ACCESS TO FINANCE ACTION RESEARCH: OPPORTUNITIES FOR YOUTH EMPLOYMENT (OYE), ZIMBABWE

December 2020

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC

Sweden
Sverige

SNV

List of abbreviations

AfDB	African Development Bank
BAZ	Bankers Association of Zimbabwe
BDS	Business Development Services
CARE	CARE International
CABS	Central African Banking Society
CREATE	Credit for Agriculture Trade and Expansion
DfID	Department for International Development
EU	European Union
FAO	Food and Agriculture Organisation
FGD	Focus Group Discussion
FI	Financial Institution
IFAD	International Fund for Agriculture Development
ILO	International Labor Organization
IYF	International Youth Foundation
JAZ	Junior Achievement Zimbabwe
KII	Key Informant Interviews
KYC	Know Your Customer
LFSP	Livelihoods and Food Security Programme
MFI	Micro-finance Institution
MoWGCDSME	Ministry of Women Affairs Gender, Community Development, Small and Medium Enterprises
MYASR	Ministry of Youth Sports, Arts and Recreation
NAYO	National Association of Youth Organisation
NFIS	National Financial Inclusion Strategy
NYC	National Youth Council
OYE	Opportunities for Youth Employment
POSB	Post Office Savings Bank
RBZ	Reserve Bank of Zimbabwe
RTGS	Real Time Gross Settlement
SACCO	Savings and Credit Cooperatives
SDC	Swiss Agency for Development and Cooperation
SIDA	Swedish International Development Cooperation Agency
SME	Small and Medium Enterprise
SNV	Netherlands Development Organisation
UNICEF	United Nations Children's Fund
VSL/ISAL	Village Savings and Lending/Internal Savings and Lending
ZADT	Zimbabwe Agricultural Development Trust
ZAMFI	Zimbabwe Association of Microfinance Institutions
ZiNEPF	Zimbabwe National Employment Policy Framework
ZLFS	Zimbabwe Labour Force Survey
ZWD	Zimbabwean Dollar
ZWMB	Zimbabwe Women's Microfinance Bank

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1. Executive Summary

1.1. Background and Purpose of Research

SNV commissioned the action research to support the implementation phase of the Opportunities for Youth Employment (OYE) project funded by Swiss Agency for Development Cooperation (SDC). The research undertaken in two districts of Goromonzi and Umguza sought to understand the various issues that led to limited access to finance by youth. The methodology used was a blend of qualitative methodology on the back of extensive desk top review, key informant interviews with stakeholders with an interest in youth and focus group discussions held with young people in the two districts. The action research outcomes were presented and validated in November 2020 with key stakeholders including RBZ, ZADT, FAO, ILO, NYC and SDC.

1.2. Country Context, Policy and Regulation

On the national context, while the 2020 National budget prioritised growth and productivity, job creation, competitiveness and strong, sustainable and shared development (Republic of Zimbabwe, 2020), this was not to be as a negative growth rate of 4.1% was achieved on the back of the ravaging Covid-19 pandemic which led to poor social and economic performance. The research did note the existence of a multitude of policies and strategies in the country including the National Financial Inclusion Strategy – however effectiveness of these policies and strategies in addressing youth access to finance were found to be minimal. The growth and increasing significance of the youth demography was noted not only in Zimbabwe but regionally and globally with trends pointing towards increasing percentages of youth moving into the productive economic sector. This makes the youth sector a critical sector for future investments.

1.3. Supply & Demand of Financial Services

On the supply side Zimbabwe has a diversified range of banking and microfinance institutions (MFIs) and other specialized finance institutions in the financial sector. However, there are a few institutions and programs that exist sorely for the service of youth. Most institutions provide youth with products that are an extension of adult designed products. This entails the tweaking of a product, designed and conditioned to serve adults, to cater for youth. Very few of these institutions provide non-financial business support to the youth to reduce the risk associated with youth lending which was noted to be critical by this study. On the demand side, the youth need their creativity and innovations supported with access to financial services if they are to exploit opportunities to their maximum. The demand for financial products is high yet the youth have no experience running viable enterprises, they are highly volatile and hop from one business idea to another, have no collateral to back up their loan requests, can hardly fulfill onerous requirements demanded by banks, and generally lack information and business support.

1.4. Conclusions and Recommendations

The study did note the heterogeneity of the youth both in terms of gender as well as age range with these differences needing to be considered when financial institutions design youth products. With the notable flaws, risks and general lack of knowledge/guidance that consumes this youth sector, financial and developmental institutions need to appreciate the importance of support youth as the future clientele and economic drivers of the next world order given the youth bulge being noted globally. Products that are designed for this sector should thus seek to address the heterogeneity of the youth sector as well as addressing the massive deficiencies noted about the youth venturing into business. The study revealed that youth programmes need a more holistic and integrated approach of both financial and non-financial support. Over and above these, policies that genuinely seek to encourage investments by banks in banking systems that cover the rural areas need to be put in place. The growing phenomena of digital money needs to be explored and directed towards improving the coverage of financial services in the previously unbanked areas mainly the rural areas. Furthermore, there is a wide call for usage of digital financial platforms like mobile money to lower the bar for financial access by the youth and ultimately raise the numbers of youth customers as well as increasing financial products that are at the disposal of the youth. Finally the research noted the importance of strategic collaborations between the various institutions that have a youth interest for the purposes of effectively supporting the youth, eliminating distortions created by information asymmetry, and providing effective and seamless financial products that respond to youth needs.

2. Purpose of Research

2.1. Background

The Action Research in Zimbabwe has been commissioned by SNV for the implementation phase of the Opportunities for Youth Employment (OYE) project funded by Swiss Agency for Development Cooperation (SDC). SNV conducted a market assessment and proposition for the OYE project to SDC. The proposed interventions under OYE are: - clustering/organising youth; business skills; access to markets and access to finance. The key areas of focus selected for the OYE project in the districts of Goromonzi and Umguza are agricultural value chains, renewable energy, and green enterprises. From the market scan, the following agricultural value chains were identified: Horticulture, Poultry and Goats. Youth opportunities noted were producers/suppliers, traders, processors, transporters, and service providers. One can be active and linked to both informal and formal markets. Low market entries will be critical for young people. As youth participate in structured or unstructured value chains, they aspire for investments with high return, low investments, quick cash, short turnaround business activities. The level of technological approaches used are indicative of the innovation youth can bring into value chains. Current smallholder market practices are low-tech and highly active in informal markets compared to medium sized and larger corporate players who exhibit varying degrees of vertical integration in the identified value chains. SNV also identified potential for green enterprises and renewable energy sector. Youth opportunities range from solar driers, processors, installation services, maintenance, transporters, service providers and biogas masonry skills. Financing options and youth friendly products/services need to be identified for the range of agribusiness, renewable energy, green enterprises. Lessons and best practices can be identified during the action research on financing options, mechanisms and instruments that range from loans, grants, guarantee schemes, blended mechanisms or group-based savings and loans models.

2.2. Objective of Research

The SNV OYE project is undertaking to research in Zimbabwe to establish on the demand and supply side, information through desktop and key informants research on financial services, products, funds, schemes to support young women and men. SNV desires to understand the architecture of current and past facilities on what worked and what has not worked. The research is structured to facilitate the development of more youth responsive and effective financial services and products that will support SNV's OYE programme and other youth related initiative within the country, as well as facilitate the identification of policy opportunities that need exploitation by youth interventions and/or policy gaps that need to be addressed by policy makers. The key objectives of the research based on SNV TORs are:

a) **Deepen the understanding of issues on the demand side for financial services viz.**

i. Identifying financial needs of youths intending to get into business and those already in business; financial needs of youth formed, or youth run enterprises; differences in the demand for financial services between young women and young men.

ii. Identifying the impediments that youth face in accessing appropriate financial products segregating the needs of young women and young men.

iii. Exploring the attractiveness or lack thereof of savings and lending schemes among the youth.

b) **Deepen the understanding of issues on the supply side of financial services viz**.

i. Established youth inclusive financing mechanisms that have been in place in the countries in the last 10 to 20 years with particular emphasis on those facilities that support Agriculture/agribusiness along wider value chains (service/input supply, production, processing, marketing, sales and retail), agriculture supportive energy businesses and/or other green enterprises.

ii. Outline the successes or failures of these highlighting the likely causes for their success or failure.

iii. Explore the form or structure of these facilities i.e. characteristics of the facilities – short term, long term, equity, quasi equity, off-balance sheet, guarantees etc.

iv. Outline the funding institutions and funding medium e.g. using banks or microfinance institutions to disburse the funding.

v. Explore the use of grants or blended facilities (e.g. grant-loan, loan-guarantee) highlighting the successes or failures – the research should bring to the fore the institutions that are or were involved in this type of funding and possible reasons for continuing or discontinuing.

vi. Explore the existence of savings and lending schemes for youth or those supporting youth participation – their size (membership, funds/capital size), governance (self-managed or affiliated to a larger institution).

3. Overview of Research Approach and Methods

3.1. Overall Approach

The methodological approach used was primarily qualitative and was augmented with quantitative data from the desk top research on secondary data, literature review and reports. **In compliance with prevailing COVID-19 restrictions, protocols and compliance in Zimbabwe,** the research methods and tools maximised on technology and used a combination of onsite and electronic mechanisms for research with different categories of stakeholders and respondents. The Key Informants such as Finance institutions, NGOs, UN agencies, youth associations preferred online electronic platforms ranging between Zoom, Skype, Microsoft Teams and telephonic interviews. The Government ministries, few finance institutions and the youth focus group discussions were conducted onsite through socially distanced meetings with both the consultant research team and respondents observing **COVID-19 national and WHO protocols and guidelines to preserve the health and safety of the research team and the informants,** do no harm principle in research. COVID-19 sanitisers, face guards and disposable masks were critical accessories during the research. Of note the youth in Goromonzi and Umguza had to be advised by the consultant research team how to observe COVID-19 protocols during the small to medium sized FGDs and provided with disposable masks and sanitiser before interviews started.

3.2. Qualitative Methods

Desktop Study: The Consultant conducted extensive desk research including open source data, online portals, review of programme documents, sector related studies and literature from institutions, other programmes, governments, NGOs and academia. The information focused on youth financing, employment, entrepreneurship, financial sector, youth in agribusiness and financing renewable energy. Documents were reviewed focusing on identifying the financial products available in the market, factors affecting youth access and barriers to uptake of these products, capital needs and constraints faced by the youth, how these products are structured and how these can be refined or blended to best serve the youth. The desktop review was also used to map out other data sources, respondents and inform the development of FGD and Key Informant Interview guides used during the research. A list of all documents and reports consulted is provided in the report.

Focus Group Discussions: FGDs were conducted with rural youth in few socially distanced small sized groups (5-6 person) observing social-distancing protocols. In some cases, the youth came as large group and interviewed in an FGD not exceeding 13 in number. The youth were within the 18-35 age group for the 2 districts.

Key Informant Interviews (KIIs): Semi-structured interview guides were designed based on the type of interlocutors and administered to Key Informants during interviews ranging from Government, the Regulator in the financial sector, a range of finance institutions including Banks and Microfinance Institutions (MFIs), Youth Funds, Support institutions/programs, Donors, UN agencies ,NGOs running youth programs on entrepreneurship and financial inclusion, Youth associations and groups, in the youth access to finance space in Zimbabwe. The consultant identified and communicated formally to all Key Informants. SNV introduced ZADT to participate in the research. These respondents highlighted evidence on the supply and demand side. Factors and processes such as identifying the financial needs of youths for youth existing and start-up businesses, identifying available youth financing mechanisms including the form, structure and characteristics of the facilities and the medium used to deliver the funding, outlining the successes and failures of those mechanisms already in use. The action research outcomes were presented and validated in November 2020 with key stakeholders including RBZ, ZADT, FAO, ILO, NYC and SDC

3.3. Data Collection Strategies

Sampling: A small sample of youth respondents was selected from Goromonzi and Umguza districts. The sampling was based on the SNV OYE geographic wards. SNV advise a reach of 30 youth per district to be adequate through qualitative approach such as FGD and exclude quantitative survey questionnaire interviews. SNV guided the specific selection modalities to include considerations for practical feasibility of reaching the desired sample size, the budget and showing evidence from rural, peri-urban locations. The consultant communicated with the SNV selected BDS providers covering the two districts and guided on the need for mixed groups of youth to participate in FGDs and to be within the 18-35 age group. The youth in Goromonzi were mobilised by the SNV BDS partner Women in Agriculture and for Umguza, the BDS partner Empretec was not involved in mobilising, but instead the officials from the Ministry of Youth, Sport Art and Recreation and the Ministry of Women's Affairs and SMEs emanating from stakeholder meetings with the district administration including the consultant research team.

3.4. Research Limitations

Fieldwork preparations included introductions and meeting the District Development Coordinators and mobilisation of youths for FGDs together with the SNV supported BDS providers in both districts. Challenges faced were the duplication of youth to be interviewed in Goromonzi. The BDS provider had selected and identified a limited cohort of youth for both the Youth access to finance research and the Gender action research. These reflected the current pool of youth selected for OYE so far. Further the parallel timing of the two action researches resulted in the limited pool of respondents participating in FGDs for both researches resulting in duplication of respondents in Goromonzi, albeit the focus of the FGDs differed Political influence through government officials mobilising the youth in Umguza instead of the BDS provider led to expectations of per diems from both government officials and the youth after the interviews for both researches. Time for 3 weeks fieldwork for FGDs and KIIS was adequate allowing continuous follow-up of respondents who were still working from home and less responsive to participate.

4. Context for Access to Finance and Entrepreneurship in Zimbabwe

4.1. Macroeconomic Context in Zimbabwe

Zimbabwe current economic blueprint is outlined in the Transitional Stabilisation Programme ending 2020 and government is developing a National Development Plan (2021-2025).The government expected the economy to recover from the -6,5% estimated in 2019 to 3% growth in 2020 with the GDP projected to be around ZW$333,3 billion (about US$20,8 billion). Inflation was expected to be below 10% by the end of March 2020 and drop to 2% by December 2020. The 2020 national budget announced prioritised growth and productivity; job creation; competitiveness; and strong, sustainable and shared development. The introduction of the Youth Employment Tax Incentive of up to ZW$500 per month and the National Venture Capital Fund of ZW$500 million are steps toward creating jobs for youths and funding grassroots income-generating projects in the country (Republic of Zimbabwe, 2020). Tax revenue was the anticipated main driver of government revenue, estimated to be at US$6 037 billion, up from US$4 300 billion in 2018 (40% growth). This was attributed to revenue enhancing mechanisms including the increase in Excise Duty for fuel, and the electronic transaction tax of 2% among others. For the first time in the history of Zimbabwe, domestic debt accounted for 54% of public debt which was estimated at US$17.69 billion as of October 2018, (Zimcodd, 2019).

The national economy, like other economies across the globe, is experiencing economic and social turbulence induced by the outbreak of the COVID-19 pandemic. Due to COVID19 and another drought year, the economy is projected to contract by 4.5%, with the declines cutting across all sectors of the economy. The adoption of the recently launched foreign exchange auction system, which has seen the exchange rate re-aligning from ZWD$25/USD in May 2020 to ZWD$82.9/USD on the auction, is expected to lead to further increases in the foreign currency component of broad money. The Central Bank also directed mobile money operators to close multiple wallets and leave a single wallet option per individual. To provide liquidity to the auction system and sustain its operations, 20% of the foreign currency generated by domestic businesses will now be liquidated at the point of depositing into the local FCA account. The central bank continued to support the productive sectors through its Medium Term Lending Facility to support banks with productive sector funding requirements and further reviewed the reserve requirements from 5% to 2.5% to enable banks to increase credit to the productive sectors of the economy. To curb speculative borrowing and manage foreign exchange pressures, the Monetary Policy moved the rate upwards from 15% to 35% (RBZ, 2020).

The youth bulge in Zimbabwe's population structure, is a demographic dividend, whereby 35.7% are youth (15-34 years) and 13% are young adolescents (between the age 10-14 years), offering opportunity for strategic investments to be made now in young people. According to the Zimbabwe 2012 population census, Zimbabwe has a total population of 13 061 239, where 77% consists of children and youth below 35 years of age. Youth aged 15-34 years' number 4 702 046 which constitutes 36% of the national population and those aged between 15 -24 years are 20% of the populace. The 2012 Population Census data shows that the youth aged 15-34 years constitute 84% of the unemployed population and those aged 15-24 years constitute 55%. The statistics also indicate that the highest concentration of 31% of the unemployed is between the ages of 20 and 24 years. There is also a gendered dimension to youth unemployment as the higher levels of unemployment is among female youths (Republic of Zimbabwe, 2012).

4.2. Financial Inclusion Highlights

The Zimbabwe Finscope study of 2012 established that an estimated 5.7 million people work in the MSME sector in Zimbabwe, including 2.8 million MSME owners (18 years and older) and about 2.9 million employees (any age). The MSME owners are usually middle aged (73% are over the age of 30). As such, 53% of MSME owners are female (mainly individual entrepreneurs engaged in agricultural activities), and 66% of MSME owners are in rural areas. MSME owners generally have good levels of education (71% with secondary education or more) and are usually heads of households (65%). According to the FinScope MSME 2012 report, women dominate in each level of education until the end of secondary education. Men dominate in attainment of tertiary education. This may contribute to the lack of knowledge women have regarding loans and requirements. According to the FinScope 2011 report, the education levels in a country are important, as generally, a correlation exists between education levels and financial behaviour. Service providers need to understand the level of education of their target markets to design effective consumer communication. According to the FinScope 2014, consumer education and financial literacy are real issues in Zimbabwe, Interaction with securities and insurance is encumbered largely by lack of financial illiteracy.

Mandengenda (2016) conducted a data gender disaggregation of the FinScope MSME 2012 report and established the following: - the majority of businesses (94%) operate informal businesses or sole proprietorships. Men are more likely to own a registered business than women. Women operate more under clubs, co-operative society, associations than men. The largest employer of women is the Retail and Sector (44%) followed by the Agricultural sector (39%), and then the Manufacturing sector with 7%. Furthermore, men's businesses had higher turnover than women. Small business ownership is stronger in the 60 + age group than in the 18-24-year age group, hence senior entrepreneurship is taking place. Women constituted the bulk of the sample and women ownership declines after 40 years of age. Women dominate in each level of education until the end of secondary education. Men dominate in attainment of tertiary education. This may contribute to the lack of knowledge women have regarding loans and requirements. **The reasons for women not borrowing from FIs are for 31% a fear of bad debts;** 29% had no need to borrow; 27% were worried about being able to pay back the loan; 21% had no one to borrow from;**13% did not know where to borrow money for their businesses** and 9% did not want to be labelled as defaulters and did not borrow. Uptake of other formal nonbank products is largely driven by mobile money services and remittances.

Women's access to bank credit has improved, with direct loans to women from the banking sector growing from ZWD$310.78 million in December 2017 to ZWD$432.36 million by December 2018, an increase of 39.12 percent. In addition, loans to MSMEs owned by women amounted to ZWD$26.77 million as of the end of December 2017 (RBZ, 2019).

4.2.1. Progress Under National Financial Inclusion Strategy (NFIS) 2016-2020

The National Financial Inclusion Strategy (2016-2020) was launched in March 2016 by RBZ to facilitate inclusive/shared/broad-based economic growth. The Strategy is anchored on 4 Pillars, namely, Innovation, Financial Literacy, Financial Consumer Protection & Microfinance. Priority areas of support included:- Youth, Women, Small-holder Farmers, Rural Communities, MSMEs, and People With Disabilities. A total of ZWD$ 447.22 million was disbursed under the empowerment facilities out of the total availed facilities amounting to ZWD$586.51 million, translating to a utilisation level of 76.25%. The RBZ facilities have also contributed to the development of various value chains particularly in agriculture, mining, manufacturing, horticulture and resuscitation of irrigation schemes and tourism in various parts of the country. The facilities also supported generation of exports. Banks, MFIs, Non-banking financial institutions & MNOs, continue to explore innovative ways of delivering financial services to the marginalised segments through leveraging on technology. Innovations such as mobile banking, digital finance, psychometric credit scoring models, biometric technology, value chain financing, group lending, micro insurance, micro business and housing loans, etc. are increasing access to, usage and quality of finance for low-income clients. Stakeholders continue to invest in financial literacy programs focusing on various concepts and skills including financial planning, budgeting, saving and debt management skills, as well as promoting the understanding of consumer rights and responsibilities. Microfinance institutions continue to play a significant role in promoting access to formal financial services by marginalised segments including women. Positive growth was recorded in outreach, loan portfolio size, equity funding, and deposit mobilisation. RBZ and the Ministry of Women Affairs and SMEs met in October 2019, to map a concrete way forward in recognizing SACCOs under the National Financial Inclusion Strategy. MSMEs guarantee scheme being provided through the Export Credit Guarantee Company (ECGC) is contributing to enhanced MSME uptake of financial services. Supply-side data collected by the RBZ from the banking sector continues to reflect an upward trajectory in the levels of access to financial services by the lower income and under-served segments. The number of MSMES loans increased from $131.69 million in Dec 2016 to $2,89 billion in June 2020. Bank accounts for women increased from to 769 883 in Dec 2016 to 2,536,558 in June 2020. Value of loans to youth increased from ZWD$58,41 million in Dec 2016 to ZWD964,36 million in June 2020 (RBZ, 2019; RBZ, 2020)

4.2.2. Digital Finance and Access to Finance

The COVID-19 pandemic has resulted in severe and protracted disruptions to the livelihoods of people all around the world, both in developing and developed countries. The pervasive effects of this pandemic, which have ended up affecting every aspect of our societies keep unfolding as the crisis progresses, leaving profound marks on people's livelihoods and countries' economies that are expected to last for many years after the pandemic has ended.

As part of the global response to COVID-19, the digital finance industry has been playing a key role in developing and providing services and innovations that have mitigated, at least partially, the disruptions brought about by the pandemic on multiple aspects of people's lives. In developing and emerging contexts, especially, there has been a strong surge in interest for the ample potential that fintech (i.e. financial technology) carries in preserving people's livelihoods and businesses that have been, and continue to be, threatened by the pandemic, thereby enabling and sustaining – within societies – the flow of cash, credit, deposits, investments, salaries, government-to persons (G2P) and peer-to-peer (P2P) transfers, among others, at national and regional levels.

The Covid-19 pandemic has seen an acceleration of the digital financial inclusion process within the public and private sectors as a response to the pandemic. Fintech platforms like Ecocash and OneWallet have experienced an unprecedented growth in usage and the volume of transactions as people look for alternative ways to run and manage the financial aspects issues considering extended periods of lockdown, physical distancing, and livelihood disruptions. Amongst the youth population, digital financial services have grown to be a critical bridge between the previously unbanked employed and unemployed youth and the formal financial services. With mobile phone subscription close to 100%, there are more than 13 million registered subscribers. Econet Wireless, an MNO with 70 percent market share in Zimbabwe, set out to develop a mobile money platform in October 2011. Eighteen months after Ecocash was launched it already had 2.3 million registered users, over one million active accounts and an estimated monthly transactions volume of $200 million. Currently it has more than three million subscribers and it processes transaction volumes worth an average of US$2.2 billion annually. EcoCash has more than 6000 registered agents whilst Telecash has more than 2 600 agents.

Preliminary results of an on-going study being undertaken on Youth Savings and Lending Associations by SNV in Goromonzi, Murehwa, Harare and Mangwe show that whilst 75% of the youth participants within the OYE project had a bank account, 95% of them use mobile money wallets while 13% used debit cards. This largely affirms the phenomenal growth of digital banking solutions within the youth segment and submits the proposition of increased and deeper usage of digital financial solutions to improve financial access by the youth.

5. Macro level: National Policy and Regulation

5.1. Zimbabwe Policy and Regulatory Frameworks

Various policies and regulatory frameworks exist in the Financial and SME sectors in Zimbabwe. Various Bills and Acts have been promulgated and amended over the years specific to the Banking, Microfinance, SME, Industry and Commerce sectors including gender and youth. During the research these were reviewed, and the key tenets outlined below in Table 1. The implications for youth access to finance and entrepreneurship were further analysed.

Table 1 Regulatory Frameworks for Youth Financial Inclusion and Entrepreneurship

Regulatory Frameworks for Economic development, Financial Inclusion and Enterprise Development	Implications for Youth's Access to Finance and Entrepreneurship
Zimbabwe launched in November 2020 the National Development Strategy 2021-2025 to replace the economic blueprint **Transitional Stabilization Programme.** The TSP was crafted to stimulate economic growth and stabilise the macro-economic environment in the country. It was aimed at building a foundation that will ensure a prosperous and empowered upper middle-income society by 2030. It focused on: Stabilizing the macro-economy, and the financial sector, introducing necessary policy, and institutional reforms, to transform Zimbabwe to a private sector led economy; and launch quick wins to stimulate growth.	The policy anticipated the high unemployment rate to decline as the economic growth is stimulated. However, with the ending of the 5-year period of the TSP in 2020 on the macroeconomic performance, the overall real GDP growth targets for 2018 and 2019 were missed. In 2018, the economy only grew by 3,4% against a TSP target of 6,3%, while in 2019, the economy declined by -6,5% against a TSP target of 9%. As a result, the youth demographic dividend continues to be marginalised in economic decline. Youth empowerment becomes crucial for inclusivity and their role in contributing to national economic stimulus.
National Youth Policy The policy seeks to empower youth to participate and contribute to the socio-economic development of the nation, to develop a coordinated response and participation by all stakeholders in the development and empowerment of the youth, to instil in youth a clear sense of national identity and respect for national principles and values, and to promote the health of young people	The policy brings the youth into the mainstream of economic activity. Organisations lobbying for youth empowerment can engage government ministries and departments for youth advancement. The policy provides for Youth Employment and Access to Resources; development strategies and programmes incorporate youth employment concerns development of specific youth-oriented programmes that improve the skills, productivity and experiences of young

and develop youth oriented healthcare.	people through schools, vocational training centres, community organizations and NGOs; equal employment opportunities for the youth that have attained the age of majority, and the establishment of a youth fund for access to capital by the youth.; promoting self-employment activities and Advocating for representation of youth in tripartite bodies and tripartite consultations.
Small and Medium Enterprise Policy The policy supports a vibrant a micro, small and medium enterprises (MSMEs) sector, improve access to finance to achieve financial inclusion of innovative youth and women, contribute towards employment creation, poverty alleviation and to grow the economy.	Entrepreneurship and enterprise development can be fostered amongst youth in urban, peri urban and urban areas. Various key stakeholders can play a great part in promoting youth projects. In 2020, Zimbabwe's third five-year Micro, Small and Medium Enterprises (MSMEs) policy is to be rolled out to increase industrial growth and productivity signifying a major departure from the formalisation thrust which dominated the previous policy. The policy is anchored on inputs distilled into 12 pillars which include creating an enabling Legal and Regulatory Environment: MSMEs financial support, market development and trade promotion among others. It also focuses on entrepreneurship development; business management, corporate governance, and technical skills development; workspace and infrastructure support; access to modern production and information communication technologies (ICT) and Rural Industrialisation
National Financial Inclusion Strategy Reserve Bank of Zimbabwe (RBZ) launched the 2016-2020 NFIS anchored on 4 key pillars of the framework:- expanding the outreach of established developmental financial institutions; expanding the outreach of established commercial banks and building societies; enhancing provision of microfinance services through MFI Banks or Financial Inclusion Centres (FICs); urging relevant authorities to ensure provision of adequate infrastructure. and provision of electricity; provision of appropriate incentives to FIs engaged in rural banking; and engaging other stakeholders to facilitate the provision of other incentives.	The establishment of the Empowerment Funds are expected to benefit target groups such as Women, SMEs, Smallholder farmers and the youth. The availability of appropriate and affordable credit by banks and MFIs as financial intermediaries for these funds can steer youth to venture diverse economic activities. Financial inclusion strategies have proved to be a necessary catalyst to enhancing coordination of the financial sector around core priority areas to enhance inclusion of market segments that are financially excluded. Supply-side data collected by the RBZ from the banking sector continues to reflect an upward trajectory in the levels of access to financial services by the lower income and under-served segments.

National Employment Policy The policy seeks to address interlinked challenges of high levels of poverty and endemic unemployment. It was developed to respond to these challenges by harmonising socio-economic goals to influence a poverty reduction strategy underpinned by broad based inclusive pro-poor growth. The plan placed youths at the centre of this strategy who are identified as one of the groups most vulnerable to the challenges.	Increase in employment levels leads to financial stability among the youth resulting in higher productivity and poverty reduction. This has a positive bearing to youth economic participation alongside the adult labour market.
The Banking Act The Act provides for the registration, supervision and regulation of persons conducting banking business and financial activities in Zimbabwe; to establish a deposit protection scheme to protect depositors in the event of the insolvency of a contributory institution.In May 2016, the amended Banking Act came into effect giving the Reserve Bank of Zimbabwe more latitude to tighten bank supervision, monitoring and control while diluting controlling individual or bank holding shareholder influence on banks.	The Act ensures for prudential supervision and more consumer protection. This ensures youth access to finance is available from stable and viable banking institutions. Provisions of prudential guidelines for KYC are a limiting factor for access to finance for market segments that fail to comply, however the provisions for KYC lite for opening bank accounts has unlocked potential of the unbanked market including youth. This enabling environment benefits the public including the youth.
Microfinance Act The Act was promulgated for the registration, supervision, and regulation of microfinance business. In January 2019 the new amendments to the Microfinance Act were rolled out including issues of providing for perpetual licenses for deposit takings for MFIs and extending the tenure of the license for the credit-only microfinance institutions. Two types of institutions: credit-only microfinance institutions and deposit-taking microfinance institutions were recognised.	The amendment of the policy providing for a perpetual licenced beyond the previous 1 year, allows financial investors' confidence in funding MFIs for long term financial instruments, access to more patient capital , leading to gradual lowering of the cost of their loans and affordability for the market as well as young people. Youth can benefit from various array of youth friendly products, longer tenure compared to short tenure of loans.
Small Enterprise Development Corporation (SEDCO) Act The Act was amended in 2014 to promote and develop SMEs in Zimbabwe. This Act further provides for the Government to promote development of MSMEs through facilitating training and advisory services. The institution changed its name from Small Enterprises	The Act provides for enhancing SME development. The regulatory framework facilitates for youth owned MSMEs to be able to approach and access facilities offered under SMEDCO and other SME dedicated units in the banking sector and SME loans provided by MFIs. The policy provides metrics of defining micro, small and medium enterprises allowing for the self-employed youth enterprises to be

Development Corporation (SEDCO) to Small and Medium Enterprises Development Corporation (SMEDCO). The amendments include provision of an Advisory Council and a MSMEs Fund to finance MSMEs and wholesale loans to Microfinance Institutions.	supported by financial and non-financial institutions.
Gender Policy The policy goal is to eradicate gender discrimination and inequalities in all spheres of life and development. The 2004 Gender National Policy (GNP) included development and launch of the framework for broad based women's economic empowerment. It improves on the national economic development strategy which introduces a development perspective of strengthening the need for gender responsive budgets and gender mainstreaming into economic activities.	The policy provides for an enabling environment for the women and removes barriers in economic participation by young women. Organisations lobbying for women's rights, empowerment can engage with gender focal points of government ministries. Women face unique obstacles in accessing financial services, the policy addresses lowering some of the barriers to entry into business, access to productive resources including finance. Young women and girls are protected under the provisions of the policy.

5.2. Government Stakeholders: Institutional Frameworks

5.2.1. Ministry of Youth, Sport, Arts and Recreation

The Ministry is responsible for formulation and establishing policy frameworks to promote the development of Youth, Sport, Arts and Recreation; iinstitutionalise and enforce good corporate governance in Youth, Sport, Arts and Recreation programmes to attract investment and full participation of individuals and corporates; implements strategies that ensure development and growth and creates an environment that supports and enhances the development of Youth, Sport, Recreation and the diversity of cultural expressions. The Ministry established a revolving fund to stimulate youth development. The fund was established as a revolving micro loan facility to support youth entrepreneurship. The Youth Development Fund is co-administered by the Ministry and Empower Bank. It represents government loan guarantee investment with Empower bank which in turn mobilizes resources for security-free-on lending to the youth but guaranteed by the investment. Through the initiative, loans are provided at a concessionary rate of 10% per annum for tenure of up to 36 months. Under the Ministry there are empowerment programmes, policies and strategies for young people which include resource mobilization, eentrepreneurship development and business hubs, curriculum development and vocational training for enterprises for youth. The Ministry has various vocational technical training centers where youths are trained in skills to enable them to start businesses. It also offers skills outreach programme where training is done in communities to meet local needs. There is partnership with the Registrar of Companies and Zimbabwe Youth Council to capacitate young entrepreneurs to formalise their businesses. Other partnerships with the ministry include AfDB in Youth Business Expos, UNDP, and SNV in youth programmes. The establishment of the Youth Empowerment Bank-Empower Bank which has now supported various youth projects countrywide, seen as a step in the right direction of empowering the youth. Some of the major projects facilitated by the Ministry include: Mutoko value addition fruit and tomatoes processing hub, dairy hub in Umguza, goat project at Pangani in Filabusi, cosmetology hub in Bulawayo, water-bottling plant in Vumba

5.2.2. Ministry of Women's Affairs, Community Development and SMEs

The Ministry is mandated to promote women's economic empowerment, gender equality across all sectors of the economy, promoting and advocating community development, promoting MSMEs and cooperatives development. The Ministry administers the Women Development Fund which exclusively for women as well as the Community Development Fund. The Women Development Fund is administered by the POSB. on behalf of the Ministry of Women's Affairs as a loan with an interest rate of 10% per annum. These funds are funded under the fiscus. The Community Development Fund is also resourced from the fiscus and disbursed through POSB. The funds are less than 1% of national budget annually and government funds them. The establishment of the Zimbabwe Women's Microfinance (ZWMB) was in 2017 and launched in 2018 by the Ministry attaining a major milestone for advancing financial inclusion for women countrywide, particularly in rural and peri-urban areas including urban coverage. The Bank was resourced through fiscal allocation and capitalized through treasury bills. Government is currently the sole shareholder. Technical feasibility of the Bank was funded by UNDP. The Ministry oversees various funding programs through SMEDCO and ZWMB which include Grants, Seed Capital, Capital expenditures to youth, women, SMEs and micro enterprises and other partnerships like ILO Green enterprise innovation and Development Programme, OPEC Fund for International Development funding livestock development projects. Linkages are facilitated to different support organisations or through the Ministry's own internal training human resources for women in business management skills. Coordination and partnerships are established with UN Women and the Gender Thematic Group with other UN agencies

5.2.3. Reserve Bank of Zimbabwe

The RBZ has it's focus on financial stability and financial inclusion in the economy. It regulates the Zimbabwe's monetary system; advances the general economic policies of the Government; supervise banking institutions and promotes the smooth operation of the payment systems formulate and execute the monetary policy of Zimbabwe and acts as banker and financial adviser to, and fiscal agent of, the State. As the central bank, the RBZ licenses commercial banks, deposit taking and non-deposit taking MFIs. It is developing a credit reference system, collateral registry and a national financial literacy framework. A collateral registry facilitates for borrowers including youth without tangible, immovable assets to access financing as the registry provides for registration and allows the use of movable assets to be used as collateral for credit facilities. Assets such as phones, vehicles, cattle that have some means of identification and verification of ownership to mention a few will be registered. The RBZ has with other key stakeholders developed together the National Financial Inclusion Strategy (NFIS) The overall objective of the Strategy is to deepen financial intermediation for the marginalised and the unbanked to have access to appropriate financial services during the Strategy period of 2016 - 2020. The Strategy is anchored on four pillars, financial innovation, literacy, consumer protection and microfinance supported by a number of enablers. The priority market segments to target support included youth, women, small holder farms, rural communities MSMEs and People With Disabilities.

The central bank has the following financial inclusion productive and empowerment facilities:- Youth Empowerment Fund, Women Empowerment Fund, Horticulture, Export

Finance, Microfinance Revolving Fund, Soya bean, Tobacco, Gold Support, Persons with disability, Construction, University Education Support, Tourism. Youth Empowerment Fund $10million, Women Empowerment Fund $15million, Horticulture$10million, Export Finance $70million, Micro-finance Revolving Fund $10million, Soya bean $21million, Tobacco$70 million, Gold Support $150million, Persons with disability$10million, Construction $50 million, University Education Support $50 million, Tourism $15 million. The youth have immensely benefited as seen by increase of the youth value loans from $58,41million in Dec 2016 to $964,36 million in June 2020.

5.2.4. Structure of the Banking and Microfinance Sector

According to August 2020 Monetary Policy, Zimbabwe had 13 Commercial Banks, 1 Merchant Banks, 4 Building Societies and 1 Savings Bank. The other financial institutions supervised by RBZ included 153 Credit-only-MFIs, 2 Deposit taking MFIs and 2 Development Finance Institutions. Commercial banks are the largest players in the banking system, in terms of total assets with the broadest range of products on offer. The banking sector remains adequately capitalised despite clear headwind with the COVID 19 epidemic, liquidity issues, depleted nostro accounts and growing exposure to Treasury Bills squeezing out private sector lending. All banks are now in compliance with the prescribed minimum capital requirements and were making progress towards attaining compliance with the 2020 regulatory capital requirements. The banking sector net capital base as of 30 June 2020 stood at ZWD$29,47bn, up from ZWD$1.34bn in December 2016. Income was largely driven by fees and commission arising from an increase in RTGS transactions, mobile banking and POS transactional volumes as banks moved away from the traditional banking model to the digital model. Total banking sector deposits as at 30 June 2020 amounted to ZWD$97,40bn, up from ZWD$6.51bn, while total loans were up from ZWD$3.69bn to ZWD$37,77bn. (Women loans ZWD$277million, Youth ZWD$58million). The shortage of cash has had the positive consequence of driving financial inclusion in the country, the previously unbanked in the informal sector have been forced to adapt to non-cash channels including plastic money. Bank models have evolved towards having specialised SME units, Women's desks, and MFI subsidiaries to target this emerging market (RBZ 2020).

5.3. Apex Fund

5.3.1. Zimbabwe Microfinance Fund

The Zimbabwe Microfinance Fund was created to assist the microfinance sector in reducing poverty. It was established as the Zimbabwe Microfinance Wholesale Facility by Hivos from 2010 and institutionalised in 2011 and launched 2012. The goal of ZMWF is to reduce poverty and create employment through access to financial services that will be responsive to the needs of the population, especially women and the economically active poor, in a manner that will foster sustainability and financial inclusion. ZMWF's vision is for a vibrant, adequately resourced and financially inclusive Microfinance sector. Its stated mission to provide quality and sustainable funding to MFIs and similar enterprises that can reach the productive but economically active poor, particularly women and youth in rural areas, to promote human dignity. The facility's objectives are to provide wholesale funding to qualifying Financial Service Providers (FSPs), so that they can on-lend to MSEs and the economically active poor. The partners of ZMWF include Hivos, ZAMFI, DANIDA, GIZ, DFID and some technical assistance partners such as FAO. The primary target clients of the intervention are developmental FSPs, whilst the secondary level beneficiaries are MSEs and the economically active poor in Zimbabwe. There is also a component of women Empowerment, Gender and HIV & AIDS where in the ZMWF seeks to mainstream gender and HIV/AIDS into microfinance. ZMWF provides innovation capital, stabilisation capital and growth capital loans. ZMF also disburses small grants to fund targeted capacity building in human skills, as well as improvements in credit, risk, financial policies, procedures, and systems. To date ZMF has worked with over 35 MFIs with a cumulative disbursement of USD $43 million, with 40% rural reach and 45% of clients are women. Some of the value chains supported are ground nuts, paprika, sugar beans, cattle fattening, maize amidst other non-agricultural sectors. ZMF co-finances MoneyMart microfinance with the Africa Enterprise Challenge Fund, Kenya for household solar for women. ZMF provides loan and guarantee facilities for banks and MFIs under the FAO/LFSP rural finance component.

5.3.2. ZADT /CREATE Fund

The Zimbabwe Agricultural Development Trust (ZADT was established after recognizing the pivotal role of access to finance in the recovery of the agricultural sector in Zimbabwe. It was established in 2010 by SNV, Hivos and Danida for the primary purpose of contributing to the recovery and improvement of the smallholder farming sector and to improve the food security and incomes of rural households in Zimbabwe. ZADT manages the Credit for Agricultural Trade and Expansion (CREATE) facility which was set up in 2012. Financial products that are offered in the form of Co-Investments and Equity are Working Capital and Capital Expenditure these supporting all farming activities and value-chain sectors. Working capital bridges the gap between collection of accounts receivable and payments of accounts payable or in a seasonal business to cover periods of low cashflow activity. Capital expenditure enables agribusinesses to acquire, upgrade and maintain physical assets such as farm or industrial machinery, equipment, property, and/or industrial buildings. The CREATE Fund's capital is channeled through selected financial institutions to agribusiness entities that maintain business relations with smallholder farmers. The CREATE Fund does not provide grants but loans that the borrowers are expected to repay on terms and conditions that are more favorable than most commercial loans available on the market. The fund on-lends capital to qualifying borrowers through the input window, the output/marketing window and the storage/processing window, which addresses the need for safekeeping and processing of agricultural produce. To date ZADT has disbursed a total of Z$87,5 million to agri-businesses through micro-finance institutions (MFIs) and banks. The partnered Financial Institutions' (FIs) role is to carry out the credit assessment of qualifying borrowers whilst ZADT provides oversight to ensure that the money is loaned out to the targeted beneficiaries and that smallholder farmers are benefiting. The initial fund in 2012 started with a seed capital of $3,8 million from donor partners: Danida, DFID and the Ford Foundation, and has grown to $37,6 million. Agribusinesses which have accessed this revolving fund include agro dealers, traders, transporters, processors, manufacturers, wholesalers, and contracting Companies. So far over 150 000 smallholder farmers have benefited directly and indirectly. ZADT is currently conducting awareness campaigns and capacity building activities to ensure equal access to the fund by all eligible and interested agribusinesses those operating in different provinces in Matabeleland and Midlands. In 2018 (ZADT) unveiled two facilities namely the climate smart agriculture (CSA) facility and access to clean technology (ACT). The two products are still under pilot study, as the ZADT looks at establishing a fully-fledged Green Fund in the future. Collaborative efforts are underway between SNV and ZADT wherein Indexed Youth credit facility and Asset based lending (ABL) are proposed for youth under the OYE project. The Youth Indexed Loan is credit facility with a payment that changes periodically, offering the investor or lender protection against inflation and exchange risks eroding yield and value for the lender. Value of assets substitutes creditworthiness of the business. Consideration is around a blend of indexed loans and asset-based credit facilities with differing tenures, limits and interest rates used for working capital and capex.

5.4. Apex Associations

The Financial sector have membership based representative apex bodies, namely. the Bankers Association of Zimbabwe (BAZ) representing the banking sector and Zimbabwe Association of Microfinance Institutions (ZAMFI) for MFIs and Saccos as outlined in Table 2.

Table 2 Apex Body Membership, Services and Youth Opportunities

Apex Body	Membership and target groups	Membership services and achievements in opportunity for youth employment
Zimbabwe Association of Microfinance Institutions (ZAMFI)	Microfinance institutions and banks in the microfinance segment. Savings and credit cooperatives. 83 members primarily headquartered in Harare, Bulawayo, Masvingo	ZAMFI does Lobby, Advocacy and capacity building for the microfinance sector. It sets the performance standards, disseminating best practises, accessing international microfinance tools, contributing to local microfinance knowledge development and seeking funding for their members. ZAMFI stimulates dialogue with RBZ and the Ministry of Finance for policy and regulation for an enabling environment for MFIs and their clients. The MFI membership is encouraged to support women and youth programs and scale up youth training including financial literacy. ZAMFI represents the collective voice for MFIs in negotiating with the regulator, participating in the RBZ thematic groups and engaging donors support micro and small enterprises run by youth, women, smallholder farmers.
`Bankers Association of Zimbabwe (BAZ)	Regulated banks. Members. headquartered in Harare. 13 commercial banks, 2 development banks and a savings bank as members.	BAZ does Lobby, Advocacy, and capacity building for the Banking sector. It conducts Research and provides policy recommendations. BAZ has a Code of conduct for the banking industry, provides compliance and universal formats for banking and promotes financial inclusion. Fostering financial sector stability and confidence, adopting tools to maximise banking sector competitiveness and long term growth and adopting international best practices in capacity development of banking professionals is core to its mandate.BAZ encourages banks to support RBZ national financial inclusive strategy through participating in the thematic groups and taking up the various empowerment funds and sector facilities. BAZ supports financial inclusion for youth and women.

5.5. Lessons Learnt: Youth Entrepreneurship and Financial Inclusion Programmes

Various youth entrepreneurship and access to finance programme have been run in Zimbabwe in the past 10 years. Examples of these flagship programmes are outlined below for key lessons to take away for the SNV OYE project. Annex 1 provides details on the description of components, key results documented from external evaluation reports and lessons learnt. In summary the youth programmes reviewed were by International Youth Foundation (IYF), Care International and CABS together with the Ministry of Youth then. The IYF Zimbabwe Works (ZW) youth entrepreneurship, access to finance, internships and vocational training pogramme was implemented from 2012- 2017, reaching 28802 young people with 61% being female. US$ 1,412,672 was disbursed through 3 MFIs. Lessons learnt were that group lending not effective with urban youth. Cashflow based lending. Integrated entrepreneurship, business training and access to finance OR vocational training, entrepreneurship and business start-up. Only youth that had completed entrepreneurship training were referred to finance institutions based on selection criteria agreed between the BDS providers and the finance institutions. The CARE Youth Entrepreneurship Programme (YEP) was implemented from 2013-2016, reaching 18000 youth through entrepreneurship, interpersonal skills linked to ISALs, and working with a Bank, an MFI and BDS provider. Lessons learnt were that ISALs were used for low risk entry to financial inclusion, however the 1-year maturity period of ISALs was difficult for youth to wait before accessing loans. The CABS Youth Empowerment Fund implemented from 2012-2014 offered collateral free loans to youth countrywide. CABs, CBZ, IDBZ participated in collaboration with the Ministry of Youth then. Lessons learnt were that youth had their business plans developed by consultants, funds initially disbursed to youth directly were misused**.** The fund was suspended after 2 years given the high default rate and non-performing loans over 70%.

Lessons from Zimbabwe and in Africa reflect that youth experience an attitudinal change toward agribusiness, develop skills through training and mentoring and access finance, markets are various elements for youth support. Youth should not be treated a homogenous group with similar interests. The involvement of parents/ guardians is key to youth support programmes. Overall an integrated approach is critical in youth programing.

6. Meso Level: Supply Side of Financial Institutions

6.1. Banking Institutions

During the research the following banks were interviewed: First Capital Bank, Commercial Bank Of Zimbabwe (CBZ) Central African Banking Society (CABS), Zimbabwe Women's Microfinance Bank (ZWMB), Steward Bank and Empowerment Bank. They participated as they were identified to be potentially suitable for the Opportunities for Youth Employment research given prior and current experiences in financing in agriculture, youth, women and renewable energy. On analysis, bank branches are predominantly in the urban areas with rural areas being covered by agencies since the introduction of agency banking. These banks have specialized products for micro, small and medium enterprises without particular products targeting youth. Some have dedicated departments or units for SMEs as well as Women's Desks promoted under the National Financial Inclusion Strategy. Banks operate within RBZ regulations and policies with strict corporate governance requirements, Know Your Customer (KYC) requirements.

Most banks indicate that generally there is a low perception of youth as a credit market premised on the observed behavioural characteristics and propensity for quick turnaround nature of business, big dream, big value business ideas not substantiated by track record nor business acumen to match. The youth have become a highly politicised demographic and tend to regard financial support associated with. government, donors or NGOs to be free and not to be repaid. Albeit for those youth that have accessed financial services in

Youth have become a highly politicized demographic and tend to regard financial support associated with government, donors or NGOs to be free and not to be repaid.

their individual right, have proved to have good repayments rate comparable to the rest of the adult portfolio. Banks highlighted the following challenges they experience and face when engaging on financial services and products: - Lack of financial literacy, limited entrepreneurship and business skills, lack of track record in business or financial history and lack of collateral security.

All banks offer savings and loan products for individuals, groups as well as corporates. A number of banks use group lending methodology for youth in the same way as with women and smallholder farmers. Others, view that it is better to deal with youth through individual lending instead of group lending. Few banks offer non-financial services like financial literacy, business training and mentorship. Some of the banks have directly financed or

Institutions that are able to serve the youth not only expand their client base or increase their market share, they can also build long-term customer loyalty (Danielle et al., 2012; Hossein et al., 2006; Storm, Porter, & Macaulay, 2010). ***It would therefore make business sense to tap into this niche.***

participated in development programmes for youth in agriculture, renewable energy and green enterprises which indicates a positive move towards financial inclusion for youth. CABS, CBZ and IDBZ participated in the Kurera Youth Fund in partnership with the then Ministry of Youth.

There is low uptake to the RBZ Youth Empowerment Fund given that it has only been available for 2 years. Empower Bank applied and participates in RBZ Fund. The uptake of various Funds differs based on if the financial intermediaries want to apply or use their own funding to reach the special target groups. RBZ continued promotion and review of the wholesale Fund conditions is critical in the update process and over time the Funds do achieve the project drawdown level. Of the banks interviewed, ZWMB and CBZ indicate participation in the RBZ Women's Empowerment Fund. RBZ indicated a range of Banks and MFIs have taken up this Fund. For CBZ before disbursements financial literacy is conducted and most lending is done through group lending models. With rural women the financial institutions work closely with community leaders. ZWMB undertakes financial literacy programs before disbursements and this has had a positive impact. Group lending schemes have also worked very well. Both institutions have reported a repayment rate of above 90% from women. The RBZ is still setting up the collateral registry which enables borrowers to use their movable assets like sewing machines, phones, vehicles etc. as collateral.

For the banks that participated in the research, their market segments, branch network and lending methodologies and products are summarised in Table 3 below.

Table 3 Commercial Bank Proucts, Services and Lending Approaches

Commercial Banks	Market segments, Banking Institutions' Branch Network	Lending methodologies, products & services targeted towards Youth
ZWMB	Corporate, SMEs, microenterprises, Individuals, groups, smallholder farmers, women and youth. 2 (Two) branches in Bulawayo and Harare, 10 (Ten) agencies in Ministry of Women Affairs District Offices and 4 (Four) Netone Agencies	Individual and group lending. Savings, Loans, Guarantees Training/orientation before disbursements. Products targeted towards women. Youth supported in agriculture and solar projects Solar lending is a new area and new product and some young women are showing interest.
CBZ	Corporates, SMEs, microenterprises, Individuals. 64 (Sixty-four) Branches and 50 (Fifty) agencies. Branches are in major towns and urban areas whilst agencies cover rural areas.	Business loans, Savings, Guarantees, Advisory Services, Insurance, financial literacy, record keeping, Rural Finance. Youth are financed in agriculture, agro-processing, solar projects, transportation and Youth in ICT under the CSR department. The ICT initiative is deemed important as the bank feels it has a role to play to uplift youth ICT skills.
CABS	Corporates, SMEs, microenterprises, Individuals.	Individual and group lending. Savings, Business Loans, Mortgage Loans, Guarantees

	64 (Sixty-four) branches in urban and growth point areas	CABS operated the Youth Empowerment Funding collaboration with the then Ministry of Youth financing Youth in agriculture and other sectors
First Capital	Corporates, SMEs, Microenterprises, Individuals. 32 (Thirty-two) branches, in major towns and urban areas.	Business Loans, Savings, Guarantees. Advisory Service Other products are the usual loans open to every prospective client over the age of 18 years. First Capital funds Youth and Women projects with support through a USAID loan guaranteed for 50% as collateral to youth and Women who want to borrow money from the Bank.
Empower Bank	Individuals, groups, SMEs. 3 (Three) branches, Harare, Mutare and Masvingo	Business loans, micro-loans, leasing, Order financing, Kids and Youth savings, Treasury company Investments. Loans currently not exceeding 12 months in tenure.
Steward Bank	Corporates, SMEs, microenterprises, individuals, groups. 9 (Nine) branches, 949 (Nine hundred and forty-nine) Agencies, 13,922 (thirteen thousand, nine hundred and twenty-two) Merchants. Branches cover urban areas whilst agents and merchants cover both urban and rural areas	Individual and group lending. Rural Finance, Business Loans, Group Loans & Savings, iSave accounts, iStudent accounts, Ffinancial literacy training on selected groups. SMEs training programmes. Youth, working in groups are supported in agriculture under the "Reimagine Rural initiative".

6.2. Microfinance Institutions And Non-Bank Institutions

The research included and reached out to MFIs identified to have products, services and geographic coverage in towns and rural areas potentially suitable for youth as well as have participated in financing youth, agriculture and renewable energy. The MFIs interviewed were Virl Microfinance, Zambuko Trust, Inclusive Financial Services, Microcred, MoneyMart, Red Sphere (subsidiary of CBZ) and Microplan (subsidiary of FBC Bank). They primarily use group lending methodology and about 20% of those interviewed use individual lending only and some offer SME lending.

Most of the MFIs have specialized products for microenterprises and SMEs. They do not have specific products targeting youth but have a fair proportion of the portfolio of youth that have accessed their existing financial products. Feedback from these MFIs was that youth had good repayment rates as high as 95%. This experience contrasts with CABS Youth Empowerment Fund which had a default rate of 45%.The challenges MFIs have faced and experienced in the past and currently when dealing with youth clients are as follows:- lack of financial literacy, limited or no entrepreneurship and business skills, lack of collateral security, reluctance of parental support as guarantors , youth failure to repay if funding is known to be from government or NGOs and lack of credit history, no track records. Some of the MFIs offer savings products but primarily all offer loan products and have financed youth in agriculture, renewable energy and green enterprises. The MFIs have found it essential to also offer non-financial services like financial literacy, business advisory or refer to BDS providers and mentorship.

The list of MFIs reached is in Table 4 which summarises the geographic coverage, market segments, products and savings and lending methodologies.

Table 4 MFI Products, Services and Lening Approaches

MFIs	Microfinance Institutions Market segments and branch network	Lending methodologies, products and services
MicroPlan	Corporates, SMEs, microenterprises, Individuals, Groups, 19 (Nineteen) branches, 11 (Eleven) Agencies. Branches cover urban and agents cover, rural areas and Leverage on FBC branches.	Individual and group lending. Savings, Business Loans, (FAO) Rural Finance, Farming loans, Inclusive Poultry Value Chain, Insurance, Micro-leasing, Guarantees, Remittances, Advisory services. Financing Youth in agriculture, solar business as well as biogas enterprises in partnership with SNV and Solar Shacks.
VIRL	Micro and small enterprises, Individuals, groups. 6 (Six) branches and satellite offices in urban areas: Harare, Bulawayo, Makoni, Mutasa, Nyanga, Rusape,Goromonzi Centenary , Murehwa, Seke Rural	Individual and group lending. Agriculture Input Loans, Asset/Capital finance, Value chains financing, Life enhancement loans (funeral, education), Solar financing. Youth are financed in agriculture.
MoneyMart	Micro and small enterprises, Individuals, groups. 5 (Five) branches in urban areas and 7 (Seven) Agencies in rural areas. Branches: Harare (Mbare), Mutare, Bulawayo. Agencies: Shamva, Glendale, Shurugwi. Mhondoro, Shamwa, Shurugwi, Mubaira	Individual lending. Business loans, Asset/Capital finance, Education Loans. Target Youth and young women in household solar solutions
Microcred	Micro and small enterprises, Individuals, groups. 9 (Nine) branches in urban and rural areas: Harare, Bulawayo, Gweru, Masvingo, Chipinge, Mutare	Individuals and group lending, Business loans. Youth financed in agriculture.
Inclusive Financial Services	Micro and small enterprises, Individuals, groups. 15 (Fifteen) urban branches: Bulawayo, Gweru, Mutare, Masvingo, Gwanda, Hwange, Zvishavane, Kwekwe)	Individual and group lending. Business Loans, Green Loans, Value Chain Financing, Trade Financing, Leasing, Training and workshops. Youth financed in agriculture and solar projects.
Zambuko Trust	Group lending. 6 (Six) branches in urban areas: Harare, Bulawayo, Gweru, Masvingo, Bindura, Mutare	Individual and group lending. Business loans. Business management training and advisory services, loan insurance. Youth

		financed in, green jobs and horticulture loans.

6.3. Zimbabwe Financial Sector experience in Youth, Agriculture and Renewable Energy Programmes

Under the SIDA funded CARE International Youth Empowerment Programme CBZ, Virl Microfinance participated in financial literacy and financing youth businesses in rural areas. First Capital gives loans of any amount to youth from the USAID guarantee facility. It is for agricultural products/projects run by youth and women. First capital provides own loan facility. USAID provides the loan guarantee for 50% of the exposure as collateral. Under the IYF Z:W project funded by USAID, DFID, SIDA, Virl Microfinance, Zambuko Trust, Microking (now Microcred) financed youth in both urban and rural areas.

In the LFSP/FAO rural finance component, CBZ Bank, Steward Bank, CABS, Microplan, Virl Microfinance, Inclusive Financial Services, Quest participate in lending to agricultural value chains. Finance institutions are provided facilities for both loans and guarantee instruments for lending to smallholder farmers which they access through Zimbabwe Microfinance Fund. Some finance institutions utilize their own funds in financing the agricultural sector. Lessons leant indicated that loans alone without viable and well-structured market systems for a specific value chain, result in poor loan repayment, worsening the status of the borrower if forced to sell assets to repay loans. Over or Under-funding a business compromises the loan repayment.

Zambuko Trust and Virl Microfinance have flexible lending models which makes their products easily accessible to youths but not specifically targeted for youth. Virl and Zambuko both participated in the IYF ZW and adopted a group lending methodology as a strategy which allows youths to core guarantee each other thereby eliminating the need for collateral security. In terms of loan repayments, these were determined or influenced by the nature of the value chain and business cashflow patterns. Some youth made bullet payments, weekly or monthly repayments. The MFIs experiences indicate that youths are highly mobile in nature, have a propensity to change businesses they undertake, lack sustaining power or patience when a business venture gets difficult or challenging. Youth lack experience to implement sustainable business ventures. MFIs recommend that youths require training before loans are issued; coaching and mentoring so that they remain focused on selected business ventures; financial literacy training is key element to their success.

Banks and MFIs that have experience in funding renewable energy and green enterprises, particularly solar, are CBZ, ZWMB, Virl Microfinance, MoneyMart and MicroPlan. Microplan has experience in lending in biogas activities. Red Sphere has experience in working with youth as agents in the financial delivery channel. Solar irrigation pumping systems have been financed under micro-leasing products. MoneyMart offered solar household lighting in rural and urban areas using PayasyouGo instalment approaches in partnership with a service provide offering a selected brand. The convenience and utility of household lighting for school children's education and social family time has been a good enough incentive to maintain instalments. An example of such service providers is Zonful Energy that sell Sun King Brand on a Pay As You Go plan.

Strategic partnerships with development institutions have been instrumental in financing renewable energy and rural farm and off farm enterprises. Green enterprises that arise in the agricultural value chains and energy supply chains are financed as a result. Of the Apex Funds, Zimbabwe Microfinance Fund (ZMF) matched a loan facility with a grant from Africa Enterprise Challenge Fund based in Kenya to MFIs to develop financial products for solar home systems in rural and urban areas for low income households. ZMF managed a loan and guarantee facility for Banks and MFIs participating on the FAO/LFSP rural finance for agricultural food security programme. ZADT/CREATE Fund offered a risk sharing facility of a loan guarantee for youth and women under a Hivos, Netherlands PUM Masterclass programme for female entrepreneurs in food for export. It has also participated in the ILO Green Enterprize project retailing directly to selected SMEs.

Key to these partnerships for the financial sector in targeting youth or agriculture or women is the provision of TA to the finance institutions in product development, target market research and understanding from the non-lending partners.

6.4. Financial Sector Perspectives on Youth financing Models and Instruments

Banks and MFIs sight the following as key elements for youth-friendly products and: - short application turnaround on processing periods, flexible security and longer

> The youth need their creativity and innovations supported with access to financial services if they are to exploit opportunities to their maximum.

repayment periods. Lending to youth must be integrated with financial literacy, entrepreneurship training and close monitoring of the youth enterprises. Initial short-term repayment models and long-term models are preferred for youth. The group lending methodology was favoured for youth in start-up phase, without track record and lacking collateral. The individual lending method was favourable to existing youth enterprises, with collateral or parent/ guardian/ salaried guarantor as youth are noted to not really favour group lending approaches as adults and women do. The financial sector has not particularity financed many youth ISALs and Saccos are not a prevalent model for youth in Zimbabwe unless within generational groups where adults are mixed with youth.

The financial sector prefers the following financing instruments based on the stage of enterprise development or risk profile of youth. **Loans** are considerably favoured for youth lending. **Guarantees** are preferred at the institutional level through partnerships for their effect on favourable interest rates, lowering collateral requirements and flexibility of tenure and the youth should not be aware the bank or MFI has a guarantee on the loans. **Blending finance** or **matching funds** of loan and grant or purely **grants** were least preferred by both Bank and MFIs as these poise risk of moral hazard and youth sense of entitlement and behaviours of non-payment will be experienced as associated with Government Funds for Youth. Patient capital or Government/Development partner Guarantees are viewed as possible instruments for youth financing. The credit registry and collateral registry by the RBZ would be critical in youth lending for their immovable assets to be recognized as collateral.

The adverse fluctuation of the exchange rate and changes in currency legal tenure in 2019-2020 were noted as policy inconsistencies eroding the value of loan books of the Finance Institutions. To preserve the value of the loans, banks are suggesting that loan disbursements should be in foreign currency. Effective fiscal policy and management of the macro-economic landscape and monetary policy are needed to stabilise and hedge within the lending sector. The periodic movements of the exchange rates adversely affect the financial sector and favours the borrower and causes the lender to be more risk averse and reduce the level of lending in the market.

7. Development Partners in Youth Access to Finance, Agribusiness and Renewable Energy Access

7.1. Experiences of development partners in youth programmes

The UN agencies and NGOs that participated in the research were FAO, ILO, CARE International and We Effect, who have experience in different agricultural and youth programmes. From the UN agencies and NGOs experiences under various development

> Financial product development has to be deliberate and specific for youth. The services to be developed should cater for youth across all age groups, status in the community and should also reach out-of-school youth.

programmes, the following lessons can be learnt. Various programmes experience most youths as highly mobile, constantly seeking for greener pastures elsewhere. Youths in rural areas migrate to urban areas and urban youth seek employment in the bigger cities or neighbouring countries. These characteristics result in youth perceived as a highly risky target group by financial institutions in youth programmes. Development partners recognise that FIs need support to invest time and resources to learn more on the youth as a target group and create suitable products and services for the target group. SNV needs to capacitate FIs to understand more about youth and help design and implement customised products and services. SNV needs to consider assisting financial institutions with affordable capital since some FIs not willing to experiment with new segments given the high cost of capital or provide a guarantee.

Further observations show that youth find it difficult to succeed in business mainly because they are not consistent with one line of business and this happens in both Urban and Rural

> *Young men seem to take more risks compared to their female counterparts……..Young men seem to have higher chances of having access to start-up capital.*

areas. Young men seem to take more risks compared to their female counterparts. The nature of businessmen also venture into also varies, with women preferring less labour-

> *Confirmation that for youth, for effectiveness – provision of loans should be supported by a mix of non-financial services…..*

and capital-intensive projects. Young men seem to have higher chances of having access to start-up capital. Regardless, both urban or rural youth display the same trends. Youth generally lack understanding of what is required to access financial support from the financial institutions; lack confidence and need support, encouragement to approach FIs. Providing loans to youth is not enough, as they need non-financial support such as basic training on identification of business ideas, business management, record keeping until a business becomes a viable venture. Life skills in young people is fundamental, confidence building is mandatory. Youths should be trained so that they are self-confident with a positive mind-set. Continuous coaching and mentoring for business and for life for youth is important.

There are evident stereotypical entrepreneurial activities taken up. Women are taking up stereotype business ventures like tuck-shops, community gardens, hair dressing, buying and selling and men adopting risky ventures such cross-border trading, welding, carpentry.

Table 5 outlines some of the relevant programmes by development partner.

Table 5 Programmes by Development Partners

Organisation	Programmes and support in agriculture, youth, RE, finance
CARE	The Enhancing Community Resilience and Sustainability [ECRAS] project targets 13-25% youths. The project is focused on Food and income security, Climate resilient Agriculture for crops and livestock, Women and economic empowerment, Market linkages,Financial inclusion and viability, Productive water technologies and WASH. ECRAS uses a multi-pronged approach for youths - Personal competence, Confidence, Business entrepreneurship, Savings groups, Youth employment, healthy living, drug use and abuse, training in life-skills and Vocational training. Under consideration is the creation of some Youth Enterprise Hubs which are expected to act as centres of excellence. The project is also linking youths to formal financial institutions such as CBZ. Financial Literacy is also added as a module which enables these youths to properly make use of their finances. CARE has implemented the Youth Entrepreneurship Programme (YEP) in partnership with BDS providers, Banks and MFIs.
FAO	FAO's goal is to achieve food security. FAO implements the Livelihood Food Security Program (LFSP) which includes a Rural Finance component comprised of Community based Microfinance, Loans administered MFIs and Banks, Training Coaching and Mentorship as well as Market Linkages. Youth and Women are included as target groups. The LFSP programme provides a basket of different financial interventions which are all aimed at increasing access to finance. The program uses the Savings groups as the foundation, allowing smallholder farmers including youths to develop a culture of savings and also creating a loan fund from which they can access loans for their income generating activities. All those requiring larger loans to finance specific value chains activities are linked to participating Banks and MFIs that benefit from the Loan Guarantee facility being administered by the Zimbabwe Microfinance Fund. This model, has made it possible to address all the different financial requirements at the different levels.
We Effect	Focus on Sustainable Rural development, Land, Housing, Environment, Financial Inclusion, Sustainable cotton production (Regional Initiative) and the LFSP Rural Finance Component, Village Savings Groups as well as Lending Associations and BDS. Green Investment Funds in support of youths and women on Green Enterprises, Provides Business Development Services. Works with smallholder farmers, membership-based organisations. Partnerships with ZADF, Zimbabwe farmers Union (ZFU), Women in Land, Zimbabwe Women's Bureau (ZWB), Jekesa

	Pfungwa. Savings groups as members join a group freely, of their own choice regardless of age, marital status or gender resulting in different mixes of groups. Youth participate mixed with the elderly. We Effect provides direct financial grants to some selected Value Chains and specific target groups instead of allowing the Banks and MFIs to administer the funds to reduce administrative costs.
ILO	ILO's goal is to protect workers' rights and set standards for decent work. It addresses high levels of youth unemployment, low levels of formal and growth-oriented SMEs, ccollaborates with Government of Zimbabwe, Employers' Confederation of Zimbabwe and Zimbabwe Congress of Trade Unions. The organization also works with TVET institutions, BDS providers as well as business associations. ILO, has partnerships with Boost fellowship, Royal Business Consult Trust, Empretec Zimbabwe, The private sector as well as the Ministry of Women Affairs and the Ministry of Youth, Sports, Arts and Recreation.
UNDP	UNDP has projects focusing on Smart Technology, Agriculture and has an Innovation Fund for youth in renewable energy and trains youth in solar installation and selling solar lights. The Inclusive Growth and Sustainable Livelihoods program is aimed at poverty reduction through skills training as well as financing inputs and starter-kits. UNDP implements its project through partners, of which in some of its interventions, they engage some Banks and Financial institutions to provide loans and other banking services for their target group. UNDP has also supported the establishment of the Zimbabwe Women's Microfinance Bank through KPMG undertaking the feasibility study. UNDP was responsible for supporting the establishment of the Zimbabwe Women's Microfinance Bank by resourcing the Ministry of Women's Affairs with study tours to Kenya, Bangladesh to learn on dedicated Women's financial intermediaries, initial operating costs of setting the board which then developed the Business Plan with KPMG. The Board led the development of the operating systems and recruitment of CEO and top management through UNDP resourcing of technical experts and launching the Bank once government capital was secured and RBZ licence granted.

The views and perspective of the Development stakeholder of youth entrepreneurship, financial products, policy and regulation are summarised in Table 6.

Table 6 UN, NGOs inputs on Financial sector, Entrepreneurship, Policy and Regulation

Focus Areas	UN, Non-Governmental Organisations
Youth Entre-preneurship	Youth are active in cotton production, dairy, nutrition, crop and small livestock projects. Agro-processing activities like maize popping (Maputi), peanut butter, solar-powered incubators and hatcheries. Some operate small restaurants. Youth are highly mobile leading to financial institutions uncertainty when dealing with youth. Perceived as not consistent with one line of business, changing too rapidly without a learning curve. Strategies to circumvent youth high mobility are to create successful models for youth to learn from across selected value-chains and inspire other youths to venture into similar business. Market linkages for viable, structured value chains proved critical e.g. Sesame, Sugar beans, Mung Bean, poultry, cattle, aquaculture, Tobacco supported by different programmes.
Financial products and services	High loan interests are a barrier for young entrepreneurs. Loan products are provided without underpinning financial literacy and credit management. Banks perceived to be reliant on existing models vs actual viability testing of proposed projects hinders youth

	access to finance from formal sources. Mismatch between needs on demand side and financial services and products on supply side. Youths perceived as a flight risk. Majority lack access to capital limiting their enterprises. Supply side lending models not adaptive to youth needs. MFIs, banks, cooperatives and SACCOs not viewed as the best. Supply side focus on business ideas perceived as viable. Only We Effect provides grants and matching grants to reduce administrative costs. All other development programme deliver access to finance through the financial sector. Government loans are viewed as highly politicised. FAO, We Effect, CARE use ISALs groups when funding to increase reach to youth. However, in contrast on the demand side, youth shun joining ISALs. Youth need awareness of available products and role models of successful youth entrepreneurs. Youths need short term loans and flexible product informed by evidence. Finance institutions are risk averse, rigid and unwilling to lower their terms to stimulate demand. Majority lack access to capital limiting their enterprises. Supply side lending models are viewed as not adaptive to youth needs. MFIs, banks, cooperatives and SACCOs not viewed as the best. Supply side focus on business ideas perceived as viable. Government loans are highly politicised. ISALs groups are preferred when funding the youth however on the demand side, youth shun joining ISALs. Youth need awareness of available products and role models of successful youth entrepreneurs. Youths need short term loans and flexible product informed by evidence. Most of the Youths, prefer quick income generating activities, which would also require them to be repay their loans as quickly as possible or else the loan repayment will be compromised since most youths also lack consistency. Finance institutions are risk averse, rigid and unwilling to lower their terms to stimulate demand
Gender	MFIs and development partners seem to be gender sensitive in their financial support for youth. Young men are observed to take more business risks and have a competitive advantage over their female counterparts because of the way they are socialized. Young women prefer less labour- and capital-intensive activities Gender and socio-cultural norms influence choice of business activities for youth in the rural and peri-urban areas
Location issues	Rural youth have more limitations to life pathway opportunities than urban youth. Rural youth are attracted to migrate to urban areas. Incubation hubs need to be established in rural areas to promote entrepreneurship and skills for youth.
Policy and Regulation	Closure of Banks and MFIs and loss of depositors' funds needs to be addressed by policy. The National Financial Inclusion Strategy is part of support structures. Implementation is supported by the ministries such youths and women affairs. Youth Entrepreneurship training should be infused in tertiary education. Government must develop rural infrastructure. Loan repayment in hard currency can preserve value. Youth need to inform the design of products and services targeting them. SMART subsidies will help the youth acquire assets to purchase machinery. Sudden macro-level policy

	shifts such as the policies on Ecocash affect youth businesses. Youth need to be trained in a Value-Chain approach. Youth require training in business environment business management skills. Overall macro-economic policy stability and consistency needed market hesitant to borrow in RTGS in case a policy change requires repayment in USD. Group lending and Grameen Methodology can be used as alternatives to collateral and individual lending approaches

8. Micro Level: Demand Side of Financial Services and Entrepreneurship

8.1. Youth entrepreneurship and access to finance in Goromonzi and Umguza

The research conducted focus group discussions with youth rural, peri-urban and areas. In Goromonzi sixty youth participated between the age range of 16 to 38 years of age comprising 32 female and 31 male respondents. The average age of respondents in Goromonzi was 23 years. It was in just one FGD where there was one respondent aged 38. In Umguza 46 youth respondents participated, comprising 23 females and 19 males. The participants ranged from 18 to 35 years of age. Thus, in total, there were 55 female and 50 male respondents. Across the two districts a 80% youth respondents were between 20-30 years of age.

In Goromonzi, youth involved in on-farm and off-farm low income activities such as plastic recycling vending agricultural produce, selling airtime, making or selling cordial drinks, poultry including the selling of eggs and birds. Some youth work as farm labourers, vendors or employed by middlemen and producers to sell agricultural produce by the roadside along the highways. Other are involved in cutting and selling thatch grass, running tuck shops or working as shopkeepers, selling second hand clothes, or tailoring (including COVID-19 masks) , rock sculpturing, baking and selling buns, cakes, bread, hair dressing , trading household goods, groceries and services, welding and fabricating steel furniture, gates and burglar bars, retailing plastic wares. Youth are also involved in gold mining, cross border trading, dealing in foreign currency in the parallel market, quarry processing of "three-quarter stones". A few indicated they operated restaurants and food cafes while others are in high value activities such as abattoirs and others conduct extra lessons teaching children to augment their formal classwork. Unfortunately, some youth in the district are trading in illegal beer brews and drugs.

Youth respondents in Goromonzi indicated that lack of collateral in the form of land, houses, vehicles and generators among others impeded their access to finance. They also indicated that they lacked knowledge on how to write the business plans required as part

Lack of collateral is noted to be one of the major impediments to youth accessing finance from formal institutions

of loan application processes by some banks and further indicated that the nature of most of their businesses meant their incomes were not predictable due to fluctuating sales. This made some of them averse to seeking loans from banks and MFIs for fear of not being able to repay the interests that are demanded afterwards

Box 1 Youth Testimonies in Goromonzi

One female youth doing into Poultry in peri-urban Ruwa pointed out that there is a close source market of broilers in Goromonzi from nearby large farms that do large scale poultry farming. She said that most people buy big broilers at a wholesale and retail at double the price to enjoy high profit margins

One of the rural male respondents is doing piggery projects. Initially he worked as a farm general labourer and in the farm tuck shop selling the farm fresh produce. Based on trust built over time with farm owner he managed to negotiate use of part of idle, unutilised land. Now he produces potatoes and butternuts and the farm owner further assisted his efforts with some capital and technical advice He sells his produce to wholesalers and retailers in Goromonzi, Ruwa and Harare

A female youth from Chidarikire Village in rural/ peri urban Domboshawashe had not heard of any funding institution. To start a grocery vending business, her only options where to borrow from family, or friends or moneylenders who charge exorbitant interest. She was advanced money by family for start-up stock, with a condition she pays back. She is doing well and could do better with more funding to add a variety to grocery items traded

In Umguza, youth are involved in horticulture including onions, spinach, lettuce, tomatoes, cabbages and carrots, poultry, tuckshops, goat breeding, cattle rearing, grass cutting, brick making, construction activities, gold mining, poultry, baking, transport services. In Umguza, around 65 % of the youth were involved in horticulture the rest are involved in brick moulding, poultry, grass cutting and baking. In both rural and peri-urban areas, there appears to be equal male youth and female youth involvement in poultry, crop farming and horticulture business while men in mining, construction, animal husbandry and brick moulding are more active than women due to labour intensiveness involved. Grass cutting in Umguza rural is viewed as a light job exclusive for women. There are geographic specific economic activities. For instance, goat breeding, cattle rearing and grass cutting business dominates Matlothova and Ntabazinduna rural areas due to availability of enough grassland while brick moulding and house construction activities feature much in both Ntabazinduna and Mbandane peri-urban due to residential stands expansion taking place there. The primary economic activities for youth are horticulture, gold mining, poultry, baking, and transport services.

Youth respondents in Umguza indicated that as regards access to access to finance, family, friends and personal savings are the main source of money for business start-up or operational funding as highlighted by study participants in all FGDs in Umguza.

Savings schemes as a source of business financing were noted to be unattractive to the youth as their businesses are generally unstable……

Informal savings “Round” or “Mukando” were another source of finance for start-up and existing businesses. The youth indicated that “Round/Mukando” were not attractive to the youth but more suitable for older people whose businesses were relatively stable than those of the youths. The ever-increasing hyperinflation made the “Round/Mukando” untenable as it wiped away value of the savings by the passing of each day. Consequently, while the youth had participated in “Mukando/Rounds” in the past, they no longer participate and find Mukando very unattractive ad unable to meet their needs. Formal employment, casual/season labour and borrowing from burial societies, microfinance institutions, NGOs and government schemes are additional sources of finance. Challenges youth cited as dissuading them from borrowing from formal financial institutions are the lack of collateral, no proper documentation, long and complicated application process, short grace period, lack of trust due to lack of borrowing history and inadequate loan size. Most of the participants also lamented that programmes in Umguza were mainly biased towards funding youth in urban areas while ignoring rural youth. Due to lack of information, rural youth had less access to Banks and MFIs as additional sources of finance compared to urban and peri-urban youth.

Box 2 Youth Testimonials in Umguza

A female youth in rural Matlothova 1, had this to say, "I ventured into a road runner poultry project after assistance from a Trinity Trustee who facilitated for me to receive my identity documents as an orphan, then helped me to access a piece land for my project." She mentioned that the funding application process was a bit long but after being successful in establishing the business, the organisation also availed various market linkages for her poultry business.

A peri-urban male youth doing Horticulture, in Mbandane, shared his experience where he gave up on applying for youth funding from CABS after realising that the application process was too complex, requiring his proof of residence and security in form of a guarantor which he found difficult to get. He lamented that the CABS loan sizes are small and they only give 2 months grace period which is not enough. As a result, he had to opt to borrow capital for his business start-up from a family member working in South Africa.

One of the male youths from rural Mahlothova Ward11 in Umguza shared his story. He started a goat rearing project 3 years ago. At 23 years of age, he now has around 21 goats and desires to increase them. He started off with two goats, started doing manual work to earn enough to buy more goats as his target is 50 goats by year end. He is the bread winner at home with the responsibility for the family emergencies. He runs the goat project in his homestead area where there is adequate grazing land.

A 35 years old youth, from Upper Rangemore, a peri-urban area in Umguza is a former professional footballer for Chicken Inn Football Club and retired 2 years ago. He is renting a plot, used his football savings to start a horticulture project growing vegetables (chaumolia), cabbages and onions. He has established a local market and plans to grow and expand and supply organisations in Bulawayo city. He cited the limitation of lacking an irrigation system given inadequate borehole water

8.2. Youth Associations

There are various youth associations representing young people from a lobby and advocacy perspective, capacity building, sectoral perspectives and so on. The research focused on selected youth associations known for their broad representation on youth issues nationally and with geographic coverage. Tables 7 outlines their key areas of work.

Table 7 Services offered by Youth Organisations

Organisation	Number and type of Active members	Services offered to members
Zimbabwe Youth Council Started 1992	Legally registered national youth organisations. The youth described as 15 to 35 years	The primary role of Zimbabwe Youth Council is to register all youth organisations in Zimbabwe and gives supporting documents to the organisations as needed. The Council's role is regulating the youth sector, Capacity building, Resource Mobilisation, Networking with youth organisations and different partners. Coordinating and supervising the youth sector. ZYC partners with the Ministry on facilitating access to financial services for youth or Business registration through the simpler PCB under the CABS Kurera Fund and Empower Bank.

National Association of Youth Organisations Started 2011	Umbrella association for youth organisations	NAYO is a National association and is not involved in Direct implementation of programs with communities, but instead is responsible for capacity Building, Resource Mobilisation, Advocacy and coordination in a broader sense. NAYO has been actively lobbying with the Reserve Bank for more financial resources with favourable lending terms, affordable finance being allocated to support youth entrepreneurs. NAYO is excited about the establishment of the Empower Bank, however it is still premature to establish its effectiveness in addressing the financial needs of the youths across the country
Dot Youth Zimbabwe Started 2012	Vulnerable youth, with a bias towards the girl child	Life skills training, Technical Training, Attachments and internship programs, Assistance in employment, self-help Economic empowerment projects, Business linkages, Policy advocacy, Gender Based Violence support services, Sexual and Reproductive Health interventions

The views of youth associations and the youth from the FGDs in Goromonzi and Umguza were analysed and reflective of demand side issues in Table 8.

Table 8 Youth Perspective on Financial Sector, Entrepreneurship, Policy and Regulations

Focus Areas	Youth	Youth Associations
Youth Entre-preneurship	Youth find lower barriers of entry in agro-based activities mainly crop production, small livestock production. Informal manufacturing, vending and trading of goods and commodities. Capital constraints, quick turn-around times drive youths into low return supply chains especially informal manufacturing and vending	Youth associations focus on youth capacity building, policy advocacy. Providing market linkages. Youths involved in ICT services
Financial products and services	Slow application processes and unresponsive Banks/MFIs push youth away from applying. Rigid application procedures viewed out of touch with the needs of youth entrepreneurial activities. Loan application and savings accounts collateral requirements are unattainable. MFIs and banks viewed as unsuitable for youth and more suited to adults. RTGS based loan and savings products very susceptible to hyperinflation and therefore RTGS denominated products remain unattractive.	MFIs are viewed as a good vehicle for enhancing youth uptake of financing products and services among the youth. The National Youth Council views the regulatory/policy environment and services offered by MFIs as positive. MFIs are viewed as less stringent on collateral requirements and reported to be successful in providing financial products and services to youth. Youth are viewed by Banks/MFIs as footloose and risky for loans. Government owned FIs viewed to be better availing finance to youth people. Establishment of youth-specific credit facilities is much needed.

Gender	NGOs and support organisations have bias towards girl child at the expense of male youths. Young women are averse to value addition and 'processing' ventures. Young men are continually active in labour intensive activities including welding, carpentry Youth feels that there is no training of young women to take up the 'risky' business sectors/activities	Tradition and culture persist in marginalising young women from accessing finance and venturing into viable value chains. NGOs and support organisations are viewed to be biased towards the girl child in their programming at the expense of male youth. As an expressed observation what is key to verify if the on the ground the girl child is faring any better because of the preferential support from NGO programming.
Location Issues	Rural and peri-urban youth have better access to land than their urban counterparts. Peri-urban and urban youth have better access to lucrative markets, than their rural counterparts. Peri-urban and urban youth enjoy wider variety of on-farm and off-farm activities business sectors and activities to participate than their rural counterparts.	Finance Institutions find it to be a high cost and unattractive to set up in rural areas. There are no incentives for investing in rural areas. In order to remedy the situation, proposals were made to promoting more NGOs and FIs to come to rural areas, encourage government to give subsidies like agricultural inputs for youth, provide transport of goods to markets, as well as encouraging FIs to build trust in youth to finance bigger projects.
Policy and Regulation	Use of the local RTGS currency negatively impacts stock procurement, pricing stability, profitability and long-term structured business planning. Government to conduct follow-up assessments on all government funded youth businesses. The government to come up with a clear position that prioritises and enables access to financial services and products for rural and peri-urban youth	The 25% youth quota in the National policy needs to be enforced and monitored. Multiple currencies and payment systems are detrimental to procurement for youth businesses. Government must effectively act to stop parallel forex market which still persists alongside the RBZ auction system. The youth associations indicated the need for a new National Entrepreneurship Development Agency to be created by government to spearhead setting up of and support to youth enterprises. Devolution of government services is needed. Strengthening SACCOs' financial and administrative capacity contributes to youth financial inclusion. Tax exemptions to youth owned businesses can spur their growth. FIs should be incentivised by way of Tax breaks and set up in rural and remote areas to improve youth access to these services. .

The findings from discussing with the Youth associations and the youth in FGDs reflected some issues that were aligned and issues that associations are not in touch with as regards youth aspirations and challenges for access to finance.

8.2.1. Youth Insights

In general, most participants concurred that a youth friendly product should constitute the following; long repayment periods 12-36 months, loans which assist in buying business equipment and working capital, low interest, adequate grace period, direct disbursements to suppliers, no collateral with only viability being considered as well as short processing periods. RTGS loans are unattractive to the youth because the value at time of application, is wiped away by inflation by the time of disbursement to successful applicants, and the loan/savings product can then, not meet the needs for youth. Rural youth believe that city-based MFIs do not view them as lucrative sources of business. Rural youth find it a struggle to commute to Harare to process/apply for loan products from the MFIS that are based in the city and do not appreciate the fluid nature and seasonality of their entrepreneurial activities.

8.2.2. Youth Associations Perspectives

Largely the youth associations and the youths in FGDs view Banks and MFIs differently. The youth see challenges inherent in Bank services and products akin to systemic youth exclusion. Youth associations appreciate the policy provisions to support youth, but youth are struggling to benefit from in implementation. For example, of the Ministry of Youth, Sports, Arts and Recreation will facilitate wider youth access to government programs including the Youth Fund. This can be done through State-NGOs' partnerships with development partners, NGOs like SNV to provide funding to rural youth. A fund can be created by RBZ to increase SACCO's capacity in lending to more youth. Youth associations indicated that various types of non-financial support should be offered for youth to succeed in business particularly financial education, marketing, record keeping and cashflow management; Technical Training, and Mentoring to offer support, guidance and business networks. Provision of youth credit guarantees with FIs by government are necessary, especially for those youth in rural areas to cover a certain percentage of collateral required by FIs for purposes of strengthening rural youth financial inclusion and reducing poverty through inclusive economic growth.

8.3. Gender Factors

During the research, banks had indicated that they do not view gender as a factor as most of their products except ZMWB which indicated this is a factor, and gender friendly products are key to enhance women's financial inclusion. The RBZ NFIS requires returns from the financial sector to gender segregate. There is no deliberate data segregation between male and female clients albeit the MIS in the financial sector captures gender demographics and profiles. Financial institutions indicated that women often do not meet minimum lending requirements, their male counterparts tend to approach banks and MFIs first before they do. Both Banks and MFIs do not have products targeted specifically for women. The RBZ promoted the establishment of Women's Desks for banks and these have been taken up, however the financial products and services are yet to become women friendly. The establishment of a dedicated Zimbabwe Women's Microfinance Bank is viewed as a step in the right direction. It is noted that increasing the reach towards women is also promoted through development programmes. Some MFIs participating in donor funded initiatives with specific requirements for women inclusion find it enhances women's financial inclusion. The following financial sector players registered the highest percentage in reach of female clients ZMWB 85%, Inclusive Financial Services 75% women and Moneymart 70%.

In terms of loan uptake less women tend to approach FIs. Banks and MFI indicate that men were mostly in the forefront attributing this trend to cultural backgrounds and that women tended to be more cautious to financial commitments and when they did tend to

There is less societal support towards women taking loans for business than their male counterparts – parents or husbands more averse to young women taking up loans to start up a business.

take up smaller loan amounts at a time. Some men were also borrowing on behalf of women. For young women, the lack of financial literacy, business skills, collateral were some of the barriers hindering their access finance. MFIs seemed to have higher portfolio reach compared to banks not withstanding that the bank portfolio values are larger. MFIs with agencies in rural areas are managing to reach out to more rural women. MFIs have assisted young women in agriculture and young men were adventurous and innovative in bigger projects. It is also noteworthy that young women consider small loans and have high repayment rates.

Apex bodies ZAMFI and BAZ are also putting an effort in terms of fostering and promoting financial inclusiveness. BAZ views that the establishment of dedicated bank such as the ZWMB and Empower Bank it should enhance women's and youth financial inclusion and tailor-made products. ZAMFI is trying to level the field by encouraging more capacity building of its MFI members and bring more training programs for women.

8.4. Perceptions about Youth in Rural, Peri Urban and Urban Areas

Views and perspectives were discussed with different stakeholders pertaining to perceptions of youth from the different areas. It is perceived that the level of access to formal financial services is higher in urban areas than in rural areas for anyone in Zimbabwe including young people. The Finance institutions (FIs) branches are

There is lack of attractive incentives for banks to invest in serving rural clients…….rural areas considered to be expensive to service due to sparsity of populations, poor infrastructure, fragile/seasonal economies etc…..

geographically concentrated in urban areas, for at least 80 percent of the bank branches located for those covered in the research. Rural areas are serviced mostly through the delivery channel of agencies who offer limited services compared to the urban branches. Banks generally perceive that branches in rural areas have proven to be costly to operate and the rural market is viewed as unbankable. Seemingly youth are also harder to reach through traditional channels and, in rural youth have to travel some distance to access formal financial services imposing costs for them and may imply safety issues for young women. Peri- urban youth can still travel to urban centres to access financial services although remain constrained by high transport costs.

Finance Institutions indicate that transaction and monitoring costs are too high, inaccessibility due to poor infrastructure networks, dispersed and intermittent demand for financial services, seasonality in deposits and lack of acceptable collateral constraints financial inclusion for rural communities. For youth, access to finance and investment often requires collateral, which most rural youth do not have. There is an inherent perceived risk that youth are a riskier group to lend to, thus discriminating against rural youth further given their limitations. Some MFIs have observed that rural youth repay better than urban youth clients due to reputation risk and levels of indebtedness. Rural youth have low levels of indebtedness and most seem to be risk averse whilst their urban counterparts are adventurous and too experimental. Generally, finance institutions remain cognisant of the need to include rural youth to deepen financial inclusion and the need to tailor specific products for youth.

From the research interviews conducted with FIs there seems an indication that peri-urban and rural youth lag in the level of uptake and have limited product knowledge and skills to access financial services compared to urban youth. Rural youth lack financial literacy training, skills to apply and access finance, information and knowledge of where to source funding for business start-up and expansion. The low uptake of financial products and services is also due to youth being perceived as not trustworthy or responsible and at best preference to avail them small loan sizes, Further rural youth are perceived to be less educated and cannot handle some of the technical projects in agriculture, renewable energy and green enterprises. There is limited evidence on rural youth investment in data and knowledge generation. Rural youth lag in IT knowledge and hence limits their innovation and activity. Finance Institutions prefer a better understanding of youth as a market segment and intensive non-financial support buttressing access to finance for youth. Handholding, training, mentoring and monitoring are required for supporting young people.

9. Conclusions and Recommendations

9.1. Conclusion

Supply Side

The Banking and Microfinance institutions in the market provide a diversity of financial products and services catering for both micro-enterprises and SMEs than in the past. The commercial banks serve the SMEs through dedicated units or departments and micro-enterprises through subsidiary micro-finance entities or microfinance departments in the bank. MFIs on the other hand have differentiated their microfinance offering to cater for both micro-enterprises and SMEs as development finance besides MFIs that do primarily consumer loans. Financial inclusion has been enhanced through the introduction of the RBZ financial inclusion strategy through the introduction of agency banking, empowerment funds, Women's desks and SME desks.

However, pertaining to youth financing, there are normative realities reflected in national policies but not adequately matched with practices and services offered to youth as a market segment. There are no youth specific lending products tailored to youth operated enterprises, their savings practices or culture or their borrowing preferences as a market segment. A dedicated youth bank, Empower Bank was launched mid-2018 and has started offering youth financial services with limited outreach presently. There is lack of or minimal provision of non-financial interventions or limited financial literacy training, low skills on how to apply and access business finance, insufficient information and knowledge of different financial products and services and lending requirements by young people. As a market segment, youth are perceived as price sensitive, existing products on the market require opening or minimum balances or charge fees that are too high for young people. To encourage opening of savings accounts, finance institutions need to review minimum balances requirement to encourage youth and offer attractive return on savings. Youth repayment rates have been met with mixed feelings albeit some FIs have achieved high repayment rates in the 95% region. The experiences of the Youth Fund by the Ministry of Youth with CABS and previous Youth Funds run under the then Ministry of Youth decades before with high non-performing loans still linger particularly in the financial sector. Finance institutions indicated that youth are known to be better committed to repay loans when they borrow as an individual, knowing they are in a financial contractual relationship. Funds associated with government, donors or NGOS are perceived by the financial sector as promoting a culture of entitlement, non-repayment and high default as youth view these as "free money".

The Know Your Customer (KYC) documentation requirements such as proof of residence, collateral security, salaried guarantors are barriers to access to finance for youth on the demand side. Lack of formalised, registered businesses, company documents requirements are barriers on the supply side. The recent establishment of a Youth Empowerment Bank is major milestone. They offer short-term, group based and individual loans to youth dependent on the stage of development of the enterprise and purpose of the loan. There are no mainstreaming lending products for youth and the current banks and MFIs use their existing products to reach youth as clients without specifically targeting youth as a market segment. Finance institutions do not lend to start-up businesses without some proven track record, and viewed risky and require owner equity to establishment, however MFIs do consider businesses operating from 6-

12 months. There are no specific lending windows for the market targeted towards youth besides the recently launched RBZ Youth Empowerment Fund under the NFIS and the Funds mobilized by the Ministry of Sports, Youth Arts and Recreation. The NFIS is under internal review for the 2016-2020 phase to input a second phase. There are no financing models adaptive to youth as a market segment and the youth led enterprises are expected to compete with non-youth led businesses for funding. There are no current specific funds specifically dedicated to agriculture, renewable energy or green enterprises sectors besides development partner initiatives on solar and agriculture. Lending in these sectors still needs to be promoted by FIs albeit rural finance and lending to actors along the value chain has been promoted under various development partner programmes involving few banks and MFIs. Gender is a factor for youth access to finance, wherein young women are viewed to struggle or lag in accessing finance due to existing cultural barriers and individual attributes of courage and entrepreneurial spirit. Some MFIs such as Virl, have a requirement from development partners or investors for lending biased towards the girl child through set targets on reach by numbers or percentages of beneficiaries.

All stakeholders recognize the need for collateral substitutes and alternatives such as loan guarantees, group-based lending, leasing, hire purchase financing instruments, models and products to reduce perceived risks in lending to youth as a market segment. Presently there are no active loan guarantee mechanisms in the broad financial sector for youth or SMEs in the market. First Capital Bank and development partners have launched a loan guarantee for women, youth and smallholder farmers supported through USAID. The loan guarantee was initiated during the implementation of the IYF Zimbabwe Works programme which completed in 2017 and offered by the FIs to the open market.

Demand Side
Youth articulate a preference for loan products with low interest rates, longer tenure beyond 12 months currently on the market grace periods, repayments tied to income and seasonality, no collateral and adequate loan size. To grow their businesses, youth prefer to access large loan amounts in gradual steps vis what the financial sector offers which are small, short term loan facilities. Youth businesses pervade all economic sectors however most are of a start-up nature. There are demand side limitations and barriers that face young women and the supply side constraints in accessing financial products and services. Young women fail to meet the minimum lending requirements such as the KYC, collateral requirements and lack zeal as seen in young men. Young women need additional support through life skills on soft skills of confidence building, decision making, independence besides business and entrepreneurship skills. The majority of youth lack entrepreneurship particularly opportunity identification and assessment, networking, mobilizing financial resources, assets required for enterprise and business management skills in business and financial planning, record keeping, and relationship management with financiers and enhancing creditworthiness and low financial literacy on understanding lending requirements, how to apply for finance and where to access finance. Quality entrepreneurship training programs are required to support the youth. There are few BDS providers offering accredited, effective entrepreneurship, business management, business advisory and training programs to address the needs of youth in business. A few MFIs offer financial literacy and business advisory. There is low uptake of financial services by youth despite the high demand as most youth fail on first stages of application processes. Youth expressed that some do not borrowing because of the following:- high interest rates, lack of collateral security, fear of failure to repay the debt, lack of knowledge on how and where to access the loans, lack of business skills and training. There are cultural, institutional, structural and systemic attitudes and perceptions of young women and young men that persist in the financial sector in

Zimbabwe. The socialisation of the girl child and women is limited to domestic roles, family-oriented aspirations than pursuit of enterprise for career pathways vis formal jobs for those that attain the educational level. The need for role models that rural and peri-urban young women are needed. Institutionally there is a perception of women as less ambition business wise and slow to take up financing facilities compared to men. Women do perceive finance institutions and other institutions as intimidating and looking down upon them. The institutional barriers further limit opportunities for women in requirements linked to assets women do not possess such as land, finance, skills and knowledge.

9.2. Recommendations

The RBZ, ZAMFI, BAZ, ZYC, NAYO as Apex Bodies and ZADT, ZMF as Apex Funds need to engage banks and MFIs on the establishment of strategic partnerships for funding windows with tailored products focused towards youth to enhance their financial inclusion. The RBZ Youth Empowerment Fund under the NFIS needs more time for the FIs to apply for with BAZ and ZAMFI promoting the uptake to augment the efforts of RB. The introduction and uptake phase is similar to the Women's Empowerment Fund in the first year of introduction. The Apex bodies participate in the NFIS thematic groups and should capitalize on these to garner the requisite momentum for uptake. Further to put in place training programs to enhance financial literacy of youth in rural, peri-urban and urban areas.

Youth Associations and financial sector apex bodies such as BAZ and ZAMFI need capacitation to lobby the RBZ, government and donors to set up of a loan guarantee fund targeted towards youth to ease access to finance.

Banks and MFIs need specialized technical support from development partner that initiate special projects for specific target groups to develop financial products and services targeted towards youth, agriculture, renewable energy and green enterprises. There is evidence of how technical assistance can be provided to support banks and MFIs to develop rural finance products and services, lending to women and smallholder farmers. Institutional or individual TA providers can be attached to the FIs with support from development partners.

Government economic empowerment strategies for youth should hinge on developing entrepreneurship skills, business management skills, mentorship, access to markets to be linked to access to finance in an integrated approach.

For financial institutions to effectively adapt to lending to youth they need to be engaged and equipped to understand youth as a market segment. The lending optics require the use of more simplified and less costly banking models, procedures and systems that encourage use of financial services by the youth. Adapting to digital platforms for access by youth can promote uptake. Mobile money transactions have enhanced financial inclusion.

The RBZ can capitalize through the Youth thematic group to continue promoting the Youth Empowerment Fund and facilitate for stakeholders to engage in special subgroups on promoting experiences in youth lending products for the financial sector. A similar approach was taken for the Women's Empowerment Fund to build uptake through the FIs.

MFIs highlighted the need for financing facilities or packages are needed for those MFIs without capacity to expand into rural areas as they are adaptive to reaching deeper rural area clients. Most development initiatives have succeeded with MFIs by providing financing facility, TA for low cost branches or agencies in project areas. The banks have financial capacity to risk own capital, however they require loan bank guarantees to cover risks of lending to the youth target group as well as TA for understanding the youth market segment.

Investing the youth in Zimbabwe has social and economic benefits and should be prioritised. This averts the challenges faced by the youth resulting in economic and social ills including unemployment, underemployment, abject poverty, high risk behaviours, serious crimes and restlessness

The youth in Zimbabwe should be given platforms to participate in policy making and stakeholder consultations by government. Deliberate strategies are required to bring the youth into the mainstream of decision making and implementation processes so they do not remain excluded and marginalised, yet they are a repository of wisdom, creativeness and talent.

Stakeholders contend that the lobby and advocacy priorities should focus less on new policies or Acts, but rather implementation, tracking and monitoring of results through relevant government ministries. Lobby and advocacy groups should hold government accountable to implementation.

9.3. Key Programme Actions for SNV OYE

Based on the research and inputs from key stakeholders at the validation workshop held end November 2020, the SNV OYE programme can learn from previous and current, larger youth programmes various stakeholders ensuring the following actions:-

OYE design and implementation requires an integrated youth programming approach preparing youth with life skills, entrepreneurship, business management skills, technical skills prior to accessing and continuously during the loan application and repayment period. Integrated mentoring, role modelling and continuous follow-up ensure success of implementation and gradually see FIs become flexible, more trusting of youth capabilities. Alongside entrepreneurship, business, life skills youth require financial literacy, mentoring, market and financial linkages in the integrated approach.

Partner with finance institutions with the experience curve on youth financing. Selected Banks and MFIs which also expressed interest in SNV engagement are CBZ Bank, Zimbabwe Women's Microfinance Bank, First Capital Microplan, Virl Microfinance, MoneyMart. Select for partnerships, an MFI and a Bank given the size of project outreach (5000 youth) since not all youth trained will apply for external finance as they will kick start with funds from family and friends.

SNV should provide Technical Assistance to FIs to understand the youth market; tailoring new youth friendly products and adapting existing products; streamlining credit and risk processes and credit scoring mechanisms, training branch managers and loan officers designated for the geographic coverage. Banks use both cash-flow based lending and Asset based lending. Past programmes for youth and smallholder farmers use cashflow based lending and micro leasing for assets.

Design together with the FIs loan products tailored for early stage and existing youth businesses, differentiated by size of loan, incremental lending and flexibility of use of guarantors, moveable assets and transition to collateral requirements for large loans as youth access repeat loans. Start-up should have own contribution and may be supported through ISALs or group lending. Existing businesses should be linked to MFIs or Banks.

Product design for youth should consider the following: long repayment periods 12-36 months; purchase of business equipment and working capital; low interest; grace period; and loan sizes gradually phased towards larger amounts. Short processing time, no collateral for small loans, viability cashflow based assessment vs asset-based assessment need to be considered.

Longer loan tenures for youth products can range from 12, 18, 24 months, amounts ranging USD$150-300 for start-ups and existing business up to USD$1000 with third party guarantors and loan amounts above USD$1000 can be covered under Loan guarantee facilities through SNV support or ECGC.

SNV can establish a loan guarantee facility for finance institutions managed through the experience of ZMF and ZADT for directly with the selected Bank or MFI. 50:50 or 60:40 risk sharing can be matched with an individual guarantor or assets. Provision of a guarantee, TA incentivises FIs to use its own financial resources. In the absence of a guarantee FIs may require a lending facility from the partnership than risking own resources. Establish a relationship with ECGC providing guarantees in the financial market with RBZ support. Grants are discouraged by the financial sector. Matching Grants with loan is to be limited to start-up businesses where FIs not willing to risk or match grant with owners' equity. Matching mechanisms reduce cashflow for the busines owner.

The existing Local Capacity Builders or BDS partners should provide outcome and competency-based training curriculum not inconsistent variations during the life of the project. The selection criteria of youth at entry is key to the outcomes and impact of the OYE programme. Youth should have a demonstrated business idea which they have been operating for some 6 months as a start -up, not just a business idea they have not implemented. The training programmes should have an outcome such as a business plan, business record keeping, marketing and financial management. During skills training collaboration with FIs on financial literacy sessions is instrumental.

Finance institutions needed specific support to design loan products for renewable energy. The use of mobile banking channels needs to be capitalized when working with youth. Clear youth selection criteria for existing youth businesses operating for 6 months, availability for parent/guardian, third party guarantor to apply for loans.

SNV can partner Ministry of Women's Affairs and SMEs, ZYC to facilitate simpler, cheaper registration processes for youth businesses. SNV can facilitate stakeholder dialogue workshops bringing together ZAMFI, BAZ, ZYC, ZAYO, RBZ, government ministries on the national agenda for young people as the future for economic and social development.

SNV should work with ZYC and NAYO to dialogue and engage with RBZ on inputs to the Youth Empowerment Fund to ensure it is responsive to the needs of young people ahead of roll out of phase 2 National Financial Inclusion Strategy to participate in the Youth thematic group.
Programme implementation during and post COVID-19 should take into cognizance the impact on the level of economic activities, incomes levels for rural households and the purchasing power of the local and urban based customers for agricultural produce. The risk

mitigation measures FIs may put in place vis loan delinquencies emanating from the impact of COVID-19 need to be considered on the access to finance component.

The summary of the recommendations and conclusions of this research are as per table below:

Table 9 Summary of Conclusions an Recommendations

	Conclusions	Recommendations
Demand	✶ For effectiveness, provision of loans to youth should be supported by non-financial services viz training, business development services, coaching and mentoring. ✶ Young men take more risks than young women – young men have a higher chance of having access to start up capital (either from social or formal financial sources) than young women. ✶ Youth should not be treated as homogeneous groups with similar interests – age, interests, gender, habits, ambitions, backgrounds etc – they highly heterogeneous – products should thus reflect such. There is less societal support towards women taking loans for business than their male counterparts – parents or husbands more averse to young women taking up loans to start up a business.	✶ Consider supporting the development of youth financial products where youth are in a clear financial contractual relationship. ✶ To cater for the heterogeneity of the youth across the 16 -35 years spectrum there is need to collaborate with banks to consciously develop stratified products to cater for the differences within that spectrum. ✶ Lowering the bar for young female borrowers accompanied by wide-reaching gender education is key in getting young female borrowers to access critical capital funding. To minimize the challenge of youth hoping from one business idea to another, strong support is required in career development, business lifeskills training, and entrepreneurship development – ideally this should be supported by a structured coaching and mentoring programme. Development actors can play a leading role in this area in collaboration with the Ministry of Youth and youth membership bodies.

Supply	✶ Financial institutions are mostly in urban areas – the rural space is covered by agencies that do not have a full range of financial products and services. ✶ Banks consider youth to be a complicated demographic, highly "blended, heterogeneous and difficult to understand" sector – highly politicized, highly mobile, price sensitive, risky, economically and socially unstable and as such are cautious to fully provide financial services to them. ✶ Available funding to the youth tilted towards agricultural production and manufacturing – limited funding available to other parts of the agricultural value chain as well as other "technical" areas such as renewable energy and green enterprises. ✶ Digital financial services have played a major role in getting as many of the youth to be financially included mainly driven by the growth in mobile coverage and consequently mobile money. ✶ There is limited provision of non-financial support by most financial institutions despite this being a critical factor in reducing risk to youth lending. A lot of youth-run enterprises are not formal – they are not registered, with informal operational structures, non-compliant to regulatory requirements etc. making it difficult for financial institutions to work with them.	✶ Consider assisting banks to develop alternative Know Your Customer means such as those being adopted for digital finance such as usage of existing Facebook, Twitter, Instagram databases or registration information database from mobile network operators to circumvent the onerous demands currently required by banks. ✶ Consider supporting the banks in providing non-financial services to youth which include but is not limited to business development services, coaching, and mentoring. ✶ Integrated value chain financing needs to be supported through engagement of financial institutions as well as developing guarantee support towards this finance. Equally financing to energy and green enterprises needs to be promoted and in need be supported by appropriate guarantee facilities. ✶ Establishment of guarantee mechanisms for the youth is a key catalyst towards growth of financial and financial products developed and targeted towards the youth. Support the promulgation of tangible and attractive policies and/or incentives that would promote the provision of banking services to youths and in particular those in the rural areas.
Policy and Environment	✶ There is lack of attractive incentives for banks to invest in serving rural clients - rural areas considered to be expensive to service due to sparsity of populations, poor infrastructure, fragile/seasonal economies etc. Youth financial inclusion remains a key strategy towards improving youth access to finance and youth performance in both social and economic development.	✶ Consider actively participating in the development of the post 2016-2020 National Financial Inclusion Strategy and ensure that the youth development agenda is loud in the document and supported by practical and attainable action plans. There is need to improve the collaboration of stakeholders within the youth sector to enhance the lobbying and advocacy initiatives for the sector.

Table 10. ACTION STEPS FROM THE RESEARCH

ISSUE	ACTION STEPS	KEY COLLABORATORS
Promotion of digital finance in improving access to finance.	Engage in discussions with selected banking institutions and mobile money networks to improve product reach and value to the youth.	ZADT, Steward Bank, Ecocash
Youth friendly financial products	Deepen engagement with ZADT to ensure that the impediments faced by youth in accessing relevant financial services is addressed. Engage other financial service providers to explore other alternative financing products that can be developed for youth.	ZADT, EmpowerBank, Zimbabwe Women's Microfinance Bank (ZWMB), Zimbabwe Microfinance Facility, Practical Empowerment & Networking Youth Association (PENYA).
Supporting gradual formalization of youth enterprises.	Develop and roll out initiatives to promote the gradual formalization of youth enterprises – ultimately supporting or encouraging financial institutions and private sector companies to formally deal with these enterprises.	Zimbabwe Youth Council (ZYC), Ministry of Youth, Ministry of Women Affairs and SME Development
Policy development	Support the development of policies that support improved youth access to financial services e.g. the National Financial Inclusion Strategy, lowering entry levels towards formalization of youth enterprises.	Reserve Bank of Zimbabwe, Ministry of Youth, ZYC, Ministry of Women Affairs and SME Development.
Youth and gender	Develop and roll out initiatives that seek to address gender disparities amongst the youth, improve gender sensitivity amongst youth and communities, promulgate policies that help close the gender gap within the youth, and developing special products that improve young women's participation in economic development.	Ministry of Youth, Ministry of Women Affairs and SME Development, ZWMB.

Annex 1: Examples of Youth Entrepreneurship and access to finance projects in Zimbabwe and Africa

International Youth Foundation Zimbabwe: Works

Description: The Zimbabwe: Works (Z:W) programme implemented by International Youth Fund (IYF) funded by USAID, DFID and SIDA was a 66-month programme(2012-2017).Zimbabwe Works objectives were to strengthen job skills for employability and improve the self-employment status of young Zimbabweans with a special focus on young women. The programme components were entrepreneurship and business management skills for business start-up and expansion of existing business; access to finance; employability through internships, life skills training and vocational skills training with attachments to master craftsmen. Zimbabwe: Works became a flagship integrated youth programme in Zimbabwe. **Results:** Based on the external evaluation, in total the project reached 28802 young people between the 18-35 years age groups with young women making up 61%. The youths benefited from a wide range of services including improved entrepreneurship skills, financial literacy, access to finance from micro finance institutions and improved vocational and technical skills. In total US$ 1,412,672 was disbursed in both unique and repeat loan amounts. Businesses supported were in the following sectors: Agriculture, Retail, Services and Manufacturing for both urban and rural based youth. Z: W achieved a lot in strengthening the capacities of local implementing partners who worked directly with the youth. Some of the key issues identified in an evaluation in 2017 are that young women continue to be underrepresented in the private sector with young men making up as much as 79.4% of management positions. Young women's participation is affected by many factors including gender stereotypes, cultural beliefs and limited access to technology. Across both phase I &II of Z: W 3,685 youth (73% women) received business loans from MFIs for projects in the agricultural, manufacturing, retail and services sectors. A major outcome of the training on financial literacy to 9029 youth by BDS partners was a better appreciation for and application of money management. Youth were taught on the importance of money; credit management & financial management and discipline in running businesses. They also learned how to conduct basic monetary calculations and to save plus invest. The Z: W project created strong business partnerships with private sector financial services companies such as Microking (now Microcred), Virl Microfinance, Zambuko Trust, Lion Finance, Old Mutual for financial literacy curriculum "On the Money". This made it easier for Z: W youth to access finance. The loan default risk was reduced in young women by relaxing loan requirements and this lending approach was backed by a positive youth repayment track record. In working with the Banks and MFIs IYF Z: W structured together with the FIs, youth- friendly products and adapting the existing FI loan products to target youth clients better. The loan products were for both individual and group lending based on the FIs lending methodologies. These ranged between USD$150-500 and averaged USD$250 with a provision to incrementally increase to limits of USD$1500. Amounts above USD$500 then required additional collateral beyond individual guarantor and included moveable assets such as furniture as deemed necessary by the financier and facilities above USD$1500 required more tangible assets such as fixed deposit/ cash based assets and vehicles etc that could be provided by a third party guarantor together with the business assets, The loan amounts below $USD500 could be guaranteed by parents/guardians or salaried individuals that trusted and believed in the young person. Youth were involved in cross-border trading, flea markets and other vending activities. Women's and men's repayment rates were at 85 percent and 70 percent respectively, showing women paid back loans better. However, women had access to lower value loans and registered lower incremental income than men due to the sectors they can pursue. Z: W combined financial literacy with life skills covering such issues as gender, leadership development. The project increased the number of youth with relevant skills for employment through the IYF Life skills curriculum " Passport to Success" used by selected entrepreneurship BDS providers, Vocational Technical Training, Private Sector (Internships, Mentorships and Apprenticeships), Employment Career Options, and Community Service. **Lessons** learnt were that youth programming needs to develop appropriate financial products that resonate with segmented requirements (e.g., segmentation by age, lifestyle, location, business status, financial need).The group lending methodology is not effective in urban areas due to geographic distances and lack of social cohesion, hence individual lending would be used by FIs. Women have high repayment rates, contribute more to households plus they have a sense of integrity. Youth should be encouraged to develop a culture of saving to build a track record before approaching finance service providers. Cashflow based lending reached out to more youth than asset-based lending as youth do not have an asset base and their guarantors are more willing to guarantee based on salary than their personal assets. Fundamentally for youth support, investing technical and financial resources in post care support is crucial for youth businesses such as mentoring and role modelling. The sustainability of youth programming work largely depends on the level of technical, human resource and financial capacity of the implementing partner organization providing training and financial services. Effective BDS providers have credible, accredited training programmes with clear training, mentoring outcomes. Mentorship, entrepreneurship training, group cohesion and regular monitoring are key for youth support. The IYF Z: W programme had a gender strategy that outlined strategies and interventions at various levels, partner institutions, lenders, BDS providers, engendered youth target and the entrepreneurship training curricula.

CARE International Youth Employment Programme (YEP)

Description: The Youth Employment Programme (YEP) was implemented by CARE International and funded by SIDA. YEP objectives were to increase economic and social participation of male and female youths in Zimbabwe. YEP focused on the development of youth skills, including technical, business management and interpersonal skills and facilitated community dialogues to ensure that families and communities support youths to participate in economic activities. The project also focused on creating sustainable relationships between youths and formal financial institutions, through financial linkages with the participation two financial institutions: VIRL Microfinance and CBZ Bank Limited. **Results:** Based on an external evaluation the project managed to increase average annual incomes of YEP participants and the percentage by which the proportion of female participants with average monthly incomes above US$200 increased is greater than that of male participants. The project efforts to encouraging young women to enrol in male dominated technical skills training and pursue business in the technical areas helped increase the incomes. The pull effect of other women active in economic areas away from the traditionally prescribed gender roles provided role models and reduced stereotyping. The program reach was for 18,000 youths. The proportion of YEP participants who use acquired entrepreneurship and interpersonal skills surpassed the target of 80%. Technical skills training attained 70% of the target. YEP reduced the proportion of participants in the lowest asset category from 40% to 27.6% and increased the proportion of youths (in the age groups 18-25 years and 26-37 years) in the highest asset category from 23% to 42.1%. Around 65.5% of the YEP participants who accessed loans from formal financial institutions had repaid, falling short of the 90% target that the project had set out initially. **Lessons** learnt in the programme were that targeting youths specifically in households and leaving out parents and guardians affected youths' access to loans as some parents or guardians could not guarantee the loans. With the maturity period being about one year for ISALs this proved difficult for both the partners and the youths to wait for a year before accessing loans. YEP was also perceived by some youth as free loans since CARE's involvement implied donations. The different components of YEP such as the Social Analysis and Action (SAA), training programme, financial linkage and market linkages made YEP a one-stop-shop kind of intervention whereby gender barriers that hinder youth economic participation are addressed and youths are trained, provided with loans to start income generating activities and linked to supplier and customer markets. These components made the project intervention more holistic and effective in attaining its main objective. The involvement of various implementing and technical partners with diverse expertise made YEP effective through synergizing and complimenting strengths and filling capacity gaps among implementing and technical partners. Furthermore, sports and art as part of SAA sessions increased participation by female youths and at the same time strengthening the peer networks as they meet and share information regularly. This participation was increased through SAA sessions which opened and changed community mindsets as it discussed the challenges faced by young people. This resulted in communities embracing youths in the development agenda as evidenced in their participation in community projects in Beitbridge and Masvingo.

CABS Kurera/Ukondla Youth Fund

CABS is a subsidiary of Old Mutual offering a variety of financial products which include Business Loans, guarantees, Trade Finance, Value Chain financing, Order Financing, Mortgage Loans, Equity Release, Retail Credit and savings. In 2012 CABS partnered with the then Ministry of Youth to administer the Youth Empowerment Fund targeting all the youths in the rural and urban areas in all the provinces. The National Youth Council was also a stakeholder to the arrangement. Access to finance was made easy as no collateral was required. Disbursement was based on district allocations and initially directly disbursed to the applicants. In 2014 the Youth Empowerment Fund was suspended due to various challenges. The default rate was high at 45%, because most youths were reluctant to repay these funds as they were viewed as "free government money." The loan origination and evaluation processes were not as rigorous as the typical CABS and any other bank. CABS, CBZ and IDBZ participated in the Youth Fund with government. Some projects were considered a great success especially agriculture in the Mashonaland area where youth were active in agriculture, retail, manufacturing businesses. **Lessons:** learnt lending was based on a business plan of which the majority of youth businesses were start-ups. The youth did not have the skills to develop business plans and had consultants developed and they lacked ownership of the document. Some youth were alleged to have used business loans to purchase vehicle purchases and other non-business expenses. Other limiting factors were that developing entrepreneurial skills within youths through training were not given early attention. However, some BDS providers were then partnered with such as Boost Fellowship at a later stage. It was highly recommended that entrepreneurial and technical training be linked to disbursements made directly suppliers not to the youth. There should be market linkages and mentorship. Funding should be purely based on project viability not attractive business plans which are easy to copy (CABS,2020).
According to the Independent Newspaper the US$10 million fund was eventually suspended following the high rate of non- performing loans which stood at 78%. At that point of the US$4.8 million had been disbursed and the non-performing loans amounted to US$3.7 million. Experience from other countries suggests that loan repayment has always been an issue particularly where such funds come from the government. There was also widespread misuse of the funds with some youths converting the funds for personal use including the purchase if vehicles. Allegations have also been raised that some government officials abused the fund (The Independent, 2014). A research study assessed the impact of Kurera/Ukondla Youth fund a government programme managed by CABS Bank. The fund was created within the broader context of the Indigenisation programme and was specifically targeted at assisting youths in business. Despite the availability of the Kurera/Ukondla youth fund, youth livelihoods were not significantly

improved and has been greatly politicised, thus failing to bring the intended results regardless of government efforts to improve the livelihoods of youth. The study established that the Youth Fund, while having considerable potential it did not reach out many young people and this affected its effectiveness. The research in its findings indicated that there should be deliberate changes to the way the Kurera/Ukondla Youth fund was structured so that it benefits all youths equally regardless of proximity to the country's capital city (Harare).The study mentioned, key to these will be the decentralization of decision-making powers on funding to local banks to ensure speedy disbursement of funds. Further improvement in mechanisms for policy implementation and enforcement of existing laws for youth empowerment, including strengthening structures to be effective and operational to district levels will be a step in the right direction. On the sustainability of the fund the study indicated that communities must actively contribute to the way Kurera/Ukondla Youth Fund is structured and managed so as to ensure the fund taps into existing local knowledge systems and feeds from the local development priorities. (Ncube, 2014).

Youth in Agribusiness Experiences in Africa

Description: FAO, CTA, and IFAD (2014) identified key challenges youth face in trying to earn a livelihood from agriculture and agribusiness including shortage of arable land, lack of financial and technical resources and access to markets, among others. **Results** showed that the interventions implemented by governments and development partners across Africa such as Cooperation (CTA), Techno Serve, AFOP, UniBrain have succeeded in outcomes such as rebranding of agribusiness as a competitive career path for the youth, youth attitudinal change toward agribusiness, improved access to productive resources, increased business management skills, increased learning and use of ICT in agribusiness, increased market access and increased business networks. The One Village One Product (OVOP) Programme in Malawi, YEAP programme in Nigeria, the ICT interventions in Rwanda, The Songhai Centre in Benin, The Integrated Agriculture and Agribusiness Programmes (IAA) in Morocco have contributed to similar outcomes in changing attitudes, improving product quality and inspiring more youths to engage in agribusiness. A key driver of these programmes has been the growth in internet usage with youth comprising 37% of individuals using the internet in Africa. On access to finance, the youth benefited from competitive grants or loans, contractual agreements with business networks and funding agencies. Predominantly governments and development partners combined financial support with technical support to enable the youth groups to develop "bankable" proposals. Governments and development partners have also provided youth with access to information, knowledge, and skills through trainings (technical, leadership, business skills, and financial management), mentorship, agricultural extension and advisory services and ICT for agribusiness. **Lessons:** The interventions implemented have sought to achieve a number of outcomes. These range from inspiring youth engagement in agriculture, attitudinal change toward agribusiness, outcomes in skills development, improving the access of youths to financial services and products and promoting agribusiness for gainful employment. These programs have had some limitations. Some limitations of interventions were that the youth were treated as if they are a homogenous group with similar interests, capabilities, expectations, and aspirations. Limited consideration of the socio-cultural aspects of youth aspirations, dynamism of the youth aspirations, not targeting the youth depending on their shared capabilities, interests and expectations thus hampering youth participation in collective action, weak integration between capacity development and financial support for start-ups. The design and implementation of youth interventions should be based on an integrated approach that incorporates the diversity of the youths' aspirations, shared capabilities, interests, expectations, and challenges associated with access to resources and participation in collective action. The design and implementation of future interventions should also be built on strong partnerships among rural communities, governments, youth organizations, academia, research and private sector for increased impact on livelihood improvements. The design of future interventions that promote African youth engagement in agribusiness should take account of the political economies of global agriculture and expansion of global supply chains into African countries (World Bank, 2014).

Youth Savings Clubs: Plan International

Plan International proposes that youth savings groups can be a useful tool in tackling rural poverty among youths. The clubs are ways of alleviating "the constraints of entrepreneurship", and a means for youths to engage more meaningfully with market opportunities. Plan uses the savings groups as a way of promoting financial inclusion and the approach is promoted because it is a low risk means of micro-finance relying on the savings of the members. Through this method Plan has facilitated the creation of groups globally that have served over one million people, 80% of them in African countries. Savings groups according to Plan are an ideal starter system given that they are manageable and appropriate for youths. The perceived values of the savings clubs rests in some of the following factors: they provide an unmatched ability to mobilise saving in low income communities and there is evidence that there is visible increase in assets among members including women; they provide a less constrained pathway for financial services which cannot be accessed via formal finance structures. The savings clubs have also been linked to increased expenditure of social amenities such as health and education. The clubs, it is argued, have the potential to influence public policy and regulatory frameworks on youth banking, entrepreneurship, and employment.

List of Participants

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