

**ZIMBABWE CHAMBER
OF SMEs STRATEGIC
CONFERENCE
CONCEPT NOTE**

1. Introduction

This concept note was prepared in recognition of the Strategic Planning Workshop going to be done in Chiredzi by the Zimbabwe Chamber of SMEs. It also recognises the importance of the Chamber in driving the MSMEs agenda.

At this workshop strategies for transitioning the MSME sector are going to be crafted in order to achieve a well formalized and organized MSMEs sector.

2. Background Information

The Zimbabwe Chamber of SMEs Apex Body was formed on the 19th of October 2011 in Harare supported by the former Ministry of Small to Medium Enterprises and Cooperative Development which played a major role in mobilising and coming up together of the SMEs in the country.

Silveira House was instrumental in the formation of the Chamber as it carried out countrywide research which indicated the existence of fragmented Associations at different levels with varying strategies and mainly of regional and sub-regional SMEs activities. This necessitated the need for the formation of a Chamber Of SMEs that was to be a representative voice on SMEs Development issues.

3. Justification

The MSMEs sector is now one of the fastest growing sectors in Zimbabwe and is the engine for economic growth, with more than 80% of economic activity taking place in this sector. The importance of the SMEs sector is echoed in the National Development Strategy 1 (NDS1) where Government has reiterated its resolve to support MSMEs to improve production capabilities in order to increase the performance of SMEs in the production of Value Added Products. The Micro, Small and Medium Enterprises (MSMEs) Policy Framework (2020 -2024) recognises the importance of SMEs Associations in the development and growth of the SMEs sector as they act as conduits for relaying information and a platform for engaging with relevant stakeholders.

The contribution of the SMEs sector to economic growth of this country makes the MSMEs a key priority area for achieving the Sustainable Development Goals (SDGs) as echoed in the vision 2030.

The MSME sector has wide reaching impact of the SDGs and Gross Domestic Product (GDP) of Zimbabwe. Therefore, under the backdrop of this background it is imperative that all stakeholder participation be encourage to promote inclusive and sustainable growth strategies under the theme;

“Accelerating the attainment of Vision 2030 through inclusive and collaborative efforts on transitioning the SMEs sector for upward economic development”.

4. MSMEs survey 2021

The government through the Ministry of Women affairs, community, Small & Medium enterprises Development adopted the MSMEs Policy 2020-2024 that had the strategic objective of Promoting the Formalisation and Capacitation of MSMEs for Productivity, Competitiveness and Employment. The policy was immediately followed with a UNDP, Ministry and ZimStats Funded MSMEs survey 2021 which identified serious gaps within the MSMEs landscape which if not addressed do not only threaten the attainment of the policy objectives but also pose as a major threat to the attainment of Vision 2030.

Due to endogenous and exogenous factors, lock downs due Corona Virus included there has been little progress on the implementation of the policy and the filling in of key gaps identified by the 2021 survey.

The Chamber of SMEs has realized that to achieve the 2020-2024 policy objectives there is an urgent need of formalizing the Chamber as an Organization that has been entrusted as the voice of the MSMEs by the GoZ. A formalized Chamber will have the corporate and or institutional capacity to negotiate and secure on behalf of MSMEs the following 2021 MSMEs survey identified gaps which are threatening the attainment of Vision 2030.

- a. Affordable MSMEs workspace and housing
- b. Affordable technical Business Trainings to MSMEs
- c. Affordable social protection services (Funeral assurance, Health Insurance , Pensions
- d. Affordable MSMEs Business loans
- e. Access to wider markets by MSMEs through the use of modern ICT

5. Key statistics from 2021 MSMEs Survey that are indicative of an urgent need for collaborative efforts by stakeholders to transform the MSMEs sector,

- a. As of 2021, the total number of SMEs was estimated to be 4.1million.
- b. In total, there were approximately 3.1 million active business owners and 1.7 million persons engaged by MSMEs on full-time basis as at 31st December 2021
- c. The estimated gross value added from the MSMEs sector in 2021 was ZWL\$522.2bn.
- d. Subscription to social protection schemes by MSMEs was generally low, as reflected by only 2.1 percent subscribed to pension schemes and 2.5 percent subscribed to medical aid schemes for employees.
- e. Overall, only 14.3 percent of the MSMEs were reported as being either registered or licensed with regulatory authorities in 2021.
- f. About twenty-nine percent of enterprises operated at home without any special business-related installations, while 13 percent were “mobile” operators.
- g. In total, about 10 percent of MSMEs had access to loans in 2021.
- h. About 67 percent of enterprises were started mainly as a source of livelihood.
- i. Most business owners (62.5% for males and 58.8% for females), had secondary education as their highest level of education completed.
- j. Savings were the most common source of capital for business start-up capital, as stated by 56.2 percent of the MSMEs.
- k. In total, 54.3 percent of the MSMEs operated without any proper record keeping for their enterprises, with 42.3 percent having informal records for personal use.
- l. Open pit was the most common method of solid waste disposal at business sites, as indicated by 41 percent of the enterprises.

- m. Enterprises that owned a business-related mobile cellular telephone accounted for a percentage of 62.0.
- n. Generally, employees in the MSMEs sector were not entitled to any type of leave, as reflected by 95.5 percent not being afforded such, in total.
- o. Among the main challenges faced by enterprises in dealing with regulatory institutions, were issues related to business premises, accounting for 50.2 percent, and licencing constituting a proportion of 34.8 percent.
- p. The most common form of assistance required, as stated by 52.3 percent of the MSMEs, was to do with ease of access to loans.
- q. Enterprises that needed assistance in relation to provision of appropriate workspace accounted for 32.7 percent

These key statistics together with many others as therein revealed by the survey if summarized, point to an urgent need for a collaborative effort by the Government , Chamber of SMEs, local authorities and private business corporates to provide well thought out package(s) that will motivate the MSMEs to voluntarily get into the mainstream formalized economy.

The package(s) should address the following tropical and fundamental issues;

1. Provision of affordable decent and modernized workspace
2. Provision of Technical trainings aimed at conscientise MSMEs to formalize their trades
3. Provision of social protection services (Pensions, Medical Insurance & Funeral Assurance)
4. Provision of affordable loans
5. Provision of decent and well serviced residential stand

6. Key Objectives of the Strategic Seminar

1. To deliberate with all the identified stakeholders under one roof in order to come up with the best inclusive packages that addresses the identified gaps in the MSMEs survey 2021.

2. To have a framework that will create a formalised and Institutionalised Chamber that will have the institutional capacity to deal with all the issues affecting the MSMEs as far as 2020-2024 policy objectives are concerned and addressing the gaps as identified in the MSMEs survey 2021.
3. To review and make recommendations on the draft electronic platform/Database that will work as a live national MSMEs Database
4. To Approve and ratify all the decisions made by the Chamber including agreements with key stakeholders

7. Identified stakeholders to attend the Seminar

Identified Stakeholders	Main Interest and or benefit	Role
The Office of the President & Cabinet - Provincial Offices (Directors Responsible for economic affairs & Infrastructure	<ol style="list-style-type: none"> 1. Ensured attainment of Vision 2030 2. Orderly, Formalized, bankable and accountable MSMEs 	<ol style="list-style-type: none"> 1. Provision of letters of Support to the Chamber in its dealings with various Government Departments, ministries and Local authorities
Ministry of Women affairs, communities, Small & Medium Enterprises (Directors, Permsec)	<ol style="list-style-type: none"> 1. Contribution towards the accelerated attainment of Vision 2030 through Orderly, Formalized and accountable MSMEs sector 	<ol style="list-style-type: none"> 1. Provision of letters of Support to the Chamber in its dealings with various Government Departments, ministries and Local authorities
Zimbabwe Revenue Authority (ZIMRA)	<ol style="list-style-type: none"> 1. Increased revenue collection from Orderly, Formalized and accountable MSMEs sector 	<ol style="list-style-type: none"> 2. Granting of proposed tax concessions to the SMEs sector who are members of the Chamber
National Social Security Authority	<ol style="list-style-type: none"> 1. Increased revenue collection from Orderly, Formalized and accountable MSMEs sector 	<ol style="list-style-type: none"> 1. Granting of proposed tax concessions to the SMEs sector who are members of the Chamber

	<ol style="list-style-type: none"> 2. Potential partnership with the chamber on Investments opportunities particularly workspace infrastructure Development 	<ol style="list-style-type: none"> 2. Invest excess liquidity in the development of high rental yield SMEs workspace
Local Authorities	<ol style="list-style-type: none"> 1. Clean, orderly and world class Cities 2. Increased rates collection from Orderly, Formalized and accountable MSMEs sector 	<ol style="list-style-type: none"> 1. Availing of land for the development of decent modern workspace including housing 2. Granting of rates concession to members of the Chamber
Bankers, Micro lenders , Insurance Companies	<ol style="list-style-type: none"> 1. Increased customer base , increased Revenue 	<ol style="list-style-type: none"> 1. Partner the chamber as subscription collections agents 2. Partner the Chamber on infrastructure development funding partners 3. Partner the chamber as business loans providers
Social Protection Services Corporates (Health Insurers , Funeral Services , Private Pensionsetc)	<ol style="list-style-type: none"> 1. Increased customer base , increased Revenue 	<ol style="list-style-type: none"> 1. Partner the chamber as social protection services provider to the chamber's membership
Other Government Ministries	<ol style="list-style-type: none"> 1. Contribution towards the accelerated attainment of Vision 2030 through Orderly, Formalized and accountable MSMEs sector 	<ol style="list-style-type: none"> 1. Provision of letters of Support and concession that promote inclusivity
ZIDA	<ol style="list-style-type: none"> 1. Contribution towards the accelerated attainment of Vision 2030 through 	<ol style="list-style-type: none"> 1. Promotion of DDI (Domestic Direct

	Orderly, Formalized and accountable MSMEs sector	Investment in the country)
Contractors	1. Potential business from construction of Work space and safer markets	1. Partnering with the Chamber on construction of decent ,modernized workspace and Safe Markets
NGOs and Others	2. Contribution towards the accelerated attainment of Vision 2030 through Orderly, Formalized and accountable MSMEs sector	2. Partner with the chamber to achieve their aligned developmental goals in the SMEs sector

Conclusion

We strongly believe that informal chamber in its current state will not serve a purpose in pushing the government and or the Ministry's strategic objectives as far as MSMEs development is concerned, hence a huge investment in the scheduled strategic conference.

