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GENDER, WOMEN'S ECONOMIC EMPOWERMENT AND FINANCIAL INCLUSION IN ZIMBABWE



CASE STUDY

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EXECUTIVE SUMMARY

Zimbabwe has made significant strides in promoting gender equality and women's economic empowerment and financial inclusion, particularly over the last four years. Various measures, policies and support mechanisms are being continually implemented to elevate the status of women, men, girls and boys in line with domestic commitments, and to fulfill regional and international obligations under the Sustainable Development Goals (SDGs).

In terms of gender economic empowerment and financial inclusion, the country has focused mainly on women, micro, small and medium enterprises (MSMEs), youth, disadvantaged men and other disadvantaged communities. The particular focus on women stems from a recognition that, worldwide, women have been historically disadvantaged in terms of education, social exclusion, discrimination, and access to assets, land and other economic or social resources. This, in turn, has provided a rationale for gender mainstreaming as a policy response to gender inequalities.

NATIONAL GENDER MACHINERY¹

The Constitution of Zimbabwe was amended in 2013 to provide for a variety of economic and social changes, including recognition of women's rights, economic empowerment and the inclusion of women. It also provides for other domestic legislation, institutions and policies to be amended in line with the Government's gender equity goals. Zimbabwe is also a signatory to, and has ratified, several regional and international protocols, treaties, conventions and other instruments protecting and promoting gender equality in general, and the empowerment of women and girls in particular.

Domestic efforts include the establishment of a robust national gender mechanism, supported by the Ministry of Women Affairs, Gender and Community Development (MWAGCD); Gender Focal Persons (GFPs); women's groups; the National Gender Commission; the National Gender Policy; and other institutions and structures promoting gender equality. The Government of Zimbabwe (GoZ) is also working with various other stakeholders, such as the United Nations Country Team (UNCT) in Zimbabwe and other bilateral and multilateral development partners, to elevate the status of women, men, girls and boys in the country.

WOMEN'S ECONOMIC EMPOWERMENT

Gender economic empowerment measures in Zimbabwe include the implementation of the UNDP-assisted Gender Responsive Economic Policy Management Initiative (GERPMI); a framework for gender-responsive budgeting (GRB); a variety of economic empowerment loan facilities with flexible credit terms; targeted support and training of women-owned or women-operated enterprises; and support mechanisms for MSMEs, youth and other disadvantaged economic groups. The Government has also put new laws in place, and amended existing ones, to remove access barriers to land, assets, resources and other opportunities for women.

FINANCIAL INCLUSION

The Reserve Bank of Zimbabwe (RBZ), the country's central bank, is rolling out a comprehensive National Financial Inclusion Strategy (NFIS) that aims to increase access to affordable and appropriate formal financial services from 69 percent in 2014 to at least 90 percent by 2020, and to increase the proportion of banked adults from 30 percent in 2014 to at least 60 percent by 2020. The Strategy focuses primarily on the needs of disadvantaged groups, such as women, youth, MSMEs, and rural and other small-scale agricultural communities. It is important to note that about 57 percent of MSMEs operating in Zimbabwe are run by women.²

FINANCIAL INCLUSION MILESTONES

Women's access to bank credit has improved, with direct loans to women from the banking sector growing from \$310.78 million³ in December 2017 to \$432.36 million by December 2018, an increase of 39.12 percent. In addition, loans to MSMEs owned by women amounted to \$26.77 million as of the end of December 2017. The RBZ has also established empowerment facilities with banks for on-lending to critical financial inclusion target groups, such as women, MSMEs, youth and small-scale farmers, at concessional and flexible terms.

Nearly all banks in Zimbabwe have established Women's Desks/Units to better serve women clients and provide tailored products and services to meet their specific needs. Women have also benefited immensely from

¹ National Gender Machinery refers to the institutional governmental and, in some cases, parliamentary structure set up to promote women's advancement and to ensure women fully enjoy their human, social and economic rights. It can also include the various institutions and sub-structures put in place to monitor and ensure the implementation of the laws, policies and principle of non-discrimination and equality between women and men (European Council, 2011).

² According to the Finscope MSME Survey of 2012.

³ United States Dollars. Please note that Zimbabwe was dollarized at the time.

the MSME desks that have been established in almost all the country's banking institutions, and from digital and mobile phone-based banking products and services, such as bank-to-mobile account integration and automated teller machine (ATM) cards for rural account holders.

To make credit more affordable to women and other micro borrowers, interest rates for productive purposes were reduced from over 30 percent per annum in 2010 to between six percent and 12 percent per annum by December 2017.

BANKING SECTOR LOANS TO MSMEs

A significant proportion of which are owned or operated by women, increased from \$146.22 million in December 2017 to \$169.96 million by December 2018. More MSMEs are financially included, as shown by the increase in the number of MSMEs with bank accounts, from 76,524 in 2017 to 100,644 in 2018. These accounts were processed through specialized or dedicated MSME Units/ Desks in banking halls. Recognizing the crucial role that microfinance institutions (MFIs) play in gender and financial inclusion, the RBZ licensed 205 MFIs by the end of December 2018, with a total branch network of 719 spread across all provinces, including in rural and disadvantaged communities where 70 percent of women in Zimbabwe reside. Although loan accounts with MFIs declined from 323,286 at the end of 2017 to 276,660 by June 2018, the share of accounts held by women remained significant, at 115,690 (or 42 percent) in 2018. The value of loans issued by MFIs increased to \$297.52 million in June 2018, up from \$254.04 million in the same period in 2017.

To improve the availability of credit information, eliminate asymmetry in client information and increase formal financial intermediation, the RBZ has established a Credit Registry and Collateral Registry to strengthen the country's credit and collateral infrastructure. These registries are particularly useful for women and MSMEs because they encourage them to keep records of their operations and to access more loans with the types of collateral instruments and assets they possess, such as movable properties. The RBZ has also licensed the country's first women-dedicated bank.

THE ZIMBABWE WOMEN'S MICROFINANCE BANK (OR COMMONLY REFERRED TO AS THE WOMEN'S BANK), WHICH BEGAN OPERATING IN JUNE 2018 WITH THE SPECIFIC AIM TO ENHANCE THE FINANCIAL INCLUSION OF WOMEN IN ZIMBABWE



The Women's Bank differs from other MFIs in that it is a deposit-taking institution capable of underwriting a larger volume of loans as its deposit base expands.

Through the **Women Finance and Development Thematic Working Group** of the National Financial Inclusion Strategy, various financial literacy programs for women are being rolled out that leverage financial technology and innovation, as well as social media platforms. These have enabled banks and other institutions to reach out to millions of women, girls, MSMEs and other disadvantaged groups. The **MSME Thematic Group** of the NFIS is also dedicated to addressing the specific needs and challenges of MSMEs, including women-owned enterprises. Other financial inclusion strategies include **low-cost bank accounts**, the establishment of a Credit Guarantee Scheme, and the licensing and support for **Savings and Credit Cooperative Societies (SACCOs)**, which primarily serve women.

THE WAY FORWARD

Despite the progress that has been made in strengthening women's economic empowerment and financial inclusion, much remains to be done. Zimbabwe lags behind other countries in terms of gender empowerment and equality measures, disadvantaging the country's women and girls. For example, barriers to full access and use of bank facilities by women still need to be dismantled. These include collateral issues, improving the productivity and competitiveness of MSMEs and women-owned businesses, closing the gender gap in financial literacy and traditional cultural practices that place women and MSMEs at a comparative disadvantage.

At the policy and regulatory level, it is important that policymakers, including the central bank, recognize that monetary and economic policy frameworks are still largely gender insensitive. Therefore, gender mainstreaming must continue alongside financial inclusion strategies. Policy interventions on both the demand and supply side will be critical to supporting women-owned MSMEs. Targeted interventions, such as affordable and flexible credit facilities, education and literacy support mechanisms, training, quota systems for women and other regulatory incentives, could help break down the social, cultural and stereotype barriers standing in the way of women's economic empowerment and financial inclusion.

INTRODUCTION

Zimbabwe has achieved significant milestones in gender equality through various measures and institutions that aim to elevate the status of women, men, girls and boys in the country.

However, the country still has a lot of ground to cover in terms of women's economic empowerment and financial inclusion, especially compared to other African and developing nations. In 2017, Zimbabwe scored 0.516 on the Human Development Index (HDI) and was ranked 154 out of 188 countries. It scored 0.540 and was ranked 126 out of 159 countries on the Gender Inequality Index (GII). At 0.717, Zimbabwe was ranked number 50 in the world on the Global Gender Gap, trailing behind other African countries such as Rwanda (0.822 at number 4) and Namibia (0.777 at number 13).

Although efforts are being made to address gender inequalities and other gender-related challenges, violence against women and girls remains prevalent; the pace of economic advancement and empowerment is slow; there are high rates of child marriage, youth pregnancy and maternal mortality; and young women and adolescent girls are highly vulnerable to HIV and sexually transmitted infections (STIs).⁴ These inequalities are manifested in consistently low representation of women in leadership and decision-making positions in the public and private sectors; comparatively low levels of female participation in the labour market; incidences of child labour; over-representation of women in the informal economy; and low access to productive resources, such as land, housing and mineral wealth.

These inequalities, combined with the fact that 23 percent of adults in Zimbabwe are financially excluded,⁵ has led to the implementation of various measures by the Government to achieve more financially inclusive economic growth. These measures include economic empowerment strategies and the National Financial Inclusion Strategy (NFIS), both of which have a special focus on women's economic empowerment and financial inclusion. Mainstreaming gender in all policies and aspects of life has, therefore, become a top policy priority for the Government of Zimbabwe, which is supported by a variety of other institutions and development partners.

However, it is important that institutional support for women's economic empowerment and financial inclusion takes both supply- and demand-side barriers to women's financial inclusion and participation into account. Classifying interventions by their structural,

cultural and institutional attributes would help to refine and target the efforts. Structural barriers include women's literacy rates, educational levels and gender gaps in wages and income. Other barriers that prevent the full participation of women in electoral and political domains, such as the stigmatization of women, intimidation, limited resources with which to participate, uneven playing fields and complicated electoral systems, all need to be addressed comprehensively.

4 ZUNDAF 2016-2020. Available at: <http://www.zw.one.un.org/sites/default/files/Publications/UNZimbabwe/ZUNDAF%202016%20-%202020.pdf>

5 2014 Finscope Consumer Survey for Zimbabwe

GENDER MAINSTREAMING MECHANISMS IN ZIMBABWE

THE CONSTITUTION OF ZIMBABWE

The Constitution of Zimbabwe – the supreme law of the country – specifically provides for gender equality. Amended and approved in 2013, the Constitution recognizes the rights of women and men to equal opportunities in political, economic, cultural and social spheres and guarantees the right to equal pay. The Constitution provides (under Section 4.28) that all customs, traditions and cultural practices that infringe on the rights of women are to that extent void. Finally, it calls for the state to ensure gender balance and fair representation of disadvantaged groups, and promotion of women's participation in all spheres of society. All women, whether single or married, are entitled to own property, which they retain in the event of the death of their husband or divorce.

Regarding financial inclusion, national legislation guarantees access to bank loans for women as much as it does for men. Section 5 of the Immovable Property Prevention and Discrimination Act (1998) prohibits financial institutions from perpetuating discrimination on the grounds of sex (among others) by refusing to grant loans or other financial assistance for the acquisition, hire, construction, maintenance or repair of any immovable property on the basis of sex.

NATIONAL GENDER COMMISSION

Section 245 of the Constitution of Zimbabwe provides for the establishment of the Gender Commission, the main function of which is to monitor gender equality issues; to investigate possible violations of rights relating to gender discrimination; to advise public and private institutions on steps to ensure gender equality; to secure appropriate redress where rights relating to gender have been violated; and to do everything necessary to promote gender equality. The Gender Commission commenced operations in 2015.

The Gender Commission is headed by a chairperson, whose other members are selected for their integrity, knowledge and understanding of gender issues in social, cultural, economic and political spheres. The Commission, which must have equal gender representation, appoints a Chief Executive Officer responsible for the Commission's day-to-day business (Gender Commission Act, 2015). Since the Commission was established by an Act of Parliament, all ministries, government departments and agents are obligated to submit to its authority.

REGIONAL AND INTERNATIONAL COMMITMENTS ON GENDER EQUALITY

Zimbabwe is a signatory to several regional and international protocols, treaties, conventions and other instruments protecting and promoting gender equality in general, and the empowerment of women and girls in particular. These include, among others:

- (i) Convention on the Elimination of all Forms of Discrimination against Women (CEDAW);
- (ii) Southern Africa Development Community (SADC) Gender and Development Protocol (including its Addendum on Prevention and Eradication of Violence Against Women and Children);
- (iii) Beijing Platform for Action;
- (iv) Protocol to the African Charter on Human and People's Rights on the Rights of Women;
- (v) Universal Declaration of Human Rights;
- (vi) International Convention on Economic, Social and Cultural Rights;
- (vii) Convention on Civil and Political Rights (CCPR);
- (viii) Equal Remuneration Convention (ERC);
- (ix) Protocol to the African Charter on Human and People's Rights on the Rights of Women 2005 (The Maputo Protocol);
- (x) Millennium Declaration of 2000; and
- (xi) United Nations Sustainable Development Goals (SDGs).

Many of these conventions and treaties have already been ratified, customized or aligned with national commitments for implementation in Zimbabwe. The Government of Zimbabwe also supports these instruments with national affirmative action laws and policies. In most cases, existing laws have been amended to remove gender-restrictive clauses, while in others new laws have been promulgated. The laws and policies include the Domestic Violence Act; the Sexual Offences Act of 2001; the National Gender Policy (2004); Termination of Pregnancy Act; and the National Gender Policy Implementation Strategy and Work Plan (2008-2012). These are in addition to earlier legislation on the protection of women's rights, such as the Legal Age of Majority Act (1982), the Labour Relations Act (1984) and the Customary Marriages Acts.

MINISTRY OF WOMEN AFFAIRS, GENDER AND COMMUNITY DEVELOPMENT

Zimbabwe established the Ministry of Women Affairs, Gender and Community Development (MWAGCD) in 2005, which is dedicated to elevating the status of women, youth, children, disadvantaged men and other gender groups. The Ministry, whose vision is "Prosperous and empowered women and communities who enjoy gender equality and equity", has three key result areas (KRAs): (i) mobilization of women and communities; (ii)

economic empowerment of women and communities; and (iii) gender mainstreaming of the entire economy.

The Ministry has made significant inroads in promoting gender equality through measures and policies that ensure equal and equitable access to and control and ownership of resources between women and men; putting a gender-sensitive legal framework in place; articulating government policies and programs with a gender lens; and, in particular, integrating gender equality and women's empowerment in the key areas of economic policies, poverty eradication and sustainable development.

NATIONAL GENDER POLICY

Zimbabwe has a National Gender Policy that was launched in 2004. The Policy provides guidelines and parameters for mainstreaming gender in all development programs, policies and projects across all sectors of the economy. The new National Gender Policy, revised in 2016, prioritizes eight areas from the Beijing Platform for Action: Gender, Constitutional and Legal Rights; Gender and Economic Empowerment; Gender, Politics and Decision Making; Gender and Health; Gender, Education and Training; Gender Based Violence; Gender and Environment; and Gender, Media and Information, Communication and Technology (ICT).

Since its launch over a decade ago, the National Gender Policy has had a profound and positive economic, political and social impact. Some important milestones include the establishment of the MWAGCD in 2005 to champion gender mainstreaming in development; the Constitution of Zimbabwe Amendment No 17 (2005) to create a conducive environment for gender equality; the enactment of the Domestic Violence Act (2007); and the creation of gender focal persons in nearly all line ministries. The Policy also saw the establishment of a Women's Parliamentary Caucus; Parliamentary Portfolio Committee on Gender; and the Inter-ministerial Committee on Gender, all of which ensure gender mainstreaming and the recognition and protection of gender rights.

Other notable achievements include the increased representation of women in decision-making positions in most sectors; gender parity in primary and lower secondary school; and greater economic participation by women (in mines, agriculture and cottage and home industries); among others. Furthermore, the National Gender Policy had a landmark impact by providing facilities and a policy framework to enable girls who are pregnant to continue with their education. As a result, the literacy rate of 15-24 year olds reached 99 percent for both males and females, while female university student enrolment increased from 23 percent to 37 percent in 2007.

The reduction of gender disparities in the education and training sector has been another positive impact of the Gender Policy. Net enrolment ratios (NER) by gender at the primary school level peaked at 98.5 percent in 2006, decreased to 96 percent in 2007 and by 2009 it stood at 91 percent.⁶

GENDER FOCAL PERSONS

The establishment of Gender Focal Persons (GFPs) in all line ministries, departments and agencies, supported by the MWAGCD through capacity building programs, has been another positive impact of the gender policy on mainstreaming gender in the country. GFPs are at director levels in the ministries, and are responsible for mainstreaming gender in all policies, programs and projects in their various sectors.

PARLIAMENT OF ZIMBABWE

Under the Millennium Development Goals (MDG 3), now the Sustainable Development Goals (SDG 5), one target is to increase the proportion of seats held by women in national parliaments.⁷ The Southern African Development Community (SADC), of which Zimbabwe is a member, set a target under its Gender and Development Protocol of at least 30 percent women in political decision-making (measured by Parliamentary representation) by 2005 and increasing to 50 percent by 2015. The Parliament of Zimbabwe has been making steady progress toward this goal, although the ratio of women members of parliament is still low and below desirable regional and international thresholds (Figure 1).

FIGURE 1: REPRESENTATION OF WOMEN IN ZIMBABWE'S PARLIAMENT



Source: Dube (2013)

6 ZUNDAF 2016-2020. Available at: <http://www.zw.one.un.org/sites/default/files/Publications/UNZimbabwe/ZUNDAF%202016%20-%202020.pdf>

7 United Nations Statistics Division, 2011.

In the 2013 general elections, the ratio of women in Zimbabwe's Parliament rose to 16 percent in the Lower House and 25 percent in the Upper House. Drawing on documentary evidence, in-depth interviews, key informant interviews and focus group discussions in Zimbabwe, Zungura and Nyemba (2013) showed that violence against prospective women parliamentarians during campaigns, as well as cultural and socio-economic factors and a gender-biased media, were some of the factors hindering women's advancement in political decision-making. The Parliament of Zimbabwe has also been implementing a gender-responsive quota system to ensure a minimum number of seats for women in both chambers, through a proportional representation framework. While the system has worked for the Senate (Upper House), it has not succeeded in the Lower House for the reasons cited above. However, Parliament has portfolio committees and caucuses on gender and women's affairs that oversee gender issues in the economy.

Development partners have been supporting the Parliament of Zimbabwe in its efforts to reduce gender inequality. Apart from financial and logistical support for the Women in Parliament Support Unit (WIPSU), the United Nations Development Programme (UNDP) has been implementing the Multi-Donor Support Programme for the Parliament of Zimbabwe (2014-2017), in which one of the key objectives has been to strengthen women's participation in democratic and governance institutions (UNDP, 2014).

ROLE OF DEVELOPMENT PARTNERS AND CIVIL SOCIETY ORGANIZATIONS (CSOs)

The **National Gender Forum/Gender Theme Group** is coordinated by UN Women in Zimbabwe and brings together actors from the United Nations Country Team (UNCT) in Zimbabwe, women non-governmental organizations (NGOs) and the Government of Zimbabwe (represented by MWAGCD), to strategize on the implementation of various areas of critical concern to gender equality and equity.

The United Nations System in Zimbabwe, under the five-year program cycles of the Zimbabwe United Nations Development Assistance Framework (ZUNDAF), has been working with the Government of Zimbabwe, civil society organizations (CSOs) and other stakeholders to elevate the economic and social status of women and girls in Zimbabwe.

The overriding objective of the UNCT is to integrate the SDGs, particularly SDG 5, which seeks to achieve gender equality and empower all women and girls, in government policies and priorities. ZUNDAF interventions focus on strengthening the capacity of institutions to promote gender equality; strengthening legal and policy frameworks; empowering women and girls to exercise their rights; and creating an enabling

and supportive community environment (ZUNDAF 2016-2020).

The UNCT and its various partners are implementing a Joint Programme for Gender Equality (JPGE), which was initiated during the 2012-2015 ZUNDAF, and has continued to be refined and used as a key mechanism to bring multiple stakeholders together to collaborate on achieving gender equality outcomes. The JPGE was decentralized to the International Labour Organization (ILO) by other UN agencies.⁸ It addresses four priorities identified through a multi-sectoral consultative process that included government, workers' and employers' organizations. The four priorities have been structured around four gender-responsive pillars: (1) promoting women's security and combating gender-based violence; (2) women's political participation and influence; (3) women's economic empowerment and working conditions; and (4) national accountability on gender equality and women's empowerment.

WOMEN'S ORGANIZATIONS IN ZIMBABWE

As part of the wider network of CSOs in Zimbabwe, a variety of NGOs focus on gender, with their interest ranging from advocacy to protecting women's rights and promoting the equality, empowerment and inclusion of women. These organizations include the Zimbabwe Women's Resource Centre & Network (ZWRCN); Indigenous Business Women Organisation; Musasa Project; Women in Mining; National Federation of Business and Professional Women of Zimbabwe; Women in Business and Skills Development in Zimbabwe; and many others.

These organizations lobby government and other institutions on matters related to women's rights, empowerment, emancipation and inclusion. Some are also implementing partners and agencies for development partners, including UNDP, FAO, UNFPA, UN Women and others, for projects and programs related to gender equality and MSME development.

⁸ Apart from the ILO, other UN agencies involved in this project include UNDP, UNFPA and UN Women.

WOMEN AND MSME EMPOWERMENT INITIATIVES

The Broad Based Women's Economic Empowerment Framework (BBWEEF) was created in 2012 to provide a systematic way to mainstream women into key economic sectors. Empowerment targets, the mobilization of financial resources and capacity building help to ensure effective participation by women in all economic sectors and other spheres of life. The framework is designed to serve women from all backgrounds and to be applied across all sectors, hence the term "broad based".

GENDER-RESPONSIVE ECONOMIC POLICY MANAGEMENT INITIATIVE (GERPMI)

The Gender-Responsive Economic Policy Management Initiative (GERPMI) was established in 2013 with technical assistance from UNDP and other UN agencies in Zimbabwe. The Initiative, which is being implemented across all government ministries, includes Gender-Responsive Budgeting and aims to ensure gender equality in all sectors of the economy. The overriding objective of the GERPMI is to ensure that economic policies are formulated, designed and implemented in a manner that considers the different roles and needs of all women, men, girls and boys in the country.

MINISTRY OF WOMEN AFFAIRS, GENDER AND COMMUNITY DEVELOPMENT

The Ministry of Women Affairs, Gender and Community Development (MWAGCD) has been spearheading the re-alignment of laws that affect women's empowerment, to address gender discrimination and ensure the full participation of women is promoted in all spheres of economic and social life, in accordance with the Constitution. Family laws that tackle issues of inheritance, marriage and children's rights, among other issues, have been thoroughly addressed, while a range of proposals have been put forward to address barriers and impediments to women's participation in mining, tourism and agriculture.

ROLE OF MSMEs

Over the last decade, Zimbabwe's economy has experienced a significant structural shift characterized

by deindustrialization and/or rapid diffusion of large conglomerates into millions of MSMEs, particularly in agriculture, mining, manufacturing and tourism. The MSME sector, which comprises many women entrepreneurs, plays a critical role in economic development through job creation, foreign exchange generation and poverty alleviation. The sector contributes over 60 percent of the country's GDP, both directly and indirectly. According to the FinScope MSME Survey of 2012, MSMEs in Zimbabwe comprise 2.8 million business owners, employ approximately 2.9 million employees directly and 5.7 million people downstream, representing 73 percent of the total workforce of 7.8 million.

It is paradoxical, then, that the MSME sector receives only a tiny share of bank credit (less than four percent of all banking sector loans and advances in 2017), and that the sector is largely financially excluded. The 2014 FinScope survey revealed the following:

- > Only 14 percent of SMEs were banked;
- > Only 18 percent were served by formal financial institutions;
- > Close to 40 percent were served by informal financial service providers; and
- > About 43 percent did not have access to financial services.

Major barriers to financial inclusion for MSMEs include:

- > Inadequate business and financial management skills;
- > Lack of acceptable collateral (particularly for women-owned MSMEs);
- > Poor access to markets;
- > Use of obsolete technology/equipment;
- > Poor corporate governance structures; and
- > Lack of critical economic size.

Given the important role of MSMEs in Zimbabwe's economy and the variety of challenges they face, the Reserve Bank of Zimbabwe, the Government of Zimbabwe and many other domestic and external stakeholders are continuing with initiatives, strategies and interventions to ensure the MSME sector realizes its full potential.

RESERVE BANK OF ZIMBABWE'S ECONOMIC EMPOWERMENT FACILITIES

Under the National Financial Inclusion Strategy, the RBZ has established several empowerment facilities to benefit various priority groups, particularly those that are financially excluded. Apart from women-specific facilities, women and youth also benefit from funds such as Business Linkages, Youth Empowerment, SME/ Cross-Border and the Tertiary Educational Loan facility. Figure 2 shows the full range of facilities accessed through banking institutions at more flexible credit conditions and requirements to ensure borrowers are financially included.

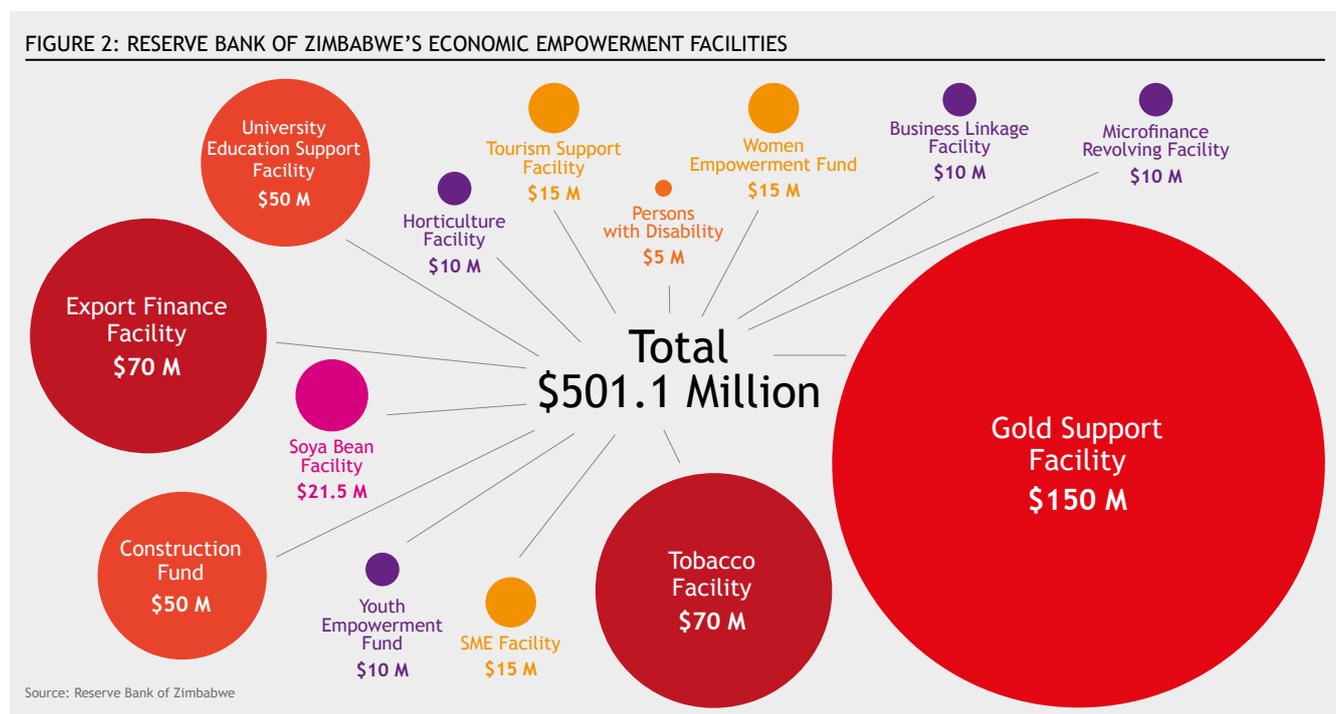
As of December 31, 2018, \$233.12 million has been disbursed under the empowerment facilities, or 55 percent of the total available funds. The facilities have also contributed to the development of various value chains, particularly in agriculture, mining, manufacturing, horticulture and the revitalization of irrigation schemes and tourism in various parts of the country. Many women participate in these value chains, although currently at the lower end or less valuable stages of the value chains. More importantly, the facilities support export generation. Over 2,400 female borrowers have benefited from the facilities as of March 2018 (Table 1).

TABLE 1: WOMEN BENEFICIARIES OF SELECTED RBZ EMPOWERMENT FACILITIES

FACILITY	TOTAL AMOUNT (\$)	TOTAL NO. OF BORROWERS	FEMALE BORROWERS	FEMALE BORROWERS AS A % OF TOTAL
Women	1,659,300.94	1,184	1,184	100.00%
Export	15,946,492.00	19	0	0.00%
Horticulture	2,462,956.00	42	2	4.76%
Youth	41,550.00	21	0	0.00%
Cross-Border Loans	742,246.00	700	469	67.00%
SME Loans	5,213,754.00	68	N/A	N/A
Education	1,143,870.32	1,392	764	54.89%
Total	27,210,169.26	3,426	2,419	70.61%
Tobacco	30,441,000.00	-	-	-
Total	57,651,169.26	-	-	-
RBZ Loans to Marginalised Groups	76,867,082.22	14,649	7,338	50.09%
GRAND TOTAL	134,518,251.48	-	-	-

Source: Reserve Bank of Zimbabwe

FIGURE 2: RESERVE BANK OF ZIMBABWE'S ECONOMIC EMPOWERMENT FACILITIES



Source: Reserve Bank of Zimbabwe

COLLABORATING ON FINANCING FOR MSMEs

To administer and manage funds for the Horticulture, Women Empowerment, Business Linkages, Gold Support and Cross-Border Facilities, the RBZ partnered with the Ministry of Small and Medium Enterprises and Cooperative Development (MSMECD) and a number of commercial banks, such as Agribank (an agriculture-oriented commercial bank), CBZ Bank, Homelink (a subsidiary of the RBZ majoring in construction, diaspora remittances and microfinance), MFIs and other institutions. Under this collaborative arrangement, the funds amount to \$90 million.

The Horticulture Facility benefits farmers and MSMEs that sell cut flowers and produce vegetables (peas, sugar, beans, onions, potatoes, carrots, cherry tomatoes, mushrooms, butternuts, baby marrow, gem squash, paprika and chillies). The Cross-Border Facility finances individuals and MSMEs in the import and export business, the majority of whom are women. The Gold Facility is designed to primarily support small-scale and artisanal miners in the gold sub-sector, which is occupied by millions of players, mostly men. Women also participate in gold mining, largely through cooperatives. Small-scale gold producers accounted for 45 percent of the gold produced in Zimbabwe in 2016, and by 2018 this proportion had increased to over 65 percent. Gold produced and delivered to Fidelity Printers & Refiners (a subsidiary of the RBZ with an exclusive mandate to purchase, refine and export gold in Zimbabwe) hit a record 33.2 tonnes in 2018 (about 34 percent above 2017 output), with small-scale and artisanal miners contributing 21.7 tonnes.

The Women's Fund is exclusively for financing businesses and projects owned and managed by women, while the Business Linkage Facility finances value-chain linkages for MSMEs in manufacturing, value-added ventures and many others in value and supply chains. This facility also helps to link women and MSMEs to big companies through win-win business partnerships and relationships.

The Ministry of Small and Medium Enterprises and Cooperative Development (MSMECD) has partnered with development agencies and other stakeholders to provide additional financial support to MSMEs. Apart from the Ministry's own MSME Revolving Fund, it has partnered with the OPEC Fund for International Development (OFID) to finance small-venture projects and programs aimed at poverty reduction in Zimbabwe's three provinces of Masvingo, Matabeleland and Manicaland. The Common Fund for Commodities (CFC) also approved a \$1.5 million loan to the Ministry to finance MSMEs in leather value chain Projects.

UNDP in Zimbabwe has collaborated with the MSMECD under a project called Peace Building and Increased Access to Sustainable Livelihoods, valued at \$800,000.

The fund is accessed by MSMEs in six districts of Lupane, Insiza, Umzingwane, Mberengwa, Gokwe and Binga, with the goal to transform and strengthen the livelihoods of rural communities, where 70 percent of women in Zimbabwe reside. The UNDP facility is provided in the form of business management training, formation and capitalization of Savings and Credit Cooperative Societies (SACCOs), the provision of start-up kits and facilitating access to markets. To date, the MSMECD has facilitated the implementation of various livelihoods projects in beekeeping, kapenta fishing, cattle fattening and other income-generating projects. The provision of appropriate microcredit facilities goes a long way towards ensuring the livelihood projects are viable and sustainable.

The Ministry also administered a \$5 million Inclusive Growth and Sustainable Livelihoods Facility in the rural communities of Binga, Lupane, Nkayi and Gokwe South that provided support for training and the formation and capitalisation of SACCOs. The fund is primarily benefiting farmers that produce fruits such as banana, avocado, grapes, berries (strawberry, raspberry, blueberry, blackberry, etc.), passion fruit, nectarines, peaches, apples, pears, papaya, mangoes and pineapples.

WOMEN IN POSITIONS OF POWER AND DECISION MAKING

Zimbabwe's National Gender Policy has promoted the participation and representation of women in decision-making positions in all sectors and at all levels. A quota system entitles women to a minimum of 60 seats in Parliament through proportional representation. Although still significantly below the SADC threshold of 50 percent representation, the proportion of women in the National Assembly after the July 2018 elections reached 34 percent in the Lower House of Parliament and 48 percent in the Upper House.

Other areas have also seen significant and steady growth in the proportion of women in leadership positions. Women's representation in the civil service has increased steadily, from 18 percent in 2010 to over 25 percent in 2015. In the judiciary, women judges accounted for 46 percent of Supreme Court judges (as of December 2017), while in other sectors, such as law enforcement, the representation of women in leadership positions has improved somewhat.

Despite these strides, there is still much to do to address the challenges of women's economic empowerment in Zimbabwe. Women are still primarily involved in small-scale and low-value informal ventures, such as cross-border trade, vending, hairdressing, subsistence farming and care work. Mainstream economic activities, such as mining, banking, manufacturing, construction and retail, remain largely male dominated.

WOMEN'S ACCESS TO ASSETS AND ECONOMIC RESOURCES

Zimbabwe's land reform program, introduced in 2000, sought among other things to mitigate women's low or limited access to resources through the introduction of quotas for access to land. Under the land allocation principles, there is a policy that women are entitled to at least 20 percent of all large-scale farming land (also known as A2 farming land). Women are also entitled to apply for agricultural land in their own right under the A1 village schemes, a departure from the traditional norm of women only accessing land through their husbands, fathers or other male relative. This has empowered women to have control over land as a means of production, and to use land and other economic resources as collateral for bank credit.

ROLE OF DEVELOPMENT PARTNERS IN WOMEN'S EMPOWERMENT

The United Nations Country Team (UNCT) in Zimbabwe, comprised of various UN agencies such as UNDP, UNICEF, UN Women and others, has been partnering with the Government of Zimbabwe to promote the economic empowerment of women and, in the process, support their inclusion in all spheres of life. One of the UNCT's program outcomes is that laws, policies and frameworks are established and implemented to ensure gender equality and the empowerment of women and girls.

To achieve this outcome, the UNCT provides support for the government to put laws and policies in place that increase the participation of women in decision-making bodies and positions in both the private and public sectors. UN support measures also aim to increase the percentage of the national budget allocated to programs that promote gender equality, human rights and empowerment for women and girls.

The Federation of National Associations of Women in Business in Eastern and Southern Africa (FEMCOM) launched a chapter in Zimbabwe in 2016. FEMCOM is an institution of the Common Market for Eastern and Southern Africa (COMESA) that seeks to promote women's economic empowerment across various sectors, notably agriculture, mining, fisheries and construction. It plays a facilitation, coordination and catalytic role in creating an enabling environment for women in business, as well as acting as a forum for the exchange of ideas and experiences. FEMCOM also acts (in collaboration with the COMESA Gender and Support Affairs Division) as a sub-regional facilitating body to identify and sensitize governments on the needs of members and strategies for achieving women's full integration in trade and development activities.

FEMCOM's Business Incubator for African Women Entrepreneurs (BIAWE) Project is an initiative that supports women entrepreneurs in Africa, particularly

in the COMESA region. Its aim is to establish a regional business incubator and provide business incubation services to women entrepreneurs in three sectors: agro-processing, handicrafts and ICT. Zimbabwean women enterprises are expected to benefit from BIAWE when it is launched in the country. FEMCOM is also implementing the Cluster Development Programme in COMESA member countries, which has been designed to address the challenges faced by many MSMEs, including limited entrepreneurial skills/experiences, lack of access to appropriate technology, lack of access to finance and low levels of value addition. Combined, BIAWE and the COMESA Cluster Development Programme are expected to enable women-owned MSMEs to come together in clusters to minimize their costs and ultimately expand their value-added goods and services into regional and international markets.⁹

⁹ AFEMCOM COMESA, "Business Incubator for African Women Entrepreneurs Project". Available at: https://www.femcomcomesa.org/?page_id=673

FINANCIAL INCLUSION OF WOMEN IN ZIMBABWE

2007 FINANCIAL INCLUSION FRAMEWORK

Zimbabwe's financial inclusion journey began in 2007, when the Reserve Bank of Zimbabwe introduced a Financial Inclusion Framework through its January 2007 Supplement to the Monetary Policy Statement. The Framework is based on the following pillars:

- > Expanding the reach of established developmental financial institutions, such as People's Own Savings bank (POSB), ZIMPOST and Agribank;
- > Expanding the reach of established commercial banks and building societies;
- > Enhancing the provision of microfinance services through the establishment of microfinance banks (MFI banks) or Financial Inclusion Centres (FICs);
- > Urging relevant authorities to ensure the provision of adequate infrastructure, including roads, telecommunication coverage and electricity;
- > Provision of appropriate incentives to financial institutions engaged in rural banking; and
- > Engaging other stakeholders to facilitate the provision of other incentives.

NATIONAL FINANCIAL INCLUSION STRATEGY (NFIS)

Nearly a decade later, these pillars were developed and synthesized into a more comprehensive **National Financial Inclusion Strategy (NFIS)**, which was

launched in March 2016. By this time, significant strides had been made in financial inclusion in Zimbabwe, as shown in Table 2.

TABLE 2: SELECTED FINANCIAL INCLUSION INDICATORS

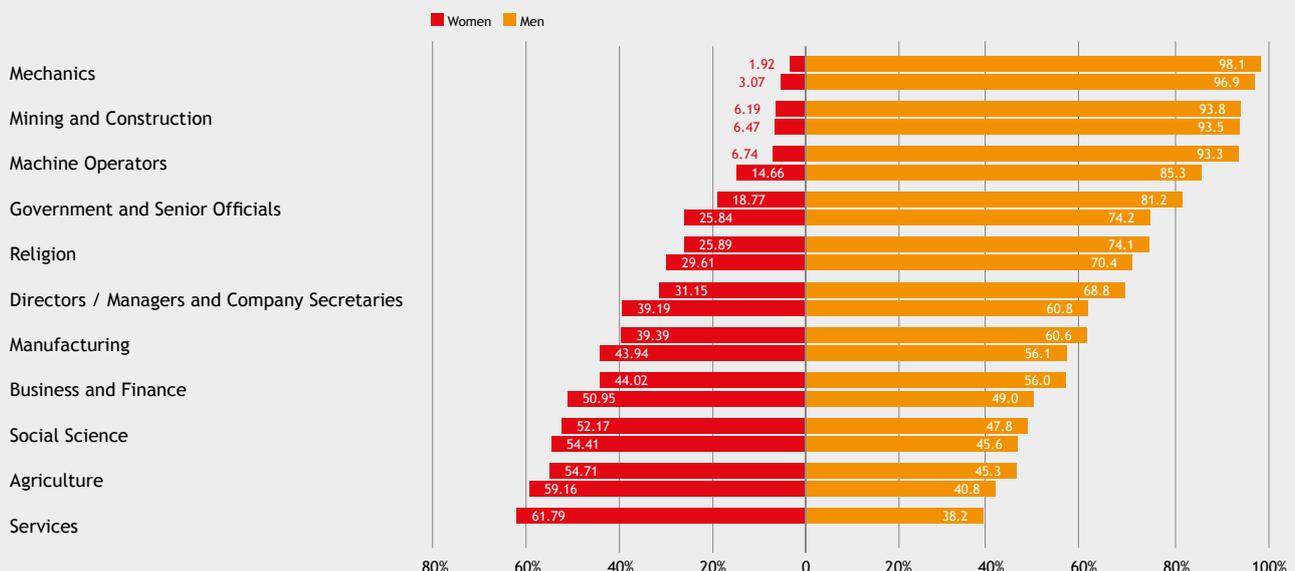
INDICATOR	2011	2014
Financially excluded	40%	23%
Formally served	38%	69%
Reliance on exclusively informal financial products or services	22%	7.8%
Reliance on exclusively bank products	8%	1%
Reliance on exclusively non-bank products	6%	23%
No. of banked adults	1.45 m	2.17 m
Cell phone banking adults	40,000	560,000
No. of people registered for mobile banking	-	3.15 m

Source: Finscope Survey 2014

Despite the sharp increase in the level of financial inclusion between 2011 and 2014, a significant proportion of the population remains financially excluded or underserved. The increase in financial inclusion is largely attributed to mobile financial services, yet financial inclusion is about access to a wide range of financial products and services, and being able to access and use these products and services to improve livelihoods. The NFIS seeks to address these issues.

The number of women in leadership positions and key areas of industry and commerce also significantly lagged behind men in 2012, as shown in Figure 3.

FIGURE 3: OCCUPATIONAL CLASSIFICATION BY SEX, ZIMBABWE 2012 CENSUS



Source: Zimbabwe National Statistics Agency (www.zimstat.co.zw)

The 2014 Finscope Consumer Survey showed that 28 percent of rural residents, most of whom are women, were financially excluded. Of the financially excluded, women represented 24 percent. It was against this backdrop that the NFIS was developed and launched in 2016. The overarching goals of the National Financial Inclusion Strategy are:

- (i) To increase the overall level of access to affordable and appropriate formal financial services within the country from 69 percent in 2014 to at least 90 percent by 2020; and
- (ii) To increase the proportion of banked adults from 30 percent in 2014 to at least 60 percent by 2020.

While the Strategy focuses on improving financial inclusion for all Zimbabwean adults, it also recognizes the needs of disadvantaged groups, such as women, youth, MSMEs, and residents of rural and small-scale agricultural communities. Thus, the NFIS has four main pillars: Financial Innovation, Financial Literacy, Financial Consumer Protection and Microfinance (Figure 4).

The key priority areas of the NFIS include MSMEs, including women-operated MSMEs; women's financial inclusion; rural financial inclusion; and financial inclusion of youth. The Strategy has nine thematic working groups spanning the various pillars and priority areas of the NFIS: Women Financing and Development; SME Finance and Development; Rural Agricultural

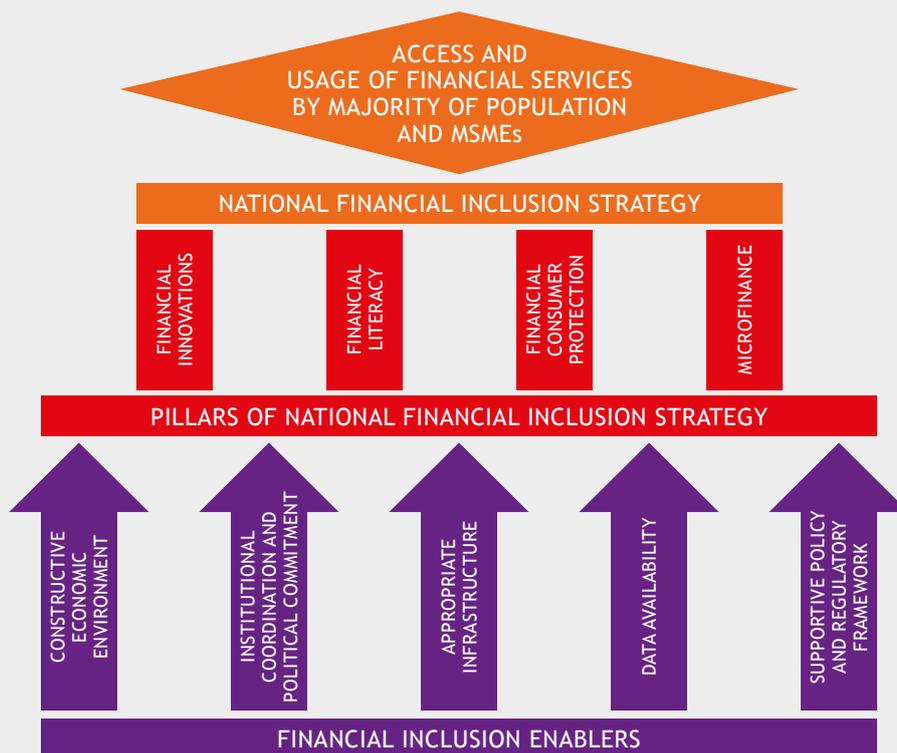
Finance and Development; Insurance, Pensions and Capital Markets; Digital Finance; Financial Literacy and Consumer Protection; Microfinance; Youth; and People Living with Disabilities. The objective of the working groups is to closely analyze the issues in the thematic areas to understand the challenges and propose possible interventions.

FINANCIAL INCLUSION STRATEGIES FOR WOMEN

To increase financial inclusion for women, the NFIS is focused on the following interventions:

- (i) Raising awareness of financial products and financial services for women through the National Financial Literacy Framework/Strategy;
- (ii) The establishment of dedicated Women Entrepreneur Desks at banking institutions;
- (iii) Increasing women's awareness of their legal rights regarding property ownership;
- (iv) Assisting women in business to secure markets for their products;
- (v) Building the capacity of financial institutions to better serve women entrepreneurs; and
- (vi) Providing incentives and specific goals for increased government procurement of goods and services from women-owned enterprises (specifically women-owned MSMEs).

FIGURE 4: ZIMBABWE'S NATIONAL FINANCIAL INCLUSION STRATEGY (NFIS)



FINANCIAL INCLUSION STRATEGIES FOR MSMEs

The National Financial Inclusion Strategy seeks to provide a coordinated and responsive approach to building an inclusive financial system, one that provides a broad range of financial products and services to all economic agents, including MSMEs. This approach includes:

- (i) Developing programs aimed at building the capacity of MSMEs and enhancing their entrepreneurial and financial skills to effectively and efficiently manage their businesses;
- (ii) Promoting value-chain financing models by banks and other lenders to facilitate more business opportunities for MSMEs in all sectors of the economy;
- (iii) Developing prudential and regulatory incentives that have a bias toward support for lending to MSMEs;
- (iv) Facilitating capacity building programs for financial institutions to enable them to develop innovative and appropriate financial products and services for MSMEs;
- (v) Facilitating formal registration of MSMEs;
- (vi) Appropriately categorizing MSMEs according to their development stage, which will facilitate targeted solutions to their current financial exclusion;
- (vii) Supporting financial and consumer education programs that recognize the socio-economic diversity of the Zimbabwean population and provide appropriate initiatives for different types of MSMEs;
- (viii) Strengthening links and relationships between MSMEs and big companies and industrial associations to help formalize the MSMEs and create forums for the exchange of information; and
- (ix) Promoting the use of movable assets as collateral to facilitate access to credit and other innovative financing models for MSMEs.

MILESTONES SINCE THE LAUNCH OF THE NATIONAL FINANCIAL INCLUSION STRATEGY

WOMEN'S ACCESS TO BANK CREDIT

Direct loans to women from the banking sector increased from \$310.78 million in December 2017 to \$432.36 million by December 2018, a growth of 12 percent over the year. Loans to MSMEs owned by women amounted to \$26.77 million by the end of December 2018. This is in addition to other special and guarantee facilities offered to women by some banks. The Reserve Bank of Zimbabwe also established \$501.1 million in empowerment facilities for on-lending to MSMEs, women, youth and small-scale farmers at concessional terms. Of these facilities, \$15 million is specifically for women (Women Empowerment Facility), and as of December 2017, a total of 1,184 women had accessed a total of \$1.66 million.

Most banks in Zimbabwe have established Women's Desks/Units in their banking halls to better serve women clients and provide them with tailored products and services to meet their specific needs. Through these dedicated desks or units, banks are rolling out financial literacy programs, such as workshops, expos, shows, print and electronic media campaigns, aimed at equipping women and other disadvantaged groups with financial knowledge that enables them to better access and utilize financial products and services. Banks are also opening low-cost accounts for women and other disadvantaged segments of society. Women are benefiting immensely from the MSME units established by most banks, as well as from digital banking products and services, such as bank-to-mobile account integration, ATM cards for rural account holders and mobile banking products.

Banks are also involved in capacity building and development for businesswomen through free advisory services, infrastructure, trade shows, expos, workshops and conferences, awards and incubation initiatives. Like other financially excluded segments of the population in rural areas, women now have easier access to the agency banking programs that banks are introducing to increase contact points with customers. Women are among the beneficiaries of low-cost housing projects administered by banks via USAID-funded guarantee facilities.

To make credit more affordable to women and other micro borrowers, the RBZ and Bankers Association of Zimbabwe (BAZ) have agreed on interest rate guidelines for productive lending.

LENDING RATES HAVE PROGRESSIVELY
DROPPED FROM OVER 30 PERCENT PER
ANNUM IN 2010 TO BETWEEN
SIX PERCENT AND 12 PERCENT PER
ANNUM IN DECEMBER 2017



WOMEN'S INDIRECT ACCESS TO BANK CREDIT

Banks are also offering credit to more women through the MSME sector. Banking sector loans to MSMEs, a significant proportion of which are issued to women borrowers, increased from \$146.22 million in December 2017 to \$169.96 million by December 2018. Banks have also loaned over \$200 million to MSMEs in agriculture, which has benefited over 1,200 small-scale farmers producing beans, maize, peas, cattle, soya beans, bananas, chickens and livestock. The financial inclusion drive for MSMEs has led to an increase in the number of MSMEs with bank accounts from 76,524 in 2017 to 100,644 in December 2018.

In response to the central bank's call to establish specialized units and appropriate products and services for MSMEs, most banks have established MSME desks/units through which support programs and tailored products are being rolled out. These include invoice discounting, warehouse receipting, credit guarantees, group lending schemes and order financing. Many banks are also involved in capacity building and development programs for MSMEs through trade shows, expos, workshops and conferences, awards and incubation initiatives.

ACCESS TO CREDIT FROM MICROFINANCE INSTITUTIONS (MFIs)

MFIs contribute immensely to the provision of financial services to groups structurally excluded from the formal financial system, including women. The role of microfinance in financial inclusion is creating facilities that enable low-income groups, such as women and MSMEs, to access a variety of financial products and services. These include microcredit, microsavings, remittances, payments, microinsurance and pensions, delivered through an extensive branch network in partnership with banking institutions and mobile network operators. Recognizing this important role, the RBZ has licensed 205 MFIs (by the end of December 2018) with a total branch network of 719 in all provinces of the country, including in rural and disadvantaged communities where 70 percent of Zimbabwe's women reside. Loan accounts with MFIs increased from 415,979 in 2017 to 297,843 by June 2018, 123,075 of which were accounts held by women (2018). Loans advanced by MFIs therefore also increased, to \$297.52 million in June 2018 up from \$254.04 million in 2018.

The Central Bank has also been urging MFIs to reduce their effective lending rates to increase access by minority borrowers.

MICROINSURANCE PRODUCTS AND SERVICES

In June 2017, the Insurance and Pensions Commission (IPEC), in conjunction with MFIs, introduced microfinance products and services, such as housing and insurance under the Micro-Insurance Policy Framework, which is also targeted at women entrepreneurs and MSMEs. Banks are partnering with insurance companies to offer microinsurance banking products and services to MSMEs and women-owned enterprises.

IMPROVED CREDIT INFRASTRUCTURE

The RBZ has put credit registry and collateral registry systems in place to strengthen credit and collateral infrastructure and reduce information asymmetry.

As of the end of 2018, Zimbabwe's Credit Registry held 845,672 entries, of which 563,420 were active loan accounts. Individual records represented 99.99 percent of all active loan records. There were 165 subscribers to the system, representing 18 banking institutions, 143 MFIs (including SMEDCO), one Deposit Protection Corporation (DPC) and three non-banks (Thomas Meikles Stores, Mashonaland Holdings and Nicos Diamond Insurance).

The Collateral Registry has expanded the range of movable properties and assets eligible for use as collateral in accessing bank credit. These include farm equipment, livestock, warehouse receipts, confirmed orders and others. These types of collateral instruments are available to women and other disadvantaged borrowers in the MSME categories who do not possess immovable properties, such as land and buildings.

Thanks to the new credit and collateral registry arrangements, the cost of borrowing has been reduced while lending has increased and become more secure. All of this is expected to boost access to finance by women and other disadvantaged groups.

MSME CREDIT GUARANTEE SCHEME

Recognizing the crippling challenge of lack of collateral for women and MSMEs, the RBZ built the capacity of one of its subsidiaries, the Export Credit Guarantee Company (ECGC), to assist enterprises with an export orientation. The ECGC assists MSMEs by underwriting part of their collateral requirement (up to 50 percent) to enable them to obtain loans from banking institutions. This financing mechanism facilitates the partial transfer of credit risk that banks normally associate with MSMEs.

ZIMBABWE WOMEN'S MICROFINANCE BANK

The Zimbabwe Women's Microfinance Bank (popularly known as the Women's Bank) was opened in June 2018 with the aim to enhance the financial inclusion of women in Zimbabwe. The bank is one of the first of its kind in Southern Africa and will cater to all women, including those in rural areas (the primary target). Wholly owned by the Government of Zimbabwe, the bank's primary clientele are women, although it can also extend credit to disadvantaged men and other micro borrowers. The bank has opened branches nationwide by relying on the infrastructure of the Zimbabwe Post Office (Zimpost), which has a presence in every corner of the country, including in rural areas.

Establishing the Women's Bank is one government measure that has empowered women by ensuring they can access money at concessionary rates. The bank's products and services include financing small-scale farmers, meeting the financing requirements of cross-border traders, and savings accounts for registered small businesses and group savings accounts. These financial products and services will go a long way toward enhancing the financial inclusion of women and other MSMEs.

In its first five months of operation, the Women's Bank opened a total of 38,000 accounts (June to November 2018), with account holders spread throughout the country's major provinces (Table 3).

As of November 2018, the bank had issued a total of 490 loans valued at a cumulative \$1 million. As would be expected, the majority of the account holders are women and loans were drawn from virtually all sectors of the economy (Table 4).

As of November 2018, the Women's Bank had also processed a number of loan applications in the agricultural sector (Table 5).

In the same vein, the government is transforming the **Small and Medium Enterprises Development Corporation (SMEDCO)** into a full-fledged MFI to enable it to play a financial intermediary role for MSMEs and contribute effectively to the development of the sector. Furthermore, the RBZ issued the Agency Banking Prudential Standards and Financial Consumer Protection Frameworks in 2016 and 2017, respectively, to guide financial institutions in their quest to reach out to more MSMEs, including those in rural and remote areas. An **MSME Finance Policy and Agriculture Finance Policy** were also initiated to address the financing needs of MSMEs, including those in the agriculture sector, the backbone of Zimbabwe's economy.

TABLE 3: BANK ACCOUNTS AT THE ZIMBABWE WOMEN'S MICROFINANCE BANK

PROVINCE	TOTAL NUMBER OF ACCOUNTS OPENED
Bulawayo	4,662
Harare	5,751
Manicaland	4,060
Mashonaland Central	4,271
Mashonaland East	3,298
Mashonaland West	3,214
Masvingo	5,191
Matabeleland North	2,232
Matabeleland South	2,738
Midlands	3,025
TOTAL	38,442

TABLE 4: SECTORAL DISTRIBUTION OF BANK LOANS, ZIMBABWE WOMEN'S MICROFINANCE BANK

SECTOR	NUMBER OF LOANS	AMOUNT DISBURSED
Agriculture	170	\$337,065
Construction and property	58	\$142,075
Energy and minerals	2	\$4,500
Individuals	31	\$61,850
Manufacturing	12	\$40,500
Trade and services	143	\$275,231
Transport and distribution	12	\$45,000
Other	62	\$128,800
TOTAL	490	\$1,035,021

TABLE 5: AGRICULTURE LOANS IN THE PIPELINE AT ZIMBABWE WOMEN'S MICROFINANCE BANK

TYPE OF CROP	AREA	PROVINCE
Sunflower and Ground Nuts	2,000 hectares	Checheche
Sesame Project 1	750 hectares	Various
Sesame Project 2	1,000 hectares	Mbire, Gokwe
Sorghum Project 1	1,000 hectares	Mbire, Gokwe
Sorghum Project 2	1,000 hectares	Chegutu
Cotton Project 1	3,000 hectares	Makonde, Gokwe
Castor Bean	3,000 hectares	Clusters nationwide

WOMEN FINANCE AND DEVELOPMENT THEMATIC WORKING GROUP

Following the launch of the National Financial Inclusion Strategy in March 2016, a thematic working group for Women Finance and Development was established to spearhead financial inclusion issues facing women. The working group promotes the development of innovative financial products for women and facilitates capacity building programs for women to improve access to financial services. Another thematic group on MSMEs also addresses the needs and challenges of MSMEs, including women-owned enterprises. This group is developing an SME Finance Policy informed by the Alliance for Financial Inclusion (AFI) Knowledge Products on this subject.

WOMEN'S FINANCIAL LITERACY

Women have benefited from financial literacy programs rolled out by the RBZ, banks, MFIs and pension funds, including exhibitions at international events such as Global Money Week, held March 12-16, 2018. These activities included school visits by banks, which reached nearly 70,000 pupils (girls and boys), while many more were reached through various social media platforms (Facebook, Twitter, WhatsApp and LinkedIn). Financial inclusion literacy programs on radio and television reached a potential six million listeners, including women.

LOW-COST BANK ACCOUNTS

To encourage lower income groups to open bank accounts, many banks have developed incentives to attract the unbanked. These include low cost or "no frills" accounts, most of which have been stripped of cumbersome and costly opening requirements. Since these incentives were introduced, the number of low-cost accounts for economically disadvantaged savers increased from 3.02 million in 2017 to 4.67 million in December 2018.

SAVINGS AND CREDIT COOPERATIVE SOCIETIES (SACCOs)

SACCOs play an important role in achieving financial inclusion objectives. The number of licensed SACCOs in Zimbabwe, of which women, MSMEs and youth are among the largest beneficiaries, increased to 436 by the end of December 2017. At the same time, savings deposits mobilized through SACCOs increased by 3.81 percent from \$13.27 million in 2016 to \$13.62 million in 2017. Total loans issued to SACCO clients also increased, from \$11.10 million in 2016 to \$11.19 million in 2017.

ACCESS TO FINANCIAL SERVICES FOR MSMES AND YOUTH

The Women's Desk model in commercial banks has been extended to MSMEs and youth. By June 30, 2017, 13

banks had established MSME Desks in their banking halls to better serve this important group.

Through dedicated **Youth Desks/Units**, banks and MFIs provide tailored products for youth in business, both girls and boys, largely through low-cost accounts. Loans to youth amounted to \$104.43 million in December 2018, although this was a drop from \$138.93 million recorded in December 2017. The RBZ has established a \$10 million **Youth Empowerment Fund** through commercial banks to improve borrowing by youth in business.

Recognizing that youth prefer mobile phone, internet and other technology-based products, the banking sector has increased payment system access points and facilities, such as mobile money agents, from 44,793 in 2017 to 50,538 in 2018. Payment access devices, including debit cards, also increased by 55 percent, from 3.13 million in 2016 to 4.85 million in 2018. As a result, mobile money subscribers, including youth, rose by 86 percent from 3.28 million in 2016 to 6.09 million in 2018. The credit and collateral registries are expected to further enhance lending to youth and MSMEs through increased access to credit information and other financial services.

Financial inclusion of youth is also being expedited by **digital financial services (DFS)**, most of which are mobile phone and internet-based. The largest mobile network operator in the country, Econet Wireless, has partnered with a commercial bank to roll out a mobile phone-based savings product called EcoCashSave, through which more than 1.5 million accounts were opened by December 2018 with a cumulative value of more than \$90 million. Through the same platform, **microloans**, known as **Nano Loans**, were introduced, resulting in the issuance of about 6,000 loans amounting to close to \$650,000 since DFS products were introduced in 2013.

CONCLUSION AND RECOMMENDATIONS

According to 2017 Global Findex data, the financial inclusion gender gap in Zimbabwe has narrowed to seven percentage points, although it is still tilted to the disadvantage of women. At 52 percent in 2017, women-owned bank accounts lagged behind that of men, which was 59 percent in the same period. The Government of Zimbabwe and various stakeholders are working to address this gender gap.

However, improving access to financial products and services alone does not necessarily translate into use of these products and services, especially effective use. More research is needed on how to increase women's participation in Zimbabwe's financial system and scale up their contribution to economic growth, poverty reduction and development. Research also needs to be expanded to understand all the barriers women face to accessing and using bank facilities, which have until now concentrated mainly on traditional barriers, such as collateral, the financial literacy gap and cultural practices. Remaining barriers need to be tackled head on, such as continued domination of women by men in a stubbornly patriarchal society, lower rates of mobile phone and digital technology ownership and penetration, and addressing the persistent financial and digital literacy gaps between women and men, and among women themselves.

Historically, participation in economic activity has been biased toward men, with women disadvantaged in terms of education, segregation, discrimination, and denial of or limited access to assets, land and other economic or social resources. Much has been done—and remains to be done—to redress this through, for example, economic empowerment facilities with more flexible credit terms, targeted support for women borrowers and training for women-owned or operated MSMEs. More innovation and targeted interventions are being seen in the banking sector, with the establishment of Women and MSME Desks/Units and tailored financial products and services to address the specific needs of women and MSMEs. These initiatives need to be supported through improved financial policies as well as prudential and regulatory incentives by the authorities.

While lending to women-owned businesses and MSMEs has increased significantly in Zimbabwe, more needs

to be done to assess the quality of the loans in terms of timing, duration, cost, suitability and alignment with women's and MSMEs' business cycles. Many banks, especially MFIs, are known to provide only micro and working capital loans without extending these facilities to levels that would help women and MSMEs graduate into large enterprises. Similarly, the financial inclusion drive has brought many women and women-owned MSMEs onboard that were previously financially excluded. This drive should continue to ensure that all measures and interventions address both the demand- and supply-side factors affecting women and MSMEs and, in turn, ensure growth and sustainability.

At the macro policy and regulatory level, it is important that policymakers, particularly central banks, recognize that apart from financial inclusion strategies, broader monetary and economic policy frameworks have remained largely gender insensitive, if not gender blind.¹⁰ There is still a tendency by policymakers to assume that their initiatives and interventions are gender neutral, when in fact gender-neutral interventions tend to exacerbate disadvantages against women. Failure to recognize and understand the diverse financial needs of women and MSMEs often results in policymakers administering one-size-fits-all policies and interventions that produce outcomes that further disadvantage women.

Zimbabwe is still in the process of realigning several pieces of legislation and policies with the new Constitution, and it is envisaged that the exercise will eliminate all clauses currently deemed discriminatory against women and their economic advancement. In particular, the repeal of customary laws, which have entrenched discrimination and inequality against women, will go a long way toward dismantling the cultural, social and religious norms restricting women and their businesses.

A key component of policy interventions is making a concerted effort to collect, develop and manage sex- and gender-disaggregated data. This data is crucial in designing and formulating tailored policy interventions and targeted strategies for women and MSMEs on both the demand and supply side, for “what gets measured, gets addressed.”¹¹

10 Braunstein, 2014

11 Castrucci, undated

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