



National Perspectives on Building MSME Resilience and Formalization: The Case of Zimbabwe

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Introduction

- ▶ In Zimbabwe, strengthening the resilience and formalization of Micro, Small, and Medium Enterprises (MSMEs) is vital for sustainable growth and economic stability. This effort aligns with key United Nations Sustainable Development Goals (SDGs), notably:
 - **SDG 1: No Poverty**
 - **SDG 8: Decent Work and Economic Growth**
 - **SDG 9: Industry, Innovation, and Infrastructure**
- ▶ Zimbabwe is implementing national policies, infrastructure investments, and financial support measures to enable MSMEs to thrive despite economic challenges, driving economic development and contributing to the nation's overall growth.



Significance of MSMEs in Zimbabwe

- ▶ According to the 2021 MSME Survey:
 - Zimbabwe has **3.4 million MSMEs** employing **4.8 million people** full-time.
 - The 2022 Finscope Survey reported that MSMEs contributed **USD 8.6 billion** to Zimbabwe's GDP.
- ▶ These numbers highlight MSMEs as crucial players in Zimbabwe's economy, helping the nation progress towards the 2030 Agenda for Sustainable Development.



Understanding Resilience and Formalization in MSMEs

- **Resilience** (as defined by the UNDRR) refers to the ability of systems to absorb and recover from challenges, such as economic instability and financial constraints, while maintaining essential functions.
- **Formalization** involves legal registration, licensing, and compliance with regulations, as per Darko (2022). Formalized MSMEs gain access to financing, legal protections, and growth opportunities, enhancing their sustainability.
- ▶ Building resilience and formalizing MSMEs in Zimbabwe will help them withstand economic challenges and ensure they remain key contributors to national growth.



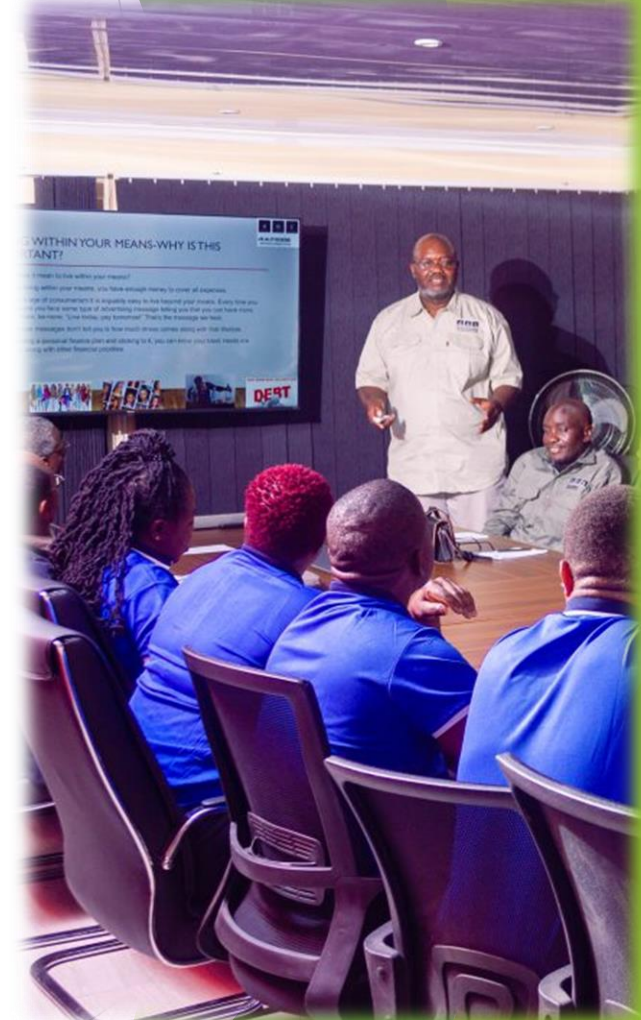
Building MSME Resilience in Zimbabwe – Access to Finance

- ▶ Access to finance is fundamental for MSME resilience. Zimbabwe’s Ministry of Women Affairs, Community, Small, and Medium Enterprises Development has created several financing options:
 - **Zimbabwe Women Microfinance Bank** and **Small and Medium Enterprises Development Corporation (SMEDCO)** provide critical funding.
 - **Women Development Fund (WDF)** and **Community Development Fund (CDF)** support women-owned and community-based businesses with concessional loans.
 - **Savings and Credit Cooperatives (SACCOs)**: These cooperatives provide accessible financial resources for MSMEs, particularly those struggling to access traditional banking, promoting financial inclusion.
- ▶ These financing mechanisms align with **SDG 8**, supporting decent work and economic growth.



Building MSME Resilience – MSME Training

- ▶ Training and capacity building are critical to resilience. The Ministry, in collaboration with UNDESA and other partners, offers training on:
 - **Business management, marketing, costing, and digital literacy** for MSME owners and employees.
 - **UNDESA Support:**
 - Training of 50 SMEs from Southern region provinces in business management and digital marketing.
 - Development of a training manual, “Strengthening the Resilience of Micro, Small, and Medium-Sized Enterprises for Accelerating Progress Towards Sustainable Development Goals in Zimbabwe,” which will be used by Ministry officers for further MSME training.
- ▶ This aligns with **SDG 4** on quality education and **SDG 8** on fostering economic growth through skill enhancement.



Building MSME Resilience – Infrastructure Development

- ▶ Infrastructure, particularly workspace provision, is essential for MSME resilience. The government's priority has been on:
 - **Public-Private Partnerships (PPPs)** to construct and refurbish buildings for MSMEs across Zimbabwe.
 - **Government funding** for workspace construction in areas like Chivhu, Gweru, and Chirundu.
 - **Community-driven models:** For example, in Chiredzi, where the SME Chamber mobilized resources and collaborated with the local council to construct a modern workspace for SMEs.
- ▶ These initiatives support **SDG 9**, providing safer and more productive environments for MSMEs and promoting infrastructure that withstands local challenges.



Access to Markets

- ▶ Access to markets is a core component of resilience.
- ▶ The Ministry enables MSMEs to enter local, regional, and global markets through participation in expos:
 - **Locally:** Participation at the **Zimbabwe International Trade Fair (ZITF)** and **Zimbabwe Agricultural Show (ZAS)** helps MSMEs build connections and gain domestic market insights.
 - **Regionally:** MSMEs attend expos in countries like Zambia, Malawi, Namibia, and Botswana, allowing them to diversify their revenue streams and reduce dependence on a single market.
 - **Globally:** Participation in expos in **Dubai, India, and China**, as well as the upcoming **World Expo 2025 in Japan**, exposes MSMEs to global trends and innovations, enhancing their adaptability and long-term resilience.



Policy and Legislative Framework for MSME Development

- ▶ Zimbabwe has established a supportive policy and legislative framework for MSME growth:
 - **Policy Updates:** A major MSME policy review is planned for 2025, which will address resilience and adaptation to the evolving business environment.
 - **Review of SMEs Act:** Ongoing review to address gaps and align the Act with best practices, strengthening MSMEs' capacity to manage challenges.
 - **Results Monitoring Framework (RMF):** Developed with UNDESA support, the RMF tracks MSME sector performance, enabling evidence-based programming and policymaking. The SME Act review will include provisions for regular data reporting.
- ▶ This framework enhances MSME resilience and enables a structured approach to track their contribution to the economy.



Formalization Strategies for Zimbabwe's MSMEs

- ▶ Formalization provides MSMEs with access to finance, legal protections, and broader market opportunities. Zimbabwe has taken steps to streamline MSME registration:
 - **Digitized registration:** Simplified, accessible online registration platforms, especially beneficial for rural entrepreneurs, reduce travel costs and improve efficiency.
 - **Collaboration with regulatory agencies:** The Ministry works closely with ZIMRA, NSSA, and PRAZ to support MSMEs in tax, labour, and social security compliance through workshops and advisory services.
- ▶ This supportive environment for formalization is crucial for expanding MSME access to resources and fostering long-term resilience.



Conclusion

- ▶ Zimbabwe's approach to building MSME resilience and fostering formalization is closely aligned with the United Nations SDGs, promoting inclusive growth, social equity, and environmental sustainability. Through increased access to finance, skill development, infrastructure investments, and simplified registration, Zimbabwe is creating an environment where MSMEs can thrive, even amid economic challenges.
- ▶ Future goals include embracing **digital transformation**, adopting **sustainable practices**, and implementing **supportive policies** to unlock MSME potential. This approach aims to create a resilient, inclusive, and sustainable economy that benefits all Zimbabweans



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