



MINISTRY OF WOMEN AFFAIRS, COMMUNITY,
SMALL AND MEDIUM ENTERPRISES DEVELOPMENT

NATIONAL, MICRO, SMALL AND MEDIUM ENTERPRISES POLICY 2020-2024



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Promoting The Formalisation And Capacitation Of MSMEs For Productivity, Competitiveness And Employment

Abbreviations/Acronyms

AfDB	African Development Bank
ACFTA	Africa Continental Free Trade Area
COMESA	Common Market for Eastern and Southern Africa
CED	Continuous Entrepreneurial Development
CPD	Continuous Professional Development
CSME	Chamber of Small and Medium Enterprises
CZI	Confederation of Zimbabwe Industries
COMESA	Common Market for Eastern and Southern African
DDO	District Development Officer
DFI	Development Finance Institution
ECD	Early Childhood Development
EODB	Ease of Doing Business
EPA	Economic Partnership Agreement
ESA	East and Southern Africa Interim Partnership Agreement
EU	European Union
FDI	Foreign Direct Investment
GoZ	Government of Zimbabwe
ICAZ	Institute of Chartered Accountants in Zimbabwe
ICSAZ	Institute of Chartered Secretaries and Administrators in Zimbabwe
ICT	Information Communication Technology
IP	Intellectual Property
IPMZ	Institute of People Management in Zimbabwe
M&E	Monitoring and Evaluation
MFAIT	Ministry of Foreign Affairs and International Trade
MOU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprises
MWACSMED	Ministry of Women Affairs, Community, Small and Medium Enterprises Development
MTP	Medium Term Plan
MDGs	Millennium Development Goals
NGO	Non-Governmental Organization
NSSA	National Social Security Authorities
OFID	OPEC Fund for International Development
OPC	Office of the President and Cabinet
OPEC	Organisation of Petroleum Exporting Countries
OECD	Organisation for Economic Co-operation and Development
OSS	One-Stop Shop
PDC	Provincial Development Coordinator
PDO	Provincial Development Officer
PPP	Public, Private Partnership

PPDs	Public Private Dialogue
RBZ	Reserve Bank of Zimbabwe
R&D	Research and Development
RDC	Rural District Council
SACCO	Savings and Credit Cooperatives
SADC	Southern African Development Community
SAZ	Standards Association of Zimbabwe
SME	Small and Medium Enterprises
SBAC	Small Business Advisory Council
SMEDCO	Small and Medium Enterprises Development Corporation
STR	Simplified Trade Regime
STERP	Short Term Emergency Recovery Programme
SIRDC	Scientific and Industrial Research Development Corporation
TAZEPa	Technical Assistance to the Zimbabwe EPA Support Project
TSP	Transitional Stabilisation Programme
TVTC	Technical and Vocational Training Centres
UNDP	United Nations Development Programme
ZERA	Zimbabwe Electricity Regulatory Agency
ZESA	Zimbabwe Electricity Supply Authority
REA	Rural Electrification Agency
ZIA	Zimbabwe Investment Authority
ZIDA	Zimbabwe Investment Development Agency
ZIMASSET	Zimbabwe Agenda for Sustainable Social and Economic Transformation
ZITF	Zimbabwe International Trade Fair
ZNCC	Zimbabwe National Chamber of Commerce
ZIMSTATS	Zimbabwe National Statistical Agency
ZIMTRADE	Zimbabwe Trade
ZIMRA	Zimbabwe Revenue Authority

PREFACE BY THE PRESIDENT OF THE REPUBLIC OF ZIMBABWE

The Government of Zimbabwe recognises the importance of the Micro, Small and Medium Enterprises (MSMEs) sector to the national economy. The sector accounts for more than 76 % of all employment. The sector has continued to be a very useful source of livelihoods through the absorption of retrenchees from closing companies, school leavers, youth, women and those with disabilities.

The MSME sector also contributes to the achievement of the Sustainable Development Goals (SDGs) and are a breeding ground for innovation to solve the socio-economic challenges facing our nation. For this reason, Government envisages that MSMEs will play a critical role in the industrialisation of the economy and the attainment of Vision 2030 of achieving an upper middle income economy.

The MSME Policy Framework 2020-2024 has aligned the policy governing the development of the MSME sector with the policy orientation of the Second Republic which is focused on continuous improvement of the ease of doing business, trade liberalisation and the attraction of both foreign and domestic investment under the "Zimbabwe is Open for Business" mantra.

This revised MSME Policy Framework provides for the capacitation of MSMEs so that they enhance their productivity and quality and attain domestic and export competitiveness, thus contributing to increased formal employment.

Recognising that MSMEs are the engine room for economic growth, Government will ensure that through the implementation of this MSME Policy Framework 2020-2024, MSMEs are capacitated to play their role in the integrated development of the economy through symbiotic and mutually beneficial linkages, collaboration and joint ventures among MSMEs and between MSMEs and large businesses.

Government has always prioritised the MSME sector as evidenced by the enactment of the Small and Medium Enterprises Act (Chapter 24:12) as far back as 2002. Over the years, Government has also continued to support the Small and Medium Enterprises Development Corporation (SMEDCO) which has now transformed into an effective lending institution for MSMEs.

It is my hope that the implementation of this policy will continue to buttress the growth of the sector to achieve the development aspirations of our nation.



His Excellency, Dr. Emmerson D. Mnangagwa
PRESIDENT OF THE REPUBLIC OF ZIMBABWE

FOREWORD BY THE MINISTER OF WOMEN AFFAIRS, COMMUNITY, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT

This MSME Policy 2020-2024 has been developed taking into account the crucial role that MSMEs play in the national, regional and global economy, the lessons that Zimbabwe has learnt in the implementation of previous MSME policies, as well as the desire to ensure linkages and harmony between the MSME Policy and other national and international development policies.

Despite the significant contribution of MSMEs to national development, the sector still faces many challenges, key among them being the restrictive regulatory environment, limited access to finance and appropriate workspace and markets, limited use of information communication and production technologies, inadequate skills and inability of their products to meet international standards.

This revised MSME Policy 2020-2024 focuses on resolving these challenges in order to enhance productivity, quality and competitiveness of MSMEs to effectively contribute to gross domestic product (GDP) and formal employment creation.

In order to come up with a revised Policy which helps to address the expectations of all stakeholders, consultations were conducted in the country's ten provinces. The revised MSME Policy 2020-2024 is, therefore, a product of wide consultations and builds upon previous MSME Policies dating back to 2002.

Important lessons learnt in the implementation of earlier MSME policies have informed the development of this MSME Policy 2020-2024. Some of the key lessons include the need to balance the focus on the nascent microenterprises and more established SMEs, the need to continuously focus on enhancing the business regulatory environment for MSMEs, and the need to create an environment that encourages the active participation of the private sector and development partners in the development of the MSMEs. Other useful lessons were that an effective policy implementation framework ensures for policy effectiveness.

This revised Policy aligns with other Government Policies, in particular, the Transitional Stabilisation Programme, the National Industrialisation Development Policy, the National Trade Policy, as well as the Mining and Agriculture Development Policies.

The Ministry of Women Affairs, Community, Small and Medium Enterprises Development commits to collaborate with all stakeholders in the implementation of this important national policy framework.



Hon. Dr. Sithembiso G. G. Nyoni
MINISTER OF WOMEN AFFAIRS, COMMUNITY AND SMALL AND MEDIUM ENTERPRISES DEVELOPMENT

1. PREAMBLE

1.1. The MSME Policy Framework 2020-2024 sets out strategies for implementation, coordination, monitoring and evaluation of MSMEs development programmes to enhance productivity, quality, employment capacity, as well as domestic and export competitiveness. The MSME Policy 2020-2024 seeks to build upon the achievements of the previous policies.

1.2. The MSME Policy 2020-2024 is a product of wide stakeholder consultations in all the ten Provinces of Zimbabwe. The consultative process was designed to allow stakeholders to evaluate and identify any gaps in the MSME Policy 2014-2018, assess the impact of the policy measures to date on the activities of the MSMEs, and proffer additional proposals for inclusion in the MSME Policy 2020-2024.

1.3. Major additions in the MSME Policy 2020-2024 include the focus on competitiveness of formal and established MSMEs and promoting linkages between the sector and large corporations and also linkages with academic institutions to tap into innovation hubs. The policy also pursues the harmonisation of the interests of local and foreign direct investment (FDI) and the interests of MSMEs. The policy is also giving prominence to issues of standardisation and quality assurance.

2. CONTEXT AND RATIONALE FOR THE MSME POLICY FRAMEWORK 2020-2024

This MSME Policy 2020-2024 has been developed in cognisance of the crucial role that MSMEs play in the national, regional and global economy, the lessons that Zimbabwe has learnt in the implementation of previous MSME policies, as well as the desire to harmonise the MSME Policy with other national and international development policies.

2.1. Role of MSMEs in the Global, Regional and National Economy

MSMEs play a crucial role in the global economy, therefore, it is important for a country to promote the development of a vibrant MSME sector. Some of the benefits of a vibrant MSME sector include:-

- Huge capacity for employment creation,
- Poverty reduction,
- Food security and nutrition; and as a source of livelihoods,
- Urban and rural development,
- Industrialisation, value addition and beneficiation of local natural resources,
- Economic inclusion and the creation and equitable distribution of wealth.

2.1.1. The Significance of MSMEs at a Global Level

Micro Small and medium-sized enterprises (MSMEs) and entrepreneurship are essential drivers of economic and social well-being. MSMEs make up 99% of all businesses, generating about 60% of employment and totalling between 50% and 60% of value added in the OECD area. In India, the number of SMEs, both registered & unregistered is estimated to be at 42.50 million and together contributing to a staggering 95% of the total industrial units in the country and employs about 106 million which is 40% of India's workforce excluding those employed in agriculture. MSMEs produce more than six thousand (6000) products and they are contributing 40% of the total exports.

SMEs are therefore key for delivering sustainable and inclusive economic growth. They are instrumental to ensure that economies and societies adapt to major transformations, such as digitalisation, globalisation, ageing and environmental pressures. In this regard, it is more critical than ever to have a better understanding of the conditions that enable countries, regions and cities to capitalise on their many MSMEs.

PROMOTING THE FORMALISATION AND CAPACITATION OF MSMEs FOR PRODUCTIVITY, COMPETITIVENESS AND EMPLOYMENT

2.1.2. The Significance of MSMEs in Zimbabwe

In Zimbabwe, the sector has huge capacity for employment creation and are a vital cog in industrialisation of the economy through primary production, value addition and beneficiation. The sector accounts for more than 76 % of all employment providing livelihoods for many people and alleviating poverty in communities. The sector also contributes to the achievement of Sustainable Development Goals (SDGs) and is a very useful source of livelihoods.

2.2. Rationale for the MSME Policy Review

The rationale for the MSME Policy Review is to ensure that the Policy is updated taking into account the lessons learnt in the implementation of previous MSME policies, as well as the desire to harmonise the MSME Policy with other national and international development policies. The policy needs to be aligned with the current economic policy direction and the new policy environment as dictated by a number of policy pronouncements chief among them the re-engagement of the nation with the international community, the investment drive under the "Zimbabwe is Open for Business" mantra and ultimately to the National Vision 2030 of ensuring that Zimbabwe becomes an upper middle income economy.

2.3. Policy Alignment with International, Regional and National Policies

2.3.1. International Linkages (SDGs)

The Policy Framework is linked to the Sustainable Development Goals (SDGs) contained in the United Nations Development Agenda 2030. While ultimately all the goals are related, the Policy is directly related to the attainment of Goals No. 1 (No Poverty), 5 (Gender Equality), 8 (Decent work and Economic Growth) and 9 (Industry, Innovation and Infrastructure).

2.3.2 Continental and Regional Linkages

At continental level, this MSME Policy Framework (2020 – 2024) is aligned to Africa's Agenda 2063, the "**Africa We Want**". Agenda 2063 provides that African countries should put in place policies that promote strategies to increase working capital, trade finance and insurance access to businesses and MSMEs. It emphasises the promotion of employment creating transitions between small, medium and large scale enterprises, as well as strategies to increase access to finance by women and for graduation from the informal sector to the SME sector.

At the regional level, the new MSME Policy is aligned to the SADC Industrialisation Strategy and Roadmap (2015 – 2063). The SADC industrialisation strategy envisions SADC member states to formulate integrated strategies for SME development focusing on increasing the small business survival rate via training programmes, access to information, financing, favourable fiscal policy environment and assistance in accessing modern technology.

Furthermore, the strategy calls SADC Member States to put in place integrated policy frameworks that accelerate the graduation and integration of MSMEs into the mainstream economy, simplify fiscal and regulatory frameworks, as well as addressing gender inequalities as specified in the SADC Gender Protocol and Policy.

2.3.3 National Linkages and Alignments

The Zimbabwe Micro, Small and Medium Enterprises (MSME) Policy Framework (2020 -2024) compliments a number of other national policies aimed at enhancing the performance of MSMEs. The Policy is designed to contribute to the targets set under the Transitional Stabilisation Programme and ultimately the achievement of the National Vision 2030 of ensuring that Zimbabwe becomes an upper middle income economy.

The Policy Framework also complements the Comprehensive Agricultural Policy 2012-2032 which seeks, among other things, to create an enabling environment for improving trade in agricultural products through maintaining liberal export and foreign exchange policies, and promoting high value agricultural exports.

At national level the policy has been aligned with the National Tourism Policy, The Science, Technology and Innovation Policy, Zimbabwe National Industrial Development Policy (2019-2023) and also compliments the Zimbabwe National Export Strategy (2020-20240), in particular with regards to inculcating and entrenching an export culture among MSMEs through capacity building and trade facilitation.

3. THE MSME POLICY VISION, MISSION AND OBJECTIVES

3.1. Vision

A vibrant, innovative, productive, competitive and export oriented gender sensitive micro, small and medium enterprises (MSMEs) sector by 2030.

3.2. Mission

To capacitate MSMEs to transform into formalized, productive, innovative, export and growth oriented and competitive enterprises through:-

- Creating an enabling regulatory environment;
- Promoting an entrepreneurship culture which ensures the continuous creation and growth of new entities;
- Capacity building and skills development of emerging and existing MSMEs.

3.3. Objective

The main objective of the policy is to provide a framework for effective implementation, co-ordination of policies, legislation and programmes at national level in order to achieve growth and graduation of MSMEs from Micro to Small, Small to Medium and Medium to Large Corporates.

3.4. Underlying Principles

The MSME Policy 2020-2024 will be guided by the following principles:-

- Stakeholder consultation;
- Integration of MSMEs into the mainstream of local, regional and national development initiatives;
- Development of MSMEs in line with green enterprise principles;
- Inclusivity in MSME development;
- Innovation, productivity, value addition and beneficiation;
- Formalisation and growth.

3.5. Strategic Policy Pillars

The following are the pillars for MSME growth and development that are addressed under the MSMEs Policy and Strategy Framework (2020 – 2024):-

- Enabling Legal and Regulatory Environment
- MSMEs Financial Support
- Market Development and Trade Promotion
- Entrepreneurship Development
- Business Management, Corporate Governance, Innovations and Technical Skills Development
- Workspace and Infrastructure support
- Access to Modern Production and Information Communication Technology (ICT)

- Cluster Development
- Standardisation and Quality Assurance
- Rural Industrialisation
- Investment Promotion
- Research and Development

4. MSME POLICY MEASURES 2020-2024

4.1. Legal And Regulatory Framework

The current operating environment is restrictive and it increases the cost of doing business affecting productivity and competitiveness of MSMEs. Therefore the key policy measures seek to address this challenge. Government will endeavour to improve the ease of doing business.



4.1.1 Regulatory issues to be addressed

The regulatory issues addressed in this Policy include:-

- Reducing the number of regulatory and compliancy requirements through harmonisation of laws and policies, as well as process simplification to encourage formalisation and compliance without burdening the MSMEs.
- Improving the time it takes to register a company or lodge returns at the Companies Registry.
- Simplification of tax laws and administration to ensure compliancy by MSMEs.
- The Small and Medium Enterprises Act (Chapter 24:12) and other regulatory procedures will continue to be reviewed to identify and remove provisions that hinder the development and growth of MSMEs.

4.1.2 Labour Legislation and Regulations

Government will continue to encourage MSMEs to comply with the laws and regulations that govern the labour market in Zimbabwe through streamlining and simplification of the laws and processes. In this regard, the Policy will enhance efforts to assist MSMEs to grow and increase formal employment through linkages with service providers to promote decent work.

4.1.3 Local Authorities Regulations and By-Laws

The Policy will promote collaboration between local authorities and MSMEs in reviewing by-laws that affect the operations of MSMEs.

4.1.4 Decentralisation

Government shall continue to strengthen its Provincial and District Offices in order to facilitate service delivery and effective flow of information in line with the devolution agenda. Government will also encourage other stakeholders to decentralise their services to provincial and district levels to reduce the cost of doing business.

4.1.5 Registration of Intellectual Property

The Policy will promote the awareness of intellectual property rights and facilitate the simplification of the process of registering intellectual property rights (IPR).

4.2 Financial Support for MSMEs

Government shall facilitate access to appropriate and affordable funding and promote financial inclusion for the MSMEs sector. This will be achieved through working closely with other MSME development stakeholders to put in place incentives to attract private financial institutions into the financing of MSMEs, it being noted that the development of MSMEs is a national responsibility which should be shared by all economic actors.

Partnerships and linkages will be developed with Commercial Banks, Merchant Banks, Building Societies, Savings Banks, Credit organisations, Micro-Finance Institutions (MFIs) and Development Finance Institutions (DFIs). Measures will be taken to enhance the capacity of financial institutions critical to the development of MSMEs. Gender mainstreaming and flexible collateral instruments will be embedded in the lending programmes.

4.2.1 Capitalisation of SMEDCO, Women's Bank and EmpowerBank

The three principal Government financing windows for MSMEs (i.e. SMEDCO, Zimbabwe Women's Micro-Finance Bank, and EmpowerBank) will be capitalised to enable them to effectively carry out their mandates. Government will explore the options for pension funds and other institutional investors to invest in these institutions as part of prescribed asset status requirements. This will encourage them to invest more funds into these lending institutions.

These institutions will continue to provide loans for start-ups and for growing established MSMEs and other capacity building programmes.



4.2.2 Incentivising Financial Institutions

Government will put in place incentives such as guarantees, fiscal and other incentives for financial institutions and other fund managers to fund MSMEs. Operationalisation of movable collateral registry will resolve a major stumbling block of lack of collateral security by MSMEs.

Financial institutions will also be encouraged to explore tailor-made structured trade finance products for MSMEs.

4.2.3 Promotion of Savings and Credit Cooperative Societies (SACCOs)

The Policy provides for continued support for the development of SACCOs within the MSMEs sector. These institutions will inculcate a culture of savings and self-financing to provide alternative sources of funding within the MSMEs sector.

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4.2.4 Establishment of a Stock Exchange for MSMEs

The stock market is an instrument for attracting investment resources to the productive sectors of the economy. Capacitation of MSMEs to utilise the opportunities availed by the secondary stock market will be pursued.

4.2.5 Establishment of Venture Capital Funds

Lessons from fast-growing economies show that the involvement of venture capital in the growth of MSMEs is a critical ingredient. To this end, setting up of venture capital companies, the participation of business angels and development of other financial products suitable for supporting MSMEs will be encouraged.

4.3. Market Development and Trade Promotion

Government will continue to facilitate the development of markets for MSME products and services locally, regionally and internationally, taking advantage of bilateral, regional and international trade protocols.



4.3.1 Market Development

a) Marketing and Distribution

MSMEs will continue to be assisted to develop effective marketing strategies and distribution networks. Demand driven product development among MSMEs will be encouraged.

b) Business Linkages

Stakeholders will be actively encouraged to promote horizontal and vertical linkages for MSMEs to access markets, technology, innovation and skills training via subcontracting, franchising, joint ventures and other forms of linkages.

Encouraged by the initial results achieved in the previous Policy Framework, Government will establish formal collaborative linkages between MSMEs and the larger businesses through the business member organisations. This will encourage development of effective integrated business synergies for the mutual growth of both MSMEs and large corporations.

c) E – Marketing and Market Intelligence

Government will continue to promote the development and use of e-marketing in identifying markets and market requirements. Promoting the adoption and application of e-commerce including social media by MSMEs will enhance their competitiveness in the global village. Information on market trends and industry sector studies will provide market intelligence to MSMEs. In this regard, the business member and trade promotion organisations will continue to provide technical assistance to enhance MSMEs market knowledge.



4.3.2 Trade Promotion

To create a conducive trading environment, initiatives to enhance both local and foreign trade will be pursued in collaboration with relevant government and private sector institutions.

4.3.3 Local Trade

The Policy advocates for the continued facilitation of MSME access to local markets, including the public sector procurement market, through initiatives such as raising awareness of available market opportunities, participation at local expos and exhibitions, and linkages with large companies. The holding of MSME sector specific expos and exhibitions will be encouraged to improve visibility of the sector. Institutions will be required to set aside at least twenty five percentage of all procurement for MSMEs in accordance with the SMEs Act.



4.3.4 Regional and International Trade

MSMEs will be assisted to take advantage of bilateral and multilateral agreements with SADC, COMESA, Africa and IEPA with the European Union, and other international Protocols. In this regard, Government will facilitate MSME to access export markets through training on market opportunities, export documentation, standards, technical regulations and quality production for MSMEs to benefit from the emerging export opportunities. Simplification of import and export procedures to minimise the attendant costs will be pursued. This will be underpinned under the Ease of Doing Business initiatives.

4.3.4 Regional and International Trade

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4.4 Entrepreneurship Development

This Policy Framework (2020-2024) seeks to continue the policy objective of developing and cultivating an entrepreneurial culture at local and national level in order to foster economic development.

In order to achieve this Government will ensure the following:-

- Collaboration among stakeholders responsible for primary, secondary and tertiary education for the mainstreaming of the entrepreneurial architecture at all levels of the educational system. This will promote the development of a system for the identification and promotion of natural entrepreneurs at an early stage.
- Entrepreneurship training and skills upgrading will be carried out on local and national level for emerging and existing MSMEs in close collaboration with Institutions of Higher Learning and Youth Vocational Training Centres. School leavers, women and the unemployed will be targeted. Special targeted training for youths, women and the physically challenged will be provided in collaboration with service providers.
- Government will accelerate business incubation programmes as a way of developing business start-ups.
- Capacitation of MSMEs Associations as vehicles for promoting entrepreneurship among their members.

4.5 Business Management, Corporate Governance and Technical Skills Development

The Policy promotes, facilitates and encourages the development and upgrading of business management, corporate governance, innovations and technical skills training of MSMEs at all levels and across all the sectors of the economy. The object of this aspect of the policy is to give attention to capacity enhancement of MSMEs to run sustainable enterprises.

Some of the activities to give effect to this policy measure will include:-

- Providing access to training of MSMEs in business management, business planning and financial management, marketing, product R&D, business ethics, information processing, corporate governance and legal issues among others.
- Developing appropriate training programs for skills development through the use of relevant institutions of higher learning, technical colleges, vocational training centres and private training and business development consultancy firms.
- Facilitating the development of a database of accredited trainers in various business services required by MSMEs.
- Ensuring that the training programmes are standardized across the country to provide for levels and progression of training as the MSMEs have different levels of business knowledge and training needs.
- Facilitating the establishment of mentorship programmes (collaboration, linkages and networks) with large corporations.
- Developing a culture among MSMEs of adhering to good corporate governance principles and business ethics through encouraging MSMEs to develop codes of conduct and ethics to guide their operations.

4.6 Workspace and Infrastructure Support

The MSME Policy 2020-2024 will further address the issue of access to appropriate workspace and infrastructure by the MSMEs. The following measures will be taken to improve the provision of workspace and infrastructure:

4.6.1 Land Provision

Government, together with other stakeholders, will assist local authorities to identify and provide, within their physical planning and development mapping, suitable land for MSME workspaces and for infrastructure development, through a consultative process in both urban and rural areas. The land should be in close proximity to or within the same zone as that for large businesses to facilitate linkages. Review of local authority by-laws and master plans to mainstream MSME workspace provision will be undertaken.

4.6.2 Workspace and Infrastructure Development

Government will continue to pursue the development of infrastructure through committing more resources to construct workspace as well as facilitating Public Private Partnership (PPPs). Working closely with the local authorities, Government through its line Ministries, will put in place measures to attract private investors to develop workspace and infrastructure for MSMEs under different arrangements such as Build Operate and Transfer (BOT), Build Own Operate and Transfer (BOOT) arrangements.

Business incubators, cold chain facilities, warehouses, commercial hives, industrial parks, factory shells, innovation hubs, vendor marts and techno parks will be constructed through these PPPs arrangements. The architecture of these workspaces will provide a conducive operating environment that facilitates MSME productivity, competitiveness and promotion of exports.

A mechanism will be established among stakeholders (including real estate developers, relevant Government Ministries and Local Authorities) to construct workspaces for MSMEs and to minimise disruptive practices and economic rent-seeking behaviour in the workspace allocation process.



4.6.3 Water and Energy

The Policy measure remains focused on continuous engagement with relevant stakeholders for reliable supply of water and energy as these commodities are essential for the development of MSMEs. This will be done as part of the overall strategy of providing workspace to MSMEs and other industrial and commercial entities. Government will support MSMEs to adopt renewable energy in their production processes to enhance resource efficiency.



4.6.4 Roads and Rail

The Policy advocates for the development and maintenance of rail, rural and urban road transport networks to facilitate economic activities and access to local, regional and international markets.

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4.7 Production and Information Communication Technology

4.7.1 Production Technology

MSMEs will be supported to use ICT-driven production and marketing systems and take a leading role in the Fourth Industrial Revolution (4IR) which sees technology development as an enabler and a business opportunity in itself. This will be done through an integrated process of development involving the following:-

a) Technology Transfer

Facilitation of access to appropriate technology transfer to enhance MSME productivity and competitiveness will continue to be pursued for MSMEs to respond to the demands of the 21st century through strengthening of multilateral, bilateral and regional relationships as well as exploring mechanisms to incentivise MSMEs to acquire new technologies.

Incentives will be provided to attract large private sector businesses to play a role in the automation of the production facilities of the MSMEs. In addition, there will be enhancement of networking between Research and Development Institutions and MSMEs in a bid to upgrade technologies so as to raise the productivity and competitiveness of the sector.

b) Equipment Leasing

The Government will put in place mechanisms to financial institutions to provide for equipment leasing for MSMEs to have easy access to modern plant and machinery.

c) Incubation and Technology Common Facility Centres

In order to reduce the need for large upfront capital outlays for access to infrastructure and technology, business incubators for start-up MSMEs will be established. The establishment of appropriate technological facilities such as technology parks, innovation hubs and rural technology common service centres will be enhanced in all the provinces as means to bring technology to MSMEs to local level.

d) Promotion of the Fourth Industrial Revolution (4IR)

The Policy will emphasise on adoption and adaptation to the opportunities and challenges presented by the advent of the 4IR. Utilisation of new technologies such as artificial intelligence, cloud computing, robotics, 3D printing, the internet of things, and advanced wireless technologies will be promoted in the MSME sector. The MSMEs will also be assisted to adapt to the new era of economic disruption with uncertain socio-economic consequences ushered by 4IR.



4.7.2 Information Communication Technology (ICT) Promotion and awareness campaign

The use of ICT is very critical in MSME businesses operations. The Government will promote the use of ICT by the MSMEs in areas such as marketing, payments, communication among others.

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The Government will explore, in collaboration with ICT providers, ways of facilitating improved access to ICTs and telecommunications-based services by MSMEs to ensure enhanced accessibility and better connectivity including in rural areas.

b) E-Commerce

a) **Communication**

The Government will explore, in collaboration with ICT providers, ways of facilitating improved access to ICTs and telecommunications-based services by MSMEs to ensure enhanced accessibility and better connectivity including in rural areas.

b) **E-Commerce**

The Government will support the MSME sector to embrace all the opportunities availed by e-commerce through putting in place incentives for development of applications, mobile commerce, e-marketing, digital payments, inventory management systems and other business operations.

c) **Digital Payments**

The banking, ICT and telecommunication companies will be encouraged to design and offer accessible and affordable digital payment solutions and facilities to MSMEs.

4.8 **Cluster Development**

Government will promote and develop clusters for MSMEs for ease of provision of business development support services such as production equipment, financing, marketing services and training. Government will also continue to provide specific support services to clusters identified that have the potential to grow.



The previously identified clusters in agriculture and agro processing, mining, transport, light engineering and metal fabrication, carpentry and furniture making, textiles and clothing, leather, arts and crafts, and tourism will continue to receive specific support to enhance their growth and development.

4.9 **Rural Industrialization**

The promotion of rural industrialisation and establishment of rural industrial hubs with appropriate technology for MSMEs will be continued with the aim of harnessing local endowments and adding value to local resources.

The Policy measures will be directed at supporting entrepreneurs to establish enterprises in rural areas and growth points. Enterprises that tap into indigenous knowledge and resource endowments in various provinces will be encouraged.

4.9.1 **Incentives**

Growth Points and Business Service Centres serve as the nucleus of the development of small towns which have the potential to industrialise. Government, in collaboration with local authorities and other partners will focus on putting incentives such as tax holidays, concessionary financing and technology common facility centres for MSMEs to set up businesses at growth points and business service centres.

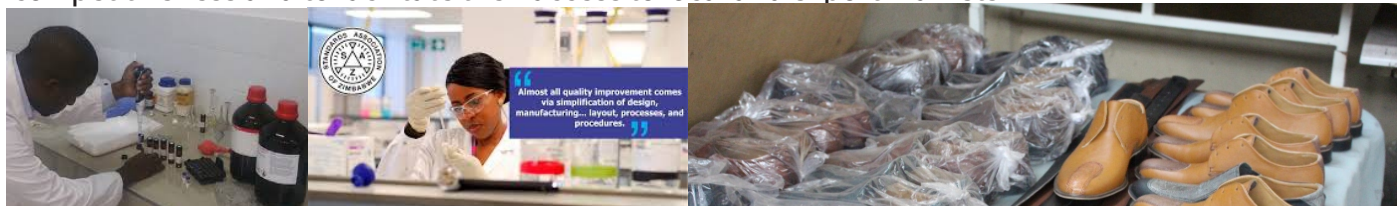
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4.9.2 Beacon Projects

Beacon projects in strategic areas will continue to be pursued as a nucleus to anchor MSMEs and enhance the rural industrialisation process. The beacon projects will be based on each Province's comparative advantage and value chains.

4.10 Standardisation and Quality Assurance

Deliberate action will be taken to link MSMEs with quality institutions to enhance the quality of their products and services including packaging in line with international standards. Programmes on quality assurance, as well as product and systems certification, will be given priority and MSMEs will be assisted to comply with international standards and technical regulations to improve their competitiveness and to facilitate their access to local and export markets.



4.11 Investment Promotion

A conducive investment environment is a prerequisite for sustainable MSME development. Strategies that promote investment in this sector will continue to be pursued.

4.11.1 Domestic Investment Support

To promote domestic investment by MSMEs, incentives will be put in place for easy establishment of business through simplification of registration processes, reducing of tariffs and promoting the participation of MSMEs in Special Economic Zones.

4.11.2 Supportive FDI

The Government will focus on pursuing Foreign Direct Investment (FDI) in a way that is not detrimental but facilitative to MSMEs development. Joint ventures between FDI and MSMEs will be encouraged. FDI will be invited to provide anchor investments which will spur the development of MSMEs through outsourcing supply contracts.

4.12 Research and Development

Government will continue to support and strengthen the capacity to carry out Research and Development (R&D) and will use research information for the development of appropriate policies, programmes and schemes for the benefit of the MSMEs sector. Collaboration with research institutions and universities will facilitate access to innovative technology, markets and information by MSMEs to enhance productivity, quality and competitiveness of their products and services.

To give effect to these continuing policy provisions, Government will attend to the following:-

- Accelerating the development of a formal programme of linkages between MSMEs and tertiary institutions especially State Universities and other research institutions for MSMEs to tap into facilities at innovation hubs as well as R&D outputs. This will enable MSMEs to be the breeding ground for new innovations.
- Supporting the execution of studies for the analysis and development of value chains (VCs) in all the regions or provinces of the country to enable MSMEs to tap into the opportunities when deciding on business expansion or forward and backward integration.

5 CROSS CUTTING ISSUES

The implementation of this Policy Framework 2020-2024 will take into account a number of cross-cutting issues which include segmentation of MSMEs, MSME visibility, empowerment, gender dimensions, youth development, disability, safety and health and the environment.

5.1 Segmentation of MSMEs

The segmentation of MSMEs is critical for ease of identification, planning and implementation of targeted policy interventions. The Policy provides for the pursuit of strategies to identify MSMEs that are formal and thus have a greater positive and immediate response to policy interventions, and those that are small and require long-term growth development strategies. The former will be targeted for capacitation to enhance their capacity for enhanced productivity, employment and domestic and export competitiveness, while the latter will continue to receive incubation and related early stage support.

5.2 Visibility

Visibility of MSMEs contribution to the economy is not prominent despite its huge contribution. Government Ministries and agencies such as tax authorities, statistical agencies, media, financial institutions among them will be called upon to compile and report MSME disaggregated data to show the contribution of the sector.

5.3 Gender Dimensions

Government will continue mainstreaming issues of gender and disadvantaged groups in all initiatives pertaining to MSME development. Development and implementation of programmes and projects to promote and support women entrepreneurs will take into consideration the different roles and responsibilities of men, women, boys and girls.

5.4 Youth Development

A deliberate strategy to create an entrepreneurial culture and to prepare youth for self-employment will continue to be pursued in cognisance of the development policies of relevant line Ministries. Introduction of entrepreneurship in the curriculum of ECD, primary, secondary and tertiary education is meant to develop the entrepreneurial culture. Mechanisms to link graduates and school drop outs to appropriate skills and funding programmes will be pursued.

5.5 Environmental and Climate Change Issues

Government, in partnership with relevant stakeholders, will raise environmental and climate change awareness and ensure compliance with environmental regulations by MSMEs. The policy will also accelerate green entrepreneurship as a means to both mitigate against the negative impacts unfriendly production and consumption practices as well as taking advantage of opportunities presented by green projects.

5.6 Health and Safety Issues

Government shall continue to encourage the development, implementation and review of the MSME Health and Safety policies to ensure the observance of best practices in occupational safety and health (OSH) in the sector.

5.7 Disability Considerations

Government will ensure that all services and support provided to MSMEs will be sensitive to and accommodate the needs of people living with disabilities. Access to support will be afforded to all and special arrangements will be made for people living with disabilities to ensure equal access to support from Government, development agencies and the private sector.

6 INSTITUTIONAL FRAMEWORK AND POLICY COORDINATION OF THE MSMEs SECTOR

The institutional framework for the implementation of the MSME Policy 2020-2024 will be guided by the SMEs Act (Chapter 24:12) which defines roles and responsibilities of relevant institutions and organisations involved in the development of MSMEs to ensure that all efforts are properly coordinated. The key institutions to guide the implementation are therefore as follows:-

6.1 Ministry of Women Affairs, Community, Small and Medium Enterprises Development

Government will strengthen its institutional capacity for implementation of the MSME Policy through the provision of adequate resources to the Ministry to ensure effective implementation. In line with the devolution thrust, the Ministry will strengthen provincial, district and ward structures to reach out to all MSMEs.

6.2 Government Supported MSME Financing Institutions

Government has SMEDCO, EmpowerBank and the Zimbabwe Women's Micro Finance Bank as the main financing disbursement arms for MSMEs. These institutions will continue to provide loans for start-ups and for growing established MSMEs and other capacity building programmes.

6.3 Small Business Advisory Council (SBAC)

The Small Business Advisory Council which is constituted by representatives from the public and private sector as prescribed in the SMEs Act advises the Government, local authorities, SMEDCO and other statutory bodies on issues relating to MSME development.

6.4 Public and Private Sector Institutions

The public and private sector institutions provide various support services to MSME development, therefore formal collaborative relationships will be established with all these institutions.

6.4.1 ZimTrade

Government will continue to work through ZimTrade to support MSMEs, particularly in ensuring that branding and export competitiveness capacity building initiatives are accessible to them. An effective mechanism for identifying potential MSMEs exporters and their capacitation will be established.

6.4.2 Standards Association of Zimbabwe (SAZ)

SAZ will assist MSMEs to enhance the quality of their products in order to attain and retain domestic and export competitiveness through standardisation and conformity assessment.

6.4.3 Zimbabwe Intellectual Property Office (ZIPO)

ZIPO will continue to build the capacity of MSMEs for them to appreciate and manage intellectual property (IP) rights issues.

6.4.4 Academic and Research Institutions

Universities, Polytechnics, Scientific, Industrial Research and Development Centre (SIRDC), Research Council of Zimbabwe and other research institutions will support the MSMEs with new knowledge and innovations.

6.4.5 Zimbabwe Development Agency (ZIDA)

ZIDA will provide support to the MSME sector to promote local investment and provide linkages between the sector and foreign direct investment.

6.4.6 Private Sector Institutions

Private sector institutions such as the Confederation of Zimbabwe Industries (CZI), Zimbabwe National Chamber of Commerce (ZNCC), and Chamber of Mines among others will work with the MSME sector to facilitate business linkages and collaborate in policy advocacy.

6.4.7 Financial Institutions

Financial institutions will continue to provide access to financial products that are user friendly to MSMEs as well as advisory services.

6.4.8 Micro, Small and Medium Enterprise Associations

The MSME associations will act as conduits to relay information and be platforms for engaging with stakeholders. The associations will help in pooling resources, create market power, strengthen advocacy and establish a unified voice for the development of an enabling environment. Government will provide support for the ongoing development of these associations.

7 ACTION PLAN, IMPLEMENTATION STRATEGY AND MONITORING AND EVALUATION

The implementation of this Policy Framework 2020-2024 is based on an Action Plan and Implementation Strategy, as well as a Monitoring and Evaluation (M&E) Framework.

Annex I - Guide to Definition of MSMEs

In Zimbabwe, the definition of an MSME is derived from the Small and Medium Enterprises Act (Chapter 24:12). The act defines an MSME as a legal business entity whose categorisation is in terms of being Micro, Small and Medium taking into account a combination of the following variables (1) sector (2) size or class (3) number of full time paid employees (4) total annual turn-over and (5) maximum gross value of assets excluding immovable assets as indicated in the table below:-

SECTOR OF SUB-SECTOR OF ECONOMY	SIZE OR CLASS	MAXIMUM TOTAL NUMBER OF FULL TIME PAID EMPLOYEES	MAXIMUM TOTAL ANNUAL TURNOVER US\$	MAXIMUM GROSS VALUE OF ASSETS (EXCLUDING IMMOVABLE PROPERTY) US\$
Agriculture	Medium:	75	1 000 000	500 000
	Small:	30	500 000	250 000
	Micro:	5	30 000	10 000
Arts, Entertainment, Culture, Education and Sport	Medium:	75	1 000 000	500 000
	Small:	30	500 000	250 000
	Micro:	5	30 000	10 000
Mining and Quarrying	Medium:	75	3 000 000	2 000 000
	Small:	40	1 500 000	1 000 000
	Micro:	5	50 000	50 000
Manufacturing	Medium:	75	1 000 000	1 000 000
	Small:	40	500 000	500 000
	Micro:	5	30 000	10 000
Construction	Medium:	75	2 000 000	2 000 000
	Small:	40	1 000 000	1 000 000
	Micro:	5	50 000	10 000
Energy	Medium:	75	2 000 000	1 000 000
	Small:	40	1 000 000	500 000
	Micro:	5	50 000	10 000
Financial Services	Medium:	75	1 000 000	500 000
	Small:	30	500 000	250 000
	Micro:	5	30 000	10 000

The Mechanics of Classification of MSMEs

In determining whether an entity is an MSME, level of employment, turnover and total asset value are considered for scoring.

CLASS OR SIZE OF MSMEs	CRITERIA			ASSIGNED CLASS (BASED ON TOTAL NUMBER OF POINTS SCORED)
	MAXIMUM TOTAL NUMBER OF FULL TIME EMPLOYEES	MAXIMUM TOTAL TURNOVER	MAXIMUM GROSS VALUE OF ASSETS (EXCLUDING IMMOVABLE PROPERTY)	
Medium (8 TO 10 Points)				
Small (4 TO 7 Points)				
Micro (4 TO Below)				

Table 2. MSME Classification by points

- The first column shows current class or size of MSMEs based on the points the MSMEs accrued on first assessment.
- The assigned class (fifth column) for each business is determined by getting the total number of points accrued by the business in question under each criteria heading under columns 2, 3 and 4.
- Maximum points that each class or size of business accrues for each criteria are as follows:
 - Above Medium Enterprise 4 points
 - Medium Enterprise 3 points
 - Small Enterprise 2 points
 - Micro Enterprise 1 point
- If the total number of points for a business in respect of either two or three of the criteria set out in the table above is—
 - 3 to 4 points, the assigned class or size of that business will be micro enterprise;
 - 5 to 7, the assigned class or size of that business will be small enterprise;
 - 8 to 9, the assigned class or size of that business will be medium enterprise.
- If the number of employees exceeds the maximum number of employees for a medium enterprise in the sector in question, the enterprise in question will not be disqualified on that ground alone.
- The maximum allowable excess for the second and third criteria shall be ten per centum.
- If an enterprise exceeds either or both of the second or third criteria by ten per centum it shall be automatically disqualified from being an MSME.