January 2003.*

11 Budget Justice South Africa. 2022. "The Gendered Impacts of Austerity."

12 Actionaid. 2019. "Distribution of Unpaid Care Work Open Doors for Women to Engage in Productive Work." Distribution of Unpaid Care Work open doors for women to engage in productive work | ActionAid Zimbabwe

13 Mutsagondo, S.A.M.S.O.N., Karimanzira, E.D.I.T.H. and Makanga, J., 2016. "Ndau Women, Informal Cross-Border Trade and the Changing Socio-Economic Dispensation in Zimbabwe." *Paradigms: Lahore*, *10*(2), pp.1-13.

RBZ directed banks to separate Real Time Gross Settlement (RTGS) balances and Nostro Foreign Currency Accounts (FCA). The separation was meant to help preserve the value of foreign currency owners and boost market confidence. However, the policy stance greatly affected the public and MSMEs as many lost the value of their USD bank deposits, which became RTGS balances.[14] As cultural norms and practices dictate that women are responsible for procuring household supplies, price increases imply they take more time looking for cheaper alternatives, diverting time from income-earning activities.[15] Similar to expenditure cuts, the monetary policy measures worsened the time poverty of women who had to juggle between running a business and conducting household duties.

While Zimbabwe has made significant inroads regarding access to financial services, women remain disproportionately excluded regarding using quality financial services. Yet, 60 per cent of MSMEs are owned by women, the majority of which (86 per cent) are informal.[16] There is generally a lack of trust for women amongst lending institutions, even when the loans are meant for business purposes.[17] Two deposit-taking microfinance institutions, the Zimbabwe Women's Microfinance Bank and Empower Bank Limited, commenced operations on 31 May and 5 July 2018, respectively. Their mandate is to contribute to increased access to financial services for target groups, women and youth, respectively. However, they remain under-capitalised, and their impact is limited as they require collateral security from borrowers. Although the aggregate loans advanced to women have increased, the size of the loans disbursed to women is smaller than those issued to men.[18]

At the expiry of TSP, the government launched NDS 1 in November 2020. Despite the government's best efforts at stabilising the exchange rate and prices, controlling inflation remained an elusive challenge. The most recent bout of exchange rate volatility saw a new wave of price increases, with inflation rising from 17.7 per cent in August 2023 to 26.5 per cent by December 2023 to 34.8 per cent in January 2024, 47.6 per cent in February 2024 and to 55.3 per cent by March 2024. Before the Monetary Policy Statement of 5 April 2024, interest rates in Zimbabwe were the highest in the world, with the bank policy rate at 130 per cent since October 2023 (from 150 per cent and a peak of 200 per cent). This made it very costly for companies to borrow money for productive purposes.

The period under review also witnessed external shocks, including droughts and cyclone Idai in 2019 and the COVID-19 pandemic. The COVID-19 pandemic hit the country in March 2020, at a time when the country was ill-equipped to respond with very limited fiscal space. As has been demonstrated worldwide, the COVID-19 pandemic resulted in an unprecedented jobs crisis, with almost all workers and businesses having been affected by infections, border closures, lockdown measures and disruption of supply chains. The pandemic dramatically affected jobs, livelihoods and the well-being of workers and their families, and businesses – particularly micro, small and medium enterprises – worldwide.[19] UNCTAD (2022) found that many MSMEs were on the cusp of closure or had already been forced to exit, while many still trading remained highly vulnerable. Surviving firms had to deal with a changed business landscape in the future where many patterns of sales, distribution and consumer behaviour had been substantially and permanently altered. Sadly, MSMEs operated by entrepreneurs from vulnerable groups, such as women, suffered disproportionately from the impact of COVID-19, particularly in the informal economy, entrenching the feminisation of poverty.[20]

14 Even though the exchange rate between the RTGS dollar and US dollar was pegged at 1:1, the market interpreted this to imply these were not equal. As a result, multiple exchange rates emerged on the parallel market between the US$ and bond notes, US$ and RTGS$, physical currency, as well as transactions on the various mobile money transacting platforms (e.g. ecocash).

15 Oxfam. 2019. "The Gendered Impacts of IMF Policies in MENA."

16 FinScope. 2022. "Micro, Small and Medium Enterprises (MSME) Survey Highlights, Zimbabwe."

17 Vusumuzi, N.G. 2018. "Challenges Faced by Urban Zimbabwean Women Entrepreneurs." Unpublished doctoral dissertation). University of the Free State, Zimbabwe. htt://www. etd. uovs. ac. za/ETD-db/theses/available/etd-08152012.../NaniGV. pdf.

18 World Bank. 2022. "Zimbabwe Gender Assessment Report."

19 International Labour Organization. 2020. "UN Policy Brief: The World of Work and COVID-19." https://www.ilo.org/resource/news/un-policy-brief-world-work-and-covid-19

20 UNCTAD. 2022. "The Covid-19 Pandemic Impact on Micro, Small and Medium Sized Enterprises Market Access Challenges and Competition Policy." https://unctad.org/system/files/official-document/ditcclp2021d3_en.pdf.

However, as highlighted in NDS 1 (2020:57), "... despite having experienced episodes of significant economic growth, this has not translated into notable decent employment generation. The growth remained relatively non-inclusive, thus, benefiting a few." The situation is even more severe for women lacking adequate capital and business acumen due to lower education and cultural barriers. Women are over-represented in MSMEs, where they own 60 per cent of such entities in Zimbabwe, the majority of which are informal, engaging in low-productivity sectors such as garment making, retail, and wholesale due to a lack of capital and technical expertise, which is needed for highly productive sectors. Conversely, in large corporations, women are underrepresented, as only 17 per cent of the directors of Zimbabwe Stock Exchange listed corporations are women.[21]

Apart from being adversely affected by austerity policies, women-owned businesses lack access to trade markets. While the country has signed several trade agreements, such as the SADC Trade Protocol, the COMESA treaty, and the African Continental Free Trade Area (AfCFTA), women traders often lack information on the benefits of these agreements.[22] The poor state of trade facilitation is that women cross-border traders encounter inordinate delays at border points because of cumbersome customs declaration procedures. The lack of proper ablution and other facilities also presents serious health challenges at most border posts.

The initial report of the High-Level Panel indicated that macroeconomic policies should focus on boosting short-term and long-term inclusive growth.[23] Similarly, the CEDAW Committee Recommendation No. 34 indicates that governments should specifically focus on mitigating the adverse and disparate effects of economic policies on the well-being and rights of women, particularly rural women.[24] It is imperative to have economic growth that accords men and women equal access to economic opportunities, including access to trade markets. Women are regarded as the driving force of international trade, and the African Continental Free Trade Area (AfCFTA) is therefore evaluated based on its ability to yield benefits for women.[25] The study focuses on two thematic areas: the impact of austerity and macroeconomic policies on women-owned businesses and women's access to regional markets. The study objectives are to:

- Assess the impact of macroeconomic policies and the economic environment introduced in Zimbabwe on women-owned enterprises, specifically evaluating the effects of austerity measures implemented between September 2018 and December 2023.
- Review trade agreements with a focus on women's access to regional markets.

1.2 Situation Analysis of Women in the Zimbabwean Economy

Zimbabwe is a lower-middle-income Southern African country that has experienced episodes of economic deterioration since 2000.[26] Gender inequality is rife in Zimbabwe, and this continues to trap women in abject poverty. The Gender Inequality Index (GII) for Zimbabwe, which is 0.519, is lower than the sub-Saharan average of 0.565, as shown in the Human Development Report.[27] The female human development index (HDI) in 2022 was at 0.532, compared to 0.568 for men, resulting in a Gender Development Index (GDI) of 0.936.[28] This places the country in group 2,[29] indicating it is closer to achieving gender parity. However, Zimbabwean society is characterised by entrenched structural inequalities, which are manifested in the prevalence of gender-based violence, the under-representation of women in decision-making institutions, and women's

21 Chimhofu Nigel. "Gender Diversity in the Boardroom." *The Zimbabwe Independent*. Gender diversity in the boardroom - The Zimbabwe Independent (newsday.co.zw)
22 Fundira, 2018
23 UN. 2016. "Leave No One Behind: A Call to Action for Gender Equality and Women's Economic Empowerment." Report of the United Nation's Secretary-General's High-Level Panel on Women's Economic Empowerment.
24 UN Committee on the Elimination of Discrimination against Women. 2016. "General Comment No. 34 on the Rights of Rural Women." https://tbinternet.ohchr.org/Treaties/CEDAW/Shared%20Documents/1_Global/INT_CEDAW_GEC_7933_E.pdf
25 African Union. 2022.
26 Budzi, J., 2022. "Unpacking the Crisis in Zimbabwe: Implications for the Welfare State." *African Renaissance (19*(3). Pp. *1744-2532.*
27 UNDP. 2024. "Human Development Report 2023/2024." hdr2023-24overviewen.pdf (undp.org)
28 UNDP. 2022. Human Development Index: Trends in Zimbabwe." Specific country data | Human Development Reports (undp.org)
29 Group 2: Countries with absolute deviation from gender parity of 2.5-5% are considered countries with medium-high equality in HDI achievements between women and men.

limited access to economic opportunities and resources.[30] It is important to note that composite indices can be misleading and should be used alongside subjective well-being indicators to reveal structural gender inequalities.

Women in Zimbabwe constitute 52 per cent of the population, and the remaining 48 per cent are men. According to the 2022 Census Report,[31] women residing in rural and urban areas represent 32 per cent and 20 per cent of the population, respectively. Women, especially those living in rural areas, face challenges accessing public services such as birth certificates, national identity cards, and passports. In Zimbabwe, about 21.9 per cent (3.3 million) of the population have never taken a birth certificate, of which the rural population accounts for 2.7 million. Women constitute a big proportion of the people without birth certificates, which further makes it difficult for them to enroll in schools, access health facilities and engage in productive employment.

In education, women account for 45 per cent of the 717,505 Zimbabweans who have never attended school, which disadvantages them in life due to a lack of qualifications and skills to engage in decent, productive work. Men continue to dominate the Science, Technology, Engineering and Mathematics (STEM) fields.[32] Among the major reasons for never attending school and the dominance of men in STEM fields are financial constraints, parents not valuing sending girls to school since they will get married, lack of appropriate schools, especially for women with disabilities and the burden of unpaid care and domestic work.

Men spend approximately 7 hours per week engaging in unpaid care and domestic work, far less than the 14 hours women spend doing similar roles.[33] Women spend 12 hours per week preparing household meals, double men's time.[34] The burden of unpaid care and domestic work is reinforced by existing social and cultural norms, where the family is a brewery of patriarchy, which socialises women to accept sex roles.[35] The Gender Social Norms Index[36] of 98.62[37] indicates that social beliefs significantly contribute to the bias against gender equality and women's empowerment. Therefore, there is a need to facilitate women's access to childcare support as it increases women's economic participation in the education and labour force.

In many African countries, unpaid care and domestic work are the major reason for high levels of women unemployment.[38] Using the expanded unemployment definition, 45 per cent of women are unemployed while 33.7 per cent of men are unemployed, showing a gender gap of 11.3 percentage points. The gendered nature of the labour force reflects patriarchal norms which accord men more opportunities compared to women. The CEDAW Committee, in its General Recommendation No. 23, asserts that the primary obstacles impeding women's participation in public life are the cultural values and religious beliefs, the absence of necessary services, and men's neglect in sharing responsibilities related to household organisation and childcare.[39] There is a need to reduce the burden of unpaid care and domestic work and enhance their education and skills development to achieve gender equality and women empowerment. It is important to acknowledge that labour market regulations are ineffective in addressing women's unpaid care needs in countries like Zimbabwe, where only a small percentage of the population works in the official sector as wage employees. Approximately 22 per cent of working women have wage or salary employment compared to 41 per cent of males, and these women in wage employment earn approximately 66 per cent of what their male counterparts earn.[40]

Equally, starting a business enterprise is a daunting task for women. There are more men entrepreneurs than women. Women often cite a lack of capital to start a business without guaranteeing success. This has been worsened

30 UN Women – Africa. 2022. "Gender Profile Zimbabwe." https://africa.unwomen.org/en/digital-library/publications/2022/06/gender-profile-zimbabwe
31 Zimstat. 2022. "Population and Housing Census." 2022_PHC_Report_27012023_Final.pdf (zimstat.co.zw)
32 Ibid.
33 Ibid.
34 Ibid.
35 Kambarami, M., 2006. "Femininity, Sexuality and Culture: Patriarchy and Female Subordination in Zimbabwe." *South Africa: ARSRC*.
36 The Gender Social Norms Index (GSNI) **measures how social beliefs obstruct gender equality in areas like politics**, work, and education
37 UNDP. 2022. Human Development Index: Trends in Zimbabwe." Specific country data | Human Development Reports (undp.org)
38 UN Women. 2024. "Landscape of Care Work in Zimbabwe." landscape_of_care_-_zimbabwe.pdf (unwomen.org)
39 UN Committee on the Elimination of Discrimination Against Women. 1997. "General Recommendation No 23: Political and Public Life, 1997, No. 10." https://tbinternet.ohchr.org/Treaties/CEDAW/Shared%20Documents/1_Global/INT_CEDAW_GEC_4736_E.pdf.
40 World Bank. 2023. "Zimbabwe Gender Assessment Report."

by limited fiscal space to support businesses in the country. In addition, women have limited networks, which are critical conduits for accessing funding, information, and support. Women are trailing in the managerial and technical skills required to attain a competitive advantage in the market.[41] It is also crucial to educate women in the STEM fields to gain technical and managerial skills that enable them to prepare for business start-ups and survival and growth strategies, thereby reducing gender inequalities.

METHODOLOGY

The study utilised a mixed-method approach that relies on triangulation to address the research objectives. Varying data sources, theories, and methodologies allowed the study to provide detailed insights into the impact of austerity measures on women-owned businesses and women's access to trade markets from multiple perspectives and levels. The concurrent parallel design was adopted, where qualitative and quantitative data were given equal priority, collected, and analysed simultaneously. A stratified random sampling technique was used to select 582 firms to participate in the study. Since the study focuses on MSMEs, it was decided to work with ZCIEA, which covers all the country's provinces. Twenty out of the 43 Zimbabwe Chamber of Informal Economy Association (ZCIEA) territories were covered, representing both urban and rural areas across the 10 provinces of Zimbabwe in collecting data from 355 MSMEs. For Harare province, a decision was made to cover all the areas where MSMEs are concentrated, namely, Glen View, Mbare, Hatcliffe, and Chitungwiza. Peri-urban areas such as Domboshawa, Shamva, and Mazowe were also included because of the concentration of agricultural (Domboshawa) and artisanal mining (Shamva and Mazowe). The study further collected data from 227 MSMEs around Harare and Mashonaland Central province (Mazowe and Shamva) to ensure that all key sectors (agriculture and mining) were included in the sample.

Quantitative data were collected using a questionnaire, which the researchers administered to mitigate the low response rate associated with self-administration as well as deal with the complexities associated with the technical nature of the subject matter on the impact of economic stabilisation measures. The structured questionnaire combined open-ended (unstructured) and closed-ended (structured) questions. The closed-ended questions provided the study with numerical data, whilst qualitative or text information was derived from open-ended questions. Qualitatively, key informant interviews were undertaken with stakeholders with extensive knowledge of austerity and trade agreements and how these affect women-owned businesses in Zimbabwe. These include the relevant Ministry of Women Affairs, Community, Small, and Medium Enterprises Development, Reserve Bank of Zimbabwe, ZimStat, organisations representing MSMEs such as ZCIEA, Small-to-Medium Enterprises Association of Zimbabwe, among others, and service providers, such as the Zimbabwe Women's Microfinance Bank, Empower Bank, and ZimTrade.

The data were integrated at the interpretation phase through the merging technique. A joint display that simultaneously presented the quantitative results and qualitative findings was used, which enabled detailed insights on the impact of austerity and access to regional trade markets to be drawn beyond the individual qualitative and quantitative data collected. The findings contained a visual depiction or narration of the quantitative data and the corresponding information from the key informant interviews. Combining the two approaches ensured that the analysis was data-driven and conducted at an easily comprehensible level. STATA and Microsoft Excel Software were used to clean and analyse the data. The research conformed to the United Nations Ethical Guidelines. This included but was not limited to ensuring informed consent, protecting privacy, confidentiality, and anonymity of participants, ensuring cultural sensitivity, respecting the autonomy of participants, ensuring fair recruitment of participants (including women and socially excluded groups), and ensuring that the research results have no harm to participants or their communities.

41 Mandiringana, M., Nkowane, B.J. and Ncube, M., 2023. "Comparative Analysis on Male versus Female Entrepreneurial Performance." *European Journal of Science, Innovation and Technology*, *3*(3), pp.188-197.

SECTION 2: GENDER FRAMEWORKS

2.1 National Frameworks

The Government of Zimbabwe is making efforts to achieve gender equality and women empowerment through deliberate efforts to reduce the burden of unpaid care and domestic work. The Constitution of Zimbabwe[42] provides a strong framework for enhancing women empowerment and gender equality. Section 17 of the Constitution of Zimbabwe provides for gender equality with regard to participation in decision-making and ownership of productive resources. Section 56 of the Zimbabwe Constitution offers equal opportunities for men and women. Section 80 of the Constitution outlines women's rights, affirming their entitlement to complete and equitable dignity as individuals, on par with males. This includes equal access to political, economic, and social possibilities. The 2013 Constitution is the supreme law and serves as the foundation for several policies and frameworks that have been and continue to be enacted to promote women's empowerment and gender equality.

Apart from the Constitution, women empowerment is driven by the Broad-Based Women Economic Empowerment Framework (BBWEEF). The strategic interventions of this framework aim to improve women's business ownership, entrepreneurship, and involvement in important economic decision-making roles.[43] Additionally, the framework supports employment equality and aims to aid women from underprivileged backgrounds in engaging in and profiting from feasible informal and formal means of making a living.

The BBWEEF framework acknowledges that the current incentive schemes are inadequate for the SME sector operating under the current economic conditions.[44] It further shows that it is important to implement fresh incentives and support initiatives to empower women with the essential skills and expertise, enabling them to effectively participate in domestic and global markets.[45] The framework's primary focus is to assist in establishing and running self-help savings and lending programs for girls and young women, facilitate market linkages, and establish a financial mechanism specifically for young women entrepreneurs.[46] Furthermore, to advance women empowerment, the BBWEEF envisaged sector-specific training programs for young women entrepreneurs. These measures were meant to ensure that women-owned businesses were sustainable and successful.

In the promotion of financial inclusion of women-owned businesses, the Reserve Bank of Zimbabwe drafted the National Financial Inclusion Strategy I (NFIS) (2016-2020)[47] and NFIS II[48] (2022-2026). NFIS 1 largely prioritised the requirements of marginalised groups, including women, youth, MSMEs, and rural and other small-scale agricultural communities.[49] NFS I aimed to stimulate the creation of innovative financial products for women and SMEs and support capacity-building initiatives to enhance their access to financial services.[50] MSMEs desks were established in nearly all the country's banking institutions under NFIS I to help women

42 Government of Zimbabwe. Constitution of Zimbabwe. Constitution-of-Zimbabwe.pdf (zhrc.org.zw)

43 Government of Zimbabwe. 2012. "Broad-Based Women's Economic Empowerment Framework." Government Printers, Harare.

44 Ibid.

45 Mauchi, F.N., Mutengezanwa, M. and Damiyano, D., 2014. "Challenges Faced by Women Entrepreneurs: A Case Study of Mashonaland Central Province." *International Journal of Development and Sustainability*, *3*(3), pp.466-480.

46 Government of Zimbabwe. 2012. "Broad-Based Women's Economic Empowerment Framework." Government Printers, Harare.

47 Reserve Bank of Zimbabwe. 2016. "National Financial Inclusion Strategy I." FinancialInclusionStrategy.pdf (rbz.co.zw

48 Reserve Bank of Zimbabwe. 2022. "National Financial Inclusion Strategy II." https://www.afi-global.org/wp-content/uploads/2022/11/Zimbabwe_National_Financial_Inclusion_Strategy_II_2022-2026.pdf

49 Alliance for Financial Inclusion. 2019. "Gender, Women's Economic Empowerment and Financial Inclusion in Zimbabwe." AFI_BTG_Zim_CS19_AW_digital.pdf (afi-global.org)

50 Reserve Bank of Zimbabwe. 2016. National Financial Inclusion Strategy I. FinancialInclusionStrategy.pdf (rbz.co.zw)

entrepreneurs meet their financial needs.[51] In addition to providing facilities specifically for women, NFS I established funds to support women and youth, including initiatives such as Business Linkages, Youth Empowerment, SME/Cross-Border, and the Tertiary Educational Loan facility.

Zimbabwe's dedication to the Maya Declaration and Denarau Action Plan on gender-inclusive finance is strengthened by adopting NFIS II.[52] While NFIS I primarily focused on improving access to financial services for low-income and marginalised groups, the vision of NFIS II is to empower all Zimbabweans to develop resilient and sustainable livelihoods by providing them with appropriate, affordable, sustainable, and high-quality formal financial services that align with the country's development goals.[53] The NFIS emphasises the need for financial services providers to actively promote gender diversity, particularly in leadership positions within their organisations, by developing programmes to support women leaders.[54] One of the main pillars of NFIS II is microfinancing, MSME, and entrepreneurship development, and it aims to specifically address disadvantaged populations, including women, youth, micro, small and medium companies, rural communities, and smallholder farmers through targeted initiatives.[55]

Zimbabwe has implemented a Revised National Gender Policy (2017) prioritising gender equality and fairness. The policy aims to create a society where men and women have equal opportunities and benefits in the country's growth. The National Gender Policy and its programs and initiatives aim to promote equality and fairness in all aspects of life. Targeted sector-specific measures will be implemented to tackle gender imbalances across all sectors of the economy and society as a whole. In particular, it aims to improve the participation of women in the economy through entrepreneurship.

2.2 Regional frameworks

In Africa, various regional blocks and groups have also put in place rights frameworks for women and girls. The SADC Protocol on Gender and Development binds State Parties to ensure gender equality and empowerment of women. Article 17 of the SADC Protocol on Gender and Development stipulates that State Parties are obligated to implement changes to ensure that both men and women have equal rights and opportunities for economic resources in trade and entrepreneurship.[56] This includes granting improved access to control and ownership over productive resources, land, and other forms of property, as well as financial services, inheritance, and natural resources. Furthermore, the SADC Protocol on Gender and Development necessitates thoroughly examining their domestic trade and entrepreneurial policies to ensure gender sensitivity.[57] Article 18 of the SADC Protocol on Gender and Development promotes guaranteeing women's equal access and entitlements to credit, money, mortgages, security, and training, just like men.[58] This helps to ensure that women entrepreneurs are accorded equal opportunities as their male counterparts.

The COMESA Treaty advocates for simultaneously advancing gender equality and women's empowerment (GEWE) through a dual strategy. Article 155 of the Treaty supports independent efforts to empower women in business within the area, allowing them to actively engage in the growth of the private sector, investments, agricultural value chains, and commerce.[59] The Federation of National Associations of Women in Business (FEMCOM), whose mandate is derived from Article 155, was founded in 1993 to advance women entrepreneurship in the COMESA

51 Alliance for Financial Inclusion. 2019. "Gender, Women's Economic Empowerment and Financial Inclusion in Zimbabwe." Accessed? AFI_BTG_Zim_CS19_AW_digital.pdf (afi-global.org)

52 Alliance for Financial Inclusion. 2022. "Zimbabwe's 2022-2026 National Financial Inclusion Strategy." Zimbabwe's 2022-2026 National Financial Inclusion Strategy - Alliance for Financial Inclusion (afi-global.org)

53 Food and Agriculture Organisation. 2022. "National Financial Inclusion Strategy II (2022-2026)." National Financial Inclusion Strategy II (2022-2026). | FAOLEX

54 Government of Zimbabwe. 2022. "National Financial Inclusion Strategy II." zim220712.pdf (fao.org)

55 Ibid.

56 SADC. 2008. "SADC Protocol on Gender and Development.? https://www.sadc.int/sites/default/files/2021-08/Protocol_on_Gender_and_Development_2008.pdf

57 Ibid.

58 SADC. 2016. "Consolidated text on SADC Protocol on Gender and Development."https://www.sadc.int/sites/default/files/2023-02/EN-REVISED_SADC_PROTOCOL_ON_GENDER_AND_DEVELOPMENT_2016-final.pdf

59 COMESA. 2024. "Gender and Social Affairs."https://www.comesa.int/gender-social-affairs/#:~:text=In%20Article%20154%2C%20the%20COMESA,behind%20from%20participation%20and%20benefiting

region.[60] FEMCOM's activities are focused on implementing programs that support and empower women and their businesses.[61]

The African Continental Free Trade Area (AfCFTA) is centred around the fundamental importance of human rights, notably women's rights.[62] AfCFTA Protocol on Women and Youth in Trade specifically seeks to increase the participation of women and youth in the AfCFTA.[63] Article 11 supports the implementation of steps to make it easier for women and youth in trade to obtain inexpensive financial instruments, services, and guarantees. On the other hand, Article 16 aims to promote their involvement in formal cross-border commerce and streamline paperwork requirements.

2.3 International frameworks

Zimbabwe has signed and ratified numerous international protocols, treaties, conventions, and other documents to safeguard and advance gender equality and empower women and girls. Several frameworks were developed to advance women's and girls' rights to an equitable, inclusive society, of which Zimbabwe is part. The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), adopted in 1979 by the UN General Assembly, is often described as an international bill of rights for women. Zimbabwe signed the CEDAW without any reservations in 1991 and ratified it in 1997. Article 14 of the document notably focuses on combating discrimination against women in rural areas and ensuring equal economic opportunities through work or self-employment. This includes initiatives such as the formation of self-help organisations and cooperatives. Article 14 implies that women-owned businesses should be promoted, especially in rural areas, to attain gender equality and women empowerment.

The International Covenant on Economic, Social, and Cultural Rights[64] guarantees the right to fair working conditions, including just wages that enable a satisfactory standard of living for oneself and one's family. It also ensures equal pay for equal work, safe and healthy working conditions, equal opportunities for promotion, and the right to rest and leisure. The ICSER Committee has acknowledged that States need to eliminate discriminatory practices, such as limitations on women's access to land, property, and credit, which impede their ability to engage in business activities.[65] Furthermore, the Committee recommended that States eradicate gender disparities experienced by women in the economy through initiatives to provide employment opportunities and vocational training specifically for women to advance their economic empowerment and participation.

The Beijing Declaration and Plan for Action in 1995 showed deep commitment by the world toward promoting women's independence and empowerment in various spheres of life. The Beijing Declaration and Plan for Action supports the advancement and support of microenterprises, emerging small businesses, cooperative enterprises, expanded markets, and other job opportunities.[66] It also aims to facilitate the shift from the informal to the formal sector, particularly in rural areas.[67] Chapter IV of the Beijing Declaration and Plan for Action urges governments to improve the availability of financial services for disadvantaged women, including women entrepreneurs, in rural, remote, and urban areas.[68] This can be achieved by strengthening the connections between formal banks and intermediary lending organisations, providing legislative support, offering women

60 COMESA. 2018. "COMESA in Brief." https://www.comesa.int/wp-content/uploads/2020/05/COMESA-in-brief-FINAL-_web.pdf

61 Ibid.

62 United Nations. 2024. "AfCFTA: Upcoming Protocol on Women and Youth in Trade a Chance to Empower Women." https://www.un.org/africarenewal/magazine/february-2024/afcfta-upcoming-protocol-women-and-youth-trade-chance-empower-women#:~:text=The%20protocol%20provides%20an%20innovative,economic%20concerns%20as%20a%20goal.

63 Stuart, J. 2024. "The AfCFTA Protocol on Women and Youth in Trade and Trade-Driven Development in Africa." **https://www.tralac.org/blog/article/16324-the-afcfta-protocol-on-women-and-youth-in-trade-and-trade-driven-development-in-africa.html.**

64 Office of the United Nations High Commissioner for Human Rights. 1996. "International Covenant on Economic, Social and Cultural Rights." https://ohchr.org/en/instruments-mechanisms/instruments/international-covenant-economic-social-and-cultural-rights

65 Concluding Observations of the CESCR: Senegal. 24/09/2001. E/C.12/1/Add.62.

66 UN. 1995. "Beijing Declaration and Platform for Action, Strategic Objective F.2." https://www.icsspe.org/system/files/Beijing%20Declaration%20and%20Platform%20for%20Action.pdf

67 Ibid.

68 UN. 1995. "Beijing Declaration and Platform for Action." https://www.un.org/womenwatch/daw/beijing/pdf/BDPfA%20E.pdf.

training, and enhancing intermediary institutions' capacity.[69] The ultimate goal is to mobilise capital for women entrepreneurs and increase credit accessibility.

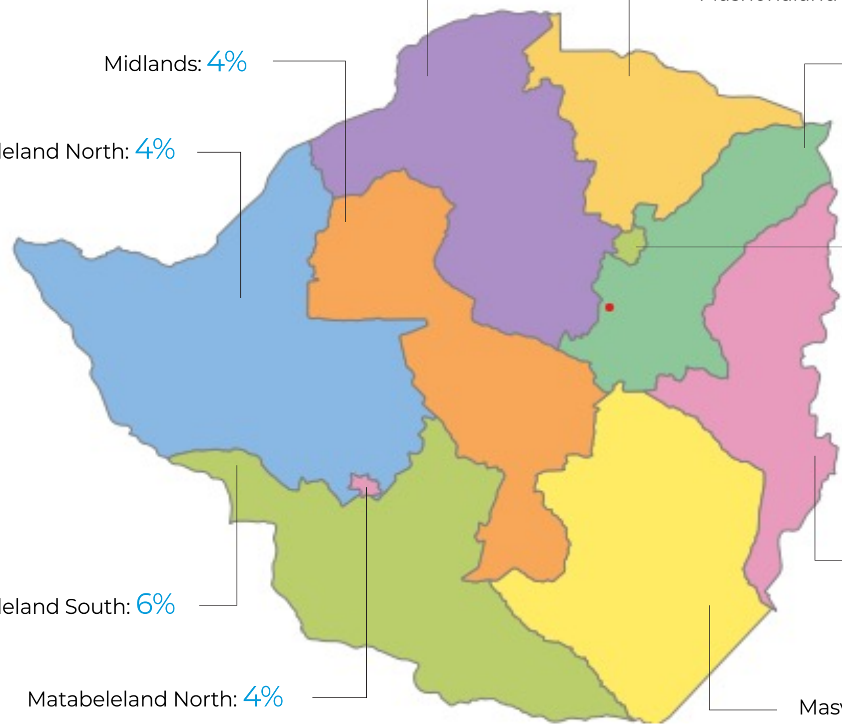
The launch of the 2030 Agenda and the Sustainable Development Goals (SDGs) (2015) renewed the fight for women's rights and gender equality. It is important to note that SDG 5 emphasises the importance of achieving gender equality and empowering women and girls, recognising that businesses play a crucial role in achieving the 2030 Agenda for Sustainable Development. Agenda 2030 acknowledges that women are not only potential recipients of efforts to accomplish the ambitious Sustainable Development Goals (SDGs) by 2030 but also active contributors in attaining them.[70] The active involvement of women in inclusive innovation and entrepreneurship is essential for attaining the Sustainable Development Goals (SDGs) and the 2030 Agenda.

SECTION 3: FINDINGS

The following section presents data on the 582 women-owned Micro-Small Medium Enterprises (MSMEs) surveyed for this study. It covers their background, information on their legal status, employee composition, banking services utilisation, and annual sales revenues.

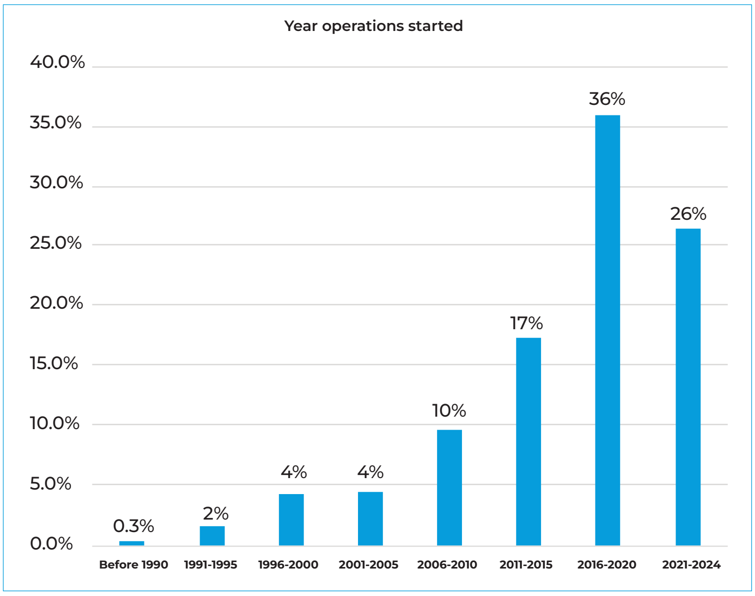
3.1 Generic information

The data shows that 33 per cent of the surveyed women-owned MSMEs are in Harare, followed by 18 per cent in Mashonaland Central, 8 per cent each in Bulawayo and Manicaland, 7 per cent each in Masvingo and Mashonaland West, 6 per cent in Matabeleland South and 4 per cent each for Mashonaland East and Matabeleland North. Harare and Mashonaland Central stand out owing to the conscious decision to cover key areas of concentration of MSMEs given ease of access. The 2021 MSMEs survey showed that Harare Province had the largest proportion of MSMEs (14.2 per cent).



The single largest proportion of the surveyed women-owned MSMEs (36 per cent) started operating between the period 2016 to 2020. More than a quarter of MSMEs (26 per cent) were founded in the post-COVID-19 period (2021-2024). The earliest women-owned MSME commenced operations in 1975, while the latest started in 2024. This implies that many young businesses need strong support to avoid business failure, which is relatively high in Zimbabwe,[71] to ensure full economic empowerment of women.

71 Majoni, T., Matunhu, J. and Chaderopa, B., 2016. "SMES Policies and Challenges: A Comparative Analysis of Zimbabwe and South Korea." *International Journal of Scientific and Research Publications*, 6(6), pp.377-384.

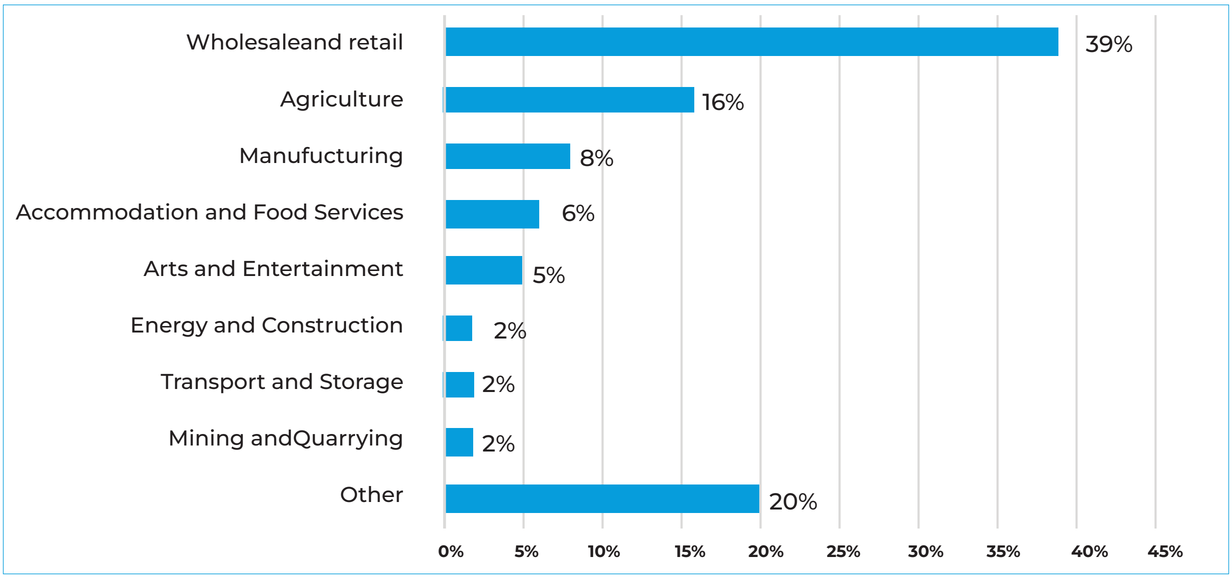


Motivation to start business:

Support family and earning a living	26%
Poverty	13%
Unemployment	10%
Entrepreneurial passion and spirit	10%
Taking advantage of opportunities	9%
Generate income	9%
Attaining financial independence	7%
Making social impact	5%
Retrenchment and retirement	2%
Widowed	1%
Other reasons	8%

The number of women-owned MSMEs has been increasing over the years. The main reasons cited for starting operations were to support family and earn a living (26 per cent), poverty (13 per cent), unemployment (10 per cent), and entrepreneurial spirit and passion (10 per cent). This indicates that the majority of the MSMEs are survivalist business ventures. There are limited employment prospects, and the vast majority of MSMEs are started of necessity rather than taking advantage of market opportunities. Women in Zimbabwe venture into business owing to push factors such as the death of a spouse,[72] poverty, and limited job opportunities).[73] The FinScope (2022) survey of MSMEs shows a higher proportion of individual entrepreneurs in 2022 at 81.4 per cent compared to 71.6 per cent in 2012. On average, more employees were absorbed by a relatively smaller number of businesses.

Approximately 39 per cent of the surveyed women-owned MSMEs reported that they are in the wholesale and retail sector, whereas 16 per cent are in the agricultural sector.



72 Chamlee-Wright, E., 2002. "Savings and Accumulation Strategies of Urban Market Women in Harare, Zimbabwe." *Economic development and cultural change*, *50*(4), pp.979-1005.

73 Muzvidziwa, V.N., 2005. *Women Without Borders: Informal Cross-Border Trade Among Women in the Southern African Development Community Region (SADC)*. Ossrea.

The FinScope Zimbabwe 2022 Consumer Survey found that most businesses in Zimbabwe are involved in retail activities. Similarly, a study by the SIVIO Institute (2022)[74] found that MSMEs are prominent in the retail and vending sectors.

On the other hand, the Finscope Micro, Small and Medium Enterprises Survey Zimbabwe 2025 shows that 37% of MSMEs are in the retail sector, while 39% are in agriculture. The finding of 37% in retail is closely aligned with the 39% of women surveyed who are in the retail sector, indicating that a significant number of women-owned enterprises operate in the wholesale and retail sector. Only 2 per cent of the women in Zimbabwe are landowners, and 81 per cent of the workers in the agricultural sector are women.[75] There are a few women landowners owing to insufficient capital to buy commercial property; challenges in navigating the land titling procedure; and the customary exclusion of female spouses from user rights and land titling.[76] The 2019 Zimbabwe Small Holder Agricultural Productivity Survey Report (ZSHAPSR)[77] showed that 64 per cent of households in the smallholder agriculture sector are male-headed, and women account for only 36 per cent. The national economic structure mostly relies on the informal sector, where women are predominantly present in the agrarian sector, where 70 per cent of rural women engage in agriculture on lands held by men.[78] This implies that women are engaged as laborers in the agricultural sector rather than being the owners of the assets and enterprises in the sector. Closing the gap in the ownership of productive agriculture is imperative for the country to achieve higher levels of women's economic empowerment. In addition, transitioning from subsistence to commercial farming and from informal to formal farming is imperative to address structural poverty.

Sectors such as mining, energy, and construction require substantial start-up costs and are predominantly occupied by larger enterprises. Among the surveyed women, only 2% are involved in the mining, construction, and energy sectors. Due to capital constraints, many women tend to initiate their business ventures in the service and retail industries, in contrast to men, who primarily dominate the construction, technology, mining, and manufacturing sectors.

The data indicates that 20 per cent of the women owened enterprises are involved in selling clothing and fashion accessories. Major clothing retail outlets in Zimbabwe have been closing down owing to the increase in informal clothes trading. The prevalence of cross-border trade has increased considerably as individuals have traveled to countries such as South Africa, Zambia, Tanzania, and the United Arab Emirates (Dubai) to buy and sell groceries, clothes, and electronic devices informally. Apart from cross-border trading, the growing feminisation of Zimbabwean migration is a component of the general rise in migration from Zimbabwe since 1990, predominantly to South Africa and the UK. However, Zimbabweans currently reside in many places globally.[79] Approximately 58 per cent of remittances received from South Africa are sent by women, showing their growing importance in international trade and financial movement.[80]

74 SIVIO Institute. 2022. "Financial Inclusion of Micro, Small and Medium Enterprises in Zimbabwe."

75 World Bank. 2022. "Zimbabwe Gender Assessment Report." World Bank Document

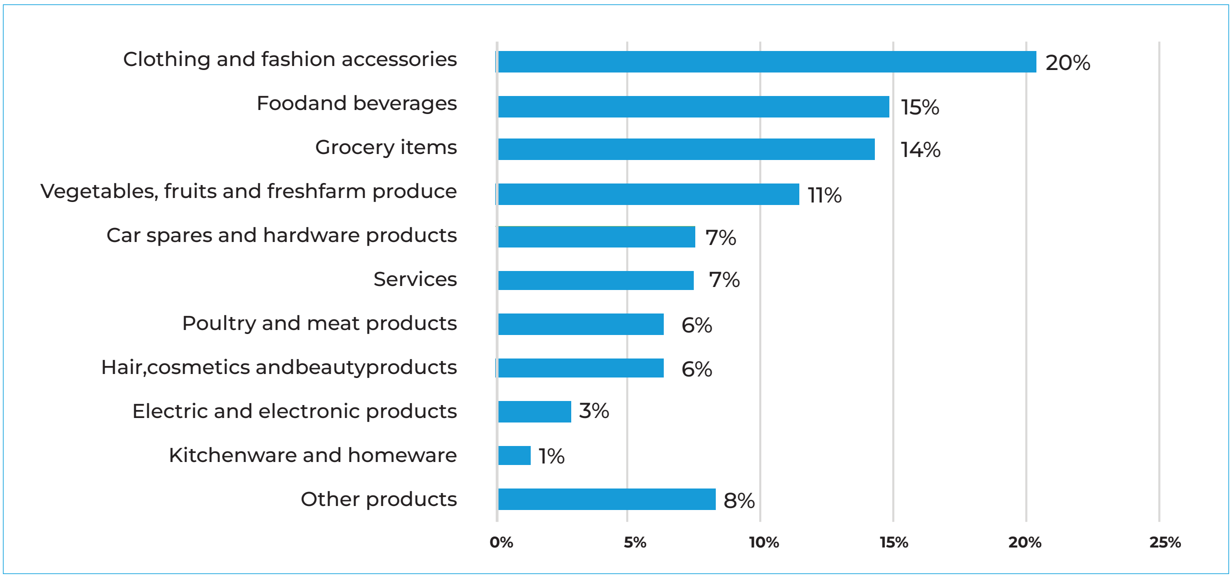
76 Ibid.

77 ZSHAPSR. 2019.

78 UN Women. nd. "Gender Equality Context in Zimbabwe." Where we are: Eastern and Southern Africa: Zimbabwe | UN Women – Africa

79 FinMartk Trust. N.d. "Women's Roles in Cross-border Remittances A Study on South Africa's Corridors to Malawi, Mozambique and Zimbabwe." https://finmark.org.za/Publications/WCBR_Summary_Report.pdf

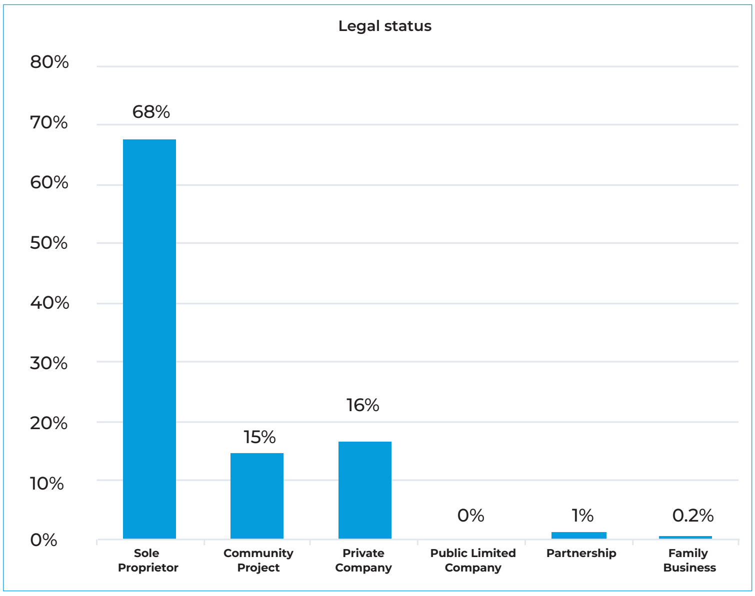
80 Ibid.



Besides selling clothes, food vending has become popular in Zimbabwe. Hence, 15 per cent of surveyed MSMEs engage in the trade of food and beverages. Women have noted trading food and beverages to be profitable and generates a daily profit of US$ 20 above the US$ 350 monthly wage.[81] In addition, 14 per cent highlighted that they trade grocery items. Women have tuck shops in many central business districts across Zimbabwe, and some of the surveyed MSMEs registered that they buy stocks from cross-border traders who tend to offer favourable prices. Most of the grocery items are sold on a cash basis. About 15 per cent of the MSMEs are involved in the trade of vegetables, fruit, and fresh farm produce. Vegetable and fruit vending has low start-up costs, but most vendors live from hand to mouth.

3.2 Status of MSMEs

Slightly over two-thirds (68 per cent) of the surveyed women-owned MSMEs are recognised as sole proprietors, and 64 per cent are not registered (compared to 86 per cent in the FinScope Survey 2022).



64% of MSMEs are not registered and 36% are registered

Advantages of operating as registered business:

Trading freely and legal protection from authorities.	44%
Easier access to funding	19%
Improved market access	12%
Enhanced brand image and credibility	11%
Favorable tax conditions	5%
Limited liability	4%
Other advantages	5%

81 International Labour Organization. 2017. "Situational Analysis of Women in Informal Economy in Zimbabwe."

Women are more likely to operate informally than men due to cumbersome and burdensome registration and licensing requirements. Given their size, MSMEs question the reason for registering, whilst others lack awareness of the benefits of being registered.

The widely acknowledged advantage of being registered, highlighted by 44 per cent of MSMEs, is that it allows MSMEs to trade freely and be legally protected from authorities (mainly police and municipal officers). Unregistered women entrepreneurs are subjected to harassment and exploitation by municipal police and ZIMRA officials more than their male counterparts. In most cases, the Zimbabwe Republic Police and Municipal Police would not allow unregistered MSMEs to operate without paying a bribe to avoid having their shops closed or their wares confiscated. Registration accords women-owned MSMEs, a legal status that minimises disruptions during trading hours and forms part of the comprehensive empowerment of women.

Regarding the classification of MSMEs based on the number of employees hired, 87 per cent fall in the micro-enterprise category, and none of the surveyed MSMEs are in the medium enterprise category. About 71 per cent of the employees in women-owned MSMEs are female, and the remaining 29 per cent are males.

Number of employees	Per cent	Employee Gender	Per cent
Individual entrepreneur (0 employees).	4%	1. Female	71%
Micro-enterprise (1-5 employees).	87%	2. Male	29%
Small enterprise (6-30 employees).	9%		
Medium enterprises (31-75 employees)	0%		

Two-thirds of the MSMEs reported that their top manager is female. However, 54 per cent of the top female managers in MSMEs have an ordinary educational qualification. This shows the presence of educational and skills gaps in women-owned MSMEs.

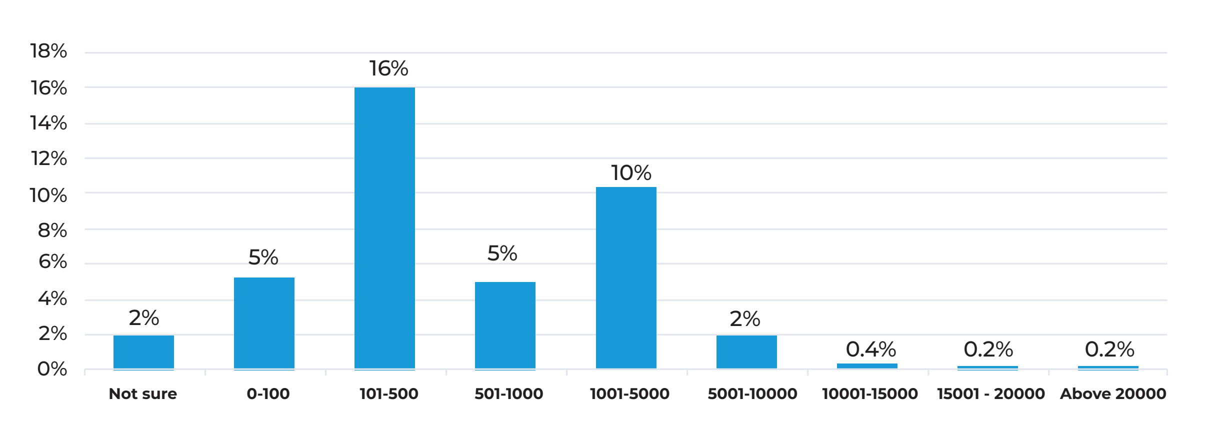
Top Manager					
Gender	Per cent	Level of education	Per cent	Years of experience	Per cent
Female	75%	None	2%	0-3	32%
Male	25%	Primary level	5%	4-6	24%
		Ordinary level	54%	7-9	19%
		Advanced level	18%	10-12	7%
		Tertiary level	21%	13-15	9%
				16-18	3%
				19-21	3%
				22 and above	3%

Women-owned MSMEs face deficiencies[82] in entrepreneurial and managerial skills, affecting their ability to compete with larger, established firms. Women have limited opportunities to advance their skills and capabilities in business planning, financial management, and planning. As noted by the National Financial Inclusion Strategy, business skills are important in supporting the growth of small businesses. However, it is important to note that the skills gap is not only limited to women owned MSMEs but is an economy-wide phenomenon, with a 62 per cent skills deficiency reported in key sectors of the economy.[83]

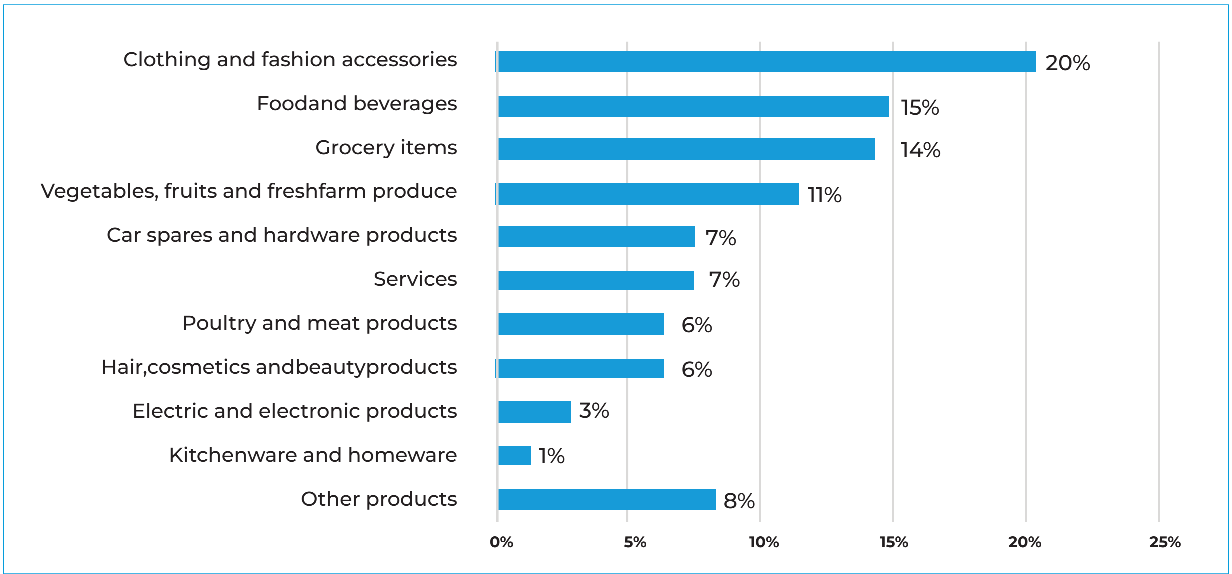
82 Note: The author omitted this for some reason. Perhaps it was misplaced. The inclusion of this footnote will affect the numbering of the subsequent footnotes.
83 International Labour Organisation. 2017. "State of Skill Zimbabwe."https://ilo.org/sites/default/files/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/genericdocument/wcms_736696.pdf

3.3 Capital

Most surveyed MSMEs had initial capital investments, ranging between US$ 101 and US$ 500.



Borrowing from family members (31 per cent) and borrowing from friends (23 per cent) were the main sources of finance used to start businesses.



The data indicates that women-owned MSMEs mainly rely on informal sources of funding. Informal relationships are important in MSMEs development[84] compared to the relationships with financial institutions, as only 8 per cent of the MSMEs sourced capital from banks and microfinance institutions. The inherent perceived risk associated with MSMEs and the lack of the required collateral security makes banking and lending institutions reluctant to provide capital to these businesses, leaving informal sources as the leading suppliers of capital. In addition, women owners relied on their savings (19 per cent) and credit and savings clubs as a source of capital for their MSMEs ventures. Savings clubs are a double-edged sword. They serve as a social support network and an economic empowerment tool.[85] With limited formal sources of finances, women-owned MSMEs engage in low-income activities such as fruit and vegetable vending.

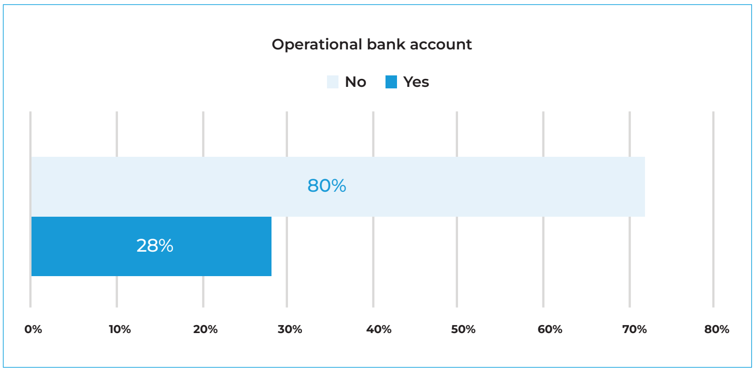
84 Kalyani, P. R, and Dileep Kumar M. 2011. Motivational Factors, Entrepreneurship and Education: Study with Reference to Women in SMES. *Far East Journal of Psychology and Business*, 3(3), Pp. 14-35.

85 Muzvidziwa, V.N., 2015. "Gendered Nature of Informal Crossborder Trade in Zimbabwe." *Journal of Social Development in Africa*, *30*(1), pp.121-146.

3.4 Financial services utilisation

Only 28 per cent of the women-owned MSMEs have an operational bank account, and the remaining 72 per cent cited various reasons for not having operational bank accounts. However, NFIS II revealed that 93 per cent of female entrepreneurs have access to formal banking products, 63 per cent of women business owners utilise other formal financial services, such as mobile money, and the reliance on informal financial services has notably decreased for both men and women.

The major reason for not having bank accounts is that businesses generate low income to deposit in bank accounts.

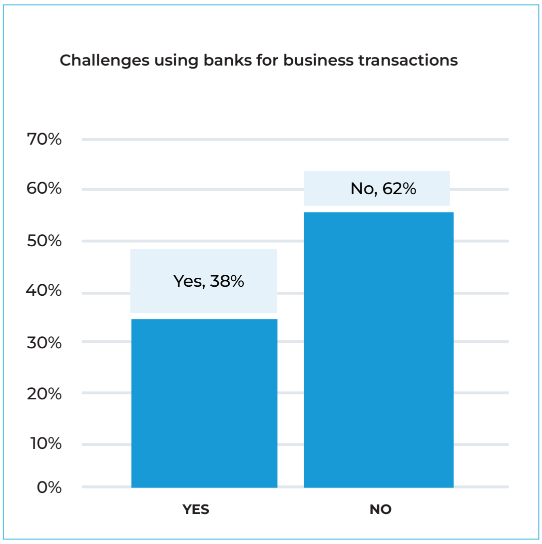


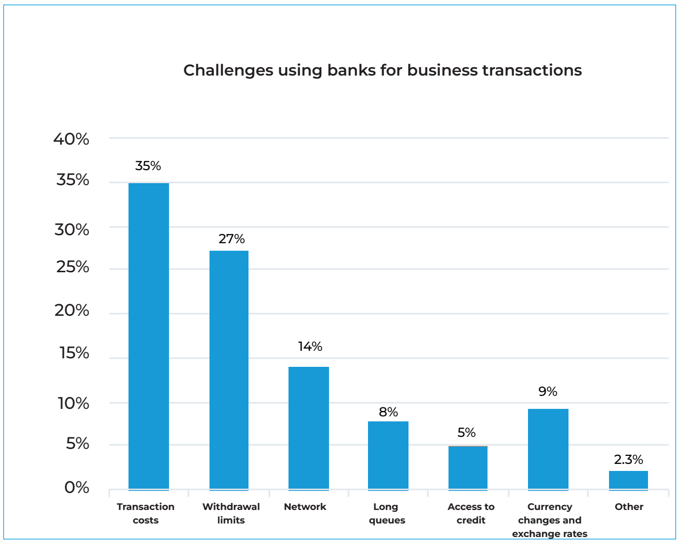
Reasons for not having a bank account:

1.	Business is generating low income	28%
2.	High bank charges	17%
3.	Operate on a cash basis	12%
4.	Low trust in banking system	11%
5.	Does not see need for one	7%
6.	Cumbersome banking processes	7%
7.	Withdrawal limits and cash shortages	5%

Furthermore, data shows that high bank charges (17 per cent) are another major reason for not having an operational bank account. Other MSMEs cited that they do not need a bank account as they operate on a cash basis and have low trust in the banking system. Real interest rates remained negative in Zimbabwe during 2018-2023, which might have contributed to some MSMEs losing interest in opening bank accounts and trading physical cash. Apart from that, Zimbabweans lost monetary value during episodes of high inflation and changes in currency, especially during the hyperinflation period, and this may have eroded the trust and confidence that MSMEs have in the banking system. In addition, cumbersome banking processes (7 per cent) are another reason for not having a bank account. Women, especially rural women, face challenges in accessing birth certificates and identity cards, which are requirements for opening bank accounts and contribute to some women owned MSMEs not having bank accounts. However, having a bank account allows MSMES to have better cashflow management and financial planning by providing a paper trail of financial transactions.

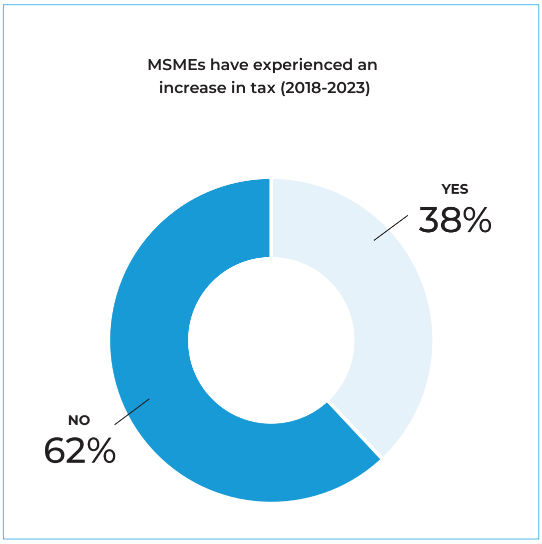
Approximately 62 per cent of MSMEs reported that they do not face any challenges when using banks for business transactions. The major challenges in using banks for business transactions are transaction costs (35 per cent) and withdrawal limits (27 per cent).

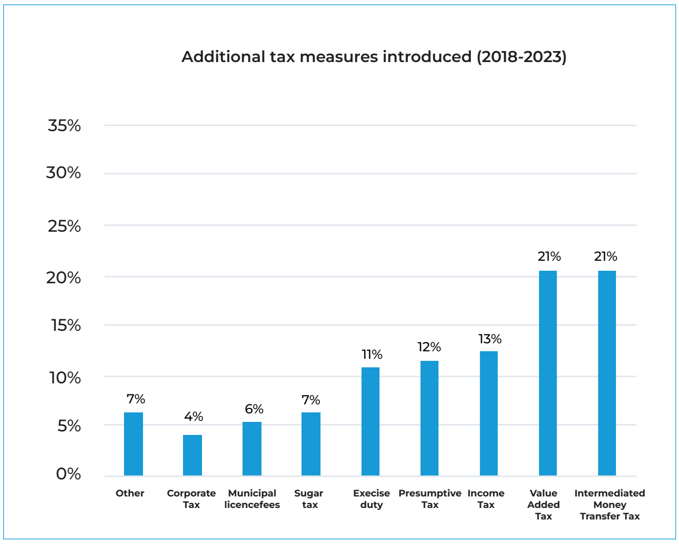




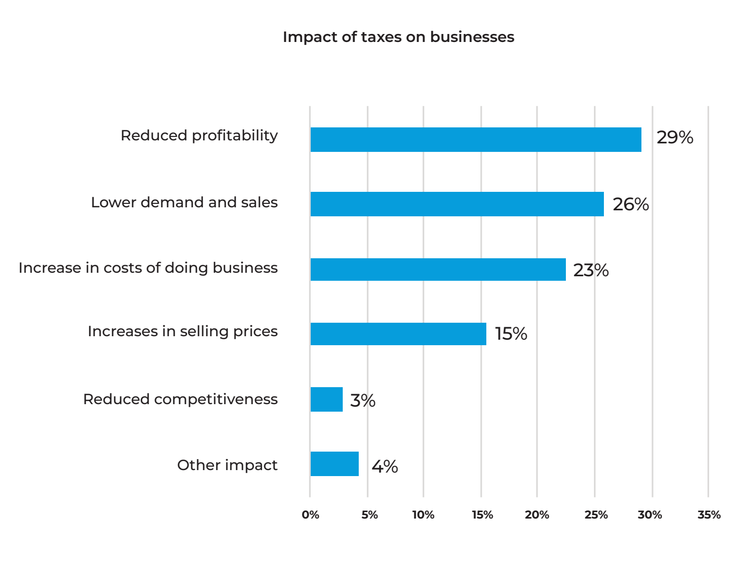
3.5 Taxes

Only 38 per cent of the respondents have experienced an increase in tax during 2018-2023. In Zimbabwe, businesses are expected to pay corporate tax, value added tax (VAT), intermediated money transfer tax, capital gains tax, excise duty, customs duty, and presumptive tax. Approximately 21 per cent of the MSMEs noted that IMTT was the major additional tax measure reviewed by the government between 2018-2023.





The IMTT tax reviewed during the period under review hurt MSMEs. The widely acknowledged impacts of the tax were reduced profitability (29 per cent), lower demand and sales (26 per cent), as well an increase in the cost of doing business (23 per cent). The effect of the tax measures is easily recognisable given that profits and sales revenues are the widely used indicators in measuring the growth of MSMEs.



Indicators of business growth:

Profits	43%
Sales revenue	31%
User growth rate	10%
Market share	8%
Number of employees	7%
Other	1%

Taxes reduce the disposable incomes of consumers, leading to a decline in demand and sales, which negatively affects the profitability of MSMEs.

3.6 Fiscal consolidation

Nearly half of the businesses reported that fiscal consolidation (reduction of government spending to reach sustainable levels) between 2018 and 2023 to reduce their budget deficit did not affect their business operations, whilst 19 per cent acknowledged that it had an effect without specifying it. This could reflect the survivalist nature of such MSMEs, having been established to enhance livelihoods.

Effect of fiscal consolidation (reduction of government spending to reach sustainable levels) on business operations

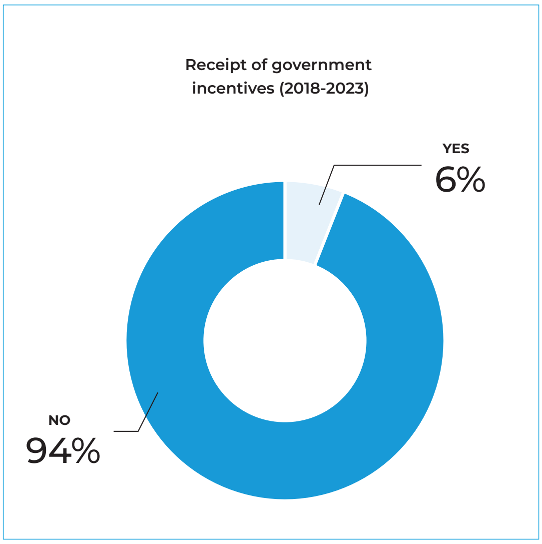
Description	Percentage
Increase in business costs	9%
Lower sales	18%
Reduced profitability	7%
No effect	43%
Yes, there was an effect	19%
Other effects	4%

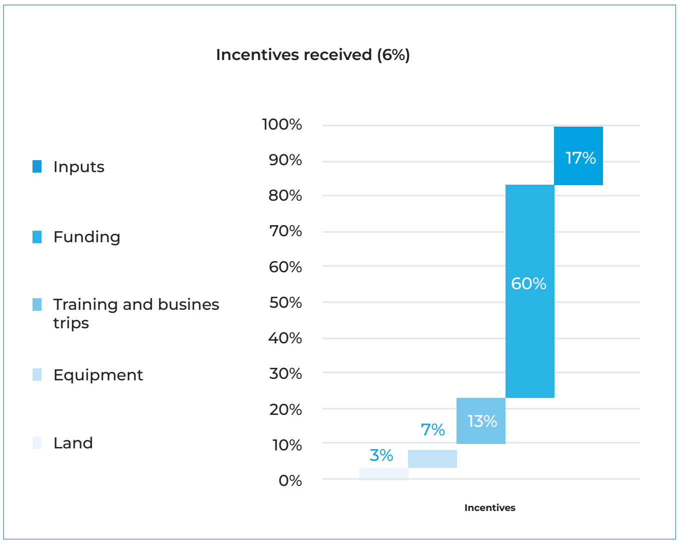
3.7 Incentives from government

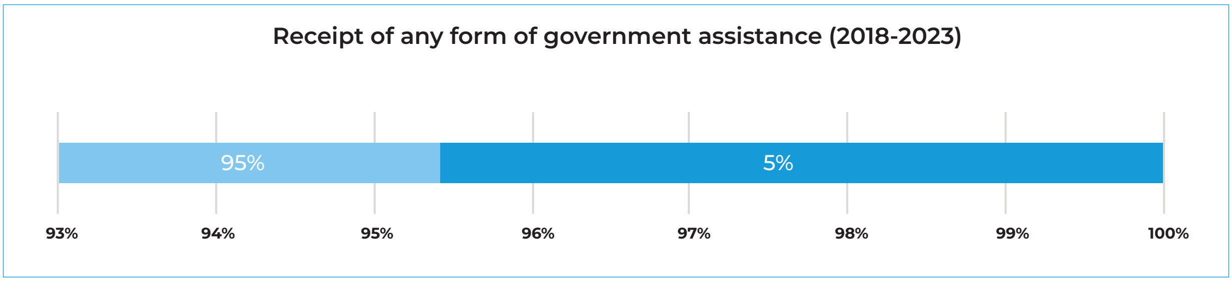
Only 6 per cent of the businesses received incentives from the government between 2018 and 2023. Similarly, only 5 per cent received any form of assistance from the government to stay afloat, even during the COVID-19 pandemic. FinScope (2022) found that only 5 per cent of MSMEs pursued government relief funds to mitigate the impact of the COVID-19 pandemic. An allocation of ZWL$500 million was earmarked for the MSMEs sector to support their operations and recovery from the impacts of COVID-19.[86] Business resilience mechanisms pursued were

86 Government of Zimbabwe. 2020. "Details on the COVID-19 Economic Recovery and Stimulus Package." https://www.veritaszim.net/sites/veritas_d/files/Details%20on%20the%20COVID-19%20Economic%20Recovery%20and%20Stimulus%20Package.pdf

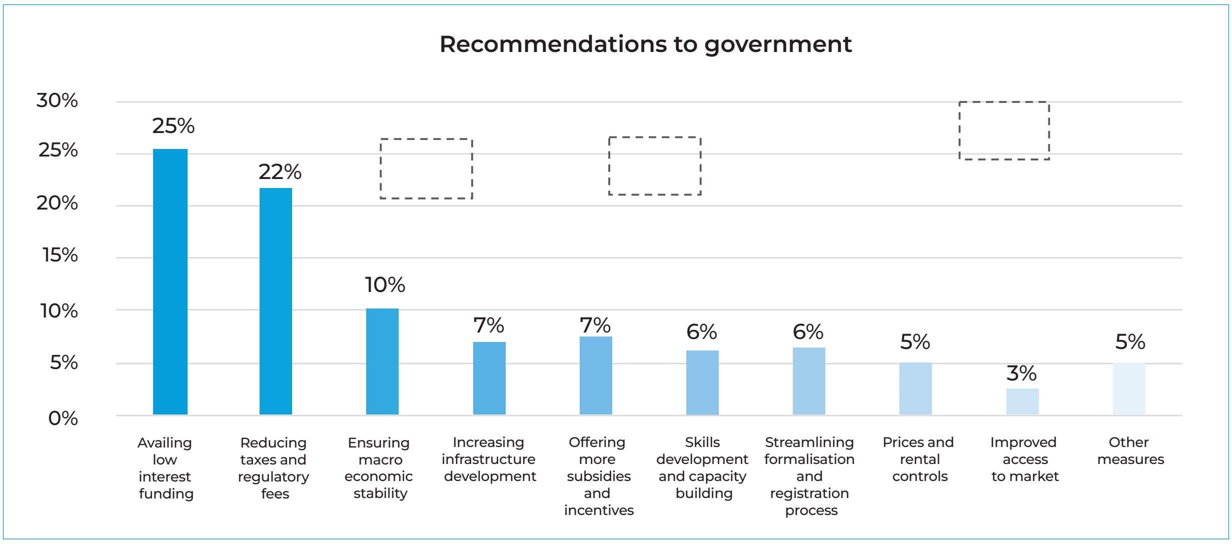
internal, i.e., looking for new business or new product offerings. The government of Zimbabwe is facing fiscal constraints to support MSMEs in the country, and interviews with specialised financial intermediaries, such as SMEDCO, Women's and Empower Bank showed that they are severely undercapitalised and are facing serious operational challenges.[87]







Most businesses recommended that the government avail low-interest funding (25 per cent) and reduce taxes and regulatory fees (22 per cent).

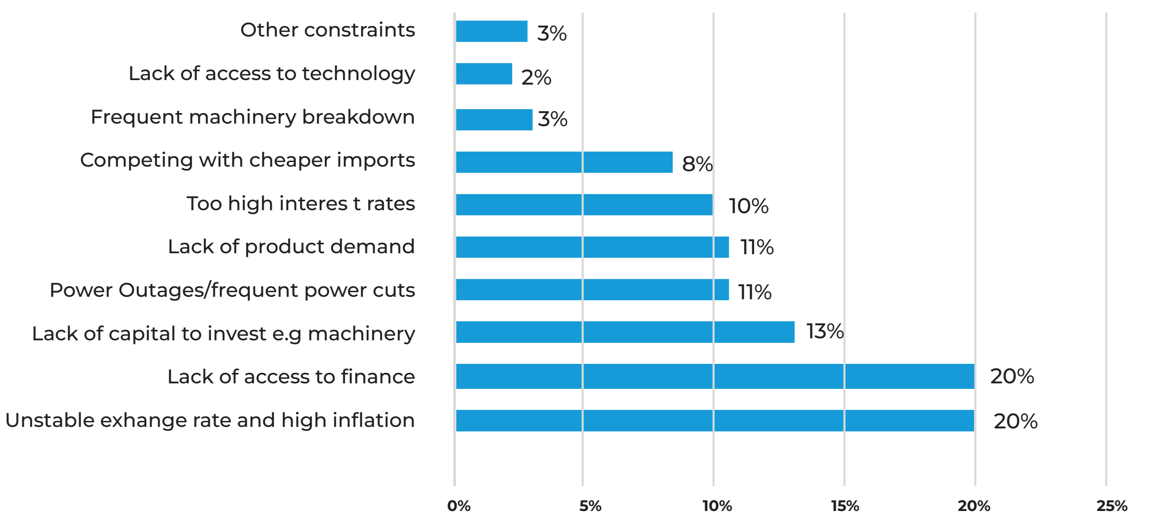


87 Muzari, W. and Jambwa, D., 2014. "Small Enterprise Development Constraints in Zimbabwe." *International Journal of Science and Research*, *3*(9), 1708-13.

3.8 Constraints to Doing Business

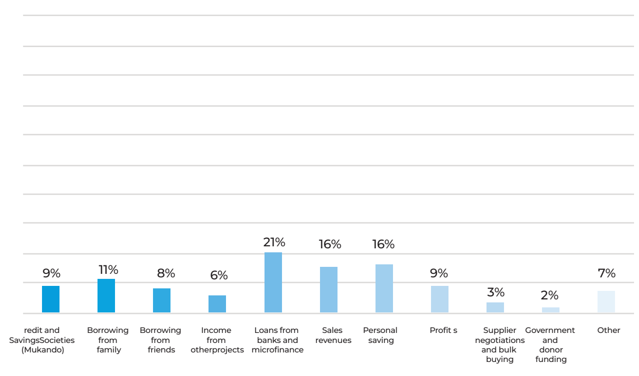
The major constraints to doing business are lack of access to finance (20 per cent), unstable exchange rate and high inflation (20 per cent). Currency and price volatility have created uncertainty in the market and increased transaction costs faced by firms in Zimbabwe. In April 2024, Zimbabwe introduced a new currency, Zimbabwe Gold (ZiG), to manage inflation and stabilise the exchange rate.[88]

Constraints to doing business

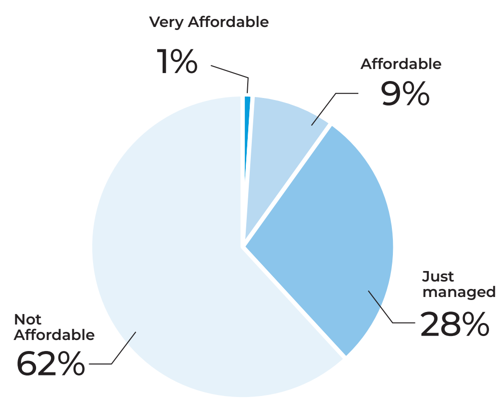


Despite the lack of finance being one of the major constraints to doing business noted by 20 per cent of MSMEs, loans from banks and microfinance institutions were one of the main avenues used to meet capital needs during 2018-2023.

Meeting capital needs during the 2018-2023 period



Affordability of interest charged on loans



The interest charged on loans was perceived to be Not Affordable by the majority of women-owned enterprises (62 per cent) who accessed loans from banks and micro-finance institutions. Interest

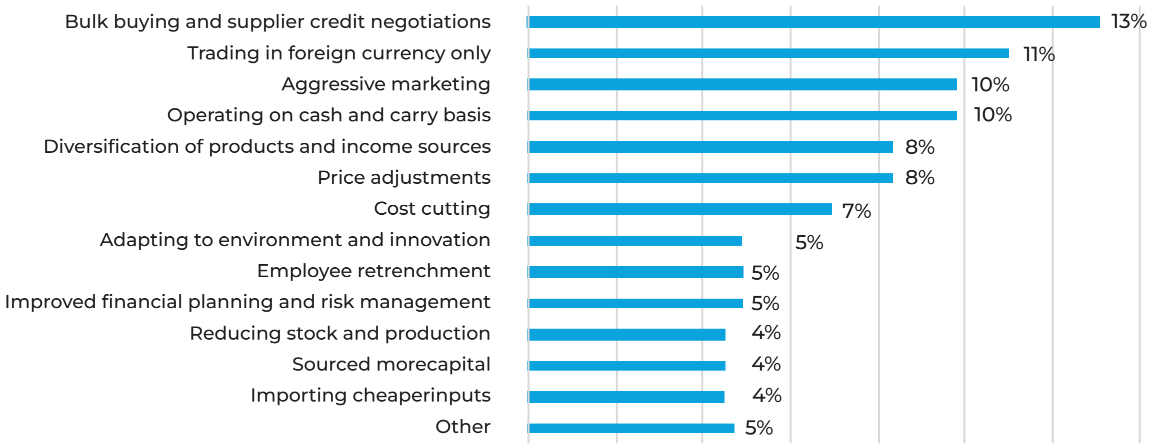
88 Reserve Bank of Zimbabwe. First Quarter 2024. “Monetary Policy Statement.”

rates and bank charges in Zimbabwe are above the average in SADC. The average withdrawal fee charged for SMEs in SADC is USD$2.5 per USD$100,[89] while in Zimbabwe, withdrawal fees range between [USD$ 2 and USD$ 3 per USD$100,] excluding IMTT.

While the women-owned MSMEs tapped into loans, they also leveraged their savings (16 per cent) to meet the capital needs during 2018-2023. Globally, women are utilising their savings to support their businesses.[90]

Approximately 32 per cent and 20 per cent of the women owned MSMEs have rated the cost of doing business in Zimbabwe as high and very high, respectively. In addition, taxes and regulatory fees were mentioned as drivers of the cost of doing business by 16 per cent of the MSMEs.

Steps to mitigate tigtening macroeconomic environment



Multiple responses permitted

Rating of cost of doing business in Zimbabwe

Very low	5%
Low	13%
Fair	32%
High	30%
Very high	20%

Drivers of cost of doing business

Taxes and regulatory fees	16%
Input and machinery costs	14%
Exchange rate fluctuations	12%
Rentals	11%
Transport costs	9%
Labour costs	7%
Electricity and water	7%
Inflation	6%
Interest rates	4%
Fuel	4%
Competition in the market	2%
Corruption	2%
Other costs	3%

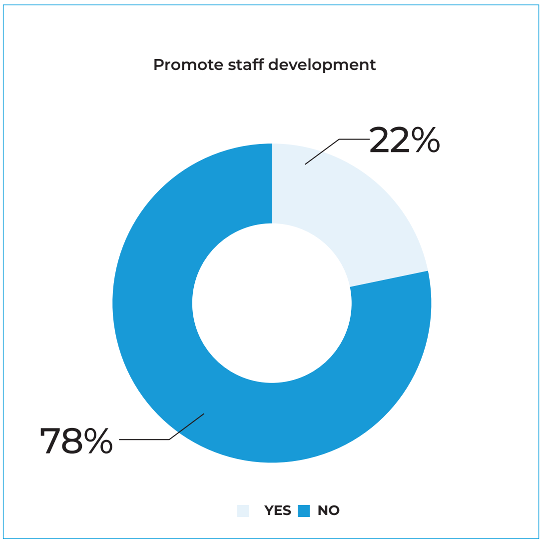
89 International Monetary Fund. 2024. "Understanding Barriers to Financial Access: Insights from Bank Pricing Data. WP/24/150."
90 Smith-Hunter, A. 2013. *Women Entrepreneurs in the Global Marketplace*. Cheltenham, England: Edward Elgar Publishing.

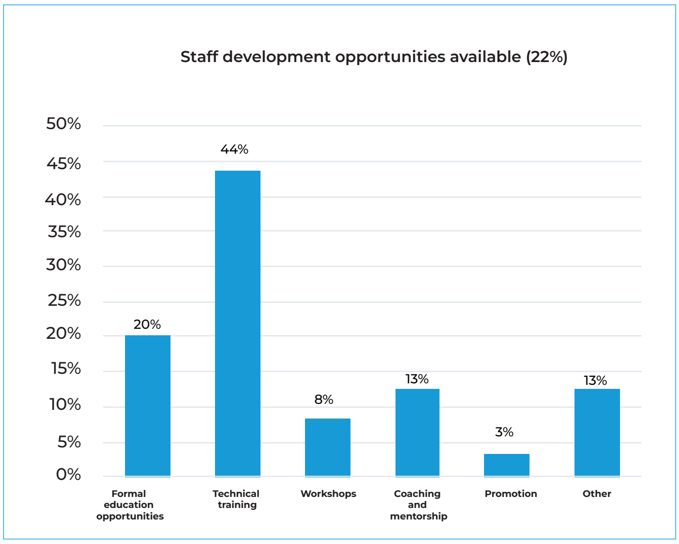
Close to 98 per cent of the government of Zimbabwe's revenue in the 2023 fiscal year emanated from tax revenues. This shows the high dependence on taxation, which increases the cost of doing business.

The major steps that were taken to mitigate the tightening macroeconomic environment were bulk buying and supplier credit extensions (13 per cent), trading in foreign currency only (11 per cent), aggressive marketing (10 per cent), and operating on a cash and carry basis (10 per cent).

3.9 Staff development

Only 22 per cent of MSMEs promote staff development, with technical training being the major form of staff development opportunity available. This is unsurprising given that MSMEs, especially of an informal survivalist type, would like to spend much of the time in actual production and not divert time to training. In addition, the incomes generated by women-owned businesses, especially informal businesses, are low, and this income is diverted from business to household consumption.[91] Women spend approximately 90 per cent of their incomes on their families' education, health, and welfare.[92] Furthermore, the low earnings by informal women-owned MSMEs present a practical challenge to staff development. Staff development is a cost to the firms, and owing to a lack of access to funding, women MSMEs do not engage in the activity, which is as vital as possible.[93] This calls for urgent support to empower women to establish and run sustainable business enterprises. Holistic and multi-pronged approaches that address financial constraints and skills development dimensions are needed to aid women in running and sustaining their businesses. Ensuring that off-site training is minimised is important to make training attractive for MSMEs.





Close to a quarter of the MSMEs reported having to retrench workers at some point. In Harare, Zimbabwe, workers were significantly retrenched due to a Supreme Court ruling (Supreme Court Judgement 43 of 2017) that made it permissible to terminate employment without providing retrenchment packages.[94] SMEs in Zimbabwe's economy are marked by high numbers of

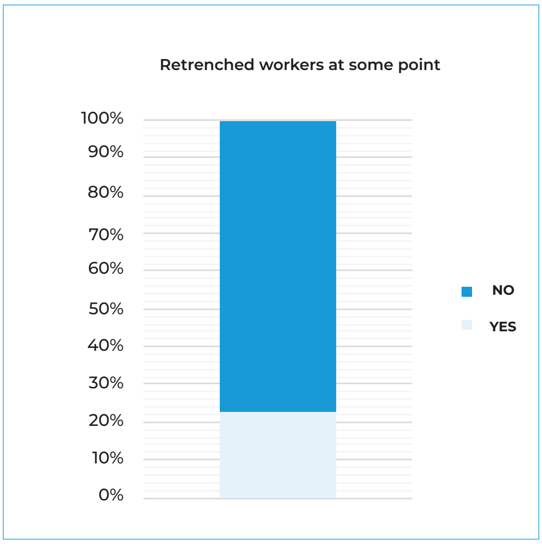
91 Moyo, O.N. and Kawewe, S.M., 2002. "The Dynamics of a Racialized, Gendered, Ethnicized, and Economically Stratified Society: Understanding the Socio-Economic Status of Women in Zimbabwe." *Feminist Economics*, *8*(2), pp.163-181.

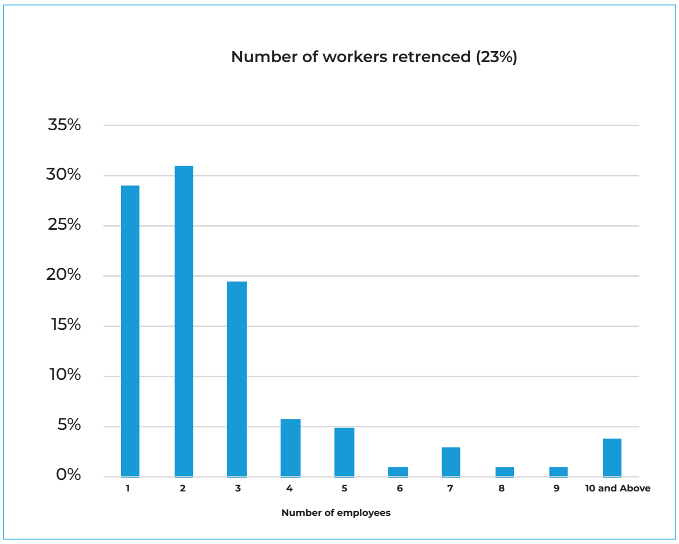
92 Clinton Global Initiative. Nd. "Empowering Girls and Women." clinton.pdf (un.org)

93 Moustafa, G. and Santos, A., 2016. Female Entrepreneurship in Developing Countries, Barriers and Motivation: Case Study, Egypt and Brazil.

94 Kwembeya, M. and Mbaliyezwe, D.S.R., 2022. "Resilience Needs of Retrenched Workers in Harare and the Need for Mental Health Professionals." *Social Work & Social Sciences Review*, *23*(1), pp. 36-54.

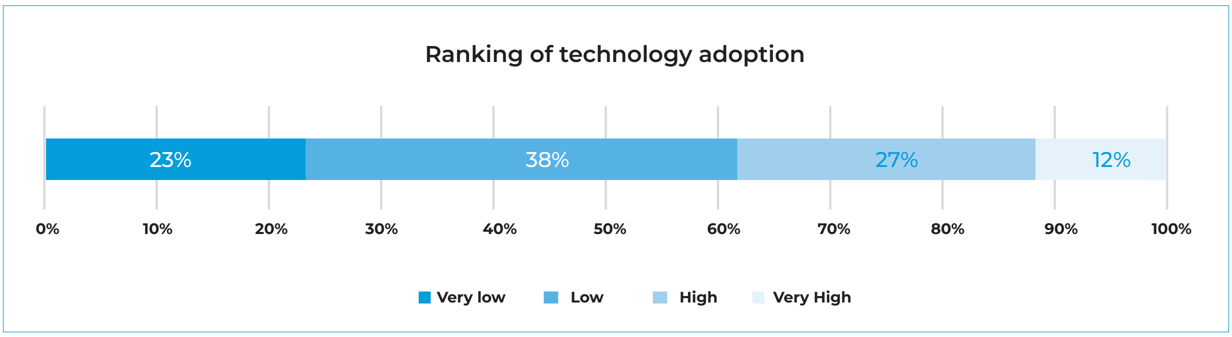
closures and significant employment losses due to retrenchments.[95] Due to the high business costs, SMEs engage in cost cutting measures, which result in significant layoffs of employees.





3.10 Technology adoption

Sixty-one per cent of respondents ranked te**c**hnology adoption in their businesses as very low to low. This is not surprising given the nature of MSMEs, labour-intensive enterprises that rely only on basic implements. Women are less likely than men to have the required skills required for technology adoption. As also highlighted in the FinScope Survey (2022), productive technologies such as machinery that improve efficiency and computers have low usage amongst MSMEs. The use of technology in the sector is limited to communication devices and social media platforms for marketing purposes, which are all mobile phone-based. Women are less likely to acquire skills in science, technology, engineering, and mathematics (STEM). This male-dominated field is not appropriately designed to accommodate childcare and household responsibilities.[96] Women and girls face cultural discrimination, which prevents them from developing the skills needed to adopt technologies.[97] Enhancing the technology adoptionwomen-owned businesses not only advances women's economic opportunities but empowers them to contribute to building digital economies. However, this hinges on more affordable energy and internet costs nationwide.



95 Nyathi, K.A., Nyoni, T., Nyoni, M. and Bonga, W.G., 2018. The Role of Accounting Information in the Success of Small & Medium Enterprises (Smes) in Zimbabwe: A Case of Harare. *Journal of Business and Management (DRJ-JBM)*, *1*(1), pp.1-15.

96 Cho, Yoonyoung, Davie Kalomba, Ahmed Mushfiq Mobarak, and Victor Orozco. 2013. "Gender Differences in the Effects of Vocational Training: Constraints on Women and Drop-Out Behavior." Washington, DC: World Bank. https://documents1.worldbank.org/curated/en/882971468272376091/pdf/Gender-di'erences-in-the-e'ects-ofvocational-training-constraints-on-women-and-drop-out-behavior.pdf.

97 Powell, C. and Chang, A.M., 2016. "Women in Tech as a Driver for Growth in Emerging Economies." *Council on Foreign Relations*.

3.11 Access to Trade Markets

Exports

The study showed that only 2 per cent of the MSMEs export their products to other countries, with services being the most exported product. This is close to the FinScope MSME survey 2022 findings, which found that only one (1) per cent exported. Interestingly, the CZI Annual Manufacturing Sector Report 2022 Survey[98] revealed that 19 per cent of formal manufacturing firms are into exports. About 29 per cent of the exports are services, such as performing arts.

Only 2% of MSMEs are exporting.

98% of MSMEs do not export.

Products exported:	
Spices	14%
Art and craft work	14%
Jewellery	14%
Chrome	14%
Furniture	14%
Services	29%

Reasons for not exporting:	
Lack of information about export trade markets	24%
Lack of access to finance	20%
Cumbersome export procedures	9%
Tough international standard requirements	11%
Low volumes	16%
Lack of export incentives by the government	7%
25% retention level of earning by the government	2%
Other	11%

The largest reason for not exporting is a lack of information about export trade markets (24 per cent). Similarly, the FinScope MSME Survey 2012[99] revealed that women-owned MSMEs lack access to critical information about business opportunities. Women are more likely to operate informally, and this restricts access to information and markets.[100] The lack of information about export trade markets denies women-owned businesses the opportunity to build and strengthen networks and meet the evolving demands of the export market. The lack of information on export markets comes in three dimensions: finding international data, identifying foreign market opportunities, and analysing international market data.[101]

The study found that lack of finance is another important reason for not exporting, raised by 20 per cent of MSMEs. International trade generally requires large sums of money to cater for transport costs, insurance, and other trade ancillary costs beyond the reach of MSMEs.

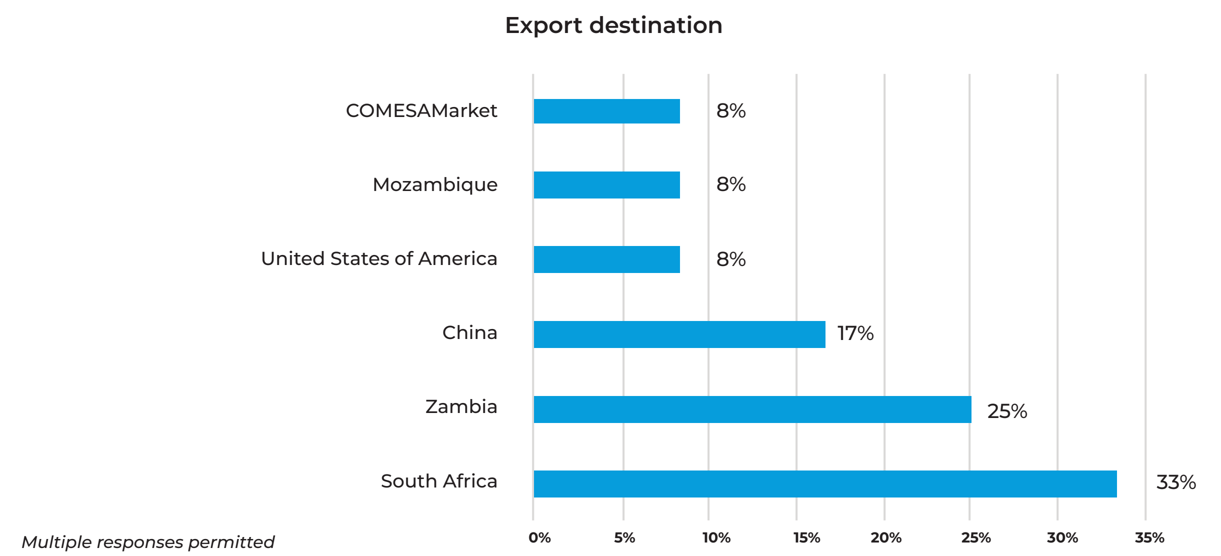
Approximately 33 per cent of the exports are destined for South Africa, followed by Zambia (25 per cent) and China (17 per cent).

ABOUT

29% OF THE EXPORTS

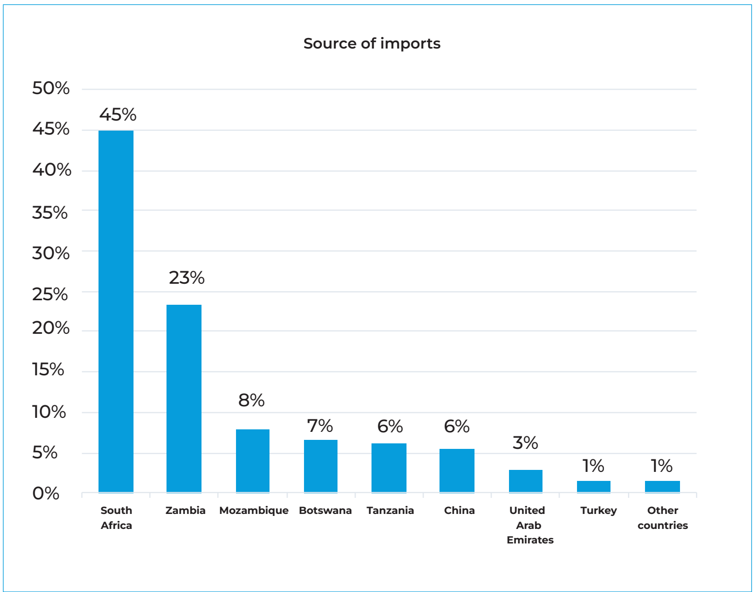
ARE SERVICES, SUCH AS PERFORMING ARTS

98 CZI Annual Manufacturing Sector Report 2022 Survey.
99 FinMark Trust. 2012. “FinScope MSME Survey Zimbabwe 2012.”
100 USAID. 2016. “Women Agribusiness Entreprenuers in Zimbabwe: Evaluating Access to Capital and Markets.”
101 Mazikana, T. 2020. “An Analysis of Factors Affecting SME’s Exporting Efforts in Zimbabwe. A Case of the Agriculture Sector.” https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=2660231



Imports

Approximately 45 per cent of MSME imports emanate from South Africa.



Indicators of business growth:

High import duty and tariffs	24%
Cumbersome customs processes and border delays	18%
High transport costs	14%
Exchange rate instability and foreign currency shortages	6%
Corruption	5%
Product theft	5%
Product damages	4%
Other challenges	7%

The single largest challenge associated with importing is high import duties and tariffs, as indicated by 24 per cent of the women owened MSMEs. In addition, cumbersome customs procedures and border delays are other significant challenges faced when importing, raised by 18 per cent of MSMEs. African countries have the most cumbersome formal trade processes, and customs delays average 12 days, three times more than Western Europe's average.[102]

Additionally, high transport costs as a challenge associated with importing were reported by 14 per cent of MSMEs. Importing involves transporting goods from one country to another, and transport costs take a large proportion of importation costs. The state of the road infrastructure and fuel prices have increased transport costs and inefficiencies.

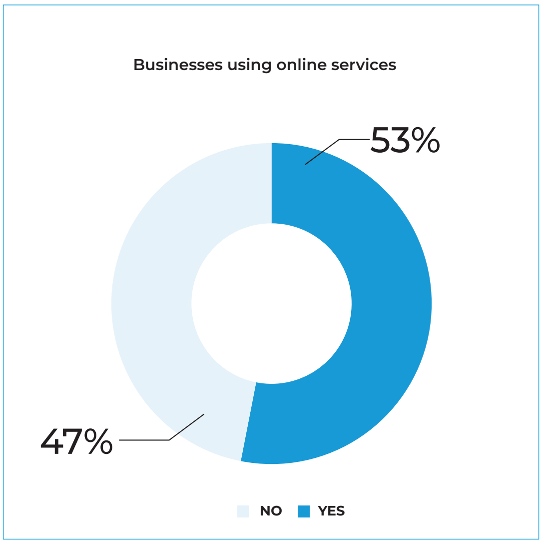
Approximately 53 per cent of MSMEs utilise online marketing services. Most businesses

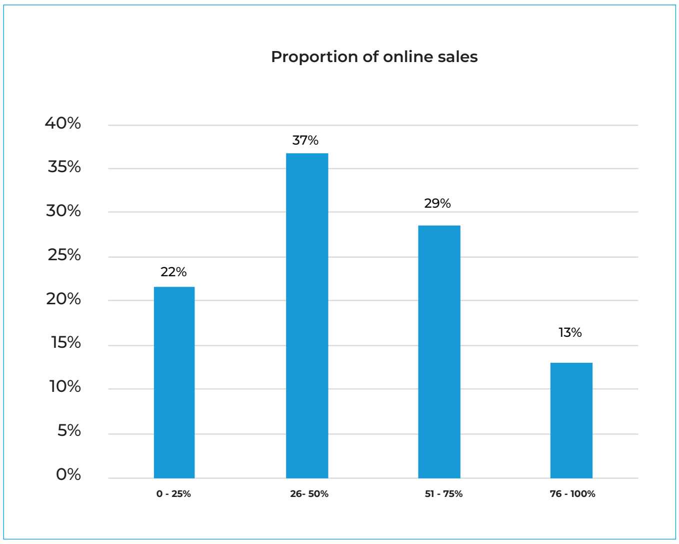
102 USAID. 2016. "Women CrossBorder Traders in Southern Africa Contributions, Constraints, and Opportunities in Malawi and Botswana."

reported that online sales constitute 26 per cent and 50 per cent of total sales. In 2021, Zimbabwe implemented an electronic commerce tax on betting, cryptocurrency, and online cross-border trade, targeting advertising platforms such as Google, Facebook, and YouTube.[103] Additionally, to streamline the collection of digital and online taxes, the Zimbabwean Ministry of Finance and Economic Development established a taxation threshold for e-commerce transactions at 500,000 USD per annum.[104] However, the lack of robust infrastructure to support online tax collection poses revenue collection challenges, as the RBZ Report of 2021[105] noted.

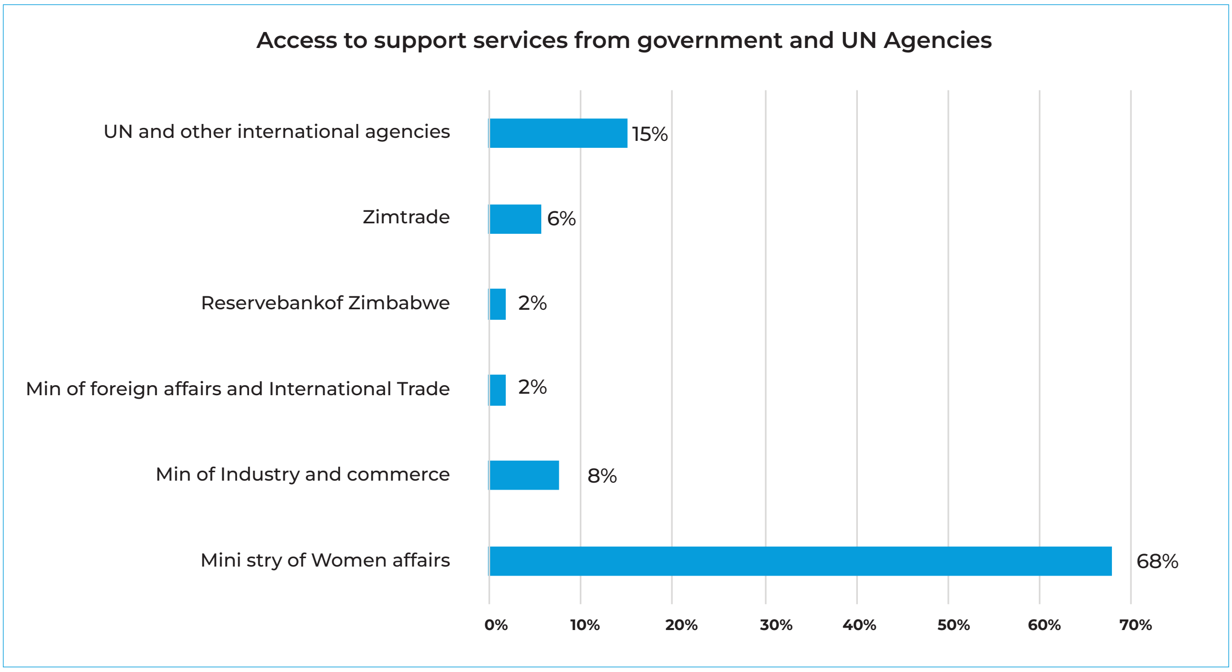
The survival of businesses in the modern-day competitive world depends on implementing innovative practices, such as online sales and marketing. Social media, widely accessible via mobile phones, is a popular online marketing platform used by 70 per cent of small businesses in Zimbabwe.[106] The lower costs and convenience offered by social media platforms compared to traditional marketing may explain why several MSMEs use online services. Despite most MSMEs using online services, the proportion of online sales for many of these enterprises is below 50 per cent.[107] However, internet costs, network problems, and power outages dampen the use of online services, which in turn affects the quantity of online sales.

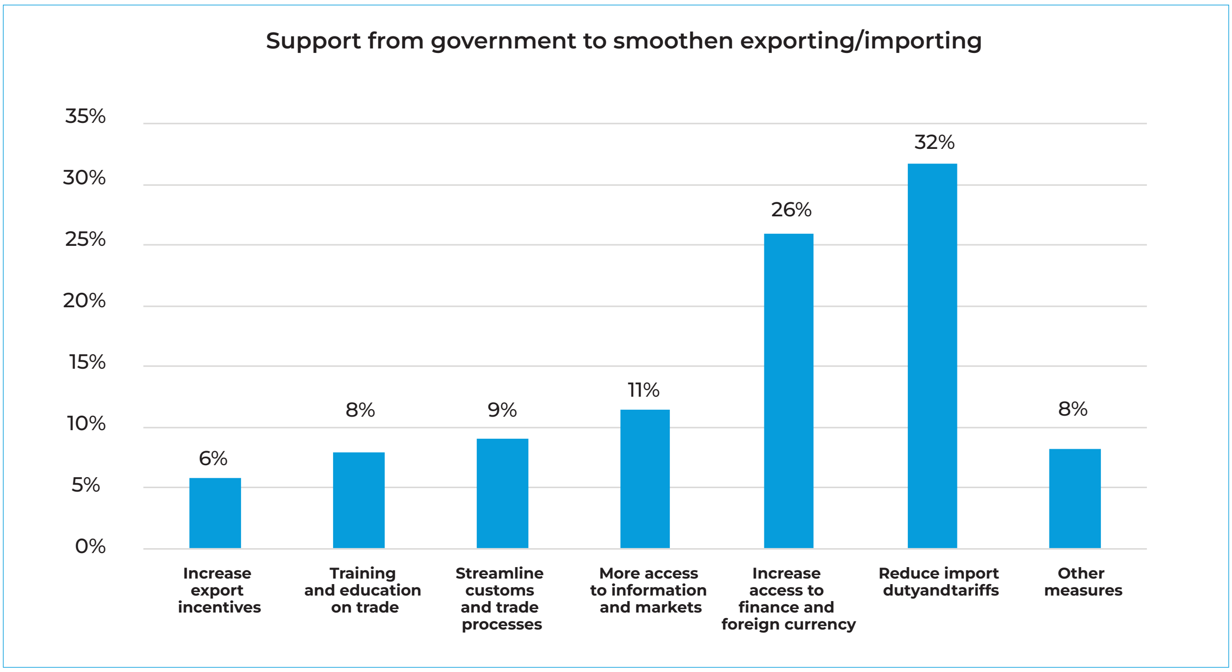
Regarding trade support, approximately 5 per cent of the interviewed women owned enterprises indicated that they accessed support services from government and UN agencies. Out of the 5 per cent that accessed support, 68 per cent accessed support from the Ministry of Women Affairs, 15 per cent from the UN and other agencies and 8 per cent from the Ministry of Industry and Commerce. The majority of the support (32 per cent) to smoothen exporting/importing was in the reduced import duty tariffs, followed by increased access to finance and foreign currency (26 per cent) and more access to information and markets (11 per cent).





103 Gatsi, P. 2022. “Zimbabwe to Start Collecting 5% Taxes from Ecommerce, Crypto and Content Creators.” Techunzipped. Zimbabwe.
104 Okpara, J. and Paule, R.A. 2021. “Ethics and the Prospects of Ecommerce Platforms in Doing Business in Nigeria.”
105 RBZ Report. 2021. “Quarterly Monetary Policy for 2021.”
106 The International Trade Centre (ITC). 2023. Promoting SME Competitiveness in Zimbabwe Drive Growth through Business Networks and Technology.”
107 FinScop. 2022. shows that online presence of MSMEs in Zimbabwe is still in its infancy and would also require a strong digital payments infrastructure to grow it.





The study found that women-owned enterprises have been negatively affected by the prevailing macroeconomic environment in the country, as well as by certain austerity measures implemented by the government during the review period. According to the survey results, these businesses faced challenges such as increased taxes, reduced financial services, high costs of doing business, fluctuating exchange rates, and inflation.

Furthermore, the survey revealed that for enterprises engaged in export, challenges included the competitiveness of their products and a lack of information about trade opportunities. Non-exporting businesses similarly struggled with limited access to capital needed to achieve their desired levels of output. The section below outlines the proposed recommendations derived from the survey and content analysis.

SECTION 4: CONCLUSIONS AND RECOMMENDATIONS

4.1 Recommendations

4.1.1 Gender-responsive macroeconomic policies

Given that macroeconomic and social policies are crucial to achieving women's empowerment and gender equality, it is critical to adopt gender-sensitive policies. The Gender Commission and the Ministry of Women Affairs, Community, Small and Medium Enterprises should be fully capacitated to do their work and monitor progress across society. This includes ongoing gender mainstreaming across all government Ministries through the new Gender Departments, which should be replicated in the private sector.

4.1.2 Transition from the Informal to Formal Economy

The MSME sector is undermined by its predominantly informal nature. As the World Bank (2022) showed, the productivity of an informal enterprise is a tenth of a comparable formal sector enterprise. Moreover, of the 25 countries that transitioned successfully from Lower Middle Income to Upper Middle-Income status, none did so without substantially reducing the level of informality in their economies. As highlighted, operating informally is riddled with many risks that constrain the ability of micro-enterprises to transition to small and medium-sized enterprises.

As a result, global developments point towards the necessity and importance of transitioning from informal to formal enterprises. Global policy guidance is derived from ILO Recommendation No. 204 (Transition from the Informal to the Formal Economy Recommendation, 2015), which calls for a comprehensive and integrated approach to promoting formality. Useful lessons can be drawn from the ILO program for formalising Latin America and the Caribbean (FORLAC), which promoted formalisation during 2013-17. The programme's achievements include its contribution to the design of the ILO's global formalisation strategy; the strengthening of the Office's technical teams; the promotion of social dialogue and public policy advocacy; and the increase in the exchange of experiences and mutual learning between countries and ILO offices. Following the recovery of the informal employment rate after the COVID-19 pandemic and increased demand for support from constituents, the ILO Regional Office for Latin America and the Caribbean decided to relaunch the regional formalisation strategy, FORLAC 2.0, to be implemented in the period 2024-2030.

Governments often provide incentives, subsidies, and support programs for formal businesses. These may include tax incentives, grants, energy or resource efficiency subsidies, and government procurement access. By formalising, businesses become eligible for such support, which can reduce costs, improve competitiveness, and foster innovation. It is necessary to enhance the savings to GDP ratio to at least 24 per cent as the country aims to attain upper middle-income status by 2030. Augmenting savings to GDP ratio enhances access to capital resources, enabling the economy to cultivate sustainable and robust women owned MSMEs that may employ individuals and remit taxes. This necessitates a comprehensive reform of the macroeconomic landscape, tackling the debt overhang, facilitating concessional financing, and encouraging foreign direct investment, hence augmenting the resource pool available to women owned MSMEs.

Ongoing efforts by the National Social Security Authority (NSSA) to extend social protection to the hitherto uncovered MSME sector should be finalised to ensure that social protection is extended to the Informal Economy. The social protection policy should be tailored to women's needs to promote pro-poor, pro-development, and pro-gender equality by alleviating unpaid work obligations, fostering salary parity between men and women, and enhancing women's economic participation and empowerment.

4.1.3 Promotion of Business Development Services

The analysis has shown a serious deficit of business and entrepreneurship skills amongst MSMEs. Areas of Business Development that require particular attention include starting a business, business management, accounting, marketing, and human resources management. It is, therefore, important to link business development service providers to MSMEs and to capacitate business membership organisations (BMOs) representing MSMEs with the requisite capacities to provide BDS to their members. Promoting vocational training and bridging the skills-job gap in the country is equally essential, thereby equipping young individuals for the labour market. This may be achieved through an enhanced school curriculum, the promotion of vocational training, mentorship programs, volunteerism, and internships for academic credit, enabling young individuals, particularly women, to acquire the essential skills required for full economic participation.

Several development partners already provide business development services training but are often fragmented and have limited impact. Therefore, there is a need to scale up and coordinate the several initiatives and actors in business development for greater cohesion and impact.

4.1.4 Ease of Doing Business Reforms

The cumbersome and burdensome regulations applying to MSMEs were highlighted as a problem area, particularly regarding registration and licensing procedures. While some work was started under the 100-day rapid doing business reforms under the OPC in 2015, there is a need to resuscitate this process, especially targeting the doing business environment affecting MSMEs.

The 2020 Doing Business Report flagged the key outstanding areas that require further attention. These include (i) starting a business including licensing (ranked 167); (ii) dealing with construction permits (ranked 140); (iii) enforcing contracts (ranked 169); (iv) getting electricity (ranked 167); (v) resolving insolvency (ranked 142); (vi) paying taxes (ranked 146) and (vii) time taken and cost to import and export goods (trading across borders) (ranked 159),

As was the case in South Africa, where a preferential tax regime was introduced for SMEs, which promoted greater registration, this should also be implemented in Zimbabwe along with one stop shops for business registration.

4.1.5 Promoting Financial Inclusion

While some progress in promoting financial inclusion has been recorded, as noted in the Financial Inclusion Strategy I, there is scope for further work in this area, including facilitating greater use of digital banking platforms, which have been affected by the changes in currency systems in recent years.

In addition, there is a need to capacitate and strengthen financial intermediation vehicles such as micro-finance institutions that are most accessible to women and other disadvantaged groups. Alternative arrangements to the requirement for collateral security arrangements, such as group lending, should be vigorously promoted. The specialised micro-banking institutions such as the Zimbabwe Women's Micro-Finance Bank, Empower Bank, and SMEDCO should be adequately capitalised. Where applicable, the identified governance weaknesses should be addressed. In addition, Savings and Credit Cooperatives (SACCOs) should be further explored and promoted for greater reach and effectiveness in reaching targeted populations, especially women.

4.1.6 Demand-driven Skills Development Targeting MSMEs

The absence of requisite skills in the MSME sector was highlighted. It is imperative to introduce demand-driven skills development programs targeting MSMEs. In addition, given the reliance on informally acquired skills, there is a need to strengthen the traditional apprenticeship schemes as was done by the Ministry of Higher Education when it transitioned the Informal Sector Training and Resource Network (INSTARN) to become the Integrated Skills

Outreach Programme (ISOP). ISOP needs to be resuscitated and capacitated as an appropriate vehicle for skills development in the MSME sector. Furthermore, there is a need to recognise prior skills in the MSME sector through trade testing and certification. The National Manpower Council (NAMACO), the main governance framework for skills development, and ZIMDEF should be reoriented to integrate representatives of the MSME sector.

4.1.7 Strengthening the Provision of Export Training and Support to MSMEs

Trade promotion agencies, such as ZimTrade offer training and support to women owned MSMEs. However, as shown in this study as well as the FinScope (2022) MSME survey, the culture of exporting amongst MSMEs is very low. Therefore, there is a need to further capacitate ZimTrade to offer targeted services to MSMEs. The programs can cover export documentation, market research, international trade regulations, logistics, and cultural considerations. Additionally, government agencies or trade promotion organisations can provide personalised assistance and guidance to SMEs, helping them navigate the complexities of entering foreign markets. In addition, trade agreements should provide special treatment for MSMEs, as is the case with COMESA. The government should invest in infrastructure enabling MSMEs to utilise technology effectively to capitalise on AfCFTA opportunities by optimising operations, enhancing efficiency, minimising costs, and bolstering overall competitiveness, achieving more sustainable growth outcomes.

4.1.8 Access to Market Information

Governments of Zimbabwe, specifically the Gender Commission and the Ministry of Women Affairs, Community, Small and Medium Enterprises, can facilitate access to market information by establishing market intelligence platforms or databases. These resources can provide SMEs with valuable insights into target markets, including information on consumer trends, market demand, competitive landscape, and regulatory requirements. Access to reliable and up-to-date market information can help SMEs make informed decisions and identify export opportunities.

4.2 Conclusions

Women-owned MSMEs currently operating in Zimbabwe are young, with 36 per cent having started operating between the period 2016 to 2020, and 26 per cent were founded in the post-COVID-19 period (2021-2024). Such women-owned MSMEs have been increasing over the years owing to economic hardships, as most are of a survivalist nature. This is also borne by the fact that most are in the wholesale and retail (39 per cent) and agriculture (16 per cent) sectors where start-up costs are low.

Just above two-thirds (68 per cent) of the MSMEs are sole proprietors, of which 64 per cent are not registered. The tendency to be informal, particularly in the case of women-owned MSMEs, is associated with the cumbersome and burdensome registration and licensing requirements.

Interestingly, most women-owned enterprises (87 per cent) are micro, with none in the medium enterprise category. Not surprisingly, about 71 per cent of the employees in women-owned MSMEs are female. As expected, two-thirds of the MSMEs reported that their top manager is female. However, 54 per cent of the top female managers in MSMEs have an ordinary educational qualification, suggesting educational and skills gaps in women-owned MSMEs. Women-owned MSMEs also experience entrepreneurial and managerial skills deficiencies, which limits their ability to compete with larger and established firms.

Owing to their survivalist nature, the majority of surveyed MSMEs had initial capital investment in the range of US$ 101-500. Women had to borrow from family members (31 per cent) and friends (23 per cent) to start these businesses. Women-owned MSMEs mainly rely on informal sources of funding. Only 8 per cent of the MSMEs sourced capital from banks and microfinance institutions that require collateral security to access loans, leaving informal sources as the leading suppliers of capital. In addition, women relied on personal savings (19 per cent) to finance their MSMEs ventures. As a result of limited formal sources of finances, women-owned MSMEs typically engage in low-income activities such as fruit and vegetable vending.

Owing to the low levels of income generated, only 28 per cent of the women-owned MSMEs have an operational bank account. In addition, high bank charges discourage them from opening bank accounts. Another reason cited for not having bank accounts is that most operate on a cash basis, and they also lack trust and confidence in the banking system because of having lost value during episodes of chronic high inflation. Transaction costs and withdrawal limits were also cited as discouraging factors in opening bank accounts.

The Intermediated Money Transfer Tax is the major additional tax measure adopted by the government during the period under review. The presumptive taxes operational during this period targeting informal enterprises proved challenging to collect. The IMTT tax increase during the period under review hurt MSMEs. These taxes reduced the profitability of businesses and increased the cost of doing business.

Regrettably, only 6 per cent of the MSMEs received incentives from the government between 2018 and 2023, and only 5 per cent received any form of assistance from the government to stay afloat, even following the COVID-19 pandemic. Doing business was constrained by a lack of access to finance, exchange rates, and price instability. In addition, interest charged on loans peaked at 200 per cent and was later reduced to 130 per cent until the introduction of the new structured currency, the ZiG, on 5 April 2024, made borrowing difficult. Only 22 per cent of the MSMEs offer staff development, and 61 per cent ranked technology adoption in their businesses as very low to low.

Regarding exporting, only 2 per cent of the MSMEs export their products to other countries. This lack of an export culture is close to the findings of the FinScope 2022 MSME survey, which found that only 1 per cent exported. Lack of information about export trade markets, funding, cumbersome procedures, and high transport costs were cited as the most important factors undermining exports.

In line with modern developments, approximately 53 per cent of MSMEs utilise online marketing services. However, despite the majority of MSMEs using online services, the proportion of online sales for many of these enterprises is below 50 per cent owing to high internet costs, network problems, and power outages that dampen the use of online services, which in turn affect the number of online sales.

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