

Structural Adjustment and Small Enterprises: The Case of Zimbabwe

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1.0 INTRODUCTION

Micro and small enterprises (MSEs)² are an inescapable feature of the economic and social landscape of most developing economies. Typically, developing countries have a large number of MSEs, and these employ a substantial proportion of a country's working age population. Recent nationwide surveys in several African countries show that between 16% and 33%³ of each country's working age populations work in MSEs. Furthermore, a substantial amount of income is typically generated by these activities, both at the household and at the national level. In a recent study of Kenyan MSEs, Daniels (1999) estimated that the MSE sector contributes 13% to national income.

Among scholars, policy-makers and donor agencies there has been an increasing awareness of the importance of the MSE sector in the development process. Indeed, many governments in Africa have explicitly included MSE programs as part of their national economic plans. However, while much is known about the nature and magnitude of the MSE sector in many African countries, much less is known about how these sectors evolve over time. A particular problem involves the relationship between the MSE sector and structural adjustment. In recent years, many developing countries have been compelled by external and internal imbalances to radically alter their macroeconomic policies. How does the implementation of these policies affect the MSE sector? How does the influx of workers into the MSE sector resulting from retrenchments of civil servants and employees of state-owned enterprises change the face of the sector? To what extent do the changes in macroeconomic variables affect MSEs? Many such questions, although important, have not been studied or answered.

Beginning in about 1991, the government of Zimbabwe began a structural adjustment program. In that same year, a nation-wide survey of MSEs was conducted in Zimbabwe. Repeat surveys using the same methodology and sample areas were repeated in 1993 and 1998. In principle, these surveys present a unique opportunity to learn about the relationship between the structural adjustment process and the MSE sector. However, it should be noted from the start that it will not be possible to fully understand the effects of structural adjustment on the MSE sector, since other events occurred both within and without Zimbabwe over the same period, including the drought of 1991-92 and the ongoing AIDS pandemic.⁴ These and other events make it difficult to parse out the relationship between structural adjustment and the MSE sector. Nevertheless, some lessons can be learned from a close examination of the data.

2.0 ECONOMIC REFORM IN ZIMBABWE

After independence in 1980, Zimbabwe's socialist government set out an ambitious plan to remedy the extreme income inequality and poverty that had resulted from earlier pre-independence policies. At first, these efforts met with some success. Minimum wages were introduced, free primary education was made universally available, and secondary education was subsidized to a great extent by the government. Free health care for the very poor was also introduced in the early 1980s (Stoneman, 1989).

¹ The author gratefully acknowledges the helpful comments from participants at the 1999 meetings of the Eastern Economic Association. The comments from an anonymous referee of this journal were likewise most useful.

² For purposes of this paper, MSEs are defined as income generating manufacturing, commercial or service activities that market at least half of their production, and that employ 50 or fewer workers.

³ See, for example, Daniels (1999) for a discussion of the Kenyan case, Liedholm and Mead (1993) for information on Lesotho and Swaziland, and McPherson (1998) for the case of Zimbabwe.

⁴ It can be surmised that many of the changes in the MSE sector between 1991 and 1993 were drought-related. By focusing on the 1993-98 period, however, we should be able to glean some information about the effects of structural adjustment on MSEs.

As a result, over the 1980s primary school enrollment reached nearly 100%, infant and child mortality rates were halved, and almost every child received immunization (Marquette, 1997). Of course, these poverty reduction programs were expensive, and were mostly financed by government borrowing. Despite substantial loans from the World Bank, budget deficits rose in the 1980s (see Table 1). Not surprisingly, this situation created tremendous inflationary pressures.

In addition to fiscal imbalances, Zimbabwe's had other macroeconomic problems during the 1980s. Protection of domestic industries, begun before independence, continued in the post-independence period. Zimbabwe's exchange rate was overvalued, resulting in a shortage of foreign exchange. Furthermore, the economy was tightly regulated in a number of ways, including domestic price controls, minimum wages, and laws that made it nearly impossible to fire a worker (Marquette, 1997).

Because of these mounting economic difficulties, the government of Zimbabwe eventually accepted the recommendations of the World Bank, embarking on the Economic and Structural Adjustment Program.⁵ Beginning in 1991, ESAP included several important reforms. First, agricultural pricing and marketing were liberalized. Second, price controls were phased out and statutory wage regulations were largely abolished (Gibbon, 1995). In addition, labor regulations were simplified, and the government began to intervene less frequently in the hiring and firing of workers (Kapoor et al., 1997). Third, efforts were made to cut public expenditure, through retrenchments of government workers, through cost-recovery systems, and through a reduction of subsidies to state-owned enterprises (Gibbon, 1995). Fourth, Zimbabwe successfully lowered her marginal tax rate from over 60% to under 40% (Kapoor et al., 1997). Despite some successes in fiscal reform, Zimbabwe has yet to approach the stated goal of reducing the share of the budget deficit in GDP to 5% (Government of Zimbabwe, 1996). Nonetheless, inflation was reduced to under 20% per annum by 1997 before rising again in 1998. Fifth, international trade and exchange rates were liberalized. A final piece of ESAP was the Social Dimensions of Adjustment Programme, which was designed to minimize the impact of ESAP on the poorest groups (Government of Zimbabwe, 1996). This program was of dubious effectiveness, especially prior to 1995 (Marquette, 1997).

While some progress was made in economic reform, especially in areas of deregulation, the reform process was never completed. In any case, although in the longer term ESAP may bring prosperity to most Zimbabweans, in the 1990s it contributed to substantial difficulties for Zimbabwe's poor. According to the 1995 Poverty Assessment Survey, real wages declined by 36% from 1990 to 1995, and poverty levels have increased. Events in Zimbabwe in the late 1990s demonstrated that the patience of Zimbabweans with ESAP had run thin. Indeed, the violent riots that occurred in the latter part of 1997 and again in early 1998 were largely protests against higher taxes and the increases in the prices of staple commodities.

As mentioned earlier, a complication that must be faced in examining the effects of structural adjustment on the MSE sector involves exogenous factors. One of the most important is the severe drought of 1992. Coming at the same time as the new ESAP reforms, the drought caused a severe contraction in Zimbabwe's economy: real GDP fell by 5.3%, although some observers were reportedly felt the true figure was substantially higher (Gibbon, 1995). Government revenues were substantially smaller, while expenditures (largely related to drought relief) rose. As a result, the annual inflation rate peaked at over 40% in 1992. Similarly, the AIDS pandemic also likely has led to lower GDP and higher government expenditures.

3.0 POSSIBLE EFFECTS OF ESAP ON ZIMBABWE'S MSE SECTOR

The MSE sector in any country is tremendously heterogeneous. There are many different types of MSEs, and many different sorts of people who are involved in these businesses in numerous distinct ways. MSEs are started and operated for a multitude of reasons, with some proprietors simply attempting to eke

⁵ Technically, a program called ZIMPREST succeeded ESAP. Officially launched in 1996 but never completely implemented, ZIMPREST continued the reforms begun under ESAP. For clarity, ESAP is used to represent both programs.

out a subsistence, and others trying to escape poverty and “graduate” into the formal sector. There are in addition many more motivations for involvement in the sector.

Because of this heterogeneity, sorting out the effects of Zimbabwe’s ESAP on the MSE sector is not a simple exercise. In this section, we suggest several ways in which the structural change of the 1990s might have affected the shape and size of the MSE sector. This will lead to several hypotheses that we can examine using data from the MSE surveys.

By most accounts, ESAP resulted in lower real incomes. Given the generally slow (and occasionally negative) growth in real GDP over the period and continued high rates of population growth (roughly 2.5% per year), real per capita most likely fell over this period. Even if there were slight gains in per capita incomes it seems likely that these accrued mainly to the wealthier end of the income distribution. As noted above, the 1995 Poverty Assessment Study Survey reports that real wages and the incidence of poverty increased over the ESAP period. Still, the effects of decreased consumer income on the MSE sector are not completely clear. If the products of the MSE sector are normal goods, then the lower purchasing power of consumers might be expected to translate into a decreased demand for such products. It may be the case, however, that many sorts of products produced by the MSE sector are inferior goods. That is, as purchasing power declines, demand for these products actually increases, as consumers substitute away from higher priced goods produced by the formal sector or by other countries and towards MSE-produced goods. For example, as real incomes fall, Zimbabweans might be expected to buy more second-hand or MSE-produced clothing rather than that sold by the formal sector.

The liberalization of Zimbabwe’s international trade regime is quite likely to have affected her MSE sector as well, although the overall effects are ambiguous. A reduction in trade barriers likely led to lower import prices and a greater availability of imports. This could have hurt MSEs in import-competing sectors, but could have been helpful to MSEs that use imported inputs. Mumbengegwi (1993) suggests that since “informal sector” MSEs generally produce simple consumer goods for the domestic market, these are much less likely to be hurt by import competition than are larger “formal sector” MSEs. On the other hand, the liberalization of the exchange rate led to a substantial weakening of the Zimbabwe dollar. One effect of a weaker domestic currency is that imported goods will become relatively pricier, and as a result one might expect a substitution toward MSE-produced goods. However, this is true only for products that are substitutes for imports: where imports (especially inputs) are complementary to the production processes of MSE products, the weaker Zimbabwe dollar will not be welcome news. Again, the overall effect is not clear *a priori*.

In addition, ESAP was a time of fiscal austerity, as discussed in the previous section. One way that Zimbabwe’s MSE sector was likely affected relates to retrenchments, both of civil servants and of workers in formerly state-owned enterprises or elsewhere in the economy. While the initial target of reducing the size of the civil service by 25% was not met by 1995, progress was made. Indeed, some 25,000 Zimbabweans had been retrenched by mid-1993 (Brand, et al., 1995). Furthermore, the target of reducing the civil service wage bill from 17% to 13% of GDP by 1995 was met (Government of Zimbabwe, 1996). In addition, prior to the ESAP years some new entrants into the labor market were absorbed each year into the public sector. In short, the supply of labor to the MSE sector surely increased during the implementation of ESAP, due to both factors. We should therefore expect an increase in total employment in MSEs, resulting either from increases in the number of MSEs or in the average size of MSEs, or both. Retrenchments may have had another effect on the shape of the MSE sector as well, given that the majority of those retrenched were male. Women have traditionally dominated Zimbabwe’s MSEs. As ESAP was implemented, some men may have started MSEs, perhaps competing with female entrepreneurs. Other men may have joined existing MSEs owned by women, so that the proportion of female-owned MSEs could be expected to decline over time. Overall, it seems likely that the role of women in the sector has declined in the 1990s.

The liberalization in agriculture described above might also reasonably be expected to have affected the MSE sector. For example, if the returns to farming rose as a result of structural adjustment, then some Zimbabweans who were engaged in MSE activity might have switched to agriculture, either as farmers or as laborers, resulting in a decrease in the size of the rural MSE labor force. In addition, any increase in the returns to farming could have led to an increased demand for rural MSE products. However, many rural Zimbabweans depend heavily on remittances from family members in urban areas.

Such remittances are likely to have fallen over the 1990s, given the lower real incomes discussed above and the retrenchment exercises. Should this be the case, demand in rural areas for MSE products may have decreased even more than demand in urban areas. Given these competing effects it is not possible to know *a priori* how changes in agriculture might have affected MSEs.

In summary, there are a number of issues that can be examined using the survey data from 1993 and 1998. First, how did the lower purchasing power of consumers affect the number and types of MSEs? Second, how did the MSE sector change in response to lower import barriers and a weaker Zimbabwe dollar? Finally, how did the MSE sector adapt to the retrenchment exercise under ESAP? As noted above, the data will not allow conclusive statements to be made regarding these issues, but the survey results are suggestive nonetheless.

4.0 SURVEY METHODS AND SAMPLE SIZE

The data analyzed in the following section were generated by three countrywide surveys of micro and small enterprises. Each employed the same sampling method, permitting a comparison of results across time. Specifically, these surveys used a stratified cluster sampling approach. In preparation for the 1991 survey, the country was divided into several strata. These included urban high density, low density, industrial and commercial areas, small towns, and rural areas. In addition, smaller towns designated by the government as growth points⁶ were included as a separate stratum. Once these seven strata were designated, a number of small enumeration areas within each (the enumeration areas used by the national census were adopted) were randomly selected. Trained enumerators visited every household and business within each selected area to ascertain whether a business was in operation. This method allows for an extrapolation of results to the national level. The 1993 and 1998 surveys applied the same methods and visited most of the same enumeration areas as in 1991.⁷ It should be noted, however, that due to resource constraints no effort was made to track individual MSEs over time. Detailed descriptions of the surveys' methods can be found in McPherson (1991), Daniels (1994), and McPherson (1998).

The 1998 survey visited 19,933 households or shop sites. At these sites data on 7,369 existing MSEs were collected. In 1993, the survey visited a total of 11,762 households and shops, collecting information on 5,356 existing enterprises. 14,035 sites were visited during the 1991 survey. 5,575 primary MSEs were identified and enumerated, and limited information was collected on an additional 1,194 secondary enterprises.

5.0 CHANGES IN THE MSE SECTOR, 1991 – 1998

5.1 Magnitude

A comparison of the surveys indicates that Zimbabwe's MSE sector underwent dramatic change in the 1990s. As one can see from Table 2, the estimated total number of such MSEs in 1991 was nearly 868,000. By 1993, this figure had jumped by 8.5% to approximately 942,000. Although structural reforms may have had something to do with this jump, more likely this was the result of the 1992 drought, which surely forced many small-scale farmers to enter the MSE sector. Indeed, most of the additional MSEs were in rural areas. From 1993 to 1998, the total number of MSEs fell by 8.7%. It is also interesting to note that this shrinkage in the number of MSEs was entirely a rural phenomenon: over the 1993-98 period the numbers of urban MSEs **rose** dramatically.

These changes led to a remarkable alteration in the distributional structure of MSEs: whereas 29.3% of all MSEs were located in urban areas in 1991, fully 38.5% of MSEs were so located by 1998. This change is likely the result of the fact that urban populations were growing considerably more rapidly than rural populations (by some accounts twice as fast). Furthermore, traditionally many businesses are

⁶ Such towns were given special consideration with respect to infrastructure, and various incentives (especially tax breaks) were given to businesses locating there.

⁷ The 1991 survey visited MSEs in 58 enumeration areas. For reasons of resource constraints, the 1993 and 1998 surveys returned to 40 of these.

begun and supported with remittances from family members working in the urban areas.⁸ As noted previously, it seems likely that these remittances shrank in the 1990s. A final possible explanation for the declines in rural MSEs involves liberalization in agriculture. The number of rural MSEs may have decreased since the ESAP may have led to increased returns to farming.

5.2 Employment

Further information can be gained by an examination of changes in employment in the MSE sector. Table 3 shows that employment in this sector grew between 1991 and 1998. Nevertheless, it is also instructive to examine where this employment growth occurred. Despite shrinking 2.0% from 1991 to 1993, urban MSE employment rose nearly 52% from 1991 to 1998. After growing markedly prior to 1993, rural MSE employment shrank thereafter. Over the entire period, rural MSE employment increased by 9.0%. Given that the numbers of MSEs grew at a slower rate than employment both in rural and urban areas, it must be the case that average firm sizes rose. Indeed, the average MSE increased in size⁹ from 1.56 workers in 1991 to 1.91 in 1998. This means that MSEs in 1998 were on average some 22% larger than in 1991.

The finding that MSE employment expanded more rapidly than the total number of MSEs also leads to another observation: the size distribution of MSEs changed considerably between 1993 and 1998 (see McPherson, 1998 for details). The share of one-person operations in total MSEs fell from 78% in 1993 to 58% in 1998. The share of firms with 2 to 4 employees more than doubled over the same period, as did the 5 to 9 worker size category. This is significant: Liedholm and Mead (1987) present evidence that MSEs enjoy a dramatic increase in efficiency and productivity when they expand beyond the 1-person level.

The finding that MSE employment rose from 1991 to 1993 suggests that the drought forced many Zimbabweans who had been employed in the agricultural sector to start MSEs as a means of subsistence, especially in rural areas. Daniels (1994) and Liedholm and Mead (1998) suggest that this sort of expansion of the MSE sector is not likely to be a positive sign, since the additional workers are unlikely to be especially productive, as they are forced into the sector by desperation. Effectively, the MSE sector acts as a sponge in such times as the 1991-93 period, absorbing the unemployed or underemployed.

The growth in employment after 1993 is more likely to be the result of the changes that came about as part of the ESAP. Over the 1993-98 period, rural MSE employment shrank. This may be the result of MSE employees returning to agricultural work, given that returns to agriculture may have been higher (due to ESAP, but also due to the better climatological conditions). The rural shrinkage may have also been partly due to the continued rapid rural-to-urban migration. Over the same period, urban MSE employment increased by nearly 55%. Once again, there may be several factors at play here. For example, some of this expansion may have been demand driven, resulting perhaps from the substitution of urban-dwellers towards MSE-produced products, or because imported goods might have become more expensive. Such demand-driven growth might have made MSEs more profitable, encouraging expansion of existing MSEs, as well as new entries. Liedholm and Mead (1998) might deem this sort of growth to be a positive sign. However, some of the employment expansion may have been the indirect result of the retrenchment of civil servants and employees of state-owned enterprises. Retrenched workers may have begun new MSEs, or have joined existing MSEs. The relative productivity of such new workers and firms is unclear.

5.3 Sectoral Distribution

The 1990s were also years of great change in the types of MSEs existing in Zimbabwe. Manufacturing firms became substantially less important. Table 4 shows that in 1991, 71.6% of all MSEs were involved in some sort of manufacturing work. By 1993, this figure had dropped to 65.0% and by early 1998 only 42.4% of MSEs were in manufacturing lines. Table 4 also includes information on the average annual change in the numbers of MSEs within each sector. Since 1991, only the chemicals and

⁸ These remittances may have been substantial: respondents in the 1996 AIMS survey remitted more than Z\$6,000 annually to family members, although that survey did not establish what percentage of the funds were used for business purposes.

⁹ The average number of workers per firm includes any working proprietors.

plastics, fabricated metal, and other manufacturing subsectors increased in size, although each of these represented a small absolute number of enterprises. Most of the decrease in the share of manufacturing was due to the shrinkage in numbers of firms in the wood and wood products, food and beverage processing, and textile manufacturing subsectors. Given the large number of firms involved in textiles, it is this subsector that saw the greatest loss in numbers of MSEs. As noted in Section Three, this phenomenon perhaps may have been due to the increased degree of import competition (especially from imported second-hand clothing) resulting from Zimbabwe's trade liberalization. If this is the cause, it suggests that the increase in import competition outweighed any substitution towards MSE-produced manufactures that might have resulted from the weaker Zimbabwe dollar, at least in the textiles subsector.

While manufacturing's share was falling, trade-related activities were exploding in importance. From 1991 to 1998, the proportion of MSEs engaged in trade more than doubled, reaching 45.2%. This translates into an average annual growth rate in the number of trade-related MSEs of nearly 12.0%. The majority of this change was at the small-scale vending level. This upswing in trade may have been the result of one or more of the changes caused by structural adjustment. First, the fall in real incomes may have led many Zimbabweans to substitute towards products sold by MSEs and away from products sold by larger domestic industries or imports. Second, the greater availability of imports due to trade liberalization may have lowered costs of retailers selling imported products (e.g., second-hand clothing). In addition, the retrenchments in the formal sector may have led to an increase in the employment in and the number of MSEs as the retrenched seek to join existing MSEs or start new ones. Services also increased in importance, although by 1998 that share was still below 5%.

5.4 The Role of Women

Part of the dramatic change in Zimbabwe's MSE sector in the 1990s involved the gender of MSE proprietors. As Table 5 makes clear, the total number of women-owned businesses fell 3.8% per year between 1991 and 1998. While one or more women owned 58.1% of enterprises in 1998, women owned nearly 75% of MSEs in 1991. There was also a massive shift by female proprietors out of manufacturing-related operations and into trading, and to a lesser extent, service-oriented firms. Over the 1991 to 1998 period, there were 15.2% fewer female-owned manufacturing enterprises, while the number of female-owned MSEs in the trade sector increased by 9.7%. The shift of women-owned enterprises into the trade sector and away from the manufacturing sector is also evident in Table 6. While 78.1% of female owned firms were involved in manufacturing in 1991, only 47% of women-run firms were similarly occupied in 1998. Indeed, by 1998, more female run enterprises were involved in trade than were in manufacturing. This is in marked contrast to the situation in 1991.

While the survey does not provide definitive explanations of the decreased role of female proprietorship in Zimbabwe, several possibilities suggest themselves. First, the retrenchment that occurred as a result of structural adjustment mainly involved men. This affected female-owned MSEs in at least two ways. Some retrenched men surely started MSEs, and these may have driven out some female-owned businesses. In addition, some retrenched men may have joined existing enterprises owned by their wives. These reconstituted businesses would no longer be counted as female-owned in the surveys. Second, if the changing economic environment led to greater competition in the MSE sector, female proprietors may have been less well equipped to handle the changes given their relative lack of access to business training and credit. Third, much of the decrease in the proportion of female-owned business was due to the rapid decline in textile and wearing apparel manufacturing, a sector traditionally dominated by women. Finally, given women's traditional roles as caregivers, it is possible that the AIDS pandemic was responsible for some of the observed changes in the MSE sector during the 1990s.

6.0 CONCLUSIONS

Zimbabwe changed rather dramatically during the 1990s. Part of the changes that took place was the result of the ESAP. Other changes can be attributed to any number of other events, including the 1992

drought and the AIDS pandemic. As a result, reasonable people could reasonably quarrel with any effort to link changes in the MSE sector with ESAP. Nevertheless, some cautious statements can be made.

Once we account for the drought in 1992, the number of Zimbabwean MSEs did not really change over the 1991 to 1998 period. However, there was a dramatic increase in the number of urban MSEs, and a substantial reduction in the number of rural ones. Aggregate employment in the MSE sector increased over the ESAP period, disproportionately in urban MSEs. Evidently, some event or combination of events in the 1990s caused Zimbabwe's MSEs to become larger and more urban. Could it be, at least in part, that ESAP was responsible? Perhaps, for example, the decline in real incomes of potential MSE customers resulting from ESAP led to an increased demand for MSE-produced products as consumers substituted away from higher-priced formal sector goods. It could also be that the depreciation of the Zimbabwe dollar made consumers substitute MSE-produced products for now-pricier imports. Retrenched workers may have started new MSEs in urban areas or joined existing ones. In addition, urban-to-rural remittances from former government employees may have fallen, causing rural MSEs to fold.

The 1990s also witnessed dramatic change in the types of MSEs operating in Zimbabwe. The decline in relative importance of manufacturing partly may have been the result of greater availability of imports due to trade liberalization (the weaker Zimbabwe dollar notwithstanding). Similarly, the tremendous jump in MSEs engaged in commerce (especially vending) may have be the result of better access to imported inputs (as in the case of second-hand clothing). It could also be the case that retrenched workers turn to vending, given that the skill requirements may be relatively lower.

The 1990s also saw changes in the role of women in the MSE sector. Once nearly three-quarters of all Zimbabwean MSEs were female-owned; by 1998 this proportion was just above half. Conceivably some sort of change in the traditional role of women could explain this, and the AIDS pandemic has surely played some role. However, it seems quite plausible that these changes are related directly and indirectly to ESAP. Greater competition from retrenched workers (who are mostly male) may have caused some female-run businesses to fold. Other MSEs once controlled by women may have had a retrenched husband join.

These findings, though far from conclusive, are certainly suggestive. Much work remains to be done in this area. For example, a deeper understanding of how profits and sales may have changed over the ESAP period could provide additional evidence regarding some of the hypotheses presented in this paper. Some estimates of how sensitive particular MSE sectors are to changes in incomes and prices would also be invaluable.

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Table 1
Selected Macroeconomic Indicators for Zimbabwe, 1981-1998

	GDP growth (annual %)	Gov't Deficit (% of GDP)	Exchange rate (ZS/US\$)	Inflation (annual change in CPI)	Real interest rate ¹
1981	13.9	5.9	0.7	13.2	-5.7
1982	2.8	10.5	0.8	10.6	3.9
1983	1.6	6.3	1.0	23.1	-10.3
1984	-1.7	10.1	1.3	20.2	-9.9
1985	8.2	7.3	1.6	8.3	1.7
1986	1.6	8.1	1.7	14.5	-4.2
1987	-1.6	10.5	1.7	12.5	-2.9
1988	9.7	9.2	1.8	7.4	2.3
1989	6.3	8.0	2.1	12.9	-4.0
1990	1.9	6.7	2.5	17.4	-8.6
1991	2.4	7.1	3.4	23.3	-9.2
1992	-5.3	11.3	5.1	42.1	-13.5
1993	4.6	9.1	6.5	27.6	1.8
1994	4.4	6.9	8.2	22.2	4.5
1995	-1.8	10.1	8.7	22.6	3.3
1996	8.1	6.8	9.9	21.4	0.2
1997	3.7	NA	11.9	18.8	-0.2
1998	NA	NA	20.8	28.5	-0.5

Sources: The IMF's International Financial Statistics and the Reserve Bank of Zimbabwe's Quarterly Economic and Statistical Review.

1 The real interest rate is the difference between the deposit interest rate and the rate of consumer price inflation

2 Estimate from Kapoor, et al. (1997)

Table 2
Number of MSEs in Zimbabwe: 1991-1998

Stratum	Number of MSEs in Zimbabwe			Percentage Change in MSEs, 1991-93	Percentage Change in MSEs, 1993-98	Percentage Change in MSEs, 1991-98
	1991	1993	1998			
Urban	254,667	255,541	331,251	0.3%	29.6%	30.1%
Rural	613,117	686,403	529,078	12.0%	-22.9%	-13.7%
Total	867,784	941,944	860,329	8.5%	-8.7%	-0.9%

Source: McPherson (1998)

Table 3
Number of Persons Employed in MSEs, 1991-1998

Stratum	Number of Persons Employed in MSEs in Zimbabwe			Percentage Change in Employment, 1991-93	Percentage Change in Employment, 1993-98	Percentage Change in Employment, 1991-98
	1991	1993	1998			
Urban	408,319	400,210	620,036	-2.0%	54.9%	51.9%
Rural	942,589	1,146,728	1,027,628	21.7%	-10.4%	9.0%
Total	1,350,908	1,546,938	1,647,664	14.5%	6.5%	22.0%

Source: McPherson (1998)

Table 4
Changes in the Sectoral Distribution of MSEs, 1991-1998

Sector	Sectoral Distribution of MSEs			Annual Growth Rates of MSEs, 1991-93	Annual Growth Rates of MSEs, 1993-98	Annual Growth Rates of MSEs, 1991-98
	1991	1993	1998			
Manufacturing, Total	71.6	65.0	42.4	-0.7	-12.0	-8.4
Food and Beverage	7.5	4.9	5.3	-17.2	-0.3	-5.6
Textiles	34.3	32.8	20.1	1.9	-13.4	-8.6
Wood and Wood Products	21.1	18.1	9.4	-3.6	-17.2	-12.9
Chemicals and Plastics	0.2	0.2	0.4	4.1	13.9	10.8
Non-Metallic Mineral Processing	3.9	4.1	1.3	6.6	-28.6	-17.5
Fabricated Metal	2.3	2.9	2.6	15.7	-4.6	1.7
Other Manufacturing	2.4	1.9	3.3	-7.6	11.4	4.9
Construction	4.3	3.1	1.0	-12.3	-28.2	-23.2
Trade, Total	21.1	28.2	45.2	18.6	8.8	11.9
Retail Trade	20.4	27.5	44.6	19.0	9.1	12.2
Restaurants, Hotels, Bars	0.6	0.7	0.6	11.8	-5.7	-0.1
Transport	0.1	0.2	0.6	38.7	23.3	28.2
Renting Rooms and Flats	*	*	6.8	**	**	**
Services	2.9	3.5	4.0	13.5	1.0	4.9
All Sectors	100	100	100	4.1	-2.1	-0.1

* less than 0.1% ** not available

Table 5
Percentage of MSEs That Are Female-Owned By Sector and Growth Rates

Sector	Percentage of MSEs That Are Female-Owned			Annual Growth in Number of Female-Owned Firms		
	1991	1993	1998	1991-93	1993-98	1991-98
Manufacturing, Total	80.2	74.2	62.1	-4.6	-15.2	-15.4
Foods and Beverages	98.9	80.2	37.6	-27.7	-22.4	-24.1
Textiles	95.9	90.4	85.9	-1.1	-11.5	-8.2
Wood and Wood Products	75.0	59.4	43.6	-15.2	-25.8	-22.5
Paper, Printing, and Publishing	0.0	29.1	0.0	**	**	**
Chemicals	0.0	86.0	29.8	**	-3.3	**
Non-Metallic minerals	10.4	71.3	27.8	102.9	-46.9	0.4
Fabricated Metal	0.0	5.5	1.3	**	-39.5	**
Other Manufacturing	4.1	29.0	44.3	90.2	21.6	43.3
Construction	9.8	18.2	2.5	18.7	-72.4	-43.6
Trade, Total	69.9	72.1	60.4	20.2	4.8	9.7
Wholesale Trade	0.0	12.4	*	**	**	**
Retail Trade	69.4	72.2	60.9	21.0	5.3	10.3
Hotels, Restaurants, Bars	91.8	70.6	20.5	-1.3	-36.0	-25.1
Transport	0.0	3.8	16.7	**	51.7	**
Renting Rooms or Flats	100.0	67.0	26.7	**	**	**
Services	24.1	43.8	46.5	43.4	2.1	15.1
Total, All MSEs	73.3	70.7	58.1	2.3	-6.6	-3.8

* less than 0.1% ** not available

Table 6
Distribution of Female-Owned MSEs

Sector	Distribution of Female-Owned MSEs		
	1991	1993	1998
Manufacturing, Total	78.1	68.5	47.0
Foods and Beverages	7.8	5.6	2.8
Textiles	46.9	42.2	33.9
Wood and Wood Products	19.5	15.3	6.6
Paper, Printing, and Publishing	0.0	*	0.0
Chemicals	0.0	0.3	0.3
Non-Metallic minerals	2.8	4.1	0.7
Fabricated Metal	0.0	0.2	0.1
Other Manufacturing	0.9	0.7	2.6
Construction	0.7	0.8	*
Trade, Total	19.3	28.6	47.3
Wholesale Trade	0.0	*	*
Retail Trade	19.0	27.9	47.1
Hotels, Restaurants, Bars	0.4	0.7	0.2
Transport	0.0	*	0.1
Renting Rooms or Flats	0.0	*	2.3
Services	1.9	2.1	3.2
Total, All MSEs	100.0	100.0	100.0

* less than 0.1%

** not available