**Status of MSME Policy and Strategy Framework 2020-2024: Evidence from Bulawayo, Zimbabwe**

**Introduction**

Zimbabwe, like many other developing countries, recognises the importance of the Micro, Small, and Medium Enterprises (MSMEs) sector to the national economy. Recognising that MSMEs are the driving force behind economic growth, the government, through Ministry of Women Affairs, Community, Small and Medium Enterprises (MWACSMES) moved quickly to implement the MSME Policy and Strategy Framework 2020-2024 hereinafter referred to as the policy. Among other things, the policy acknowledges that MSMEs are critical to the progress and achievement of the SDGs. It identifies key pillars and measures for the growth and development of these emerging microenterprises as well as more established SMEs. These pillars and measures include, but are not limited to, an enabling legal and regulatory environment, financial support for MSME, market development and trade promotion, business management, corporate governance, innovation and technical skill development, workspace and infrastructure support. No literature currently examines cities' progress toward meeting the MSME policy guidelines. The study took a qualitative approach, with data collected through in-depth interviews. The case study research design is used in this study to assess Bulawayo's performance on the MSME policy pillars and measures. Respondents were drawn from Bulawayo MSMEs, such as the Zimbabwe Institute of Foundries (ZIF), the Zimbabwe Mining Federation (ZMF), the Bulawayo Chamber of Small and Medium Enterprises (BCSME), the Bulawayo Vendors and Traders Association (BVTA), the Bulawayo Informal Economy Working Group (BIEWG), and the Bulawayo Factory Shells (BFS). Through convenience and purposeful sampling, association representatives and members were targeted. The National Stakeholder Consultation Workshop for the Zimbabwe MSME Monitoring Framework, held in Harare from 6 -10 June 2022 motivated the penning of this article.

**Local Authorities' Regulations and By-Laws**

Clause 4.1.3 of the policy speaks to the legal and regulatory framework for MSMEs and states that it will "promote collaboration between local authorities and MSMEs in reviewing by-laws that affect the operations of MSMEs." Evidence in Bulawayo suggests that some MSMEs, through their associations, have engaged and partnered with the local authorities in reviewing by-laws that govern their operations. Recently, the Government of Zimbabwe gazetted the Bulawayo City Council (Hawkers and Vendors) By-laws through Statutory Instrument 181 of 2020, with evidence proving that Bulawayo Vendors and Traders Association (BVTA) and other MSME associations were engaged in protracted advocacy to get the By-law that was enacted in 1976 reviewed and aligned with the laws of the country and contemporary trends. The MSME association has partnered with academic institutions, like the National University of Science and Technology (NUST) Institute of Development Studies (IDS) to understand institutional dynamics that were governing the MSMEs in Bulawayo. The review process of the by-law eliminated the restrictive, outdated elements in the framework and any other issues that were not promoting the rights of these nascent enterprises. Besides this by-law, various MSMEs under the banner of the Bulawayo Informal Economy Working Group (BIEWG) have partnered with the government, USAID, and BCC to craft the Bulawayo Informal Economy Enhancement Strategic Plan, that is currently underway. The city of Bulawayo also has an operational policy on informal trading. The BIEWG noted that it had a cordial relationship with the local authority and government as they had regular monthly meetings to map way forward for MSMEs.

**Entrepreneurship Training Institutions**

The policy clearly stipulates that entrepreneurship training and skills upgrading are carried out at 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 are targeted. Special targeted training for youths, women, and the physically challenged are provided in collaboration with service providers. Evidence suggests that the Bulawayo City Council, through its Housing and Community Services Department, was running vocational and youth training centres that groomed and nurtured upcoming MSMEs. These centres include the Inyathi Youth Centre, Mzilikazi Homecraft Centre, and Tshaka Vocational Centre, which offer courses and skills in motor mechanics, painting, commercial art, plumbing, welding, pottery, carpentry, ceramic sculpture, building, basic cookery, and cutting and design of wood and stone, amongst others. Most of Bulawayo’s MSMEs were in collaboration with various institutions of higher learning and training centres. A study revealed that these centres targeted school leavers aged between 14 and 24 years, with applicants needing not even a basic Ordinary level[[1]](#footnote-1) as an entry qualification. The centres also offer attachment, internship, and trade skills to students coming from other vocational and training centres. The government, through its various ministries, is also running a number of vocational and training centres in the city, including Ehlekweni Vocational Centres and Westgate Industrial Training College. MSMEs also noted that they have in the past collaborated with this institution for the certification of some of their members in various courses like carpentry, metal fabrication, and arts and crafts. On a similar basis, the Zimbabwe Institute of Foundries and the Zimbabwe Mining Federation also noted that they partnered with the Zimbabwe School of Mines (ZSM), Bulawayo Polytechnique (BP), and Harare Institute of Technology (HIT). Overall, MSMEs noted that these institutions offer professional development and staff training programs.

**Factory Shells and Incubators**

The MSME policy also encourages the architecture and use of business incubators and factory shells as it believes that such an operative environment will facilitate MSME competitiveness, productivity, and export promotion. Bulawayo has a number of these factory shells, with the most popular being the Bulawayo Factory Shells, owned by the local authority and leased to various traders. Conveniently, this incubation project is housed at the heart of an industrial site (Kelvin North), that makes it ideal for business linkages with other businesses. The factory shell houses over 60 MSMEs who are carpenters, metal fabricators, and those into arts and crafts. These MSMEs produce aluminium window frames, home furniture, and curios. MSMEs expressed that they faced various challenges in the factory shell sites. Inadequate water and sanitation infrastructure was the main challenge faced by the MSMEs in Bulawayo. Whilst some of the factory shells were expected to act as incubators for upcoming MSMEs, there was now a prevalence of space barons who were leasing space from the council to others at a profit. Furthermore, a number of MSMEs had overstayed in these incubators, with the majority spending an average of ten years in these spaces designed to nurture and graduate them to larger spaces. Businesses are expected to be fully fledged after five years and open up for other upcoming MSMES.

**Marketing, distribution, and intelligence**

The policy advocates the assistance of MSMEs to develop effective marketing strategies and distribution networks. The government is also expected to promote the adoption and application of e-commerce, including social media, to enhance MSMEs' competitiveness. Although not on a wider scale, there is evidence of such promotions in Bulawayo. The study revealed that there was the Zimbabwe Resilience Building Fund (ZRBF) Sizimele Consortium, that included the government, UKaid, UNDP, Sweden Sveridge, European Union, BVTA, and Dan Church Aid. It is through this consortium that e-commerce, digital transformation, and virtual trade are promoted in Bulawayo. It should be noted that, at the COVID 19 pick in March 2021, this consortium launched a mobile application that allows virtual trade and connects suppliers and markets MSMEs in the agricultural market. Secondary data revealed that vendors and traders had benefited a lot from this app as it provided them with increased customer and revenue bases, bridging the gap in the value chain. The application also promotes urban-to-rural linkages amongst various MSMEs in the agricultural sector. MSMEs expressed their enthusiasm for the application, stating that it provides them with a preview of market demands at any time and allows them to consult with potential customers before embarking on a journey to Bulawayo with products that no one needs.

**Business Linkages**

The MSMEs policy encourages horizontal and vertical linkages that allow MSMEs to access markets, technology, innovation, and skill training through subcontracting, franchising, joint ventures, and other forms of linkage. Most of Bulawayo’s MSMEs noted that they were engaged in linkages amongst themselves (horizontal) and with larger businesses. Bulawayo Factory Shells operators noted that they had linkages with various shop owners in the Central Business District and other high-traffic generating points to display and sell at a mark-up. These MSMEs also have linkages with big businesses outside Bulawayo with Gwanda, Filabusi, and Shangani (these are mining towns in close proximity to the city). The ZIF and ZMF also noted that, to some extent, they have managed to secure business linkages locally and regionally for their members.

**Workspace and infrastructure support**

A number of MSMEs in Bulawayo express that they have the basic workspaces and infrastructure but felt the need for serious sprucing up. Research revealed that there were a number of public-private partnerships (PPPs) for infrastructure provision in various MSMEs. The Bulawayo Chambers had partnered with the International Labour Organization, Bulawayo City Council, government, National Social Security Authority (NSSA) and OK Mart to upgrade and renovate an MSME incubation workspace that houses about 60 MSMEs who engage in clothing and textiles, engineering, metal fabrication, information technology repairs and detergent manufacturing, amongst others. It is through these initiatives that resilience has been built whilst promoting MSME’s occupational health and safety. Although most ZIF and ZMF members expressed workspace challenges, the research noted that most of these were housed in Bulawayo’s Industrial Site. The city of Bulawayo also has an organised flea market system that houses MSMEs in brand new clothing both in the Central Business District and the suburban areas. These are strategically positioned in close proximity to human traffic generating points like termini and shopping centres. BCC also partners with other private players like the mining pension funds in providing decent workspaces, for example in Entumbane Shopping Complex. Bulawayo Vendors and Traders Association (BVTA) has also partnered with BCC, United Nations Development Partnership, and Dan Church Aid in the construction of a suburban fruit and vegetable market.

NSSA was also very active in the promotion of decent workspaces and the provision of support infrastructure in Bulawayo’s MSMEs. Secondary data revealed that NSSA had partnered with the City of Bulawayo in procuring water and sanitation infrastructure for the sprucing up of MSMEs workspaces in the flower, fruit, and vegetable sectors. The same institution had drilled boreholes running through the sustainable solar power in some of Bulawayo’s MSMEs.

**Land Provision**

It was noted that, under difficult circumstances, the local authority was doing its best in terms of suitable land provision for MSMES. The policy states that such land should be in close proximity to the existing large business corporations. Document analysis revealed that it was council policy to set aside land for MSMEs in each and every shopping centre. A survey of Bulawayo’s local development and layout plans proved that land was reserved as service industry bays and vending spaces in all the shopping centres. The city continues to avail more land for and incorporate MSMEs even in its detailed local development planning. According to the study, the local authority has MSMEs in its forward planning efforts, with land reserved for service and light industry in Umvumila Industrial Site on the city's northwestern outskirts.Recently, the local authorities also made more land available for MSMEs by putting up for tender stands suitable for the sector in the central business district, district, local and neighbourhood shopping centres.

**Cluster development**

Bulawayo’s MSMEs are clustered according to their sectors, with those in the foundry and mining predominantly found in the Kelvin and Belmont Areas. This was built up from the city’s development plans, with specific reference to Local Development Plan 8 (Industrial Areas) that strategically clustered different industries according to their sectors (service, light, general, manufacturing, and warehousing). It was discovered that MSMEs would then follow such a pattern and would cluster accordingly. It was also discovered that in some cases, MSMEs in different sectors like leather, clothing, IT repairs, and furniture arts and crafts preferred to cluster in the same complexes, e.g. in Kelvin’s Factory Shells Phase 1 & 2, Bulawayo MSMEs Centre, and Cold Storage Commission Site, amongst others. The local authority believes that clustering of industries creates a favourable ecosystem for MSMEs' innovation and lowers production and transaction costs. On the other hand, MSMEs favour clustering as it has led to stronger partnerships not only amongst themselves but even with the Council as their voices are better heard as compared to when they are in isolation.

**Challenges and Limitations**

Most MSMEs, especially those in factory shells, noted that they had challenges in securing access to finance for the capacitation and growth of their businesses. Known for their lack of collaterisable assets, MSMEs noted that the lending institutions were reluctant to offer them their financial products. This was confirmed by financial lenders, who regarded the majority of MSMEs as having a high default (i.e., prohibitive) risk. The policy advocates for trade promotion through the participation of MSMEs in the local and international expos. Most of Bulawayo’s MSMEs noted that they were incapacitated to partake in these expos, including the Zimbabwe International Trade Fair (ZITF), as the charges to participate were beyond their means. Most MSMEs cited that they did not receive enough public awareness of their products. It was also highlighted that most MSMEs were reluctant to formalize, and this was further inhibiting their growth. The perception of most MSMEs in Bulawayo was that formalization is associated with much tax. Their perception is that the advantages of formalizing in Zimbabwe do not outweigh the disadvantages of not doing so. MSMEs especially those in the foundry and mining noted that they needed support on equipment either through leasing or other means to support their endeavours.

**Conclusion**

The City of Bulawayo has embarked on a number of interventions in the quest towards a conducive and sustainable environment for MSME operations. The city has a base to start from in terms of the legal and regulatory environment that has proven to be inclusive in nature. Bulawayo is at an advanced stage in terms of implementing most of the policy provisions and can act as a model for other cities. Appreciated was the cordial relationship that existed amongst stakeholders that includes the Ministry of Women Affairs, Community, Small and Medium Enterprises (MWACSMES), Bulawayo City Council (BCC) and the MSMEs associations. However, there are challenges that still need to be addressed by various stakeholders including land provision, provision of workspaces and support infrastructure, equipment leasing, trade promotion amongst others.

1. Ordinary level is the basic level in Zimbabwe that makes one eligible for other higher and tertiary level courses. [↑](#footnote-ref-1)