

ZIMBABWE

Supporting Inclusive Growth with a focus on Enabling Environment & Enterprise Development

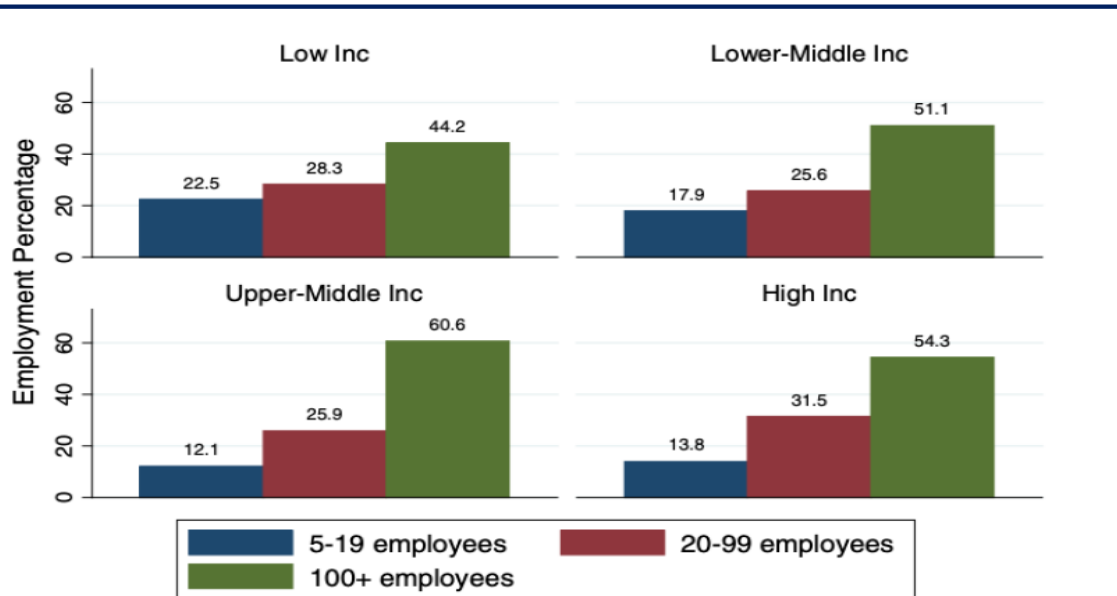
Finance, Competitiveness and Innovation Global Practice

SMEs & Private Sector - Drivers of Jobs & Economic Transformation

SMEs account for half or more of total employment in many developing countries, *but most firms are born small and remain small despite policies targeting SMEs*

SMEs employ a large share of the workforce...

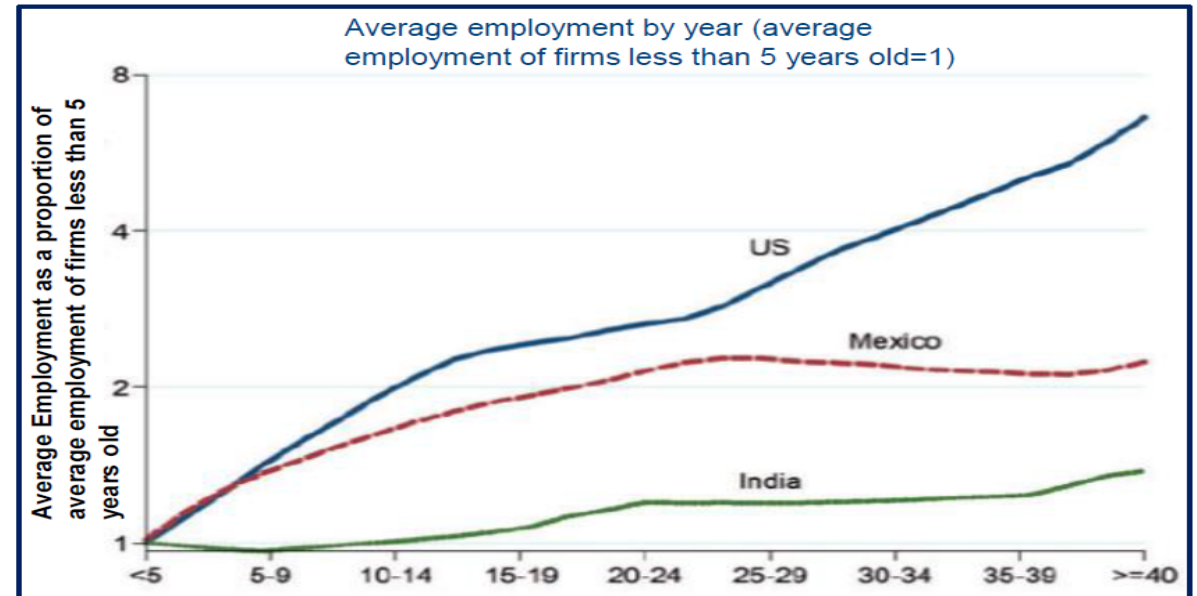
Employment share by Size class (Medians)



Graphs by income

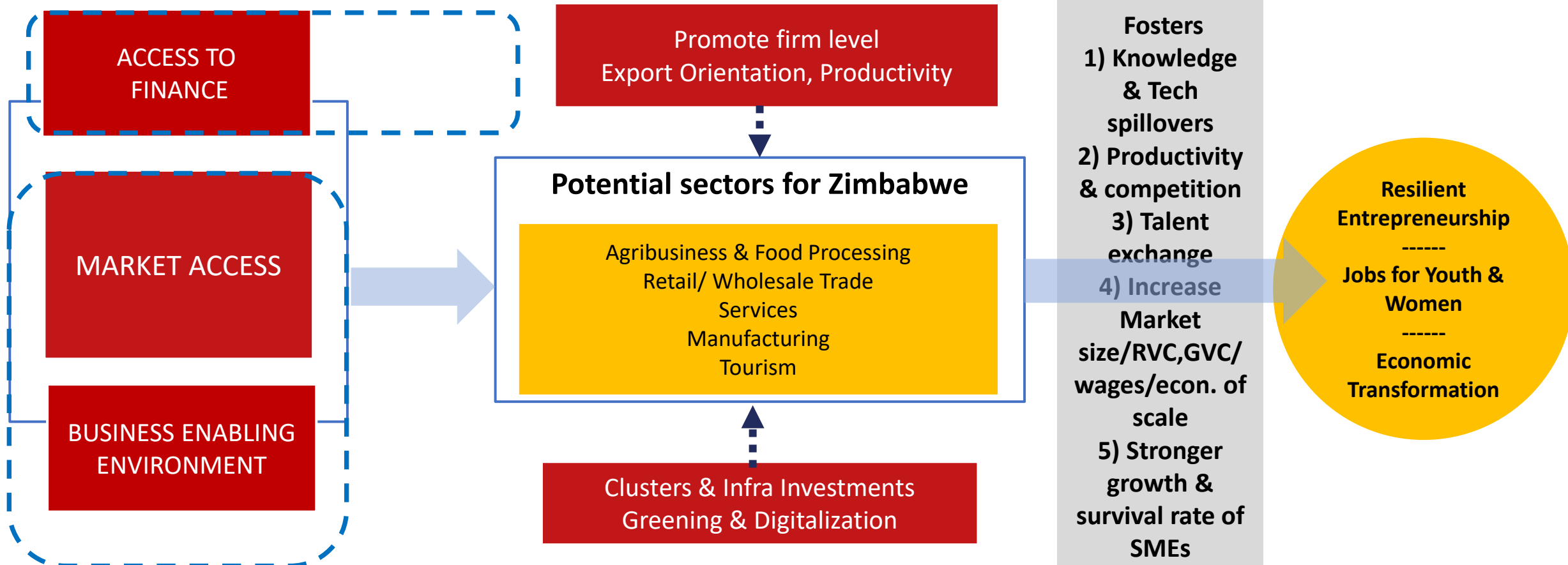
...but lack of growth limits job creation

Firm employment over the Life Cycle
US, India and Mexico



Source: Hsieh and Klenow (2014).

Introduction to Enterprise Development & WB Jobs & Economic Transformation (JET) Framework



1. The COVID shock **worsened the productivity channels** in four ways: (i) demand side shocks (ii) supply side (iii) financial shocks and (iv) uncertainty.
2. **JET framework promises simultaneous, coordinated investments in many sectors** to support **self-sustaining SMEs (larger private sector)**.

Investments & Policies supporting Enterprise Development & Jobs in Zimbabwe

Business Environment

- Regulation along the firm's life cycle
- Sector-specific regulation, incl. in digital economy
- Trade and Competition policy
- Contract enforcement
- Tax policy and regulations
- Support infrastructure

Firm Capabilities

- Building managerial & entrepreneurial capabilities
- Technology adoption
- Product development, innovation
- Access to soft infrastructure (labor, talent, services)
- Building entrepreneurship ecosystems

Market Access

- Supplier and exporter development
- GVC participation, linkages to MNCs
- Export development
- NQI and standard compliance
- Public procurement

Access to Finance

- Improving credit infrastructure
- Digital payments
- Financial law and regulation reform
- Facilitating financial innovation
- Credit enhancement programs - PCGs
- Facilitating access to capital markets
- Early-stage risk financing for SMEs
- Financial literacy

Institutional Framework

- Integrated SME strategies
- Policy mix commensurate with SME challenges
- Design & implementation capabilities
- M&E, including impact assessments
- Coordination mechanisms

Knowledge based Interventions

- **The basis for WBG interventions are based on knowledge based approach.**
- **Key sources of our knowledge work include:**
 - ❖ **The Annual DB Report (now discontinued)**
 - ❖ **Biannual Enterprise Survey**
 - ❖ **Finscope Survey (2012 Survey inaugural; now 2022 Survey).**
 - ❖ **Findex (Financial Inclusion Index)**
 - ❖ **The Logistics Performance Index (LPI)**
 - ❖ **Digital Economy for Africa Diagnostic (DE4A)**

Financial Sector Interventions

- **In support of the Financial Inclusion Agenda, the WBG has supported stakeholders in the financial sector.**
- **Notably activities to deepen Financial Inclusion are:**
 - ❖ **Central Credit - (with Support from IFC)**
 - ❖ **Collateral Registry**
 - ❖ **Warehouse Receipt System**
 - ❖ **Payments Systems**
 - ❖ **Credit Guarantee Scheme (MoFED, ECGC, RBZ)**
 - ❖ **South-South Knowledge Exchange visits to Malaysia – Malaysia SME CORP, CGC Malaysia**

Programmes in the Region

- ❑ **Ethiopia: Women in Entrepreneurship Programme (WIDEP) (US\$80m)**
- ❑ **Zambia – Entrepreneurship Programme (US\$40m)**
- ❑ **We brought representatives from India’s SIDBI to come and present at the annual SME Conference**
- ❑ **Korea’s KODIT – the World Largest PCG came to make a presentation at the same conference.**

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THANK YOU

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