



United Nations  
Economic Commission for Africa

# Alignment and harmonization of regional and national frameworks on industrialization

National domestication of regional strategies and policies  
to support industrial development in Southern Africa  
(Malawi, Zambia and Zimbabwe)





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First printing June 2022

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# Acknowledgements

The present study was prepared under the general supervision of Sizo D. Mhlanga (may his soul rest in peace), Officer-in-Charge of Subregional Office for Southern Africa of the Economic Commission for Africa, and conducted under the direct supervision of Fanwell Kenala Bokosi, Economic Affairs Officer, Subregional Office for Southern Africa. The Commission is grateful to the consultant, Richard Kamidza, who conducted the study.

Various drafts of the present study were reviewed by Oliver Maponga, Subregional Office for Southern Africa, and by members of the Technical Committee on the project, namely: Xiaoning Gong (African Centre for Statistics, ECA; Jabusile Shumba, United Nations Resident Coordinator Office, Zimbabwe; Tichaona Mushayandebvu, United Nations Industrial Development Organization, Zimbabwe; Myranda Lutempo, African Union Commission; Johansein Rutaihwa, Southern African Development Community; and Innocent Makwiramiti, Common Market for Eastern and Southern Africa. The present study also benefited from the administrative and technical

assistance provided by Bedson Nyoni, Ceciwa Banda Sitima, and Jackline Mutambo, who facilitated the completion of the assignment.

The present study also benefited from the invaluable comments and suggestions offered by experts who participated in the Forum on the Promotion and Implementation of Regional and National Industrialization Policies for Inclusive and Sustainable Development in Southern Africa, held online on 27 and 28 May 2021. These experts were representatives of the public and private sectors, civil society organizations, labour organizations, regional and international development organizations, academia, research institutions and private citizens from across the continent including Southern African countries such as Malawi, Zambia and Zimbabwe. Representatives of regional organizations such as SADC and COMESA also participated in the Forum.

The views expressed and conclusions reached herein are entirely those of the authors and do not necessarily reflect the views of ECA or of collaborating persons and affiliated institutions.



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# Abbreviations

COMESA	Common Market for Eastern and Southern Africa
COVID-19	coronavirus disease
ECA	Economic Commission for Africa
GDP	gross domestic product
ICT	information and communications technology
IOPs	industrialization-oriented policies and strategies
SADC	Southern African Development Community
UNIDO	United Nations Industrial Development Organization

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# Executive summary

The present study contains an assessment of two regional economic communities, the Common Market for Eastern and Southern Africa and the Southern African Development Community, and the adoption of their industrialization policy frameworks and strategies as the new industrialization trajectory for member States in the region, including Malawi, Zambia and Zimbabwe. Subsequently, the three countries developed and adopted several industrialization-oriented policies and strategies, the implementation of which were intended to domesticate the two regional industrialization strategies, and to align and harmonize their respective industrialization agenda with the COMESA and SADC industrialization strategies. The three countries have enacted legal instruments (laws and regulations) in support of their respective industrialization agendas.

The manufactured value added share to the GDP for the three countries have remained low, around 10 per cent, despite domesticating the two regional industrialization agendas. Their respective manufacturing sectors have remained relatively undiversified, unchanged and heavily concentrated on low-technology products such as food, beverages, textiles, clothing and footwear. In addition, the three countries' manufacturing sectors have recorded low levels of private sector investment, exhibited weak productive and export capabilities, limited value addition and minerals beneficiation, and have endured weak infrastructure – especially energy, transport and logistics services, and information and communications technologies.

Evidence from the present study, however, underscores that the domestication of the two regional industrialization strategies is an important issue in terms of benefiting from both the Tripartite Free Trade Area and the African Continental Free Trade Area markets. Thus, the industrialization deficits of the three countries within the context of the COMESA and SADC industrialization strategies, influenced the commissioning of the present study, focusing on the following six objectives:

- a) Explain IOPs of the three countries;
- b) Examine the extent of aligning these national industrial policies with the principles and tenets of the COMESA and SADC industrialization strategies, or lack thereof;
- c) Assess the progress made, or lack thereof, towards implementing IOPs;
- d) Identify opportunities and challenges for an inclusive industrialization at the national level;
- e) Provide recommendations in support of implementation, harmonization and alignment of national industrialization policies with the COMESA and SADC industrialization agendas;
- f) Set out a proposal for an implementation framework to anchor the industrial development agenda.

The COMESA and SADC industrialization policies and strategies provide an outline of a regional vision, and key interventions for implementation in the short, medium and longer term to move towards this vision. Thus, their respective objectives are to promote industrial growth and development, and diversification through: building a diversified, innovative and globally competitive industrial base; and promoting economic transformation, market competitiveness and deeper regional integration.

Through their implementation the industrialization policies and strategies, member States (including Malawi, Zambia and Zimbabwe) are encouraged to cooperate in the field of industrial development, and to promote economic transformation with a view to increasing value added products and exports as a percentage of GDP, and the share of manufacturing to GDP. Furthermore, member States are encouraged to identify and prioritize the industrial sectors that have the greatest potential to add value, mineral beneficiate and

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foster value chains development; to pursue industrialization through the coordination of complex complementary policies, activities and processes, and all relevant stakeholders' efforts – with the goal of increasing economic growth, volume of manufactured exports, and share of industry-related services. They are also encouraged to adopt medium-and-high-technology production processes leading to increased industrial production (especially of manufactured exports) and share of industry-related services, economic growth and employment opportunities.

While the alignment, harmonization and implementation of the COMESA and SADC industrialization strategies have been slow, the three countries have developed and adopted several IOPs and laws and regulations relating to industrialization with explicit and implicit intentions and commitment, including fiscal resources, albeit very low, to domesticate the COMESA and SADC industrialization strategies. Evidence from the present study shows that there has been some alignment, harmonization and implementation of IOPs in the three countries, including the following key findings:

- a) The member States have established institutional implementation frameworks led by designated industrialization-oriented ministries to coordinate stakeholders' involvement in the industrialization agenda;
- b) The member States have developed and adopted several IOPs that, in varying degrees, respond to COMESA and SADC strategic goals on eight thematic areas, namely, industrialization, natural resources, trade, investment, infrastructure, technology enhancement, skills development, and financing sources;
- c) Multi-stakeholders, especially government officials, have been directly linking the implementation of all related IOPs, laws and regulations to the alignment and harmonization of their respective

industrialization agenda with the COMESA and SADC industrialization strategies;

- d) The three countries, through their implementation of IOPs, laws and regulations, have found relevant stakeholders that equally support their respective national industrialization agendas, and related aspirations of the Tripartite Free Trade Area and the African Continental Free Trade Area agendas.

A number of specific economic, functional and political challenges have been identified as hindering the alignment, harmonization and implementation processes in each of the three countries.

In Malawi, there are three main challenges: (a) unreliable and erratic energy supply to support large-scale industry, resulting in reduced operational industrial machines, and slow pace of aligning with the two regional industrialization strategies; (b) limited access to business investment loans coupled with political interference in the selection of beneficiaries of small-scale business loans from the National Economic Empowerment Fund Limited<sup>1</sup>; and (c) the Malawi National Industrial Policy (Malawi, Ministry of Industry, Trade and Tourism, 2016a) does not specify growth targets and potential growth paths as stipulated in the regional policies and strategies. In addition, the country has been using their National Industrial Policy for five years, therefore it is imperative that a review should be undertaken and in the process, align it with the regional policies.

The Malawi National Industrial Policy is intended to support the manufacturing sector in areas such as target product clusters, especially leather and leather products, pharmaceuticals and textiles and clothing, all of which have high potential to bring about import substitution, generate significant spillovers and structurally transform the economy.

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<sup>1</sup> The National Economic Empowerment Fund Limited is a government-owned microfinance institution, the mission of which is to economically empower ordinary and underserved Malawian (in particular women, young people and persons with disabilities) through the provision of quality, affordable and sustainable microfinance services for improved livelihoods.

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In Zambia, there are two main challenges: (a) limited foreign currency negatively affects the highly import-dependent domestic industrial production sector, resulting in depressed industrialization, low technology adoption and skills transfer, and subsequently slows harmonization with both the COMESA and SADC industrialization agendas; and (b) fiscal instability underpinned by a huge debt overhang from global financial institutions, international creditors or shrewd but calculative bilateral creditors.

In Zimbabwe, there are three main challenges: (a) political polarization has a direct bearing on the harmonization of key stakeholders driving the country's industrialization agenda – as a result, some stakeholders have been or are being excluded in the process; (b) macroeconomic instability discourages domestic and foreign capital investment and erodes the financial assets of companies, thereby dampening private sector interest to invest in prioritized sectors; and (c) increasing overreliance on “gazetted” statutory instruments to manage or guide the economy including industrialization, undermines awareness-raising, buy-in and collective ownership of the process.

The common challenges identified in the three countries are: (a) weak collaboration across industrialization-oriented ministries, and with industrialization-oriented non-State-actors; (b) weak cooperation among all key stakeholders<sup>2</sup> working on industrialization, leading to low buy-in and ownership by other stakeholders and constituencies; and (c) limited finances that have constrained industrialization through IOPs implementation, and alignment with the aspirations of regional industrialization strategies.

In the light of the above challenges, the following recommendations are presented:

The Government of Malawi should:

- a) Consider a review of their National Industrial Policy to include growth targets and potential

paths to industrialization in line with the regional frameworks and the “*Malawi's Vision: An Inclusively Wealthy and Self-reliant Nation*” (Malawi Vision 2063);

- b) Intensify the mobilization of interested development partners and international investors in the energy and transport infrastructure sectors;
- c) Intensify negotiations on sustainable lines of credit from global financial institutions and other regional and global creditors.

The private sector in Malawi should:

- a) Mobilize domestic and foreign investment finance in the above sectors;
- b) Continue negotiations for better lines of credit from the national, regional and global financial institutions.

The Government of Zambia should:

- c) Sustain negotiations on the lines of credit from global financial institutions and other regional and global creditors;
- d) Carefully balance supporting the generation of foreign currency through industrialization-oriented trade, and debt payment. This calls for sustained “trade-debt” dialogue involving the Government and all relevant stakeholders.

The private sector in Zambia should:

- a) Explore options of borrowing regionally and globally for the sole purpose of importing the inputs necessary to enhance respective industrial production;
- b) Explore the potential for efficiency gains through the reorganization and prioritization of industrial production processes, in order to improve productivity.

The Government of Zimbabwe should:

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<sup>2</sup> Government, private sector, civil society organizations, labour unions, research and tertiary institutions.

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- a) Insist on officials' apolitical professionalism that ensures inclusive consultations, proper coordination and sincere commitment to work with all representatives of non-State actors irrespective of their divergent views;
  - b) Intensify a combination of an inclusive stakeholders' political dialogue, and re-engagement with Western Governments, global financial institutions and other development partners guided by a clear road map and milestones.

The Parliament of Zimbabwe, the private sector and civil society organizations should:

- a) Develop and roll out capacity-build programmes targeting the Members of Parliament in the Portfolio Committee of Trade, Industry and Development through their oversight role on ministerial directives or administrative procedures to ensure inclusive and proper consultations between the Government and key stakeholders in the industrialization cluster, before related statutory instruments are gazetted into law.

The following recommendations are in relation to the challenges identified in all three countries:

- a) All relevant stakeholders should collectively monitor the implementation process with a view to entrench harmonization with both the COMESA and SADC industrialization strategies. The exercise should result in the formulation of clear interventions and strategies with clear targets and well-costed activities, and the formulation of a monitoring and evaluation framework that is based on timelines and log-frame indicators

to assist in aligning national strategies with the COMESA and SADC industrialization strategies;

- b) All relevant government ministries, non-State actors including the business community, labour and research institutions and academia should work in harmony, despite critiquing each other on the process and outcomes of related milestones associated with domesticating the COMESA and SADC industrialization strategies;
- c) Governments should sustain engagement or re-engage with global financial institutions to access lines of credit, thereby strengthening the operations of their respective development finance institutions;
- d) Both development finance institutions and stakeholders of non-State actors should continue lobbying for a friendly political, investment and regulatory environment that attracts domestic and foreign investments particularly packaged to encourage technology and skills transfer in prioritized sectors or clusters.
- e) After contextualizing the continental, regional and national – Malawi, Zambia and Zimbabwe – industrialization agendas, the present study concludes with a discussion on the three countries' progress and lack thereof in aligning their respective IOPSs and legal instruments with both the COMESA and SADC industrialization strategies. The extent of domestication varies across the three member States, due to variable geometry, as countries, while guided by common and harmonized regional principles.

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# I. Introduction

## A. Description of study

In 2015, COMESA adopted its Industrialization Policy (2015–2030) and its Industrial Strategy (2017–2026) in 2017. During that period, SADC developed its Industrialization Strategy and Roadmap (2015–2063) and Action Plan in 2017. These entrenched member States (including Malawi, Zambia and Zimbabwe) on their path towards achieving industrial growth and diversification, to accelerate the promotion of industrialization as a precursor to enhanced and diversified trade.

Malawi, Zambia and Zimbabwe have a number of common systems and similarities that were achieved during the colonial era as part of a political federation that allowed free movement of goods, people and services. The three countries' interrelated regional trade liberalization implementation commitments will potentially allow them to build on their respective achievements under the proposed Tripartite Free Trade Area<sup>3</sup> and the African Continental Free Trade Area.<sup>4</sup> In addition, they have made a commitment to implement "industrialization" under the (yet to be operationalized) Tripartite Free Trade Area, thereby positioning their respective economies well for future industrial development trajectory.

Alignment of the three countries' economies with continental policy frameworks<sup>5</sup> anchors collaboration. Several of their emerging IOPs, however, are neither aligned or synchronized with the regional frameworks, nor are they harmonized with each other despite their expressed commitment for a regional approach to industrialization and value chains development as articulated in the regional industrialization strategies. Given the above, mainstreaming the COMESA and SADC industrialization strategies

into the industrial strategies of the three countries becomes an important issue, not only to the countries – in terms of offering strategic policy recommendations for their respective entry into both the Tripartite Free Trade Area and African Continental Free Trade Area markets – but also to other countries with multiple regional economic community membership.

Malawi, Zambia and Zimbabwe were used for the purposes of the present study, the findings from which reflect the extent, progress and lack thereof of the "alignment, harmonization and implementation" (see chapter IV, section A for the definition of these terms) of their respective IOPs with both the COMESA and SADC industrialization strategies and associated implementation plans. The above three terms are components of the domestication (see chapter III, section A for the definition of "domestication") of the two regional industrialization agendas.

The analysis was undertaken to compare and contrast the three countries' expressed policy intentions through IOPs being implemented, with the industrialization frameworks for COMESA and SADC.

## B. Objectives

The objectives of the present study, as outlined in the terms of reference (see annex I), include the following goals:

- a) Describe the industrial policy frameworks (industrialization strategies and policies and other related frameworks) that exist in Malawi, Zambia and Zimbabwe;
- b) Examine the extent to which these national industrial policies align with or depart from the principles and tenets of the COMESA

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<sup>3</sup> Tripartite Free Trade Area comprises COMESA, the East African Community and SADC.

<sup>4</sup> By 1 February 2020, a total of 54 and 28 States members of the African Union had signed and ratified the Agreement, respectively, which was operationalized on 1 July 2020.

<sup>5</sup> These include the Africa Industrial Development Action Plan, the Africa Mining Vision, the Comprehensive Africa Agriculture Development Programme, and the Programme on Infrastructure Development for Africa.

and SADC industrialization policies and strategies;

- c) Identify and discuss progress in the national efforts to implement activities identified and attributed to them in the two regional policies and strategies;
- d) Identify opportunities and challenges that exist for the realization of inclusive industrialization at the national level;
- e) Provide recommendations to support national processes towards the formulation, harmonization and alignment of national industrialization policies with the SADC and COMESA industrialization policies and strategies;
- f) Propose an implementation framework for the domesticated strategies and policies to anchor industrial development.

regional industrialization agenda was carried out through an analysis of official industrialization-oriented policy frameworks and strategic documents and other sources, including current studies and official websites.

The desktop review covered both the COMESA and SADC industrialization strategies and plans along with previous ECA studies (Economic Commission for Africa, 2020). Using this method provided a summary of the convergence and divergence between the COMESA and SADC industrialization strategies with regard to the three countries' implementation of industrialization-oriented policy frameworks and strategies, covering such areas as industrial development, trade and export strategies, infrastructure, technology and skills development, and legal laws and regulations.

The commitment to domesticate the adopted two regional industrialization policy frameworks and strategies has been expressed through the formulation and implementation of the three countries' respective national IOPs. These official documents (see table 1) were reviewed to assess their expressed intentions to domesticate the two regional industrialization agendas. Areas of similarities and differences were identified including established alignment gaps and implementation progress.

## C. Methodology and deliveries

### 1. Literature review

The methods used for the present study was a combination of primary consultations with stakeholders and a desk review of official documents and relevant literature. An assessment of the domestication of the COMESA and SADC

**Table 1: Reviewed official documents**

Malawi	Malawi National Industrial Policy (2016)
	Malawi National Trade Policy (2016)
	Malawi National Export Strategy (2013–2018)
	Malawi Growth and Development Strategy (2017)
	Malawi Micro, Small and Medium-sized Enterprises Policy (2012–2017)
Zambia	Zambia National Industrial Policy (2018)
	Zambia National Trade Policy (2018)
	Zambia National Export Strategy (2016–2021)
	Zambia National Local Content Strategy (2018–2022)
Zimbabwe	Zimbabwe National Industrial Development Policy (2019–2023)
	Zimbabwe National Trade Policy (2019–2023)
	Zimbabwe National Trade Policy Vision and Export Promotion Strategy (2019)
COMESA	Zimbabwe National Competition Policy (n.d.)
	COMESA Industrialization Policy (2015–2030)
	COMESA Industrialization Strategy (2017–2026)
SADC	Action Plan for the COMESA Industrialization Strategy (2019–2026)
	SADC Industrialization Strategy and Roadmap (2015–2063)
	Action Plan for SADC Industrialization Strategy and Roadmap
	SADC Protocol on Trade
ECA	SADC Protocol on Industry
	Harmonization of regional industrialization strategies and policies in Southern Africa

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## 2. Stakeholders consultations

The present study contains a series of in-depth consultations with stakeholders who have an interest in the domestication of the COMESA and SADC industrialization strategies in the three countries. Broadly, consultations with relevant stakeholders in the Government, quasi-government, private sector bodies, civil society organizations, labour unions and academia were carried out in the three countries. Similarly, at the regional level, consultations were undertaken with the relevant Directorates of both COMESA and SADC secretariats and other development partners who demonstrated an interest in the regional industrialization agenda of member States. For example, the German Agency for International Cooperation officials in Gaborone were consulted, mainly to draw some lessons from related ongoing programmes that currently support the Zambian industrialization agenda. These respondents complemented secondary information and verified the claims of domesticating the two regional industrialization agenda expressed by the respective three countries' IOPs and legal regulations. The list of consulted stakeholders is attached as annex II.

## 3. Study limitations

Notwithstanding the above sources of information, there were limitations to how some of the information was gathered for the present study, mainly owing to the COVID-19 pandemic. As a result, it was not possible to have face-to-face consultations with stakeholders in all three countries. This led to a reliance on

emails and WhatsApp platforms, from which the consultant for the present study could not exhaustively solicit expressed opinions from the study respondents, in terms of a fluid and organic exchange of viewpoints that usually transpires through face-to-face interaction. It was also a challenge to identify and consult with other relevant stakeholders who had previously been omitted from the list because of the lack of publicly recorded participation or activism in industrialization processes of their respective countries.

## 4. Outline of the study

The present study is divided into six other chapters, following the introduction in chapter I. Chapter II sets out the context and background to the study, covering the regional context of industrialization and an economic overview of Malawi, Zambia and Zimbabwe. Chapter III provides a discussion on the domestication of the COMESA and SADC industrialization agendas and a summary of the three countries' IOPs, while chapter IV contains a review on the extent of progress made towards the domestication and implementation of these regional and national policies and strategies, respectively. Chapter V sets out the challenges and opportunities of inclusive industrialization, and chapter VI presents recommendations on the way forward for the three countries, along with a proposal of an implementation framework. The present study concludes with chapter VII, highlighting strategies for accelerating industrialization in the three member States and in the region.



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## II. Background and context

### A. Continental context

The States members of the African Union have shown commitment to industrialization and have taken many initiatives to meet the challenges of development through industrialization. This was envisioned at the tenth ordinary session of the Assembly of the African Union, which was held in Addis Ababa from 31 January to 2 February 2008. During that session, the Heads of State and Government endorsed and adopted the Plan of Action for the Accelerated Industrial Development for Africa and directed the African Union Commission to speedily operationalize it in collaboration with the United Nations Industrial Development Organization, ECA and other development partners. Pursuant to this directive, the African Union Commission, in collaboration with the above partners, developed a strategy for the implementation of the Plan of Action, which contains seven programme clusters<sup>6</sup> to accelerate industrialization in Africa. At the continental level, the African Union, through its strategic programme – the African Union Development Agency – with the support of ECA and the African Development Bank, adopted and implemented specific measures and actions to advance industrial development in Africa. On a regional level, COMESA and SADC serve as the main agents for promoting industrialization in the member States of the region, including Malawi, Zambia and Zimbabwe, by implementing the Action Plan for the Accelerated Industrial Development for Africa initiative through the African Union Southern Africa Regional Office.

### B. Regional context

The industrialization policies and strategies of both COMESA and SADC are intended

to achieve economic growth and economic structural transformation. These industrialization frameworks are considered crucial for the development and diversification of economies, especially manufacturing productive capacity through value addition and strengthening value chains and product expansion leading to economic growth, increased intraregional and global trade, job creation, and poverty alleviation (Southern African Development Community, 2015).

COMESA member States adopted the COMESA Industrial Policy (2015), the COMESA Industrialization Strategy 2017–2026 (2017) and the Costed Action Plan (2019) to promote regional economic transformation, employment creation, and value added products and exports as share of GDP from 9 per cent in 2017 to 29 per cent by 2026; the share of manufacturing to GDP to at least 20 per cent by 2026; and share of intraregional manufactured exports from 7 per cent to 20 per cent by 2026. To ensure their commitment to economic transformation through value chains, priority has since been given to agroprocessing (Malawi), leather and leather products (Zambia and Zimbabwe); textiles and garments (Zambia and Zimbabwe); pharmaceuticals (Malawi and Zambia); light engineering (Zambia) and chemicals and agrochemicals (Zimbabwe) (COMESA, 2014). In addition, COMESA assisted the three member States to develop the requisite industrialization policies in the context of most commonly cited challenges, such as poor-quality infrastructure (especially relating to the high cost of energy), deficit of skills and human capital, high cost of finance (especially for micro-, small, medium-sized enterprises), market access constraints, and an unconducive regulatory and business environment.<sup>7</sup>

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<sup>6</sup> The seven programme clusters are: industrial policy and institutional direction; upgrading production and trade capacities; promotion of infrastructure and energy for industrial development; human resources development for industry; industrial innovation systems, research and development, and technology development; financing and resource mobilization; and sustainable development.

<sup>7</sup> This relates to investment, taxation, property and labour rights, among other things.

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The above challenges have undermined market competitiveness in the three countries, and have compromised their access to quality inputs and services, especially for micro-, small and medium-sized enterprises. Thus, in aligning with the COMESA industrialization agenda, Zambia developed the country's Leather Value Chain strategy.<sup>8</sup> The country also benefited from the regional tool kit on industrialization, which positions its National Industrial Policy (Zambia, 2018) in tandem with the regional industrialization agenda (Woolfrey and Verhaeghe, 2017).

Similarly, SADC member States adopted the SADC Industrialization Strategy and Roadmap (2015–2063) in 2015 and its Action Plan (2015–2030) approved in 2017, to anchor industrial development and to build a diversified, innovative and globally competitive regional industrial base. The SADC Industrialization Strategy and Roadmap is anchored on: industrialization as champion of economic transformation; competitiveness as an instrument of efficiency and new source of wealth creation; and on deepened regional integration. Furthermore, the strategy sets out three potential growth paths: agroprocessing; mineral beneficiation and downstream processing; and pharmaceutical value chains. The mutually supportive and inclusive paths encompass the combination of downstream value addition and backward integration of the upstream provision of inputs, intermediate items and capital goods.

The strategy is an inclusive long-term modernization and economic transformation scheme that enables substantive and sustained raising of living standards, intensifying structural change and engendering a rapid catch up with the SADC countries with industrializing and developed countries (Tralac, 2017). It is aimed at increasing the share of manufacturing value added in GDP to 30 per cent by 2030 and to 40 per cent by 2050, manufactured exports to at least 50 per cent of total exports by 2030,

and the share of industrial employment to 40 per cent of total employment by 2030.

However, as highlighted in the Action Plan (SADC, 2017, p. 3): “There are deep structural fault-lines in the economies of the SADC countries that remain entrenched, characterized by resource dependence, low value addition and low levels of exports of knowledge-intensive products. This is reflected in the low levels of private sector investment into the manufacturing sector of the economy.”

Alignment with the two regional industrialization agendas require national policies that are coherent and supportive of productive and export capacities growth, and that encourages effective participation of member States at relatively higher levels within regional value chains and eventual entry into global value chains. Malawi, Zambia and Zimbabwe have since been participating in a number of programmes, including the development of regional value chains in crops such as wheat, rice, soya and cotton. Although the adopted industrialization policies and strategies underpin growth and development of the manufacturing sector, the continued presence of many physical and soft barriers to investment-led industrialization and trade capacities potentially undermines the competitiveness of prioritized value chains in regional and global markets.

The production structures of the three countries are dominated by primary production, mainly agriculture and mining, the contribution to GDP of which averages close to 50 per cent of the total value of the nationally produced goods and services. Historically, the three economies exported raw or semi-processed agricultural and mineral commodities; now, because of the continued overreliance on agriculture and mineral commodities, their respective industrial production and export capabilities remain weak. Meanwhile, the manufacturing sector has remained relatively undiversified and unchanged over the past decade, resulting in low output that is heavily concentrated on low-technology

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<sup>8</sup> This is being implemented with the support of the Regional Integration Capacity Building project funded by COMESA European Development Fund.

products, including food, beverages, textiles, clothing and footwear.

Between 2016 and 2018, when the countries embraced the regional industrialization agenda, the manufactured value added share to GDP remained below 10 per cent in Malawi and Zambia, and below 13.5 per cent in Zimbabwe (see figure I). This means that the economies suffered, among other things, from a narrow manufacturing base, limited value addition and minerals beneficiation, and weak infrastructure – especially energy, transport and logistics services, and ICT. This also reflects the absence of significant structural transformation leading to low levels of industrial development and diversification, and weak participation in regional and global value chains.

The three economies have a relatively high level of informality and small-sized firms contributing to low levels of productivity and competitiveness, which, in turn, undermine their capacity to innovate and produce goods of a sufficient quality. The COVID-19 pandemic has had a negative impact on the major importers of flue-cured tobacco produced in Malawi and Zimbabwe, namely, China, South Africa and selected European countries. Similarly, the World

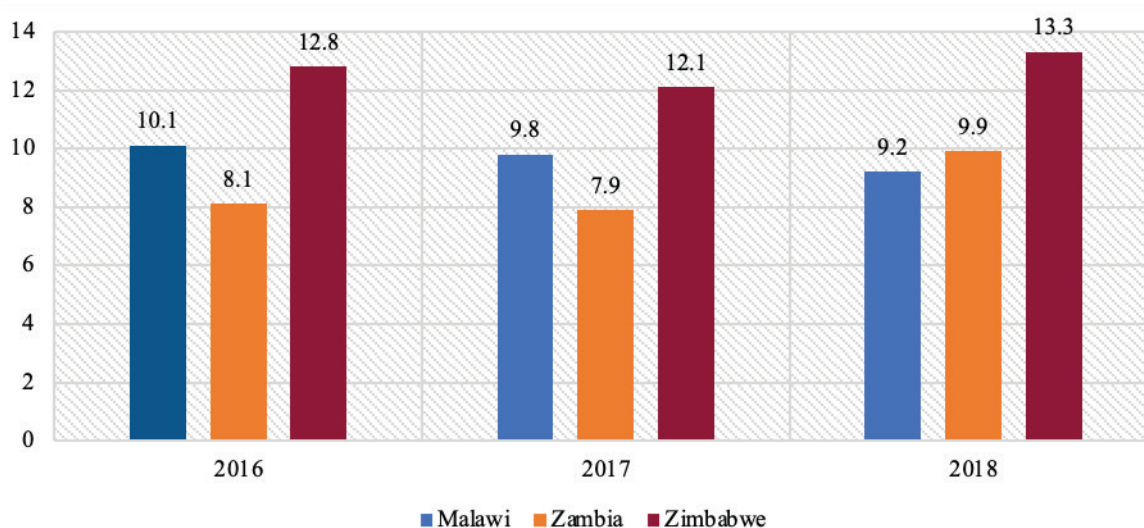
Bank (2020a) estimated 1.0 per cent economic growth in Malawi while Vyas and Amin (2020) report that the International Monetary Fund projected Zambia and Zimbabwe to register negative economic growth of 3.5 per cent and 10.3 per cent, respectively in 2020, owing to the economic slowdown and disruptions in international trade caused by the COVID-19 pandemic.

## C. Economic overview of Malawi, Zambia and Zimbabwe

### 1. Malawi

Agriculture is the dominant economic sector in the Malawian economy comprising of smallholder farmers and large-scale agricultural estates. The country acknowledged in their Micro, Small and Medium Enterprises Policy 2012–2017 that approximately 84 per cent of agricultural value addition comes from approximately two million smallholder farmers,<sup>9</sup> mainly growing maize, burley tobacco, tobacco, cotton and groundnuts, while approximately 30,000 hectares of agricultural estates<sup>10</sup> cultivate tea, flue-cured tobacco, coffee, sugar cane and roughly a third of the country's burley

**Figure I: Share of manufacturing value added to total gross domestic product by countries, 2016–2018** (Percentage)



Source: SADC (2020).

<sup>9</sup> Smallholder farmers owning on average 1–2 hectares of land per farm.

<sup>10</sup> Area under cultivation is 1.1 million hectares, with an average holding of 10–500 hectares.

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tobacco (Malawi, Ministry of Trade and Industry, 2012). The agriculture sector contributed 26.9 per cent of GDP, employing some 64.1 per cent of the total labour force and 58.4 per cent of youth employment, the majority of which were women. Agriculture also accounted for roughly 80 per cent of the country's exports in the fiscal year 2018.

The most important export crop and largest foreign currency earner in Malawi is tobacco, which accounts for 60 per cent of exports. However, heavy reliance on tobacco has placed a heavy burden on the economy, mainly owing to falling world prices and sustained pressure by the international community to limit tobacco production. Malawi also relies heavily on tea, sugar cane and coffee exports, which, together with tobacco, account for more than 90 per cent of the country's export revenue. In 2019, larger manufacturing firms, for example, accounted for 12 per cent and 9.1 per cent to GDP and export earnings, respectively.

The manufacturing sector in Malawi is small, it is on the decline, and it is one of the hardest hit by the COVID-19 pandemic (World Bank, 2020a, p. 12). For example, the contribution of the manufacturing sector to overall GDP stagnated at 9.1 per cent from 2017 to 2020 and was projected to decline to 9.0 per cent in 2021. Similarly, the annual growth rate of the manufacturing sector experienced a steep decline from 5.4 per cent in 2019 to 1.9 per cent in 2020 with a projected rebound to 3.3 per cent in 2021, which is uncertain because of the ravaging second wave of the COVID-19 pandemic.

Results from consultative interviews with leaders of the micro-, small and medium-sized enterprise sector reveal that the formal manufacturing sector is dominated by foreign investors, while many Malawians are in the small and medium-sized enterprises, the micro-, small and medium-sized enterprises and the informal sector. The economy generally suffers from the lack of forward and backward business linkages

involving large firms, enterprises of various sizes and the informal sector. As a result, there is insignificant scaling up of enterprises across the country.

Malawi has few exploitable mineral resources. They include uranium, coal, gemstones, iron ore, rock aggregate and rock phosphate. Other sectors include tourism, retail, transport, education, health services, telecommunications and banking.

The economy depends on substantial inflows of economic assistance from the International Monetary Fund, the World Bank and individual donor nations. It also suffers from a narrow productive base, low investment and a shortage of skills – the narrow industrial productive base is attributable to limited direct support to the productive sectors of the economy with regard to market information, diversification and entry requirements, and protection of infant industries. The Government, working together with strategic stakeholders, is expected to tackle these challenges, but the collaboration has yet to improve the situation and include other non-State actors. The narrow productive base, in the context of entrenched supply-side constraints, undermines the capacity to generate enough output for exports and this creates volatility in export earnings. Furthermore, the narrow export base results in heavy reliance on imported fuel, fertilizer, and most manufactured goods (see table 2). The shortage of technical productive and services skills undermines efforts to attract the resources needed to support industrialization, especially both investment and industry-oriented labour skills.

The country's overall business climate environment<sup>11</sup> continues to reflect an inadequate implementation of initiatives aimed at improving the domestication of the two regional industrialization agendas. Malawi is ranked 109 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings of 2019 (World Bank, 2020b). Other constraints to

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<sup>11</sup> The business climate environment is a key enabler to national policy implementation and the domestication of regional industrialization agendas.

**Table 2: Malawi macroeconomic indicators, 2016–2019**

Indicator	2016	2017	2018	2019
GDP growth (percentage)	2.7	5.2	3.9	5.0
Exports (millions of United States dollars)	750.4	889	873	995.9
tobacco	439.0	499.8	467	461.6
tea	66.2	59.8	87.1	78.5
Imports (millions of United States dollars)	1 453.1	2 549.8	2 684.7	2 885.7
fuel	261.2	115.3	257.5	190.7
fertilizer	123.5	155.2	190.5	210.9
Key selected sectoral GDP growth rates (percentage)				
Agriculture, forestry and fishing	-0.1	6.3	0.3	5.9
Mining and quarrying	0.4	1.6	8.8	7.4
Manufacturing	1.3	1.8	6.8	7.6
Electricity and water	0.1	2.7	8.3	7.9
Construction	3.4	4.8	7.2	7.8

**Source:** Reserve Bank of Malawi (2020).

business development include unreliable electricity supply, inadequate sources of capital and financing, especially for micro-, small and medium-sized enterprises, inadequate transport infrastructure and ancillary logistic services, and uncoordinated sector policy frameworks.

Domestic and regional market access to Malawian products has been undermined by restrictive non-tariff barriers and the lack of certainty regarding both external and internal market access. In particular, import or export controls, restrictive rules of origin, behind-the-border measures (including internal charges and taxes), difficulties and delays caused by authorities in relation to trade procedures, and limited credibility and certainty of market access arrangements continue to undermine the exportable sector. The country acknowledges in its National Trade Policy (Malawi, Ministry of Industry, Trade and Tourism, 2016a), the high cost of entry into domestic and external markets by micro-, small and medium-sized enterprise, and medium-sized enterprise producers and traders. The country also notes slow trade mainstreaming with regard to implementation, including inadequate institutional capacity, and weak coordination and policy coherence, especially in the areas of food security, finance, transport logistics and trade facilitation, trade policy formulation and trade negotiations.

As mentioned earlier, the country's exports are primary or semi-processed products and are largely dominated by tobacco, which accounted for roughly 60 per cent of total exports, followed by mining (11 per cent), sugar (9 per cent), coffee and tea (8 per cent), and oil seeds (7 per cent) in 2019 (World Bank, 2020a). The trade sector has been underperforming, owing to export bans, inadequate infrastructure, and the slow pace of diversification and limited value addition to exportable products.

## 2. Zambia

Zambia is one of the world's most resource-endowed countries with vast mineral resources, extensive arable land and access to more than 35 per cent of the water resources in the Southern African subregion. The country offers significant economic growth opportunities because of these abundant natural resources and because it has access to preferential trading opportunities in regional and international markets. Over the past decades, Zambia has undertaken various policy and structural reforms aimed at creating a favourable environment for the private sector to thrive and subsequently trigger economic growth. The country's major industries are mining, agriculture and construction (see table 3), and include copper mining and processing, construction, emerald mining, beverages, food, textiles, chemicals, fertilizer and horticulture. Meanwhile, mining, agriculture, construction

**Table 3: Zambia macroeconomic indicators, 2016–2019**

Indicator	2016	2017	2018	2019
GDP growth (percentage)	3.8	3.5	3.7	1.4
Exports (millions of United States dollars)	6 372.4	7 999.9	9 034.3	7 047.15
copper	4 399.1	6 118.60	6 658.4	4 994.5
non-traditional export	1 770.2	1 752.8	2 036.1	1 937.4
Imports (millions of United States dollars)	7 289.7	7 988.0	9 466.3	7 180.5
fuel	1 670.8	1 340.7	1 339.6	1 257.2
ores	785.2	1 104.1	1 476.8	358.2
Key selected sectoral GDP growth rates (percentage)				
Agriculture, forestry and fishing	3.7	9.8	-21.2	7.7
Mining and quarrying	7.3	3.0	6.3	-5.1
Manufacturing	1.9	4.4	4.1	2.4
Electricity and water	-8.5	9.9	8.4	-4.6
Construction	10.2	6.4	2.4	-5.0

**Source:** Zambia, Ministry of Finance (2021); Bank of Zambia (2021).

and tourism have been leading areas of growth, and rightly so, expected to result in poverty reduction, job and wealth creation and potentially more equitable distribution of income. Furthermore, agriculture provides livelihoods to more than 60 per cent of the population, while the mining sector remains a significant source of government revenue and formal employment, both directly and indirectly.

The economy of Zambia is mostly dependent on copper exports, which constitute more than 70 per cent of total export earnings. Other mining sources of foreign currency include cobalt and gold. Regrettably, copper and minerals mining have not demonstrated meaningful linkages with the manufacturing sector. This is supported by Hampwaye, Kaleng'a and Siame (2015) who argued that the foreign firms' (registered locally) contribution to the regional and global copper value chains has been quite negligible despite increased foreign direct investment flows into the country. Of the \$1.8 billion annual expenditure on manufactured-related inputs going into the mining supply chain, only approximately \$100 million (6 per cent) was directed to the local manufacturing industry. The rest was imported, with mining firms directly importing \$600 million (33 per cent) and the remainder of \$1.1 billion, representing roughly 61 per cent, being sourced from local traders and agencies<sup>12</sup> of

international companies, including original equipment manufacturers (ibid.).

In the light of the above, the following points are considered:

- Most manufactured inputs that go into the production processes of these sectors were imported, resulting in a high import bill and lower manufacturing sector contribution to GDP;
- The transfer of technology, skills and employment opportunities to the local population remains elusive;
- The level of participation by the local firms and their inputs has been insignificant, notwithstanding the increase in the number of infrastructure projects, especially in the construction sector;
- The absence of business linkages between foreign firms in the growth sectors and local firms, in particular the former's inability to utilize local resources and domestic labour highlight the disconnect between economic growth and poverty reduction in the country;
- Failure to integrate the country's domestic private sector with new foreign investment.

<sup>12</sup> These include micro-, small and medium-sized enterprises, Zambian-owned businesses, and suppliers of a wide range of products.

For example, growth sectors, such as mining, construction, tourism and manufacturing, import almost all their production and processing inputs instead of sourcing locally;

- f. Backward linkages from mining to manufacturing have remained weak despite rising foreign investment into the sector (International Council on Mining and Metals, 2014);
- g. The absence of an enforceable regulatory policy framework to compel foreign companies to procure locally a certain percentage of their respective production inputs (Zambia, Ministry of Commerce, Trade and Industry, 2018c).
- h. The absence of a regulatory framework undermines the integration of locally available primary resources, goods and services in the production processes of large enterprises, and the production methods and processes of foreign investors, with their counterpart in the local economy;
- i. At present, there is no domestic law that compels all leading supermarkets to procure a specified proportion of domestic products. This development undermines the country's efforts to align with the COMESA and SADC

industrialization strategies, given that an estimated 60 per cent of Zambians are living in abject poverty, coupled with consistently very high unemployment levels.

Following the adoption of the COMESA and SADC industrialization strategies, the priority of Zimbabwe has shifted towards non-traditional export products, broadly classified under horticulture, floriculture, wood, textiles, leather and animal products, and handcrafts and garments (see table 3). The prioritization process is being guided by the country's vision of becoming a prosperous middle-income nation in 2030, and by the COMESA and SADC industrialization agenda of diversifying and enhancing market competitiveness. The destination of these products has been the Democratic Republic of the Congo, Egypt, Kenya, Malawi, Namibia, South Africa and Zimbabwe. Thus, the above contribute towards the country's industrial sector expansion, as evidenced by growth in both industrial and agricultural production to complement the main traditional export earner, copper. In addition, non-traditional exports help to create a competitive industry-oriented environment in which the market's invisible hand of demand and supply guide the allocation of resources in the industry and in support of public investment in related industrial sector(s).

**Table 4: Zimbabwe macroeconomic indicators, 2016–2019**

Indicator	2016	2017	2018	2019
GDP growth (percentage)	0.6	4.8	6.3	-6.0
Exports (millions of United States dollars)	4 030.7	4 640.2	5 178.2	5 266.9
gold	913.4	1 074.50	1 245.40	231.6
platinum group metals	781.5	993.8	1 037.30	286.6
Imports (millions of United States dollars)	6 189.3	6 221.3	7 642.2	5 398.4
fuel	1 283.2	1 366.8	1 770.6	328.7
machinery	804.7	892.2	1 026.8	201.6
Key selected sectoral GDP growth rates (percentage)				
Agriculture, forestry and fishing	-3.9	10.0	18.3	-17.8
Mining and quarrying	4.1	3.5	8.7	-12.4
Manufacturing	0.6	1.3	1.3	-8.7
Electricity and water	-1.6	4.0	22.5	-19.2
Construction	1.5	3.9	2.0	-13.9

**Source:** Reserve Bank of Zimbabwe (2019 and 2020); Ministry of Finance and Economic Development (2020).

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### 3. Zimbabwe

Zimbabwe is endowed with a diverse and rich natural resource base with the potential to generate substantial export earnings for the country. The diversified manufacturing, agricultural, mining, tourism and other services sectors possess enough potential to provide the country with the comparative and competitive advantage necessary to sustain economic growth and development. Over the past two decades, the economy has remained a shadow of its past well-diversified manufacturing strengths, and export base with regional and global trade links (Kamidza, 2017). The economy has been highly dependent on the mining sector and few agricultural commodities, while the manufacturing sector fell short of its potential, as evidenced by related contribution to GDP, formal employment and foreign exchange earnings through exports (see table 4).

The country's major export products consist of minerals (gold, nickel, ferrochromium, platinum group metals and industrial diamonds) and agriculture (cane sugar, tobacco and black tea).

In the light of the above, the following points are revealed:

- a) The gradual de-industrialization of the economy since 2000, due to general economic collapse, has had an impact on manufacturing industries, resulting in the closure of a large number of firms across various subsectors, job losses, and the decline in capacity utilization, output and sector contribution to GDP and exports;
- b) Primary commodities which are vulnerable to international price shocks continue to dominate exports as opposed to value added manufactured products and services; while imports are concentrated on manufactured consumer goods and fuels as opposed to capital equipment and inputs in the productive sector;
- c) The nature of, and patterns, trends and developments in industrial and export capacities, prevailing industrial and trade

conditions, and dynamics in economic environment and external trade, all undermine the country's current and future bilateral, regional, continental and multilateral commitments;

- d) Trade performance has fallen short of its potential to propel economic growth and development in Zimbabwe. As a result, the industrial production and export capacities continue struggling to increase valued-added exports; diversify export products and markets; enhance competitiveness of products on the domestic, regional and international markets; and exploit opportunities created by regional trade integration, interim Economic Partnership Agreement and the multilateral trading system.

All of the above justify the efforts made by Zimbabwe to build synergies in transforming the economy's productive sectors towards the production and export of high value added products in order to realize the country's full export potential through the COMESA and SADC industrialization initiatives.

Mureverwi (2016) found that the country's industrial development (industrialization) had not proceeded according to national expectations, owing to several structural challenges such as erratic power supply, inefficient road and railway systems, and clogged supply chain logistics at border posts. Comparably, the Zimbabwe National Trade Policy (2019–2023) sets out some of the country's main challenges, such as unfavourable business environment, high production costs and waning competitiveness, shortage of foreign currency, and limited funding and investment into the sector. These challenges continue to undermine the manufacturing sector's backward, forward and horizontal linkages with other sectors of the economy.

For the Confederation of Zimbabwean Industries (2015), the list of challenges include inconsistent government policies, unclear property rights, country's high risk perception, power shortages, high cost of doing business, low domestic demand, high import volumes,



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inefficient services delivery from government-owned business entities, slowdown in global economy, low agriculture and mineral prices, poor performance in the agricultural sector, liquidity shortages and widening balance of trade deficit as key impediments. Mapuranga (2021) observed the deteriorating government-private sector working relationship resulting in limited sharing of economy or industrialization-related policies or regulatory information, weak coordinated public-private dialogue, poor identification of needs, inappropriately targeted policy instruments, and the absence of self-correction mechanisms. These major challenges potentially undermine the domestication of the regional industrial policies and strategies and

weaken their translation into national industrial development plans, policies and programmes.

Since August 2018, the Government has prioritized short-term demands, including the civil service wage bill, over medium- to long-term infrastructure development, a key supporting pillar of industrialization. Unfortunately, the lack of international financial support frustrated fiscal consolidation efforts, resulting in the adoption of a wage compression policy (Zimbabwe, Ministry of Finance and Economic Development, 2020), in which the salaries of civil servants have been decreasing significantly in real terms. This development planning trajectory reflects an economic management process without a guiding long-term vision (Mureverwi, 2016).

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## III. Alignment and domestication

### A. Introduction

Domestication, for the purposes of the present study, is defined as the action taken by member States to translate agreed regional industrialization policy frameworks and strategies into national constitutional provisions, policies, strategies and other regulatory pronouncements. The extent of domestication varies across member States, owing to variable geometry which factors in national peculiarities while countries are guided by common and harmonized regional principles. Thus, the following sections provide reviews on the national industrialization policy frameworks and strategies of Malawi, Zambia and Zimbabwe, the implementation of which reflect the extent of both implicit and explicit domestication of the regional industrialization frameworks.

### B. Malawi: industrialization policy frameworks and strategies

The implementation of the Malawi National Industrial Policy, the Malawi National Trade Policy, the Malawi National Export Strategy, the Malawi Growth and Development Strategy, and the Malawi Micro, Small and Medium-sized Enterprises Policy coupled with several other national development policies and strategies have all been at the heart of advancing the industrialization agenda.

#### *Malawi National Industrial Policy*

The Malawi National Industrial Policy is aimed at providing support to the manufacturing sector in areas such as target product clusters, especially leather and leather products, pharmaceuticals and textiles and clothing, all of which have the potential to bring about import substitution, generate significant spillovers and to structurally transform the economy. In addition, it is aimed at supporting infrastructure and other important services and ambitiously prioritizing the promotion of value chains to increase exports. The goal is to increase the

proportion of the manufacturing sector's share in GDP through structural transformation of the economy; enhance the provision of appropriate skills and technology; improve business environment for the manufacturing sector, and access to key business services; prioritize the provision of support infrastructure; facilitate the participation of micro-, small and medium-sized enterprises in manufacturing and provide market linkages; redress the environmental and social sustainability concerns of industrialization; and tackle the governance challenge in terms of policy formulation and implementation (Malawi, Ministry of Industry, Trade and Tourism, 2016a).

The National Industrial Policy is aligned with the Malawi Growth and Development Strategy III (2017–2022), which is intended to focus on sustainable comparative and competitive advantage in export cluster development. The Malawi National Export Strategy is aimed at prioritizing the private sector-oriented policies and programmes. The National Industrial Policy is thus in line with both COMESA and the SADC Industrialization policy framework and strategies, which call for the prioritization of growth clusters.

#### *Malawi National Trade Policy*

The Malawi National Trade Policy is intended to help build a robust productive base, generating enough output for the domestic market, and facilitating integration in regional and global markets through value chains. The goal is to create a globally competitive export-oriented economy, generating higher and sustainable livelihoods through trade that recognizes the role of micro-, small and medium-sized enterprises and vulnerable groups. Furthermore, the National Trade Policy provides an assurance of high-level political commitment to ensure consistent, credible, transparent and sustainable implementation and prioritization in ways that avoid the duplication of current initiatives. This guarantees consistency with domestic support

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policies, and transparent and consultative multi-stakeholder<sup>13</sup> implementation. Five priority focus areas are identified – market access (especially non-tariff barriers), business environment, narrow productive base, high entry cost for small scale producers and traders, and implementation gap. The National Trade Policy strategy is intended to enhance the identification, reporting and elimination of domestic trade barriers; generate structural transformation of the productive sector through supporting and managing integration in regional and global markets; promote trade mainstreaming into sectoral plans and budgets including joint setting of priorities with development partners; and secure human resources with legal expertise in international trade and investment. Under the Trade Policy, Malawi can provide confirmation that it has fully implemented customs modernization and co-operation arrangements, and trade facilitation instruments in both COMESA and SADC, a development that should encourage industrial production and the mainstreaming of the two regional industrialization strategies into national strategies (Malawi, Ministry of Industry, Trade and Tourism, 2016b).

The country's Trade Policy is entwined with other industrialization policies and strategies, including both the export strategy and the industrial policy's priorities and implementation structures. The Government is therefore committed to using the current processes, action plans and institutional reforms that are aimed at diversifying the export base and markets of the country's products to improve livelihoods through export-led growth that is inclusive of micro-, small and medium-sized enterprises. Thus, the industrialization-oriented policies are intended to develop a competitive economy, driven by a diversified and strong productive base, promotion of value addition, a conducive business environment, and improved market access.

### **Malawi National Export Strategy**

The Malawi National Export Strategy (2013–2018) provides a road map for Malawi to build its productive base in a manner that drives export growth on a sufficient scale to maintain the level of imports. The goal is to reorganize industries, thereby allowing large businesses, farmers, micro-, small and medium-sized enterprises, the Government and academia to work in harmony and for them to feed into the supply chain of the country's industries. The strategy is intended to prioritize growth clusters in sectors such as manufacturing<sup>14</sup>, agroprocessing<sup>15</sup> and other contributors<sup>16</sup>, which are in line with both the COMESA and SADC industrialization agendas, and to diversify the export base and markets for the economy.

The strategy sets out measures to develop industrial and export capacities that determine the willingness and ability of current and potential exporters and suppliers to exporters to collectively export on the scale expected to satisfy the country's import bill covering both industrial and consumption. As such, a compound annual total exports growth rate of 6 per cent and 12 per cent is envisaged between 2017–2022 and 2022–2027, respectively. The goal is to promote cluster products by supporting the development of the national quality infrastructure, the implementation of the national trade facilitation action plan, and the development and maintenance of a trade portal and commodity price information systems. In this regard, clusters are projected to account for 18 per cent of imports by 2027. The strategy also sets out measures to align educational priorities in technical, entrepreneurial and vocational education and training in all levels with industrial needs and productive base. The goal here is to create a favourable business environment in support of building the country's productive base and capacity, thereby increasing exports while reducing imports in the medium to long term. The strategy is intended to provide crucial support to the country to accomplish

<sup>13</sup> The Government is working closely with all relevant stakeholders including the private sector, civil society, academia and development partners.

<sup>14</sup> Oil seeds, soya, groundnuts, sunflower and cotton.

<sup>15</sup> Sugar cane, dairy, cassava, pigeon peas, rice, maize and wheat.

<sup>16</sup> Mining, tobacco and tea, and tourism.

its desire to transform the economy into the export of high value goods and services, thereby reducing reliance on the export of raw or semi-raw commodities (Malawi, Ministry of Industry and Trade, 2013).

### ***Micro, Small and Medium Enterprises Policy***

The Micro, Small and Medium Enterprises Policy (2012) is intended to create a modern and effective framework to guide the development of profitable, competitive and sustainable micro-, small and medium-sized enterprises in the country; and to contribute to economic growth and development, infrastructure development and poverty alleviation. It is also aimed at promoting indigenous entrepreneurship, absorbing labour, facilitating the transfer of modern technological skills, fostering innovation and enhancing international competitiveness. In this way, the Policy is intended to support the development of a vibrant local entrepreneurial sector, thereby improving the productiveness and competitiveness of micro-, small and medium-sized enterprises; and to enhance the operations of individual micro-, small and medium-sized enterprises, assist priority industries, and improve the operational and regulatory environment of micro-, small and medium-sized enterprises. The centrality of the policy is in creating “an enabling environment that combines minimum regulation with maximum openness and provides equal incentives for all enterprises” (Malawi, Ministry of Industry and Trade, 2012).

### ***Malawi Growth and Development Strategy III***

The Malawi Growth and Development Strategy III (2017–2022) is aligned with the country’s regional,<sup>17</sup> continental<sup>18</sup> and international<sup>19</sup> obligations. The country recognizes that industrialization and the structural transformation of the economy are essential to maintain the rapid long-term economic growth needed to raise per capita income,

create sufficient job opportunities, and increase and widen fiscal revenue base. The strategy is intended to ensure that agricultural production and productivity,<sup>20</sup> and competitiveness sustain the economic growth and development of the country. Most of the key areas<sup>21</sup> are prioritized by COMESA and SADC. Of the key areas, the prioritized sectors include energy, industrial and infrastructure development while addressing challenges relating to water, climate change, and environmental management (Malawi, 2017).

## **C. Zambia: industrialization policy frameworks and strategies**

The industrialization policy framework for Zambia is primarily anchored by the Zambia National Industrial Policy, the Zambia National Trade Policy, the Zambia National Local Content Strategy and the Zambia National Export Strategy, and supported by many other national policies and development strategies.

### ***Zambia National Industrial Policy***

The Zambia National Industrial Policy is intended to bring about an industrialized and competitive country with a diversified, innovative and globally competitive industrial base that contributes to sustainable growth and employment creation by 2027.<sup>22</sup> The goal is to stimulate and encourage value addition activities on primary commodities, thereby increasing national export earnings and creating job opportunities. This will ultimately result in a diversified and competitive industrialized economy, well integrated into the global trading system. Box 1 shows the nine manufacturing subsectors identified as priority drivers of industrialization.

Other key supportive sectors with the potential to facilitate growth and strong linkages in the manufacturing sector and

17 COMESA Treaty (1993) and the SADC Regional Indicative Strategic Development Plan 2020–2030.

18 Agenda 2063: The Africa We Want, of the African Union.

19 Sustainable Development Goals.

20 The policy targeted 56 per cent of the farmers to embrace agricultural technologies by 2020 and 62 per cent by 2022.

21 Agriculture, water development and climate change management; education and skills development; transport and ICT infrastructure; energy, industry and tourism development, and health and population.

22 The Industrial Policy projects a 100 per cent employment growth in the manufacturing sector by 2027.

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with other sectors of the economy, are contained in the Policy. Through this Policy, the Government promises an average increase in manufacturing sector growth and its contribution to GDP of 20 per cent and 15 per cent, respectively, by 2027. Thus, the policy is intended to stimulate investment flows into the export-oriented industrial sector and supportive infrastructure<sup>23</sup> through public-private partnerships; and the innovation and invention of new products through industrial research and development and protection of intellectual property (Zambia, Ministry of Commerce, Trade and Industry, 2018a).

The National Industrial Policy is directly linked and aligned with other national and sector policies to ensure the smooth and coordinated implementation of the agenda to transform the economy in line with the Zambia Vision 2030 (Zambia, 2006). In addition, it concurs with the country's Trade Policy, Export Strategy and its National Local Content Strategy in some aspects of aligning with the COMESA and SADC industrialization strategies.

### ***Zambia National Trade Policy***

The Zambia National Trade Policy is intended to transform the economy from a producer and exporter of primary products into a net exporter of value added goods utilizing local primary resources with increased citizens' participation. The goal is to create a conducive environment that stimulates private sector dynamism, growth and development while asserting the private sector's role in the trade sector, thereby making Zambia a net exporter of value added goods and services through being competitive at the domestic, regional and global levels. The Government, in this Policy, highlights the importance of eliminating barriers to trade, and creating a conducive environment through which the private sector builds the capacity to produce quality goods and services.

In addition, the National Trade Policy is intended to create sustainable jobs and wealth while

supporting Zambians by providing adequate policy space to pursue initiatives that promote growth and development of the productive sector. The Policy provides support to programmes aimed at promoting industrial sector growth and development while taking into account regional commitments; enhancing industrial productive capacities and competitiveness of domestic firms; diversifying production and export markets, thereby reducing overreliance on few commodities and markets; and minimizing anticompetitive practices in the economy, thereby ensuring fair trading practices and protecting the welfare of domestic consumers. The National Industrial Policy complements the Zambia National Trade Policy in prioritizing the diversification of the economy. Furthermore, both policies are intended to fully support the national vision of becoming a prosperous middle-income economy by 2030 (Zambia, Ministry of Commerce, Trade and Industry, 2018b).

### ***Zambia National Local Content Strategy***

The Zambia National Local Content Strategy (2018–2022) is aimed at promoting the utilization of local products and services, and business linkages in growth sectors; creating employment opportunities for Zambians, and sustainable commercial bonds between micro-, small and medium-sized enterprises and large domestic and foreign enterprises; fostering business linkages between local enterprises and transnational corporations; promoting the development of both human and institutional capacity of the domestic private sector through skills and technology transfer from foreign companies; and ensuring sufficient utilization of local resources in the production processes, notwithstanding the lack of specific legislation on local content. Box 2 provides a summary of the strategy's priorities and promises.

Furthermore, the strategy is intended to encourage the mining, construction, tourism and manufacturing sectors to procure a certain percentage of their production and processing inputs locally, thereby reducing the import bill of the same (inputs). This is also meant

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<sup>23</sup> These are transport, communication, energy and education.

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to ensure that the benefits Zambia seeks to achieve from foreign direct investment with regard to improved technology and managerial skills are integrated into the domestic market and distribution networks (Zambia, Ministry of Commerce, Trade and Industry, 2018c).

### ***Zambia National Export Strategy***

The Zambia National Export Strategy (2016–2021) is aimed at, among other objectives, increasing the market share of traditional and non-traditional exportable products in both regional and global markets. This not only promotes the growth and development of the country's export sector, but also brings real and tangible benefits to the Zambian economy. The country's vision, through the strategy, is to bring about a structurally transformed, diversified and competitive export sector that will contribute to the country's socioeconomic development. To achieve this, the country has prioritized the following subsectors in its Export strategy: agroprocessing activities in food; textiles; leather and leather products; wood and wood products; building materials; chemicals and pharmaceuticals; engineering products; and non-metallic minerals and gemstones. Successful implementation of the above requires intrinsic commitment to uphold the policy and regulatory environment, product development, trade support network, market penetration and development, and trade facilitation (Zambia, Ministry of Commerce, Trade and Industry, 2016).

## **D. Zimbabwe: industrialization policy frameworks and strategies**

Underpinned by the Zimbabwe National Industrial Development Policy are the Zimbabwe National Trade Policy, the Zimbabwe National Competition Policy and the Zimbabwe National Trade Vision and Export Promotion Strategy, all of which are supported by many other national policies and development strategies.

### ***Zimbabwe National Industrial Development Policy***

The Zimbabwe National Industrial Development Policy (2019–2023) is aimed at prioritizing the country's participation in regional and global supply value chains, value addition on raw materials and minerals beneficiation. It is also aimed at improving the business operating environment, and the ease of doing business; attracting both domestic and foreign investment into industrial production; mobilizing funding for industrial development; supporting agriculture and mining sectors; facilitating research and development and skills transfer; and ensuring infrastructure development. Box 3 shows a list of prioritized industrial sectors that are targeted in the Policy.

The Policy is intended to anchor the country's industrialization strategy on the development and facilitation of industrial backward, forward and horizontal linkages across the key sectors of the economy, especially agriculture, mining, manufacturing and services. The goal is to emphasize the collaboration between the public sector and the private sector and the improvement in the business environment by redressing challenges undermining industrial growth and development, and export competitiveness; and to promote the development of sustainable, innovative, inclusive and globally competitive industrial and commercial enterprises.

In addition, the Policy is intended to focus on financing for industrial development, local content, innovation and technology, green industrialization, cluster initiatives, micro-, small and medium-sized enterprises, rural industry development, competitiveness, fiscal incentives for manufacturers, conducive investment climate, industrial skills and training, trade policies, infrastructure and utilities, energy, young people and gender mainstreaming, health, and development of the services sector. The Government, through the implementation of the Policy, projects the manufacturing sector to attain annual gross output of at least 1.5 per cent between 2019 and 2023; increase contribution to GDP from 10 per cent in 2014 to at least 18 per cent by 2023; increase capacity utilization from 47.4 per cent in 2016 to at least 80 per

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cent by 2023; increase share of exports from 15 per cent in 2016 to no less than 19 per cent by 2023; and to increase share of employment to 20 per cent by 2023 (Zimbabwe, Ministry of Industry and Commerce, 2019a).

### ***Zimbabwe National Trade Policy***

The Zimbabwe National Trade Policy (2019–2023) is intended to transform Zimbabwe from an exporter of commodities and semi-processed products to an exporter of regionally and internationally competitive high-value products anchored on enhanced industrial and trade capacities of the private sector, including micro-, small and medium-sized enterprises, and export competitiveness as well as the diversification of the economy. In addition, it is aimed at promoting private sector growth and development as measured by the production and distribution of goods and services for the domestic, regional and international markets, thus making trade the driver for sustainable development, employment creation and poverty alleviation. The Policy provides highlights on the joint implementation of regional infrastructure projects and programmes, and the legal and institutional arrangements for regional cooperation which include the establishment of a series of common institutions at the tripartite level supported by the Zimbabwe National Industrial Development Policy and the Zimbabwe National Export Strategy, both of which are intended to revitalize industrialization and to promote exports under bilateral, regional (COMESA and SADC), the African Continental Free Trade Area and the World Trade Organization arrangements, thereby broadening the scope for market access on the basis of reciprocity (Zimbabwe, Ministry of Industry and Commerce (2019b).

### ***Zimbabwe National Competition Policy***

The Zimbabwe National Competition Policy is aimed at promoting the development of a dynamic private sector by redressing prevalent problems associated with the control of mergers and acquisitions, anticompetitive agreements

(cartels) and the misuse of market power (monopolization) in key sectors following the opening up of the economy. It is also aimed at promoting and protecting effective competition in the market and preventing unfair and misleading market conduct throughout the economy, thereby increasing efficiency in the production, distribution and supply of goods and services; and promoting innovation, maximizing the efficient allocation of resources in the production of goods and provision of services in the market, and increasing competitiveness of firms at the marketplace with a view to enhancing the consumer welfare of the citizenry. The Competition Policy is intended to promote the free entry of investors<sup>24</sup> and all firms into the marketplace irrespective of their size in the economy; to attract both domestic and foreign investment flows, innovation and transfer of technology from intellectual property right-holders; and to promote unfettered competition, acceptable and fair business behaviour, practices and conduct.

The Government acknowledges, in both the Competition Policy and the Zimbabwe National Industrial Development Policy, the official mandate of the Competition and Tariff Commission<sup>25</sup> which is to: ensure quality compliance and enforcement of industrial development in the country; prevent and control restrictive practices, regulation of mergers, and monopoly situations; prohibit unfair business and trade practices; and promote and maintain competition. This means that the Zimbabwe Competition Policy and the Competition and Tariff Commission complement each other in support of the country's industrialization agenda. Furthermore, the Government, through its National Industrial Development Policy, recognizes the Competition and Tariff Commission's active membership of the SADC Competition and Consumer Policy and Law

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<sup>24</sup> Both domestic and foreign investment into the productive sectors of the economy.

<sup>25</sup> It is the custodian of the Competition Policy and a watchdog on tariffs and safeguards measures. These aspects have a direct impact on competitiveness and the rules of the game in Zimbabwe.

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Committee, and the African Competition Forum (Competition and Tariff Commission, 2019).

### ***Zimbabwe National Trade Policy Vision and Export Promotion Strategy***

The Zimbabwe National Trade Policy Vision and Export Promotion Strategy 2019–2030 is aimed at creating a transformed, dynamic and internationally competitive economy driven by robust domestic and international trade. Its main thrust is on export development and promotion, and diversification of export products and export markets. As such, the priority is on developing sector-specific export-oriented strategies in order to increase value added exports, diversify export products and markets, and promote free and fair competition in domestic and international trade. Furthermore, it is intended to prioritize sector value chains and cluster development, especially sectors with a high potential competitive advantage in the export market (see box 4), recognizing the mining sector as a key driver to the country's economic turnaround despite a limited regional market of the country's mineral-related products

(Mozambique, South Africa and Zambia). From the list in box 4, COMESA prioritizes horticulture and leather and leather products sectors; and SADC prioritizes textile and clothing, leather and leather products, mineral beneficiation and hides to leather products.

In addition, the Zimbabwe National Trade Policy Vision and Export Promotion Strategy is intended to exploit opportunities created by COMESA and SADC regional trade integration, interim Economic Partnership Agreement regime, the African Continental Free Trade Area<sup>26</sup> and the World Trade Organization Trade Facilitation Agreement.<sup>27</sup> The Export Promotion strategy is intended to assist the country to leapfrog from primary commodity producer to a vibrant exporter of processed goods in both regional (COMESA and SADC) and global markets. As such, the goal is to increase the national export of goods and services from \$4.5 billion in 2018 to \$7 billion in 2023, and \$14 billion by 2030 and the contribution of manufactured exports to total exports from 15 per cent in 2018 to 30 per cent in 2023 (Zimbabwe, Ministry of Foreign Affairs and International Trade, 2019).

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<sup>26</sup> Zimbabwe deposited its instruments of ratification on 24 May 2019.

<sup>27</sup> Zimbabwe ratified on 17 October 2018, and subsequently has developed a National Trade Facilitation Strategy and formed the National Trade Facilitation Committee (German Agency for International Cooperation, 2019, unpublished study).



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## IV. Progress in alignment, harmonization and implementation

### A. Introduction

The following sections contain reviews of the implementation, alignment and harmonization of the national industrialization policies and strategies of Malawi, Zambia and Zimbabwe with the regional industrialization frameworks. In each national case, an attempt has been made to assess as broadly as possible, all policies and strategies that have an impact on industrialization and industrial development. A comparative analysis of the three countries' IOPs to the two regional industrialization strategies is divided into sections, namely industrialization, natural resources, trade, investment, infrastructure, technology enhancement, skills development, and financing sources. To assess progress, the following definitions of key terms are used to guide the present study:

- a) Alignment. Conforming industrialization-oriented legal and policy frameworks, and strategies with the adopted regional industrialization agenda, based on current institutions, systems and procedures. Although alignment differs from country to country, most relevant stakeholders take a particular course of action to refine, clarify and communicate the country's industrialization agenda between or among themselves; and work towards a government-led industrialization process while avoiding duplication of effort(s) and parallel systems;
- b) Harmonization. Coordinating different industrialization-related ministries and relevant stakeholders in the management of related activities, including dialogue structures and mechanisms; and work together to share roles, responsibilities, industrial vision and information, and funding mechanisms to optimize resource allocations. Complementary ability of most relevant stakeholders working on industrialization-related areas in support of the industrialization agenda.

This also means making the regulatory requirements or governmental policies of different jurisdictions identical or at least more similar; achieving together overall strategic objectives by complementing efforts in particular areas; and designing and implementing business processes or standards across different regional countries;

- c) Implementation. Translating IOPs into action programme(s), more often with multiple or conflicting vague goals involving the most relevant stakeholders. This involves three steps – interpretation, organization and application.

### B. Malawi

#### Introduction

An analysis was carried out to compare and contrast the directives of the COMESA and SADC industrialization strategies, with the commitments of Malawi expressed in the five reviewed IOPs (see table 1 in chapter I, section C), which inform the scope of progress and lack thereof, of the alignment, harmonization and implementation processes. In addition, the Government adopted other IOPs, some of which benefited the present study (see annex IV).

#### Extent of alignment and harmonization of industrialization objectives and commitments

Malawi IOPs are intended to increase manufacturing's share of GDP through economic structural transformation, competitive industrial production and export; create a modern and effective framework to guide profitable, competitive and sustainable micro-, small and medium-sized enterprises in the country; and to transform Malawi into a middle-income economy.

Table 5 shows the instruments that are aligned with the COMESA and SADC industrialization strategies.<sup>28</sup> However, stakeholders lament the lack of collective total commitment to implement IOPs, which have the potential to move the country towards harmonization with the regional instruments. Meanwhile, the industrialization goals of the Malawi Vision 2063 (National Planning Commission, 2021) have been designed to be aligned with the COMESA and SADC industrialization strategies, but might not be achieved, owing to weak implementation.

The Malawi National Industrial Policy is somewhat aligned with the SADC Industrialization Strategy

and Roadmap and the COMESA Industrial Policy and Strategy in terms of binding constraints and priority clusters; however, the National Industrial Policy does not provide specific growth targets and potential growth paths as stipulated in the regional policies and strategies.

In addition, given that the National Industrial Policy has been implemented for five years now, it is imperative that a thorough review be undertaken and, in the process align it with regional policies.

Recognizing the alignment and harmonization of the regional instruments with the national

**Table 5: Comparison of the two regional economic communities' industrialization policies and strategies and the industrialization-oriented policies and strategies of Malawi**

COMESA	Industrialization is considered crucial for structural transformation, job creation, poverty alleviation, and value addition on commodity exports which reduces external shocks. The objective is to develop a vibrant and sustainable industrial sector that ensures equitable benefits for all the people of member States in the region.
SADC	Industrialization is deemed central for the diversification of member States economies, the development of productive capacity, job creation, poverty reduction, and for the setting of economies on a more sustainable growth path. The strategy is intended to: Identify areas of cooperation to build a diversified, innovative and globally competitive industrial base; Guide the coordination of complementary policies, activities and processes as well as communicate the region's aspirations.
Malawi IOPs	Malawi National Industrial Policy objectives: to increase industrial productivity and diversification of products and value addition of primary products, and improve the manufacturing sector' operational business environment; prioritize the production and exports of chosen sectors, including oilseeds products, sugar cane and sugar cane products, and manufacturing subsectors (beverages, agroprocessing, plastics, and packaging and assembly); prioritize building the country's productive base that generates sufficient high value added exportable goods and more foreign currency, thereby reducing over reliance on raw or semi-raw commodities; reduce imported input costs of priority clusters and sectors by rationalizing tariffs; facilitate the review of tax regime (to relieve pressure off the few industries carrying the tax-burden – paying taxes) to meet industrial needs; develop industrial sectors to improve revenue collection through taxes; and implement the Industrial Rebate Scheme while avoiding misuse of the facility. Malawi National Trade Policy objectives: support structural transformation of the productive sector; develop value chains for regional and global markets; and provide certainty for traders in the domestic and external. Malawi National Export Strategy objectives: attract investment in supportive economic institutions and organizations to build the productive base for high-value exportable goods leading to sufficient export growth and competitiveness; and to formulate labour and industrial relations policies to recognize predictable industrial shifts that occur in the effort to achieve international competitiveness. Micro, Small and Medium Enterprises Policy for Malawi objectives: promote indigenous entrepreneurship; transfer modern technological skills; and foster innovation and enhance international competitiveness, thereby contributing to economic growth, employment creation and poverty alleviation (especially among women, young people and marginalized groups). Malawi Growth and Development Strategy III (2017–2022) objective: shift the country towards economic transformation, production and competitiveness anchored on sustainable agriculture, energy, industrial and infrastructure development while addressing water, climate change and environmental management challenges.

<sup>28</sup> COMESA and SADC goals are extracted from the ECA study entitled "Harmonization of regional industrialization strategies and policies in Southern Africa" (2020).

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ones in terms of its aims and objectives, the subsections below presents an analysis of the progress made towards the implementation of the policies and strategies and provides some examples to illustrate not only the progress made, but the challenges encountered.

### **Implementation progress and gap analysis of industrialization policies and strategies**

Although industrialization is crucial for economic transformation and competitiveness in the regional, continental and global markets, there was a view from stakeholders consulted that some private sector entities were not reciprocating the Government's commitment and effort. For example, the Government introduced an industrial rebate scheme as a strategy to encourage increased production; however, companies in the cooking oil producing sector, despite having benefited from the rebates, scaled down their operations in protest at the introduction of a 16.5 per cent value added tax on the product. This points to the need for effective public-private dialogue, which should result in improved relationships between the Government and the private sector.

The Malawi Bureau of Standards was recently improved and upgraded to national quality infrastructure status to ensure safety in the consumption of national commodities and products. In this regard, the Bureau has additional capacity with equipment that matches the international standards. As a result, Malawian industrial companies and exporters stopped sending samples to countries such as South Africa, the United Kingdom of Great Britain and Northern Ireland, and others, for tests. This means that companies no longer incur additional cost for doing business. Furthermore, large businesses seeking to supply international markets have since been saving substantial resources to obtain certification from internationally accredited national quality infrastructures and quality assurance bodies.

The horticulture (macadamia and paprika) and fruit (mango, banana and citrus) exporters and sugar cane industries have recently been prioritized and targeted to receive government

support in order to encourage local farmers to participate in the production value chain. In addition, the Government has provided support to the agroprocessing clusters, especially women cooperatives.

The enactment of the Public Procurement and Disposal of Assets law has strengthened the directorate for oversight on public procurement in which all eligible stakeholders take part. The Buy Malawian Campaign initiative is being implemented notwithstanding the overwhelming preference for foreign products by consumers, thereby driving local industries into stiff competition and challenges. Stakeholders confirm the ongoing smuggling of foreign goods into Malawi, especially from Zambia, that flood the local market shelves, thereby negatively affecting local industries and infant firms.

The pharmaceutical industry is anchored to the Central Medical Stores, which obtains supplies from local pharmaceutical companies whenever they have the capacity to produce. But stakeholders argue that the processes have opened up a space for corruption and bribery in which some companies with political connections are favoured. This is evidenced by ongoing investigations by the country's Anti-Corruption Bureau (an independent government body) on alleged irregularities.

While progress has been made towards aligning national IOPs with the regional industrialization agenda, the business operators continue to experience challenges, including insufficient capital formation, especially for the priority clusters and micro-, small and medium-sized enterprises; unreliable energy (electricity) for large-scale industries; and prohibitive transport costs for both micro-, small and medium-sized enterprises and large industries.

### **Extent of alignment, harmonization and commitment on natural resources policies and strategies**

Malawi has few natural resources, including limestone, and unexploited deposits, in particular of uranium, coal and bauxite. The lack of arable land is increasingly straining an agriculture-

**Table 6: Comparison of objectives of the two regional economic communities and the natural resources policies and strategies of Malawi**

COMESA	Promote local content and local sourcing. This requires member States to: Develop policies that increase local content in natural resource-based production and manufacturing; Align local content policies with other economic development policies; Promote consumption of locally manufactured products through applying local content requirements.
SADC	Objectives: highlight natural resource-led growth, including minerals beneficiation and processing, and value chains development that are linked regionally and globally.
Malawi IOPs	Malawi National Industrial Policy objective: encourage affordable business development through the provision of extension services and agricultural technology dissemination in priority clusters and farmer organizations.
	Malawi National Trade Policy objectives: legislate the “warehouse receipt law”, the implementation framework of which promotes commodity exchange systems and encourages farmers and other producers into sustainable and formal market structures; support the national quality infrastructure development, thereby facilitating direct support to priority cluster exporters; undertake reforms that empowers Malawians, including indigenous traders to participate in the public procurement of goods and services through the Buy Malawian Campaign initiative; ensure that local pharmaceutical companies comply with national and regional standards for the production of pharmaceutical products and procure locally manufactured pharmaceutical products through the Buy Malawi Campaign initiative; encourage local pharmaceutical industries to invest in research and innovation initiatives while using local raw materials to manufacture pharmaceutical products; and prohibit the importation of counterfeit pharmaceutical products into the country.
	Malawi National Export Strategy objectives: create a conducive environment for and economic empowerment of micro-, small and medium-sized enterprises, young people, women and farmers; and to develop agricultural policies that builds the sector’s viability and competitiveness, thereby facilitating agri-industrial based linkages.
	Micro, Small and Medium Enterprises Policy objectives: create an enabling environment that provides support to micro-, small and medium-sized enterprises by combining minimum regulation with maximum openness; provide equal incentives to all enterprises; and to improve coherence in policies that measure outcomes and encourage robust monitoring and evaluation.
	Malawi Growth and Development Strategy III (2017–2022) objectives: increase agricultural production, productivity and diversification through strengthening extension and rural advisory services; increase infrastructure investment for large-scale irrigation schemes; and increase sustainable and cost-effective institutional reforms, and innovation systems for research, technology generation, and dissemination.

based economy. While the country has plentiful water resources, its availability in some rural areas remains a challenge.

Table 6 provides a summary comparison of objectives of the two regional industrialization strategies, and the natural resources policies and strategies of Malawi. This is followed by an analysis of the extent of progress made towards the implementation of these instruments.

### Implementation progress and gap analysis of natural resources policies and strategies

Between 2004 and 2010, many large-scale mining ventures commenced operations in the extractive industry<sup>29</sup> with a view to significantly contribute to economic growth and employment creation. This includes the Kayelekera Uranium Mine operated by the Australian company, Paladin Energy Limited, which boosted prospects for high economic returns. Malawi has highlighted in its Growth and Development Strategy III and its National Industrial Policy the

<sup>29</sup> Mostly in northern Malawi, especially in the Rumphi District (Mchenga and Kaziwiziwi coal mines). Other known large-scale mining operation areas are Karonga, Mzimba and Ntcheu (Norwegian Church Aid, Action Aid and Centre for Environmental Policy Advocacy, 2014).

**Table 7: Comparison of objectives of the two regional economic communities and the trade policies and strategies of Malawi**

COMESA	Support intra-COMESA trade facilitation and market access opportunities, specifically by: Strengthening standardization, quality assurance and quality management systems; Increasing the manufacturing base and product diversification; Strengthening value addition and value chains at national and regional levels.
SADC	Emphasize cooperation in order to: Increase intra-SADC trade and market expansion; Diversify the region's manufacturing base through efforts to stimulate and encourage value addition on local primary resources; Promote export diversification of goods and services.
Malawi IOPs	Malawi National Industrial Policy objectives: facilitate micro-, small and medium-sized enterprises' participation in the manufacturing sector, including providing market linkages with large entrepreneurs; tackle market-related issues (through mainly tariff and non-tariff barriers), thereby ensuring that the manufacturing sector has access to negotiated markets (regional, bilateral and multilateral); adopt the Simplified Trade Regime to support the free movement of micro-, small and medium-sized enterprises' products; fully implement the National Quality Policy to facilitate the capacity-building of national quality infrastructure; enhance the transparency and functionality of the Malawi Bureau of Standards by splitting its function into two parts – regulator (facilitator) and enforcer; and establish the industry's specific value chains while encouraging industrial linkages between small and medium-sized enterprises and large industries.
	Malawi National Trade Policy objectives: facilitate cross-border market access opportunities for micro-, small and medium-sized enterprises; develop the economic empowerment bill to meet the challenges of small-scale traders; and implement the National Trade Facilitation Action Plan to improve transit and customs arrangements, and trade infrastructure – transport and standardization, quality assurance, accreditation and metrology – thereby reducing the cost of trading, and to improve the Simplified Trade Regime, business linkage programme and the cross-border traders to support free movement of goods produced by micro-, small and medium-sized enterprises to regional markets.
	Malawi National Export Strategy objectives: prioritize three export-oriented clusters for diversification – oil seed products, <sup>a</sup> a sugar cane products <sup>b</sup> and manufactures; <sup>c</sup> implement trade, tariff and customs policies to stimulate competitiveness and participation of prioritized clusters (tobacco, mining, tourism, tea and services) in regional and global trade; and review and repeal current laws deemed detrimental to current and potential exporters.
	Micro, Small and Medium Enterprises Policy objectives: support priority industries and the development of a vibrant local entrepreneurial sector; improve the operational and regulatory environment, and competitiveness of value chains and micro-, small and medium-sized enterprises; increase production and export capacities of manufactured products by developing industrial linkages between farmers and agroprocessing industries; promote diversification of export goods and services, and dissemination of products and market information; and increase the capacity for standards certification of products and services.
	Malawi Growth and Development Strategy III objectives: undertake mining exploration, extraction and regulation to unleash the sector's potential; increase agriculture market development, agroprocessing and value addition; promote regional and global exports of value added agricultural commodities; develop efficient and inclusive agricultural value chains; support improvement in quality standards and grading systems for all agricultural commodities; and facilitate the creation of new structured markets, especially in oilseeds, sugar cane, livestock, and animal feed and fisheries products.

<sup>a</sup> Cooking oil, soaps, lubricants, paints, varnishes, meals and flours, bio-fuel, animal feed, fertilizer, snacks and confectionery derived from sunflower, groundnuts, soya and cotton.

<sup>b</sup> Sugar, high value sugar through branding, sugar confectionery, sweetener, ethanol, spirits, cane juice, fertilizer, animal feed, electricity and cosmetics.

<sup>c</sup> Beverages; agroprocessing (products include dairy and maize, wheat, horticulture and pulse value addition); plastics and packaging; and assembly.

prominence of the mining sector in the industrialization process, especially with regard to the potential contribution to value chains. The Malawi Minerals and Mining Act (Malawi, 2019) and the Mines and Minerals

Policy of Malawi (Ministry of Mining, 2013) have improved the operating environment in terms of attracting investment, including in downstream value addition of minerals,<sup>30</sup> improving infrastructure support,<sup>31</sup> and

<sup>30</sup> Cutting and polishing of gemstones and production of jewellery.

<sup>31</sup> Transport networks, telecommunications, water supply and electricity.

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guiding and strengthening institutions to manage and coordinate development in the minerals sector. The country considers the natural resources sector a pro-growth and high economic potential area, expected to grow the economy and to meaningfully contribute towards the implementation of the industrialization agenda.

Evidence from the present study, however, shows that there is a mismatch between policy commitment and action, reflecting the weak implementation of IOPSs. The slow implementation of the local mining policy and law is attributable to a number of factors which include: low financing to the Department of Mines; weak coordination between the Department of Mines and the Ministry of Industry, Trade and Tourism; a “business as usual” attitude between the key ministries, departments and agencies; low levels of awareness about the industrialization policy on the part of Department of Mines officials, some of whom claim that they were not adequately consulted during the formulation of the industrialization policy.

Small-scale mining activities are also taking place illegally leading to loss of government revenue. Transparency and accountability in the mining sector have recently been scaled up through the establishment of the Malawi Extractive Industry Transparency Initiative to foster transparency in mining companies and the Government (Malawi Extractive Industry Transparency Initiative, 2019). The Initiative also sets out measures to enhance production and sound management of non-renewable resources through a review of legal and institutional frameworks; enforce legislation on sustainable use and management of mineral resources; improve transparency in revenue from the extractive sector; increase exploration and mining of mineral resources; and enhance participation and regulation of artisanal, small and medium-scale miners. The Minerals and Mining Act of 2019 and the Mines and Minerals Policy of 2013 have improved the operating environment in terms of encouraging both domestic and foreign investment.

Extent of alignment, harmonization and commitment on trade policies and strategies

Table 7 provides a summary comparison of the objectives of COMESA and SADC and the trade policies and strategies of Malawi, followed by an analysis of the progress made towards the implementation of these instruments.

### **Implementation progress and gap analysis of trade policies and strategies**

Although, at present, the ministerial portfolios of trade and industry are split, institutional arrangements foster the linkages in which industrialization first and foremost contributes to the national trade sector. This means that industrialization becomes the main source of traded products and services on the domestic and international market. This calls for adequate consultative engagements with officials responsible for both trade and industry portfolios during the identification and formulation of a policy or intervention strategy within the two sectors. In this regard, the present study records “total indignation” that the country’s current National Industrial Policy was developed in a “less consultative fashion” as it was largely donor driven and centrally managed by a consultant supported by the United Nations Development Programme and other development partners with vested interests in the formulation of the policy.

The Ministry of Trade has established platforms for stakeholders’ participation, especially the private sector and micro-, small and medium-sized enterprises, including cooperatives that jointly take part in specialized multi-stakeholder groups under the Ministry, in addition to participating at national and international trade fairs. However, those interviewed for the present study lamented the low level of market linkages. This is evidenced by both the private sector and government officials who confess that Malawian products are yet to significantly find its way into the international markets. Meanwhile, micro-, small and medium-sized enterprises persistently call for government interventions to facilitate market linkages as one way of offsetting the

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country's chronic negative trade balance and worsening terms of trade.

Malawi has not yet established a database of micro-, small and medium-sized enterprises that participate in the manufacturing subsector because the system is currently under development. Although the country has implemented several projects, including micro-, small and medium-sized enterprises and cooperatives to improve market access for industry, many of these projects are donor driven, such as the foreign-supported International Food Policy Research Institute, which works on maize market access for smallholder farmers.

Malawi has adopted the Simplified Trade Regime, which has only been rolled out comprehensively at the Mchinji-Mwami border between Malawi and Zambia. Authorities confirm that the rest of the borders will be configured into Simplified Trade Regime status when finances become available. Similarly, the National Quality Policy is in the process of being implemented. The Malawi Bureau of Standards is both regulator and enforcer in line with the attendant law.

The value chains are not yet robust enough to anchor and propel full-scale industrialization. The evidence of an example of value chains is found in Castel Malawi Ltd, a beverages manufacturer which uses maize and rice and is now planning to roll out on barley. At each stage of production, Castel creates benefits to growers, millers, and industries in bottle-making and bottle top manufacturing; however, quality and capacity issues are a challenge to the bottle top-making local companies. This implies that real commitment and support to value chains and industrialization policy implementation is critically essential. The Government, therefore, should collaborate with all key stakeholders, including development partners seeking industrialization support, especially of value chains development.

### **Extent of alignment, harmonization and commitment on investment policies and strategies**

The investment agenda in Malawi is institutionalized and driven largely by the Malawi Investment and Trade Centre, which is not completely autonomous as it operates under the policy and technical directions of the Ministry of Trade. In terms of policy linkages and participation, the Centre was actively involved in the formulation of the Malawi National Industrial Policy through participation in validation meetings relating to the policy. In addition, the Centre works closely with the Ministry of Agriculture, especially in areas such as agroprocessing and on joint attraction of investors in the agro-industry subsector. Similarly, the Centre has linkages with land policyholders, the Ministry of Lands, which facilitates access to land for industrial investment purposes such as export processing zones and special economic zones, although the land allocation process is yet to roll out on a more robust and significant scale. The Centre also works in close collaboration with the Ministry of Environment, the Ministry of Justice (to manage legal matters that often arise in investment processes and registration of investment through the Government Registrar General), and the Department of Immigration (to process visas and work permits for foreign workers).

The Malawi Investment and Trade Centre, however, faces constraints which negatively undermine industrialization in the country. These include the use of outdated laws and policies by some stakeholders which are not in tune with modern demands of industrialization and investment requirements. For example, mining laws under the **Mines and Minerals Act of 1981**, were only repealed in 2019. The Centre is advocating the harmonization of local laws and policies. In addition, it actively engages with SADC and COMESA in which a representative of the Centre sits on one of the high-level boards of COMESA. However, nationally, there are episodes of clashing interests especially between the Government and private companies (those who push for maximization of profit interests).

**Table 8: Comparison of objectives of the two regional economic communities and the investment policies and strategies of Malawi**

COMESA	Emphasize the importance of improving the business climate in member States in the region by: <ul style="list-style-type: none"> <li>a. Reducing or eliminating regulations which impede investment flows and opening up investment regimes;</li> <li>b. Eliminating investment barriers;</li> <li>c. Promoting investment in green technologies.</li> </ul>
SADC	Highlight the need for investment in all areas. This requires member States to: <ul style="list-style-type: none"> <li>a. Stimulate investment flows into productive sectors with comparative advantage as a strategy for acquiring modern technology to support value addition, innovation and technology transfer;</li> <li>b. Encourage regional public and private investment in infrastructure development and services.</li> </ul>
Malawi IOPs	Malawi National Industrial Policy objectives: enact a special economic zone act; review the Export Processing Zone Act of Parliament No. 11 of 1995, with a view to promoting the development of industrial parks, export processing zones and special economic zones in designated areas; and to streamline procedures for land allocation to potential investors for construction of factories through fast-tracking the enactment and operationalization of the amendments to land legislation, including automated Lands Registry, and Land Information Management System Project.
	Malawi National Trade Policy objectives: facilitate the development of a targeted and predictable investment framework to improve alignment of trade policy and trade-related policies; and to identify, report and eliminate external and domestic trade policy barriers such as non-tariff barriers and tariff barriers.
	Micro, Small and Medium Enterprises Policy objective: develop a coherent, integrated and practical framework to guide stakeholder engagement on micro-, small and medium-sized enterprise development with regard to laws and regulations and investment barriers in Malawi.
	Malawi Growth and Development Strategy III objectives: increase private sector investment in the operation and management of transport infrastructure; improve the environment for investment and private sector development by redressing barriers to investment for both local and foreign investment; broaden the one-stop centre initiative; establish special economic zones and business sourcing initiatives; reform the regulatory framework; create a platform to connect stakeholders with regard to market access and competitiveness; and provide rational incentives throughout the supply chain.

Table 8 provides a summary comparison of the objectives of COMESA and SADC and the investment policies and strategies of Malawi, followed by an analysis of the extent of progress made towards the implementation of these instruments.

**Implementation progress and gap analysis of investment policies and strategies**

A special economic zones act is still in a draft form. Even though 14 export processing zones have been established, some respondents argue that the idea of establishing special economic zones remains only on paper as there is no visible progress on developing the requisite infrastructure. Results from the present study could not establish the number of non-tariff barriers and tariff barriers that were removed.

Malawi has developed a policy framework for stakeholder engagement on micro-, small and medium-sized enterprise development. In this regard, some stakeholders feel that much of the engagement is out of tradition and long-standing practice. There is also the proliferation of local and international contractors working on road and bridge construction and airport projects. Although the Malawi Investment and Trade Centre established a one-stop centre to lure the much-needed investment into the country, the country’s unreliable water and electricity (energy), and high transport costs remain the main constraints to doing business in Malawi. The gaps are significantly huge, and total collective government-private sector commitment is essential to support domestication of the regional industrialization agenda. In this regard, the Government continues to facilitate the ease of doing business criteria while the private sector



mobilizes investment resources to support chosen industrial subsectors.

### Extent of alignment, harmonization and commitment on infrastructure policies and strategies

Transport infrastructure in Malawi is old, dilapidated and insufficient, notwithstanding that it is a precursor for industrialization. The Ministry of Transport and Infrastructure and Development moves the transportation agenda forward and coordinates relevant stakeholders, especially private sector companies, including a

litany of contractors involved in the construction and maintenance of roads, bridges, railways, seaports and airports. The respondents confirm that a number of infrastructure projects are currently being implemented, such as the expansion and modernization of airports, and the expansion of selected city roads to dual carriage-way status. Some respondents, however, blame the Government's "stuck policies" – a phenomenon in which development plans to construct and rehabilitate key transport infrastructure are announced year-in-year-out without translating into meaningful progress.

**Table 9: Comparison of objectives of the two regional economic communities and the infrastructure policies and strategies of Malawi**

COMESA	Objective: emphasize the importance of industrialization enablers, namely, transport, energy, water, and information and communications technology. This lowers the cost of doing business and increases industrial competitiveness.
SADC	The regional economic community acknowledges, in its Regional Infrastructure Development Master Plan (2012), the following points: Continued growth will, to a large extent, depend on the diversification, greater beneficiation and value addition of commodities, which will, in turn, create local employment; There is a critical requirement for improved intraregional distribution networks, strengthened institutional capacity to attract sustained capital and increased domestic savings and investment; In addition, it acknowledges that efficient, integrated, cost-effective infrastructure is a prerequisite for harnessing opportunities in the global economy.
Malawi IOPs	Malawi National Industrial Policy objectives: improve manufacturing companies and micro-, small and medium-sized enterprises' access to technology and extension services; increase investment in road transport operations by using a time-bound approach that sets clear targets for identifying selected internal routes; encourage utilization of the Nacala railway line to transport imports and exports, and to develop a water transport system operating on Shire Zambezi Waterway and Lake Malawi, thereby promoting competition among transport modes and reducing costs; develop an effective regulatory framework to encourage independent power providers; and pursue initiatives to import electricity from the region to meet local demand.
	Malawi National Trade Policy objective: reduce the cost of doing business and trading by facilitating investment and provision of a more secure investment framework, and eliminating or reducing tariffs on imported inputs of both goods and services.
	Malawi National Export Strategy objective: develop and implement transport policies that support priority clusters' development, infrastructure policies (including policies that cover the rail system and the improvement of rural feeder roads) and infrastructure programmes on provision of energy, water and irrigation.
	Micro, Small and Medium Enterprises Policy objective: support micro-, small and medium-sized enterprises, and strengthen business-related infrastructure.
	Malawi Growth and Development Strategy III objectives: enhance integrated water resources management at all levels; improve access to sustainable energy supply by constructing additional hydropower stations along major rivers, and promoting private sector investment in energy generation and distribution through public-private partnerships and independent power producers; improve access to affordable alternative sources of energy; develop ICT broadband infrastructure service provision; increase the pool of ICT skilled and industry-ready workforce in public and private sector institutions; improve transport reliability, levels of service and efficiency; increase private sector investment in the operation and management of transport infrastructure; enhance access to local and international markets; and develop transport corridors to improve competitiveness of Malawian goods and services on the regional and international markets.

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Little action and slow progress has consistently been recorded each year.

Malawi has taken a bold step through the formulation and adoption of the National Transport Master Plan, 2017–2037 (Malawi, Ministry of Transport and Public Works, 2017), which stakeholders say is poised to ensure that transport becomes a critical enabler of trade and a facilitator of industrialization through the movement of industrial goods. In addition, as a land-linked country, Malawi must work around transport corridors with its neighbours to improve the prevailing condition of the transport corridors. Using the National Transport Master Plan, the Ministry of Transport and Public Works is now shifting its focus from investing in road infrastructure, to railway construction. Such a development has the potential to improve harmonization of industrial linkages with the SADC and COMESA agendas. The goal for Malawi is to bring down the cost of transport to doing business. Results from the present study reveal that the private sector laments the prevailing high cost of transport, as a serious bottleneck to meaningful industrialization.

Table 9 provides a summary comparison of the objectives of COMESA and SADC and the infrastructure policies and strategies of Malawi, followed by an analysis of the extent of progress made towards the implementation of these instruments.

### **Implementation progress and gap analysis of infrastructure policies and strategies**

The pace of manufacturing companies and micro-, small and medium-sized enterprises attaining access to technology and extension services is very slow, owing to the associated cost. The respondents have not noticed an improvement in the road transport system. The Nacala railway line needs urgent attention in order to improve its quality service and linkage with the Mozambique ports. Furthermore, the Shire Zambezi Waterway is not yet fully developed and is almost abandoned. All of the above challenges undermine the country's effort towards achieving industrialization, especially the transportation of industrial production

inputs, and distribution of goods. Meanwhile, the Ministry of Transport has developed regulations to improve the transportation system in the country, but the success of this strategy relies on deepening coordination among the key government departments responsible for improving transport infrastructure which is central to industrialization.

In addition, Malawi has put initiatives in place to import electricity from the region, in particular the Southern African Power Pool, Mozambique and Zambia in order to ensure the availability of electricity for industrial and home consumption. In recent years, the country has constructed two hydropower stations along major rivers – Ruo-Ndiza and Kapichira Falls – along Ndiza and Shire Rivers, respectively. While there is no evidence of rehabilitating hydropower stations, the respondents confirm improved public-private partnership investment in power producers, and improved access to affordable alternative sources of energy.

The integration of water resources management at all levels is still inadequate, while water for industrial use remains a challenge owing to erratic supply. At present, the support infrastructure to micro-, small and medium-sized enterprises has not been adequately strengthened.

Stakeholders should intensify their support for skills development and construction of infrastructure. Already, the rolling out of ICT broadband infrastructure service provision is under way. Commitment is required by relevant stakeholders to improve the railway system, which is no longer vibrant, and to modernize the water system and national airports. The Government should collaborate with both local and international investors, including companies that are interested in investing in transport infrastructure.

### **Extent of alignment, harmonization and commitment on technology enhancements policies and strategies**

Malawi is said to be on track with technology uptake, especially on use of ICT. The country has made ICT a key pillar in the Malawi Growth

and Development Strategy III. In addition, the National Planning Commission has embraced ICT as a key pillar in the development of the Malawi Vision 2063. The country has recently reviewed its ICT policy, regarding it as a cross-cutting theme and a crucial enabler to industrialization – ICT is now considered as an industry by itself. The Government has fast tracked the institutionalization of the e-government process, including the establishment of a fully-fledged e-government department. The country's

industrialization is poised to benefit from the installation of fibre-optic cables.

Table 10 provides a summary comparison of the objectives of COMESA and SADC and the technology policies and strategies of Malawi, followed by an analysis of the extent of progress made towards the implementation of these instruments.

**Table 10: Comparison of objectives of the two regional economic communities and the technology enhancement policies and strategies of Malawi**

COMESA	<p>Regional objectives:</p> <ul style="list-style-type: none"> <li>a. To prioritize the formulation of supportive science, technology and innovation policies that are integrated into industrial development and national development plans;</li> <li>b. Member States to increase their spending on science, technology and innovation to at least 3 per cent of their national budgets;</li> <li>c. To identify funding agencies that have dedicated finance for both public and private research and development and innovation activities;</li> <li>d. To forge linkages with global manufacturers of equipment and machinery for technological and skills transfer at concessional rates.</li> </ul>
SADC	<p>Regional objectives:</p> <ul style="list-style-type: none"> <li>a. To advocate the establishment of an improved regulatory environment while encouraging community participation in ICT;</li> <li>b. To highlight the importance of technological infrastructure to advance the sector;</li> <li>c. To note the importance of serving the rural and remote areas, underprivileged urban areas, institutions of learning, and other communities of special benefit when deploying infrastructure.</li> </ul>
Malawi IOPSS	<p>Malawi National Industrial Policy objectives: promote innovation and technology transfer through intellectual property rights; build the capacity of industrial technology research institutions by ensuring that the tax policy incentivizes investment in improved technology in all productive and enabling sectors; facilitate micro-, small and medium enterprise manufacturing access to technology for priority clusters; and help with business linkages that result in technology transfer and competitive market entry.</p>
	<p>Malawi Export Strategy objective: provide technical support policies and encourage technology transfer, research and development, and technical training, thereby improving the quality of export products.</p>
	<p>Micro, Small and Medium Enterprise Policy objective: prioritize activities such as skills, information and technology transfer.</p>
	<p>Malawi National Trade Policy, Malawi National Export Strategy and Malawi Growth and Development Strategy III provide no notable indicators.</p>

### Implementation progress and gap analysis on technology enhancements policies and strategies

The relatively high cost of the Internet, compared with other SADC and COMESA countries, along with having low access to computers, intermittent supply of electricity, and having limited access to modern ICT facilities and computer-based technologies have been identified as the key ICT-related constraints for micro-, small and medium-sized enterprises and local cooperatives. Furthermore, the operations of the e-government department are

inadequately funded. The variances in access to ICT between small industries and large-scale industries could lead to unfair competition and the stifling of small and medium-sized enterprises and local industries.

The Malawi National Industrial Research Institute provides capacity-building support to industry. The Government has also been providing incentives through the Malawi Revenue Authority, which, for example, recently gave a tax compliance window to allow those with tax arrears to openly declare them without a penalty. However, the pace of absorbing

technology, due to a lack of funding, remains slow, and the cost of technology and slow technology skills transfer is a challenge to businesses. Notwithstanding limited funding, the Small and Medium Enterprises Development Institute provides training to micro-, small and medium-sized enterprises and cooperatives, therefore, capacity training in ICT and research and development is expected to take place. It is important for all relevant stakeholders to collaborate in all areas that support technological and infrastructure development.

### Extent of alignment, harmonization and commitment on skills development policies and strategies

While there are inadequate skills in the country, programmes for skills development are under design. Skills development is essential for industrialization. The installation of fibre-optic cables is certainly going to trigger an upsurge in the number of ICT skills development centres and training institutions in the country. These include technical colleges (private and public), and institutions of higher education, namely, the University of Malawi and the Malawi University of Science and Technology.

Table 11 provides a summary comparison of the objectives of COMESA and SADC and the skills development policies and strategies of Malawi,

**Table 11: Comparison of objectives of the two regional economic communities and the skills development policies and strategies of Malawi**

COMESA	Regional objectives: a. To step up national investment in science, engineering and entrepreneur skills training; b. To strengthen national and regional human and institutional capacities.
SADC	Regional objectives: a. To strengthen research and development, technology and innovation capabilities and skills; b. To upgrade technical and vocational skills, thereby bridging the gap in the science, technology, engineering and mathematics curriculum; c. To identify and strengthen regional centres of excellence; d. To facilitate the movement of skills within the region; e. To promote mutual recognition of skills across the region.
Malawi IOPs	Malawi National Industrial Policy objectives: enhance the provision of appropriate skills and technology; improve the productivity and skills base of the labour force by, among other things, establishing the link between demand and supply of skills, using an effective labour marketing information system; provide a framework to incentivize employers to train employees; develop and implement a National Competencies and Skills Plan to redress the disconnect between the demand and supply of skills in the country; develop a skilled and productive workforce by improving qualitative throughput of secondary education, the technical, entrepreneurial and vocational education and training, vocational and other training institutions for the needs of the sectors or clusters; develop a framework that incentivizes research and development through, among others, the coordination of the private sector and micro-, small and medium-sized enterprises support programmes; and encourage the development and delivery of pharmaceutical courses at institutions of higher learning.
	Malawi National Trade Policy objectives: enforce skills transfer within the national investment frameworks; and reduce barriers to the movement of service providers and high-skilled immigrants.
	Malawi National Export Strategy objectives: invest significantly in competencies, skills and knowledge, which are the foundation of the country's productive base and export capacity; and ensure that education and training policy generates the competencies, skills and knowledge required by the productive sectors and key enabling sectors such as energy and finance.
	Micro, Small and Medium Enterprises Policy objectives: reduce illiteracy among adults for effective participation in socioeconomic development; establish a clear link between formal education and other economic activities, and more literacy centres that are accessible to both male and female learners; improve access and equity in training skills development and increase training centres for skills development in the artisanal, technical and professional fields; and improve productivity quality of labour force.
	Malawi Growth and Development Strategy III objective: acknowledge education and skills development as a strategic sector.

followed by an analysis of the extent of progress made towards the implementation of these instruments.

### Implementation progress and gap analysis of skills development policies and strategies

Some respondents confirm that the provision of appropriate skills and technology has improved largely because skills development institutions are in place. However, others believe that the institutions generally lack competent staff with the skills and equipment required to deliver high-level capacity-building and training.

The establishment of both private and public training centres and specialized institutions of higher education such as the Malawi University of Science and Technology and the Agriculture Policy Research Unit under the Lilongwe University of Agriculture and Natural Resources, is expected to improve labour-force productivity. Other training institutions are the Malawi College of Health Sciences, Kamuzu College of Nursing (University of Malawi) and the Malawi College of Medicine. Private academic institutions also offer pharmaceutical training courses. The archaic “labour office” system in the country, however, affects the labour marketing information system, labour mobility and the implementation of the National

Competencies and Skills Plan, which undermine labour-productivity- induced industrialization.

Similarly, respondents note improvement in the delivery of secondary education, technical and vocational education and training, and other training institutions, which is expected to support industrialization. Technical and vocational education and training is known for providing workplace safety and security training, and for allowing their staff to attend refresher trainings and courses.

### Extent of alignment, harmonization and commitment on financing

Funding or finances stand out as a major constraint to the domestication of the COMESA and SADC industrialization strategies. It is in this context that COMESA and SADC have already identified funding sources (see table 12). The table 12 also reveals the funding sources of IOPs and their subsequent implementation progress thus far.

Results from the present study reveal that the annual funding levels of ministries, departments and agencies have always been perpetually low. Equally, low funding levels have been ascribed to the Ministry of Industry (the policyholder), the Ministry of Trade, the Department of

**Table 12: Comparison of the two regional economic communities and Malawi on financing sources**

COMESA	Primary funding sources include the following: a. International development partners; b. Investments by COMESA member States; c. Diaspora remittances; d. Regional and national financial institutions; e. Public-private-partnerships.
SADC	Primary source: public expenditure.
	Malawi National Export Strategy: prioritizes fiscal allocation of public-sector investment resources in support of the productive economy; and implementation of the financial sector development policy, ensuring that micro-, small and medium-sized enterprises, large businesses, smallholder farmers, cooperatives, youth entrepreneurs and women’s groups all have affordable access to finance.
	Malawi Micro, Small and Medium Enterprises Policy: establishes and manages national Innovation Challenge Fund that provides grants to firms on a competitive basis to build linkages, enhance competitiveness and benefit micro-, small and medium-sized enterprises; to align resources with the implementation of sectoral or national strategies; implement sectoral or national strategies that are aligned with private sector activities; and increase access to credit or finance.
	Malawi Growth and Development Strategy III: mobilizes sufficient domestic resources and allocates fiscal resources to support the implementation processes; funds the gap with other stakeholders’ resources; and ensures that activities are aligned with national development strategy.

Mines, and the Ministry of Local Government, especially the Department of Rural Development responsible for cooperatives. Low funding has been undermining the implementation of the National Transport Master Plan in the Ministry of Transport and Infrastructure Development.

Access to industrial financing remains a challenge, especially to micro-, small and medium-sized enterprises. Results from the present study reveal that these enterprises experience difficulties in gaining access to business investment loans and that small-scale business loans are often compromised by local politics with regard to the selection of beneficiaries, leading to inefficiencies in the allocation of available finances – more often, the outcome reflects mistargeting. This means that, for large-scale industries, having access to financing is at the expense of micro-, small and medium-sized enterprise industries. This is detrimental to equitable development and economic empowerment. The above means that the financial support has been low, hence, the key government ministries, departments and agencies' struggle to support the implementation of IOPs.

### Implementation progress and gap analysis of financing

Evidence from the present study shows that the mobilization of resources to support the

implementation of IOPs has been through the financial system such as national banks, and other global financial institutions (the World Bank and the African Development Bank) and development partners.<sup>32</sup> Notwithstanding the above non-governmental funding support, the pace and spread of implementing IOPs remains generally weak, a development that suggests that the mobilization of resources might have been targeted for other government needs rather than the implementation of IOPs. What remains more realistic, though, are the annual fiscal allocations to all ministries, departments and agencies, albeit small amounts, that are commensurate with the implementation of IOPs thus far, which mirror progress in aligning with the two regional industrialization strategies. This industrialization variable demands proper coordination across ministries, and with all relevant stakeholders such as the private sector, civil society organizations and development partners.

## C. Zambia

### Introduction

An analysis was carried out to compare and contrast the directives of the COMESA and SADC industrialization strategy, with the intentions of Zambia expressed through the

**Table 13: Comparison of objectives of the two regional economic communities' industrialization strategies and the industrialization-oriented policies and strategies of Zambia**

COMESA	Regional objective: develop a vibrant and sustainable industrial sector that ensures equitable benefits for all the people of member States in the region.
SADC	Regional objectives: identify areas of cooperation to build a diversified, innovative and globally competitive industrial base; and to guide the coordination of complementary policies, activities and processes as well as communicate the region's aspirations.
Zambia IOPS	Zambia National Industrial Policy objective: transform the economy from a producer and exporter of primary products into a net exporter of value added goods by utilizing local primary resources.
	Zambia National Trade Policy objective: pursue production and export capacities, and economic diversification and market competitiveness.
	Zambia National Export Strategy objective: promote the production and export of the country's traditional and non-traditional goods in both regional and global markets.
	The Zambia National Local Content Strategy is intended to promote the growth and development of business linkages between micro-, small and medium-sized enterprises and large enterprises, and foreign companies and the local economy in growth sectors.

<sup>32</sup> German Agency for International Cooperation, the United States Agency for International Development, UKAid, the European Union and ChinaAid.

four reviewed IOPs (see chapter I, section C, table 1), which inform the scope of progress, or lack thereof, of the alignment, harmonization and implementation process. The Government of Zambia also adopted other industrialization-related policy and legal frameworks, some of which benefited the present study (see annex IV).

### Extent of alignment and harmonization of industrialization objectives and commitments

Table 13 shows the aims and objectives of the COMESA and SADC industrialization strategies. In response, the overall aims and objectives of Zambia is to transform the economy from a producer and exporter of primary products to a net exporter of diversified value added goods; and to promote competitive industrial production and export of non-traditional products. As table 13 reveals, the COMESA and

SADC industrialization strategy goals converge, and Zambia is harmonizing them with their own policies and strategies and with the same level of effort.

Extent of alignment, harmonization and commitments on industrialization policies and strategies

The country's IOPs ensure that the implementation of the national industrialization agenda coincides with the domestication of the COMESA and SADC industrialization strategies. In this regard, Zambia has since prioritized value chains development (leather, textiles, aqua-culture, rice, pineapples, cashew nuts and cassava), and minerals beneficiation (gemstones, copper, and gold panning). The country's interests in value chains proceeded the alignment with the industrialization agenda of the two regional economic communities. For example,

**Table 14: Comparison of the objectives of the two regional economic communities and the industrialization policies and strategies of Zambia**

COMESA	Industrialization is considered crucial for structural transformation, job creation, poverty alleviation, and value addition on commodity exports which reduces external shocks.
SADC	Industrialization is central for the diversification of member States' economies, the development of productive capacity, job creation, poverty reduction, and the setting of economies on a more sustainable growth path.
Zambia IOPs	Zambia National Industrial Policy objectives: transform the economy to be diversified, competitive, industrialized and well-integrated into regional and global trading system; identify and prioritize manufacturing subsectors as accelerators of industrialization; and stimulate and encourage value addition activities on primary commodities to increase export earnings, create job opportunities and alleviate poverty.
	Zambia National Export Strategy objectives: diversify and enhance the range of value additions and exportable products; enhance investment in seed production to support agroprocessing value chains and value addition growths; and modernize and commercialize export production growth, diversify subsectors products and export markets, encourage value additions and exports of non-metallic minerals, precious metals and gemstones.
	Zambia National Local Content Strategy objectives: promote micro-, small and medium-sized enterprises – large enterprises commercial bonds, and local enterprises – transnational corporations business linkages to spur industrialization, diversification and competitiveness of local firms; integrate technology and managerial skills into domestic markets, distribution networks, and business linkages in growth sectors to stimulate industrialization and economic diversification; integrate domestic small and medium-sized enterprises into foreign enterprises to strengthen their participation in domestic private sector development; enforce the Employment Code Act (2019) in which skills are available on companies covered by investment promotion and protection agreements employment schedules to create employment for Zambian citizens; and enforce the Public Procurement Act (2009) through targeted public and private procurement from micro-, small and medium-sized enterprises.
	The Zambia National Trade Policy provides no notable indicators.

<sup>a</sup> These are processed foods; textiles and garments; engineering products; wood and wood products; leather and leather products; mineral (metallic and non-metallic) processing and products (beneficiation); pharmaceuticals; and blue economy.

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since 2013, the country has been implementing the Value Chain Development Programme<sup>33</sup> of the Citizens Economic Empowerment Commission, which established the manufacturing plants in various provinces, and constructed Industrial Yards in all provinces, except Muchinga Province, and Central and Southern Provinces. Through COMESA support, Zambia established leather and textile clusters in the Copperbelt and Lusaka Provinces; purchased and installed machinery and equipment at the Cooperative College in Lusaka; facilitated Zambian micro-, small and medium-sized enterprise familiarization tours to Ethiopia in order for them to appreciate value chains development; and provided technical and financial resources for the effective monitoring and investigation of non-tariff barriers and the harmonization of COMESA standards. Again, through the COMESA regional funding envelope, Zambia has recently formed a joint industrialization programme with Zimbabwe.

Table 14 shows a comparison of the country's expressed intentions contained in its IOPs with that of COMESA and SADC, which allows Zambia to simultaneously implement and domesticate with the same level of effort. The two countries' joint approach to industrialization is in tandem with the SADC Industrialization Strategy, which emphasizes cooperation.

### **Implementation progress and gap analysis of industrialisation policies and strategies**

The country's commitment to domesticating the COMESA and SADC industrialization strategies is evidenced by current commercial bonds between micro-, small and medium-sized enterprises and large enterprises, which are being facilitated through the business linkage programme under the Zambian Development Agency. There is also evidence of business linkages between local enterprises and transnational firms operating in the country. The above development demonstrates how domestic entrepreneurs

and foreign investors are poised to propel the country's industrialization agenda. In this regard, the Agency's market linkage programme has been stimulating local firms' market and production competitiveness. The above complements an empowerment programme that is strengthening local business entrepreneurs by organizing business expos (exposition large-scale public exhibition), business platforms, and business-to-business dialogue arrangements.

The industrialization agenda is designed to translate into local empowerment of citizens through deepening local ownership and controlling firms. The Citizens Economic Empowerment Commission manages the empowerment programme that is intended to ensure that citizens have been empowered to own companies being rolled out. Meanwhile, results of the present study reveal that the manufacturing plants are owned by both domestic and foreign investors. For example, the Lusaka South Multifacility Economic Zone is comprised of both local and foreign manufacturing plants.

Zambia has signed the investment promotion and protection agreements with foreign companies that have invested more than \$10 million. In addition, the country has been promoting micro-, small and medium-sized enterprises while supporting cluster development through interventions and programmes under the Zambian Development Agency, Enterprise Division, and the Citizens Economic Empowerment Commission. Micro-, small and medium-sized enterprises have also been supported under Statutory Instrument No. 36 of 2011 and other legal instruments, including the Public Procurement Act (2009), which gives them preferential treatment under the Citizen Economic Empowerment Act. Similarly, the Zambian Development Agency and the Citizens Economic Empowerment Commission have enforced a joint venture association between micro-, small and medium-sized enterprises and large corporations, thereby providing further

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<sup>33</sup> These include pineapple, honey, dairy, gemstones, fish, timber, cotton, soybean, rice, mango, cassava, beef, poultry, palm oil and groundnuts.



preferential treatment mainly to micro-, small and medium-sized enterprises.

Meanwhile, Zambia, through the Ministry of Labour and Social Security, enforces the Employment Code Act (2019) in order to ensure that local skills are prioritized for jobs before considering hiring foreign experts. There is, however, no evidence of integrating technology and managerial skills into local industrial production, a development that enhances the industrial competitiveness of foreign firms against domestic entrepreneurs. Industrialization requires commitment from the Government and non-State actors, especially with regard to resource allocations.

Extent of alignment, harmonization and commitment on natural resources policies and strategies

The natural resources sector is a pro-growth and high economic potential area in Zambia. The country is abundantly endowed with extractive resources, especially the copper mining sector, the contribution to GDP, foreign currency earnings, job creation and poverty alleviation of which has remained significant over the years. The country's agriculture has been impressive for more than two decades, so full implementation of IOPS allows Zambia to fulfil the dictates of both COMESA and SADC objectives with regard to the natural resources sector (see table 15).

### Implementation progress and gap analysis of natural resources policies and strategies

The respondents pointed to evidence of improved business linkages between suppliers and consumers of goods, which have been deliberately facilitated under the Zambian Development Agency's business linkage

**Table 15: Comparison of objectives of the two regional economic communities and the natural resources policies and strategies of Zambia**

COMESA	Regional objective: promote local content and local sourcing, which requires member States to: <ol style="list-style-type: none"> <li>Develop policies that increase local content in natural resource-based production and manufacturing;</li> <li>Align local content policies with other economic development policies;</li> <li>Promote consumption of locally manufactured products, apply local content requirements.</li> </ol>
SADC	Regional objective: highlight natural resource-led growth, including minerals beneficiation and processing, value chains development that are linked regionally and globally.
Zambia IOPSs	Zambia National Industrial Policy objectives: link agricultural raw materials with agroprocessing, engineering industries that manufacture agricultural equipment, and chemical industries for fertilizers and other required chemicals; and develop and enforce a local content strategy to benchmark investment agreement negotiations, and guide operations of domestic and foreign firms and their affiliates, including operators, contractors, subcontractors, and other entities involved in any project in the country.
	Zambia National Trade Policy objectives: advocate empowerment programmes for local business entrepreneurs; review and harmonize relevant legislation to enforce preferential procurement of locally produced goods and services, and affirmative action when awarding contracts based on local content requirements; and promote consumption and use of locally produced goods and services to enhance competitiveness in the domestic and export markets. The above is achieved by branding and packaging locally produced goods and services; implementing the "Proudly Zambian" campaign; improving the scope of standards and quality in conformity with international requirements; promoting the cooperative model to encourage local ownership of businesses and market penetration; and fostering business linkages between micro-, small and medium-sized enterprises and local and international markets.
	National Local Content Strategy objectives: promote micro-, small and medium-sized enterprises-large domestic and foreign enterprises commercial bonds; integrate technology, managerial skills and foreign direct investment benefits into the domestic market and distribution networks; enact the Local Content Law; harmonize different pieces of relevant legislation in the application of the strategy; develop local content guidelines to incorporate all business linkages; and develop certification of the Proudly Zambian campaign mark, and mount awareness-raising campaigns of products with the mark.
	Zambia National Export Strategy provides no notable indicators.

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programme. Meanwhile, the Ministry of Commerce, Trade and Industry, actively working with the Zambia Association of Manufacturers, has been implementing the Proudly Zambian campaign. In this regard, the country scored progress by developing the “Certification of the Proudly Zambian mark”.

The cooperatives sector in Zambia is driven by the Department of Cooperatives, which operates with a cooperative model that encourages local ownership of business and market penetration. There is, however, more work that needs to be done with regard to “outreach awareness-raising and advocacy programmes” not only around the cooperatives model, but also in the area of mineral beneficiation and natural resource value addition.

The natural resource sector relies on the extent of fair price competition, innovation, better quality products and consumer welfare. To this end, Zambia has established the Department of Trade and Commerce as a vehicle and platform for fair trade, especially surrounding the natural resource and extractive sector which is central for the survival of Zambians.

Notwithstanding the above, the country’s natural resources sector faces the following challenges:

- a) The enabling legal frameworks are out of touch with current entrepreneurial trends. In this regard, results from the present study established that the authorities have already initiated the process of reviewing the legislation governing the preferential procurement scheme. To this end, Zambia has rolled out preferential procurement initiatives such as empowerment schemes and reservation schemes;
- b) There is compelling evidence suggesting the need for Zambia to improve the awarding of contracts in line with the local content requirements, without prejudice;
- c) More effort is required to improve the branding and packaging of locally produced natural resource-based goods and services. Already, there are steps being taken under the Zambian Development Agency and through the **Zambia** Bureau of Standards in this regard;
- d) There is a lack of clear and more coherent direction in area of improving the scope of standards and quality in conformity with international requirements. Zambia has made positive strides towards improving this.<sup>34</sup> Nonetheless, positive efforts in this area contribute towards value addition in the natural resource industry in which micro-, small and medium-sized enterprises are already visibly prominent partners;
- e) Zambia has to significantly enhance the development of the engineering industries, especially those that manufacture agricultural equipment, and chemical industries that produce fertilizers and other chemicals required;
- f) Unsatisfactory progress has been noticed in local production, which needs improvement if products are to be competitive on both the domestic and external markets;
- g) There has been mixed progress in the utilization of domestic raw materials in the industrialization process. The only exception is the presence of the Citizens Economic Empowerment Commission, which is promoting value addition;

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<sup>34</sup> Zambia approved the National Quality Policy in 2010, outlining specific measures regarding the National Quality Infrastructure and the Technical Regulations Framework. In its Policy, the country called for a rationalization of the National Quality Infrastructure so as to ensure its compliance with international best practice. As a country, Zambia did not have an integrated system of measurements and this resulted in fragmentation, large gaps in terms of measurements, standards requirements and traceability, duplication of effort, overlaps between institutions and wastage of resources. Given that background, the Government of Zambia found it necessary to have legislation to support the competitiveness of Zambian products by realigning the National Quality Infrastructure with international best practice. In that regard, the country embarked on the re-engineering of the National Quality Infrastructure. The re-engineering process entailed the re-alignment of the quality infrastructure institutions in accordance with international best practice. To that effect, the Government enacted four national quality infrastructure bills in 2017, namely: the Compulsory Standards Act No. 3 of 2017; the Standards Act No. 4 of 2017; the Technical Regulations Act No. 5 of 2017; and the National Metrology Act No. 6 of 2017. These Acts facilitated the re-engineering of the National Quality Infrastructure by aligning it with international best practices and the formation of the Zambia Compulsory Standards Agency, Zambia Metrology Agency and Department of Technical Regulation, and the restructured Zambia Bureau of Standards.

**Table 16: Comparison of objectives of the two regional economic communities and the trade policies and strategies of Zambia**

COMESA	<p>Support intra-COMESA trade facilitation and market access opportunities, specifically by:</p> <ol style="list-style-type: none"> <li>Strengthening standardization, quality assurance and quality management systems;</li> <li>Increasing the manufacturing base and product diversification;</li> <li>Strengthening value addition and value chains at the national and regional levels.</li> </ol>
SADC	<p>Emphasize cooperation in order to:</p> <ol style="list-style-type: none"> <li>Increase intra-SADC trade and market expansion;</li> <li>Diversify the region's manufacturing base through efforts to stimulate and encourage value addition on local primary resources;</li> <li>Promote export diversification of goods and services.</li> </ol>
Zambia IOPs	<p>Zambia National Industrial Policy objective: facilitate the production of high-quality manufactured Zambian goods. Adopted strategies contain the following goals: establish the accreditation of competent laboratories and certification bodies to assure local products' quality; participate actively in international forums on standardization, quality assurance, accreditation and metrology; promote public-private investment in national quality infrastructure; strengthen the conformity assessment systems and the linkage between national quality infrastructure and industry associations in developing voluntary standards; promote the application of national, regional and international standards in manufacturing; develop and implement compliance procedure for technical regulations for sector regulators; and strengthen industrial development-oriented public agencies by reviewing laws and regulations to facilitate effective implementation of the national quality infrastructure bills, covering, technical regulation framework, standards, metrology and compulsory specifications; and increase manufacturing sector growth and its contribution to GDP from an average of 5 per cent and 8 per cent to 20 per cent and 15 per cent by 2027, respectively.</p> <p>Adopted strategies contain the following goals: identify and support value chains that represent the most competitive prospects for value addition in the priority sectors; provide fiscal and non-fiscal incentives; strengthen existing investment and export promotion institutions and programmes to enhance its trade-oriented effectiveness; promote investment in supportive infrastructure (transport, communication, energy and education) through public-private partnerships; strengthen productivity enhancement mechanisms in the priority sectors; support the formation of industrial and value chains clusters in labour-intensive growth sectors; support the establishment of firms in Multifacility Economic Zones and industrial parks; promote and support involvement of cooperatives in developing all levels of industrial value chains; and facilitate the development and implementation of the Industrial Upgrading and Modernization Programme.</p> <p>Adopted strategies contain the following goals: promote innovation, technological capabilities, research and development and commercialization of innovations; enhance scientific and industrial research, and encourage innovation; enhance the utilization of ICTs; facilitate appropriate technology transfer into local industrial production processes; strengthen the enforcement of intellectual property rights; and promote the growth of cooperatives and micro-, small and medium-sized enterprises in industrial development.</p> <p>Adopted strategies contain the following goals: strengthen backward and forward linkages between cooperatives, micro-, small and medium-sized enterprises and large manufacturing firms; develop a framework for the formalization of micro-, small and medium-sized enterprises; establish industrial yards based on location and availability of resource endowments; enhance access to affordable finance; facilitate micro-, small and medium-sized enterprises to have access to information and markets; improve the product quality of micro-, small and medium-sized enterprises; and provide capacity-building programmes to business development service providers.</p> <p>Zambia National Trade Policy objectives: streamline and implement tariffs to support infant industries' growth, domestic value addition and value chains, and to increase the export of high-value products and integrate national value chains into regional and global value chains; create a framework to periodically review the tariff policy; promote safety and fair trade in the economy by implementing non-tariff measures, such as import licences and control, and compliance with local and international quality requirements; promote merchandise export competitiveness in regional and global markets in order to increase export earnings by improving product quality, increasing quantity, promoting export of value added products, and establishing frameworks for export promotion; strengthen domestic stakeholder consultations to ensure effective participation in regional trade negotiations, especially on the rules of origin requirements, elimination of non-tariff barriers and in terms of redressing unfair trade practices; promote and support access to regional markets by entering regional trade arrangements that promote national interests; and increase awareness of current opportunities.</p> <p>Policy objectives also include: improve procedures and controls governing the movement of goods and services; improve transit facilities and procedures; simplify and harmonize border procedures, processes and procedures for cross-border traders; promote mutually beneficial arrangements on shared border infrastructure; improve border and transport corridor infrastructure; and facilitate the prompt clearance of goods at the country's border ports and assist in the reduction of trade transactions costs.</p> <p>Zambia National Export Strategy objectives: increase product diversification of processed food for export; improve compliance with quality, branding and packaging standards; build capacity to meet international standards and market requirements; and conduct training and awareness-raising campaigns in sanitary requirements for animal exporters.</p> <p>Zambia National Local Content Strategy objectives: promote inclusive growth and sustainable development; promote value addition by linking micro-, small and medium-sized enterprises with large domestic and foreign companies; increase utilization of locally available goods and services in growth sectors; and promote formalization of informal businesses.</p>

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- h) The Local Content Strategy is still in its early stages of implementation, and as such, no progress has been documented. Zambia has, however, developed guidelines on local content which are anchored in the local content bill.

### **Extent of alignment, harmonization and commitment on trade policies and strategies**

The country's commitment to improve trade has been well articulated in its IOPs (see table 16). Zambia is on track towards harmonization with the COMESA and SADC industrialization agendas. These specific IOPs have been framed with the country's industrialization comparative advantage, which currently anchors on leather and textiles, natural resource endowments, raw materials, human capital, conducive business environment, and years of peace and security coupled with an impressive record of constitutionalism and democratic governance. Commitment to implement IOPs allows Zambia to achieve the regional domestication agenda with the same level of effort.

### **Implementation progress and gap analysis of trade policies and strategies**

The present study records the following progress made towards implementing trade policies and strategies:

- a) The establishment of industrial and value chain clusters, multifacility economic zones, industrial parks and constructed industrial yards. Meanwhile, the Value Chain Development Programme is under implementation and the Zambian Development Agency and the Citizens Economic Empowerment Fund are in place. There is a need, however, to invest more in the Industrial Upgrading and Modernization Programme;
- b) The safeguarding of intellectual property rights under the watch of the National Technology Business Centre and the Patents and Companies Registration Agency is critical to improve innovation, technological capabilities, research and development,

commercialization of innovations, scientific and industrial research, and utilization of ICTs; to advance technology transfer into local industrial production processes; and is critical for the enforcement of intellectual property rights. These steps are important not only to micro-, small and medium-sized enterprises, but towards making positive strides for the formalization of micro-, small and medium-sized enterprises under the supervision and oversight of the Department of Trade and Commerce;

- c) The adoption of a framework to periodically review the tariff policy created, under the Department of Foreign Trade. There is also evidence of implemented non-tariff measures to improve compliance with local and international quality requirements, which is also under the Department of Foreign Trade. On the other hand, the Department of Foreign Trade also has oversight of the management of reduced non-tariff barriers and unfair trade practices, while the Department of Trade and Commerce and the Department of Foreign Trade jointly manage and ensure the fast movement of goods across borders; ensure improved transit facilities and procedures; and ensure simplified and harmonized border procedures, processes and procedures for cross-border traders. The Department of Foreign Trade further ensures the effective delivery of locally made export products to their destinations and markets;
- d) The following observations, among others, have been made: improved market-related compliance with respect to quality, branding and packaging standards; improved international standards and market requirements through capacity-building activities; and increased training and awareness-raising campaigns in sanitary and phytosanitary requirements for animal exporters.

Results obtained from the present study also indicate that, despite a lot of mileage achieved thus far, there are numerous gaps requiring swift action, commitment and attention (see annex III,

table A.11) in order to redress them, including the establishment of accreditation of competent laboratories and certification bodies. Thus, Zambia has to consider the following actions:

- a) Improve quality institutions in order to actively participate in international forums on standardization, quality assurance, accreditation and metrology;
- b) Demonstrate progress in improving public and private investments in national quality infrastructure;
- c) Fast-track linkage between national quality infrastructure and industry associations in the development of voluntary standards;
- d) Develop and implement a compliance procedure for technical regulations for sector regulators that lags behind;
- e) Enact laws and regulations to facilitate effective implementation of national quality infrastructure bills covering standards,

metrology, compulsory specifications, and embark on a review of the technical regulation framework;

- f) Improve the regimes for fiscal and non-fiscal incentives in order to increase and simplify in-country business transactions and regional and global trade from which micro-, small and medium-sized enterprises equally benefit;
- g) Undertake more improvements on supportive infrastructure, especially in the areas of transport, communication, energy and education through public-private partnership arrangements.

**Extent of alignment, harmonization and commitment on investment policies and strategies**

Zambia has been attracting both domestic and foreign investment in the prioritized value chains and mineral beneficiation activities. To date, investment promotion has been targeting

**Table 17: Comparison of objectives of the two regional economic communities and the investment policies and strategies of Zambia**

COMESA	Express the importance of improving the business climate in member States in the region by: a. Reducing or eliminating regulations that impede investment flows and opening up investment regimes; b. Eliminating investment barriers and promoting investment in green technologies.
SADC	Regional objectives: stimulate investment flows into productive sectors with comparative advantage as a strategy for acquiring modern technology to support value addition, innovation and technology transfer; and encourage regional public and private investment in infrastructure development and services.
Zambia IOPs	Zambia National Industrial Policy objectives: increase the actualization of domestic and foreign direct investment in priority sectors. Adopted strategies contain the following goals: develop targeted investment promotion programme for prioritized sectors; facilitate multifacility economic zones, industrial parks development and investment in renewable energy; and strengthen the implementation of private sector development reforms, as well as the monitoring of investment flows and industrial development-oriented public agencies by enacting laws and regulations on investment promotion, incentive regimes, export promotion and value addition.
	Zambia National Trade Policy objectives: promote investment in green technologies; promote exports by attracting both domestic and foreign investment in value addition and pro-export sectors, including the diversification of markets and products.
	Zambia National Export Strategy objectives: strengthen domestic regulations and institutions and the capacity of the private sector and export promotion institutions to meet their respective export requirements; conduct actionable research on product and market diversification; and enforce commitments to stimulate competition and attract investment and increase awareness of ongoing programmes and capacity-building initiatives.
	Zambia National Local Content Strategy objective: promote the formalization of informal industries or businesses by facilitating business registration, increasing the ability to establish property rights over investment and seek legal protection, reducing legal barriers to formalization, and supporting testing, standardization and quality assurance services to improve products and market development capacity, and access to bank credit.

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key sectors such as agroprocessing and has been facilitated by the Zambian Development Agency through investment missions to other countries, coupled with the signing of State-to-State investment promotion and protection agreements by the Ministry of Commerce, Trade and Industry. As such, the Agency has institutionalized investment programmes under its Investment Promotion Division. The operations of the Agency have aspects that promote investments in export-led sectors and support domestic and foreign investments. Zambia has responded to the COMESA and SADC goals in investment through four IOPs (see table 17).

### **Implementation progress and gap analysis of investment policies and strategies**

Although results from the present study reveal mixed responses on evidence of private sector capacity to meet export requirements, the Zambian Development Agency has been conducting export- and market-readiness training. Progress in attracting investment has been visible in the multifacility economic zones, industrial parks, private sector development reforms, and renewable energy in the Lusaka South Multifacility Economic Zone and other industrial parks in Zambia. More investment has also been registered in hydropower and solar through which the Agency, multifacility economic zones and industrial parks apply laws, regulations, and other available incentives to promote investment, value addition and exports. The commissioning of the Bangweulu solar project in 2019 is another visible indication of attracting investment in green technologies. As

the respondents could not identify incidences of regulatory enforcement to stimulate competition and attract investment, more awareness-raising programmes and capacity-building programmes are needed to enforce regulations.

Results from the present study show that the business registration regime in Zambia is more robust through the online Patents and Companies Registration Agency portal, which simplifies business registration procedures. The Agency's new online system has also helped to reduce legal barriers relating to the formalization of business entities. Notwithstanding the above, micro-, small and medium-sized enterprises have been operating under weak intellectual property rights safeguards and without having adequate access to bank credit facilities. In addition, they have been incapacitated by weak business associations and limited funding, which have undermined innovation and application of modern and appropriate technology in value chains development in such subsectors as food processing.

### **Extent of alignment, harmonization and commitment on infrastructure policies and strategies**

Zambia has responded to the industrialization goals of COMESA through three IOPs (see table 18). The Zambia National Local Content Strategy does not provide indicators on this issue. Meanwhile, Zambia has established public-private partnerships in transport, communication, energy and education.

**Table 18: Comparison of objectives of the two regional economic communities and the infrastructure policies and strategies of Zambia**

COMESA	Regional objective: express the importance of industrialization enablers, such as transport, energy, water and ICT. This lowers the cost of doing business and increases industrial competitiveness.
SADC	Regional objective: highlight the significance of industrialization enablers, such as water, energy, transport, meteorology and ICT, in stimulating industrial development and competitiveness.
Zambia IOPs	Zambia National Industrial Policy objectives: encourage investment and public-private partnerships in the export-oriented industrial sector and in supportive infrastructure (transport, communications, energy and education); accelerate industrialization by reducing the cost of doing business; and encourage innovation and invention of new products through industrial research and development, and protection of intellectual property.
	Zambia National Trade Policy objective: promote investment in ICT to facilitate trade in goods and services.
	Zambia National Export Strategy objectives: reform and create a conducive transport, institutional and regulatory framework to support competitive exports, and enhance opportunities for the private sector to provide transport logistic services; invest in the development, upgrade and modernization of road and railway transport networks to maximize trade liberalization benefits by connecting Zambia with neighbouring markets; expand and improve infrastructure for electricity generation, transmission and distribution; develop more hydropower stations; implement a cost-reflective electricity tariff regime; invest in alternative sources of renewable energy; develop and maintain ICT infrastructure; develop human resource capacity in ICT; integrate ICT into the export of goods and services; and encourage investment in infrastructure and maintenance facilities.
	The Zambia National Local Content Strategy provides no indicators.

**Implementation progress and gap analysis of infrastructure policies and strategies**

Results from the present study clearly show evidence of transport and communication infrastructure development, including the Link Zambia 8000 Road Project and the constructed communication towers. Zambia has also established public-private partnerships in transport, communication, energy and education. In this respect, the Kafue Gorge Lower Hydropower Station and Maamba Collieries Limited are examples of public-private partnerships in energy. Progress has been registered in the upgrading and modernizing of road and railway transport networks linking Zambia with neighbouring markets. This is evidenced by the Zambia Railways renovation on the rail network and work on a new rail line connecting with Nacala in Mozambique. Progress has also been recorded in infrastructure improvement in electricity generation, transmission and distribution; and the development of more hydropower stations of which the Kafue Gorge Lower has recently been completed to start producing power, and the Batoka Gorge hydroelectricity scheme with Zimbabwe is under construction. Nevertheless, more effort is needed to speed

up the development of alternative sources of renewable energy and to streamline the roll-out of the cost-reflective electricity tariff. In addition, more effort is needed to scale up investment in infrastructure, which is necessary to spur the export-oriented industrial sector.

**Extent of alignment, harmonization and commitment on technology enhancement policies and strategies**

According to COMESA and SADC goals, a robust industrialization development regime requires increased access to technology, skills, and technical know-how to support industrial development and market competitiveness (see table 19). The country’s National Technology Business Centre and Patents and Companies Registration Agency have the responsibility to roll out and demonstrate new technology enhancement products through industrial research and development and protection of intellectual property. The Zambia National Local Content Strategy, however, has remained silent on the issue of technology.

**Table 19: Comparison of objectives of the two regional economic communities and the technology enhancement policies and strategies of Zambia**

COMESA	Regional objectives: a. Prioritize the formulation of supportive science, technology and innovation policies that are integrated into industrial development and national development plans; b. Increase member States' spending on science, technology and innovation to at least 3 per cent of their national budgets; c. Identify funding agencies that are dedicated to finance both public and private research and development and innovation activities; d. Forge linkages with global manufacturers of equipment and machinery for technological and skills transfer at concessional rates.
SADC	Regional objective: recognize the importance of science, technology and innovation in facilitating industrial development, competitiveness, regional integration and cooperation.
Zambia IOPs	Zambia National Industrial Policy objectives: stimulate the innovation and invention of new products through industrial research and development and protection of intellectual property; develop and enforce a local content strategy, benchmarking investment agreements negotiations, and guiding operations of domestic and foreign firms, and their affiliates, including operators, contractors, subcontractors, and other entities involved in any project in the country.
	Zambia National Trade Policy objectives: advocate for innovation and the use of intellectual property as a tool for enhanced trade and economic development; strengthen the implementation of national intellectual property rights legislation; domesticate relevant international instruments relating to intellectual property; and support research and development.
	Zambia National Export Strategy objectives: develop models for partnerships to facilitate access to technology, skills, technical know-how and markets for gold and gemstones; establish information portals to assist the private sector in identifying opportunities in the region and beyond; and undertake regular audits of non-tariff barriers along the mineral value chain.
	Zambia National Technology Business Centre and Patents and Companies Registration Agency objectives: facilitate the transfer of knowledge and information acquired through enhanced interaction with transnational corporations; and provide mechanisms that enable the private sector to have access to, and to take advantage of opportunities in the market.
	The Zambia National Local Content Strategy is silent on technology issues.

### Implementation progress and gap analysis of technology enhancements policies and strategies

Results from the present study have not provided evidence that the national intellectual property rights legislation, an area that falls under the responsibility of the Department of Trade and Commerce, has been strengthened. This means that more effort is needed in supporting research and development relating to the technology sector.

A robust industrialization development regime requires increased access to technology, skills and technical know-how to support industrial development and market competitiveness. For example, in the mining sector, the Department of Foreign Trade demonstrates evidence of regularly audited non-tariff barriers along the mineral value chain. The Department of Foreign Trade

supported the launch and operationalization of the Zambia trade information portal, which is meant to assist the private sector to identify opportunities in the region and beyond. However, more effort is needed in terms of knowledge and information transfer through interaction with transnational corporations.

### Extent of alignment, harmonization and commitment on skills development policies and strategies

The goal of implementing the Skills Development and Entrepreneurship Project is to support industrialization, especially the agenda of increasing the productive and market competitiveness of local products. The country's IOPs are designed with expressed intentions to satisfy both the COMESA and SADC industrialization strategy goals on skill development (see table 20).



**Table 20: Comparison of objectives of the two regional economic communities and the skills development policies and strategies of Zambia**

COMESA	Regional objectives: a. Step up national investment in science, engineering and entrepreneur skills training; b. Strengthen national and regional human and institutional capacities.
SADC	Regional objectives: a. Strengthen research and development, technology and innovation capabilities and skills; b. Upgrade technical and vocational skills, thereby bridging the gap in the science, technology, engineering and mathematics curriculum; c. Identify and strengthen regional centres of excellence; d. Facilitate the movement of skills within the region.
Zambia IOPSS	Zambia National Industrial Policy objectives: increase technical, vocational and commercial education and training to develop skilled manpower resources for industrial development and competitiveness; support the development of sector-specific skills and apprenticeship; and review legislation on technical education, vocational and entrepreneurship training, science and technology, ICT, forestry and environmental management to support the industrialization agenda.
	Zambia National Trade Policy objective: introduce vocational skills at early stages of education, and revive or transform polytechnic and vocational training centres.
	Zambia National Export Strategy objectives: enhance capacity-building, including skills and capability development in engineering repair and maintenance, and apprenticeship training for export trade; engage the business community in identifying priorities; and establish a body to monitor and coordinate sector developments for policy guidance in close collaboration with sector bodies.
	Zambia National Local Content Strategy objective: build institutional capacity by scaling up current workforce skills and the capacity of trade support institutions, including universities, government institutions and the private sector.

### Implementation progress and gap analysis of skills development policies and strategies

Zambia has made progress in skills development as expressed by the National Labour Survey under the Ministry of Labour and Social Security in terms of developing skilled manpower resources to support industrial development and competitiveness. In this regard, the Technical Education, Vocational and Entrepreneurship Training Authority has been working on skills and apprenticeship development programmes. In addition, the Authority ensures that any review of legislation on technical education, vocational and entrepreneurship training, science and technology, ICT, forestry or environmental management remains aligned with modern labour requirements. The Authority also introduced vocational skills under transformed polytechnic and vocational training centres to build the capacity and skills necessary to support industrial development. The above complements similar efforts by the Zambian Development Agency, the Citizen Economic Empowerment, the Citizens Economic Empowerment Fund, and the Business Development Services.

Zambia, however, needs to speed up the process of reviewing the investment promotion and protection agreement framework, especially the development of training programmes. Relevant Zambian industry stakeholders should strengthen partnerships between institutions that deliver top quality education; industry allowing practical skills development; and knowledge, technology, skills and expertise transfer between domestic and foreign industrial enterprises.

### Extent of support on alignment and harmonization of financing

Public funding has been identified as the primary source for SADC, while COMESA has listed a basket of funding sources for Zambia to domesticate the regional industrialization strategies. At the same time, only the Zambia National Industrial Policy identifies a basket of funding options, almost in line with COMESA. In so doing, Zambia places the onus of harmonizing the regional industrialization strategy on the National Industrial Policy.

**Table 21: Comparison of the two regional economic communities and Zambia on financing sources**

COMESA	The following primary funding sources were identified: a. International development partners; b. Investments by COMESA member States; c. Diaspora remittances; d. Regional and national financial institutions; e. Public-private-partnerships.
SADC	Primary source: public expenditure
Zambia IOPs	The Zambia National Industrial Policy – primary sources: commercial banks for the provision of affordable entrepreneurial industrial development finance; development banks for the provision of complementary development capital; institutional financiers for the provision of viable value adding industrial project investment; Empowerment Fund for the provision of suitable financial products in support of small and medium-sized enterprises and large enterprises, which has two components – Zambia Export Development Fund, which supports non-traditional exporters to increase export earnings in the identified sectors, and Trade and Industrial Development Fund, which supports growth-oriented micro-, small and medium-sized enterprises in high growth sectors, including agroprocessing, manufacturing, tourism, gemstones and infrastructure development. Furthermore, the Policy is intended to enact legislation to promote small and medium-sized enterprises' access to finance for the growth and formalization of business enterprises.
	The Zambia National Trade Policy: mobilization of additional resources from the development partners in support of policy implementation.
	The Zambia National Export Strategy: promote public-private partnerships; facilitate access to finance and letters of credit; develop financial products for export financing; and establish competitive fees and tax regimes.
	The Zambia National Local Content Strategy: a functional innovation fund is proposed in support of scaling up the commercialization of local innovations as well as set up centres of excellence for the growth sectors; and facilitating access to affordable business financing and access to affordable business financing for citizen-owned enterprises.

### Implementation progress and gap analysis on financing

Financing is crucial for both the industrialization agenda of Zambia and harmonization with the two regional economic communities' industrialization agenda. As such, UNIDO and the Government of Zambia in 2020 initiated an ongoing Programme for Country Partnership for Inclusive and Sustainable Industrial Development, mainly to improve the policy environment; establish industrial skills development; and foster manufacturing industries and value addition in primary commodities. It is also intended to redress supply-side constraints and market access inadequacies; combine cutting-edge digital technologies and innovative production techniques; ensure that the agro-industrial sector benefits from globally developed, tested and refined tools; and improve the quality and competitiveness of local products in both domestic and international markets. Meanwhile, UNIDO and the African Development Bank have identified potential cooperation areas, including agro-industrial park development and

investment promotion, especially targeting the private sector.

Financial support is also crucial to private sector firms and micro-, small and medium-sized enterprises; however, there is scant evidence of established commercial banks offering affordable entrepreneurial industrial development finance. On the contrary, the Development Bank of Zambia has been offering development capital to companies. Zambia has been able to mobilize investment resources from the African Development Bank through such projects as the Skills Development and Entrepreneurship Project (supporting women's and young people's entrepreneurial requests), the Cashew Nut Matching Grant Fund Facility, and the Aquaculture Seed Fund Project. Zambia has enacted legislation that promotes small and medium-sized enterprise growth, covered under the Micro, Small and Medium Enterprise policy, the Zambian Development Agency Act, and the Citizen Economic Empowerment Fund Act. In addition, the country is on track towards improving access to affordable business

financing for citizen-owned enterprises through the Citizens Economic Empowerment Fund that has been giving out loans to Zambians in key sectors. Notwithstanding the above, progress is lacking in some areas. This calls for an improved working relationship between the Government and non-State actors.

## D. Zimbabwe

### Introduction

An analysis was carried out to compare and contrast the directives of the COMESA and SADC industrialization agendas, with the intentions of Zimbabwe expressed through the four reviewed IOPs and frameworks (see chapter I, section C, table 1) to inform the extent of progress, or lack thereof, in the alignment, harmonization and implementation process. In addition, the Government of Zimbabwe developed other industrialization-related policies and strategies (listed in annex IV), some of which benefited the present study.

#### Extent of alignment and harmonization of industrialization objectives and commitments

The main goals of the COMESA and SADC industrialization agendas are to bring about “vibrant and sustainable industrialization development” and to build “a diversified,

innovative and globally competitive industrial base”. In response, Zimbabwe articulated goals to ensure that the level of effort is adequate to align the country’s industrialization with both of the agendas. For example, the Zimbabwe National Industrial Development Policy objective is very similar to that of COMESA and, to a greater extent, with SADC. Other policy frameworks and strategies complement the effort of aligning with the industrialization strategies of the two regional economic communities. Table 22 shows that the goals of COMESA and SADC converge, which means that Zimbabwe is tackling them with the same level of effort, although this calls for consistency.

#### Extent of alignment, harmonization and commitment on industrialization policies and strategies

Alignment with the COMESA industrialization strategy is evidenced by Zimbabwe prioritizing the implementation of cluster value chains, namely, agroprocessing, textile and garments (cotton value chain), leather and leather products, mineral beneficiation, pharmaceuticals, chemicals and agrochemicals. In the same context, Zambia and Zimbabwe expressed their commitment to implement the COMESA industrialization strategy when they initiated a cooperation agreement in the field of industrialization, which was signed in December 2020. Among other things, this joint agreement

**Table 22: Comparison of objectives of the industrialization strategies of the two regional economic communities and the industrialization-oriented policies and strategies of Zimbabwe**

COMESA	Regional objective: develop a vibrant and sustainable industrial sector that ensures equitable benefits for all the people of member States in the region.
SADC	Regional objectives: identify areas of cooperation to build a diversified, innovative and globally competitive industrial base; guide the coordination of complementary policies, activities and processes; and communicate the region’s aspirations.
Zimbabwe IOPs	Zimbabwe National Industrial Development Policy objective: create a vibrant, self-sustaining and competitive industrialized economy.
	Zimbabwe National Trade Policy objective: develop and support export-oriented productive and services sectors of the economy.
	Zimbabwe National Trade Policy Vision and Export Promotion Strategy objective: transform the economy to become internationally competitive on account of robust free and fair domestic and international trade.
	Zimbabwe Competition Policy objectives: promote investment and innovation to broaden consumer choices; raise the quality of produced goods and services; and guide the drafting of a new competition law and ensure its effective implementation and enforcement of regulatory environment.

is intended to establish industrial parks<sup>35</sup> with proper legal and institutional frameworks, and infrastructure development (both physical and soft) to lower the cost of doing business and contribute to industrial competitiveness. The cooperation agreement is also aimed at enhancing standardization, quality assurance and quality management systems to facilitate the export of the processed goods between the two countries, within the region and the rest of the world (Lungu, 2020; Gakunga, 2021). The above is in line with the Zimbabwe National Trade Policy and, therefore, clearly demonstrates the country's commitment to align its industrialization agenda with regional, continental and global industrialization strategies. Furthermore, the joint cooperation between Zambia and Zimbabwe is in line with the SADC goal that emphasizes the identification of areas of cooperation between regional countries.

By acceding to the SADC Protocol on Industry in 2019, Zimbabwe expressed its commitment to harmonize relevant policies with the SADC strategy, which is an export-led industrialization strategy. In this respect, Zimbabwe expressed priority support for the development of

industrial value chains in agroprocessing,<sup>36</sup> pharmaceutical,<sup>37</sup> mineral beneficiation,<sup>38</sup> cotton to clothing, hides to leather products, and oil seeds to cooking oil. Already, Zimbabwe, in its National Industrial Development Policy, has prioritized industrial sectors to develop value chains and add value to raw material-based products prior to marketing domestically and globally. In particular, value chains are expected from fertilizer, pharmaceuticals, potato processing, dairy, soya and packaging. Zimbabwe has also identified the offensive industrial interests that potentially trigger the development and strengthening of value chains, value addition and mineral beneficiation, based on the abundant resource endowments in the country. As a result, agroprocessing and mineral beneficiation have been highly prioritized. On the contrary, Zimbabwe has identified its defensive industrial interests, culminating in an expressed commitment to protect infant industries, including selected industrial, agricultural and mineral production in the country.

The Government of Zimbabwe has been supporting micro-, small and medium-sized enterprises and their involvement in value

**Table 23: Comparison of objectives of the two regional economic communities and the industrialization policies and strategies of Zimbabwe**

COMESA	Industrialization is considered crucial for structural transformation, job creation, poverty alleviation and value addition on commodity exports, thereby reducing external shocks.
SADC	Industrialization is central for the economic diversification of member States, the development of productive capacity, job creation, poverty reduction and the setting of economies on a more sustainable growth path.
Zimbabwe IOPs	Zimbabwe National Industrial Development Policy objectives: resuscitate viable enterprise; promote viable industrial growth, transformation and diversification; develop value addition, minerals beneficiation and the entrepreneurial systems of small and medium-sized enterprises; protect viable and competitive strategic and infant industries; facilitate investment to strategic industries; and establish business linkages between small and medium-sized enterprises and large firms in the manufacturing and extractive sectors.
	Zimbabwe National Trade Policy objective: facilitate trade development, export promotion and compliance with regional, bilateral and multilateral trade protocols.
	Zimbabwe Competition Policy and Export Promotion Strategy objective: facilitate and attract both domestic and foreign investment in all economic sectors, thereby contributing to the country's GDP, consumption and trade (exports and imports).
	Zimbabwe National Trade Policy Vision and Export Promotion Strategy objectives: attract foreign direct investment in the economy by providing a transparent, predictable and internationally acceptable regulatory mechanism for firms to engage in economic activities; and promote unrestricted entry of all firms, including investors, in the marketplace.

<sup>35</sup> Special economic zones, multifacility economic zones and industrial clusters.

<sup>36</sup> These include dairy, potato, textile and clothing, leather and leather products.

<sup>37</sup> These are drugs and personal protection equipment.

<sup>38</sup> These include fertilizer, cement, and ferrous and non-ferrous minerals.

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addition through the Small and Medium Enterprises Development Corporation, a development finance institution that has the goal of promoting and developing micro-, small and medium-sized enterprises in the country. The Corporation, as a member of the SADC Development Finance Institutions Network, has the mandate of championing the growth and development of micro-, small and medium-sized enterprises through the provision of affordable funding and decent workspace-related infrastructure. This institutional connection with SADC presents Zimbabwe with an opportunity to interact with an active regional institution, thereby informally learning from other SADC countries' viable options of aligning with regional programmes. Meanwhile, the comparison of goals between regional industrialization strategies and the industrialization expectations of Zimbabwe (see table 23) points to the country's potential to satisfy both the COMESA and SADC industrialization agendas.

### **Implementation progress and gap analysis of industrialization policies and strategies**

In the context of the COMESA industrialization strategy, Zambia and Zimbabwe formed a joint industrialization programme aimed at cooperating in industrial development that culminated in two meetings of a technical working group attended by relevant officials; the endorsement of a draft road map and action plan; and a memorandum of understanding on actual progress in aligning the Zimbabwe industrialization agenda with COMESA through the joint cooperation agreement that was signed 18 March 2021.

Results from the present study reveal that the focus areas include mineral beneficiation, agroprocessing and pharmaceuticals, and that the private sector has developed investment interests in leather and leather products, as well as textile and garments, as these areas were prioritized. Furthermore, the Confederation of Zimbabwe Industries, through its Industrial Transformation Strategy, identified and prioritized such sectors as agroprocessing, textile and leather products, metallic and mineral products, construction materials (cement,

clay and steel), tourism and finance. This is an illustration of the country's commitment to both the COMESA and SADC industrialization strategies.

Most of the commitments contained in IOPSS are yet to be implemented and the proposed implementation of respective IOPSS is due to end in 2023, a period that, at present, appears to be too short to register significant progress in aligning with the COMESA and SADC industrialization strategies. The Government wants regional policies and strategies to become part of national laws through statutory instruments. In particular, the implementation of the Zimbabwe National Industrial Development Policy lags far behind, compared with previously expressed intentions. In supporting this point, results from the present study reveal that major inhibiting factors to both IOPSS implementation and industrialization, in particular, are the prevailing economic conditions, which are characterized by chronic inflation, which reduces disposable incomes and discourages consumption of products along the value chains, and prohibitive interest rates, which prevent borrowing from financial institutions and bring about acute foreign currency shortages, which inhibit local firms from importing inputs for further processing, erode capital investment and shrink companies' financial assets.

The above issues translate into, among other things, high production costs, unpredictable policy directives, uncertainty of policy lifespan, fuelling of perceptions of mistrust and overshadowing of confidence-building measures, especially between the Government and the private sector, hence undermining firms' commitment to invest in new projects offered by aligning with the COMESA and SADC industrialization agenda. Notwithstanding the above challenges, public-private sector collaboration is really necessary if the country is to revive its industrial potential with regional, continental and global industrialization links. A great deal of work is desperately needed to restore confidence, trust and the right perceptions to advance the industrialization agenda in the country.

**Table 24: Comparison of objectives of the two regional economic communities and the natural resources policies and strategies of Zimbabwe**

COMESA	To promote local content and local sourcing, this requires member States to: <ol style="list-style-type: none"> <li>Develop policies that increase local content in natural resource-based production and manufacturing;</li> <li>Align local content policies with other economic development policies;</li> <li>Promote consumption of locally manufactured products and apply local content requirements.</li> </ol>
SADC	Regional objective: highlight natural resource-led growth, including minerals beneficiation and processing, and the development of value chains that are linked both regionally and globally.
Zimbabwe IOPs	Zimbabwe National Industrial Development Policy objectives: advance pro-competitive and inclusive industrial growth and development sector policies; create competitive economic linkages and business opportunities for entrepreneurs; promote the participation of local firms in regional and global value chains; and facilitate the growth of the competitive industry.
	Zimbabwe National Trade Policy objectives: encourage consumption of locally produced goods and services.
	Zimbabwe National Trade Policy Vision and Export Promotion Strategy objective: embrace the National Competition Policy, which promotes fair business practices and competition; and engenders a culture of local productive and services sectors to produce for the export markets.
	Zimbabwe National Competition Policy objectives: encourage firms' operating efficiency in various sectors of the economy to comply with competition and other related principles, including regulatory requirements; to redress firms' unfair practices adopted by firms against consumers and small businesses in the economy.

**Extent of alignment, harmonization and commitment on natural resources policies and strategies**

Zimbabwe has adopted policies and legal instruments aimed at responding to the COMESA and SADC industrialization strategy goals that relate to the exploitation of natural resources for the purposes of industrialization. In this regard, the Industrial Development Policy adopts the tenets of the Zimbabwe Competition Policy and Competition Law to eliminate anticompetitive behaviour. For example, the adopted Competition Policy goals, among other things, drive firms' operating efficiencies towards production competitiveness and potentially leads to import substitution industrialization, a strategy that promotes "buy Zimbabwe products" for both industrial and human consumption. Through that Policy, the country also adopted its Local Content Policy in 2017 as a strategy to encourage local value addition through the utilization of domestic resources and localization of supply chains.

The industrial defensive interests of Zimbabwe are not only meant to protect infant industries until they become competitive against foreign products, but also to encourage the respective production processes using natural resources, especially in the agriculture and mining sectors.

Again, the Small and Medium Enterprises Development Corporation's support for micro-, small and medium-sized enterprise involvement in value addition is meant to encourage exploitation of natural resources for industrial development. The comparison of objectives (see table 24) with regard to natural resources reveals that Zimbabwe is on the right path towards domesticating the industrialization agendas of the two regional economic communities. Notwithstanding the country's inherent challenges, positive confirmations of good IOPS objectives mirror the expectations of the COMESA and SADC industrialization strategies.

**Implementation progress and gap analysis of natural resources policies and strategies**

Zimbabwe has expressed its commitment to align with the regional industrialization agenda through the exploitation of natural resources. This is evidenced by the adoption of both the Local Content Policy and the Competition Law, herein referred to as the Competition Act, chapter 14:28, both of which are currently being implemented (see annex III, table A.18). However, the Local Content Policy suffers from a lack of specific incentives to promote implementation in ways that support the domestication of both the COMESA and SADC industrialization agendas. It has also been confirmed that Zimbabwe

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created the Competition and Tariff Commission to investigate and redress any reported cases of unfair business practices employed by firms against consumers and small businesses in the country. To execute its mandate, the Commission established a unit aimed at training and building the capacity of government officials and representatives of the private sector, as and when needed.

On the contrary, table A.18 further reveals that the local firms are not yet participating in regional and global value chains. This shows that the discussions on Zimbabwe prioritizing value chains, value addition and minerals beneficiation are yet to translate into visible actionable activities. This development undermines efforts to implement industrial and other supportive policies and strategies. At the same time, the ongoing tough economic conditions and political sensitivities remain a hurdle not only to easing and quickening the implementation of IOPs, but also to progress in aligning the country's national industrialization agenda with that of the COMESA and SADC industrialization strategies.

Notwithstanding the above challenges, Zimbabwe has made an effort to put in place requisite policies and legal instruments to exploit natural resources in accordance with the directive of the COMESA industrialization objectives. The country has been aligning its Local Content Policy with other economic development policies that are supporting the country's industrialization agenda. Progress has also been recorded with regard to SADC industrialization measures to industrialize and use natural resources; however, more evidence is needed to support the consumption of locally manufactured products, and minerals

beneficiation and value chains development. In addition, the idea of promoting local consumption is being undermined by the state of the economy, given that the country is a net importer of almost everything.

### **Extent of alignment, harmonization and commitment on trade policies and strategies**

Progress in the levels of harmonizing the COMESA and SADC industrialization strategies is a sign that Zimbabwe intends to spur industrial productive and export capacities, and improve market competitiveness at home and abroad. Improved export capacities generate the foreign currency necessary to satisfy the national import requirements. The emphasis of the country's IOPs have been on value addition, value chains development and mineral beneficiation, a strategy meant to spur the country's regional and global capacities.

Zimbabwe was already implementing a sanitary and phytosanitary policy, which provides measures to ensure technical compliance with the annexes on technical barriers to trade and on sanitary and phytosanitary measures to the SADC Protocol on Trade, as well as the World Trade Organization Agreements on the Application of Sanitary and Phytosanitary Measures and on Technical Barriers to Trade, when the domestication of the COMESA and SADC industrialization strategies came on board. The above measures are meant to remove any impediment to the country's imports and exports and to encourage export growth and diversification while promoting the importation of raw materials, machinery and equipment, which is critical to support any export-oriented production strategy.

**Table 25: Comparison of objectives of the two regional economic communities and the trade policies and strategies of Zimbabwe**

COMESA	To support intra-COMESA trade facilitation and market access opportunities, specifically by: <ol style="list-style-type: none"> <li>Strengthening standardization, quality assurance and quality management systems;</li> <li>Increasing the manufacturing base and product diversification;</li> <li>Strengthening value addition and value chains at national and regional levels.</li> </ol>
SADC	Emphasize cooperation in order to: <ol style="list-style-type: none"> <li>Increase intra-SADC trade and market expansion;</li> <li>Diversify the region’s manufacturing base through efforts to stimulate and encourage value addition on local primary resources;</li> <li>Promote export diversification of goods and services.</li> </ol>
Zimbabwe IOPs	Zimbabwe National Industrial Policy objective: promote the manufacturing sector’s value chains through policy instruments, which both improve market competitiveness and attract investment.
	Zimbabwe National Trade Policy objectives: develop national standards and accreditation institutions to implement internationally accepted local standards; apply tariff and non-tariff measures on selected sectors to improve retooling and facilitate the importation of raw materials and capital goods, thereby stimulating production and export competitiveness of value added goods; support the transformation of informal businesses into formal small and medium-sized enterprises and the reorientation of business enterprises’ models towards competitive production through sector-specific intervention programmes that fast-track the country’s trade in goods and services; establish export-oriented productive small and medium-sized enterprise clusters around large exporting firms to promote joint business venture linkages and transfer of technology and expertise; enhance value addition and export diversification and competitiveness and expand both traditional and non-traditional exports of goods and services; develop a national trade facilitation implementation plan to streamline, standardize and harmonize the trade regulatory environment, thereby ensuring the efficient movement of goods and services into and out of the country; and continually improve the operational environment for the private sector, including small and medium-sized enterprise development as the basis for export-led development.
	Zimbabwe National Trade Policy Vision and Export Promotion Strategy objectives: transform Zimbabwe from an exporter of raw commodities and semi-processed products to an exporter of internationally competitive high-value products; identify and support priority sectors with potential competitive advantage in the export market and ready-to-exploit export market opportunities to competitively diversify their export basket of products; enhance the implementation of tariff and non-tariff measures, thereby facilitating the importation of raw materials and capital goods to stimulate production and export of value added goods in line with commitments at regional (COMESA and SADC free trade areas), tripartite (COMESA-EAC-SADC Tripartite Free Trade Area) bilateral (interim Economic Partnership Agreement regime) and multilateral (World Trade Organization) levels; enact legislation that makes it mandatory for companies to comply with specified national and international standards on both imports and exports; ensure that imported and manufactured export products conform to national, regional and global market standards; continuously review legislation promoting the “ease of doing” export business to reduce the time and cost of importing, exporting and transiting goods at the country’s borders; and encourage firms to reorient their business models towards competitive production of high-quality and valued added goods and services for the external market.
	Zimbabwe National Competition Policy objective: regulate and control anticompetitive practices, mergers and acquisitions, cartels (anticompetitive agreements) and misuse of market power (monopolization) in key sectors by promoting competition and fair trade in the economy.

**a** These include iron and steel, textiles and clothing, leather and leather products, soya beans, maize and wheat, wood and furniture, pharmaceuticals and the dairy industry.

**b** These include horticulture, leather and leather products, food and beverages, textiles and clothing, wood and furniture, arts and crafts, mineral beneficiation and tourism.

Through its implementation of IOPs, the country has already identified the critical sectors (see chapter III, section D, box 4) that, if supported, spur industrial and trade growth and development. Furthermore, engagements on sectoral industrial development have been linked with issues relating to trade and investment liberalization, deregulation and privatization,

all of which are intended to prohibit unfair business and trade practices. Nevertheless, a close scrutiny of the objectives reveals that Zimbabwe can simultaneously achieve a higher level of harmonization with both the COMESA and SADC industrialization strategies and with the same level of effort (see table 25).



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## Implementation progress and gap analysis of trade policies and strategies

Harmonization of the COMESA and SADC industrialization strategies coincided with the European Union-funded Zimbabwe Trade and Private Sector Development Programme, building institutional capacities of the Standards Association of Zimbabwe, which facilitates market access by providing accredited laboratory testing services for export products at internationally accepted levels. Other standardization, quality assurance, accreditation and metrology institutions<sup>39</sup> operating at the country's border posts were also supported to ensure that Zimbabwean products improved market competitiveness and compliance. In 2019, Zimbabwe, through funding under the TradeCom II Programme, improved the capacity of ZimTrade, Plant Quarantine Services, and the Government Analyst Laboratory in order to strengthen the capacity and competitiveness of small-scale horticulture farmers to produce niche export products under the Economic Partnership Agreement in Zimbabwe. The country has since been promoting seven horticultural value chains<sup>40</sup> in market competitiveness and compliance in the European Union market and beyond. Subsequently, improving product quality to meet export standards (notably in agriculture and mining), including standardization, quality assurance, accreditation and metrology, and upgrading of laboratories (national quality infrastructure) show institutional readiness in building the country's export capabilities. The above demonstrates a fruitful relationship with development partners that deliberately align sector-specific intervention programmes with the strategies and policies of the country to stimulate industrial export-oriented production.

Notwithstanding the above improvement, local standards were not able to be met by the productive and export capacities of the country, largely owing to a lack of capital to facilitate retooling. The directives of the statutory

instrument No. 6 of 2016, as part of the process of aligning with the two regional economic communities, could not encourage companies to retool and import all the necessary capital equipment and other related machinery free of duty. This means that the capitalization of the national quality infrastructure of key stakeholders along the value chain remains a critical factor in supporting the country's industrialization. The economic conditions do not allow companies to fulfil this task, which is necessary to improve export competitiveness. As a result, the country has not registered improved importation of raw materials, machinery and equipment deemed necessary to stimulate export-oriented production, thereby generating more foreign currency for the economy. All of the above shows that the implementation of the Zimbabwe National Trade Policy has not significantly contributed to alignment with the COMESA and SADC industrialization strategies. Judging by the progress made to date (see table 25 and annex III, table A.19), more needs to be done in order to be on track in domesticating the COMESA and SADC industrialization agendas. Zimbabwe has a lot to do, as many promises are yet to be implemented.

### Extent of alignment, harmonization and commitment on investment policies and strategies

The private sector, namely large firms and micro, small and medium-sized enterprises, have been involved in the implementation of the industrialization policy frameworks and strategies. Some stakeholders, however, argue that the pace of developing the linkages between large and small and medium-sized enterprise businesses, and transforming the informal business to formal small and medium-sized enterprises, is at a slow pace mainly owing to a weak expansion of the economy. The private sector stakeholders that have since developed investment interests with some large firms are highly involved through sectoral associations in various sectors, such as edible oils, fertilizer,

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<sup>39</sup> These include the Ministry of Agriculture (plants and plant products); the Department of Veterinary Service (animals); the Environmental Management Agency (hazardous substances); the Medicines Control Authority of Zimbabwe (medicines and allied substances); and the Vehicle Inspection Department (fitness of vehicle and load shipped).

<sup>40</sup> These are floriculture (flowers), sweet potatoes, paprika, bananas, avocados, macadamia and pineapple.

**Table 26: Comparison of objectives of the two regional economic communities and the investment policies and strategies of Zimbabwe**

COMESA	Regional objective: highlight the importance of improving the business climate in member States in the region by: a. Reducing or eliminating regulations that impede investment flows and opening up investment regimes; b. Eliminating investment barriers; c. Promoting investment in green technologies.
SADC	Regional objectives: stimulate investment flows into productive sectors with comparative advantage as a strategy for acquiring modern technology to support value addition, innovation and technology transfer; and encourage regional public and private investment in infrastructure development and services.
Zimbabwe IOPSs	Zimbabwe National Industrial Development Policy objectives: attract private investment into productive sectors of the economy, especially the manufacturing sector, by adopting investor-friendly policies; improve the business environment by instituting reforms, streamlining regulations and strengthening regulatory compliance measures; ensure that the Zimbabwe Investment Authority One-Stop-Shop Investment Centre streamlines bureaucratic processes and procedures for registering investments; facilitate strategic investment through the provision of guarantees on loans for investment projects; strengthen the protection of both domestic and foreign investment by observing the rule of law and property rights, honouring bilateral investment promotion and protection agreements and international investment protection agreements; establish industrial clusters in support of the development of small and medium-sized enterprises; and foster viable business linkages.
	Zimbabwe National Trade Policy objective: maintain and strengthen incentives geared towards export-oriented investment projects by promoting existing tax-based investment incentives for public-private partnerships.
	Zimbabwe National Trade Policy Vision and Export Promotion Strategy objective: establish special economic zones to attract export-oriented investments.
	Zimbabwe National Competition Policy objective: promote and integrate both domestic and foreign direct investment into the productive sectors of the economy.

pharmaceutical and beverages, while others are involved in the leather and leather products, and textile and garment sectors. In particular, the Confederation of Zimbabwe Industries, through its Industrial Transformation Strategy, has identified and prioritized the agroprocessing, textile and leather products, metallic and mineral products, construction materials (cement, clay and steel), tourism and finance sectors. Similarly, other private sector firms are involved in contract farming as part of value chain development, including the Delta sorghum programme, the dairy sector initiative and the soya out-grower schemes for oil expression. The above examples show the country's commitment to both the COMESA and SADC industrialization strategies. In addition, the Government, through fiscal allocations to the Ministry responsible for small and medium-sized enterprises, has funded or is funding the implementation of a number of projects.

Meanwhile, the Industrial Development Corporation of Zimbabwe has been identifying

and promoting commercially viable joint venture industrial development investment opportunities to partner with local, regional and international investors, targeting agro-industrial value chains, including cotton spinning and weaving; avocado and multifruit processing; aluminium and base mineral processing; and diamond mining and polishing. Nevertheless, the ongoing economic challenges undermine the efforts made by the Corporation to partner with regional and global investors and gain access to global financial institution resources in support of industrial development processes in the country. Similarly, the Infrastructure Development Bank of Zimbabwe, owing to underfunding, has been unable to sufficiently fund industry-related infrastructure, including energy, transport, dam construction (water and sanitation), ICT and housing.

Furthermore, the lack of seed funding from development partners coupled with inconsistent but small fiscal allocations to the industrialization agenda, compelled UNIDO and the Government

of Zimbabwe to drop the idea of establishing a country programme.<sup>41</sup> This was done despite having completed extensive consultations that recognized the Business Council for Sustainable Development Zimbabwe, the Pharmaceutical Manufacturers Association, the Confederation of Zimbabwe Industries, the Zimbabwe Investment Authority, the Zimbabwe National Chamber of Commerce and ZimTrade as key private sector or business associations for implementing the selected components of the proposed country programme for inclusive and sustainable industrial development.

Table 26 provides a summary comparison of the objectives of COMESA and SADC and the investment policies and strategies of Zimbabwe, followed by an analysis of the extent of progress made towards the implementation of these instruments.

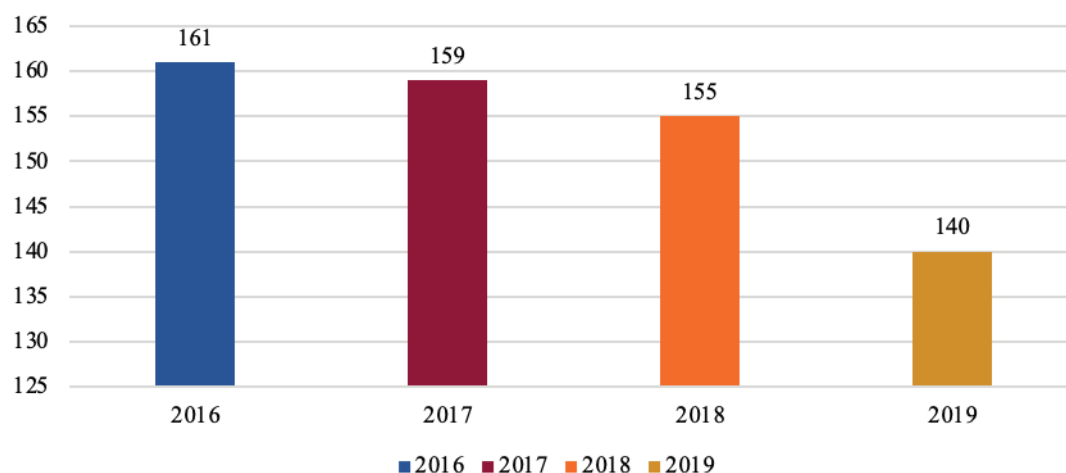
### Implementation progress and gap analysis on investment policies and strategies

Zimbabwe adopted the National Investment Policy in 2019 with a view to attracting private investment into productive sectors of the economy, including the manufacturing sector. This was complemented by regulatory reforms, the implementation of which contributed to the lowering of ease of doing business (see figure II).

This could be attributed to improved regulatory measures. However, much still needs to be done given the state of the economy. Meanwhile, some sections of the economy, especially those in the fuel field, are controlled by mergers and oligopolies, the pricing models of which have a direct bearing on the country's industrialization agenda, in particular the harmonization with the COMESA and SADC industrialization strategies.

Zimbabwe has established six industrial clusters in support of the development of small and medium-sized enterprises. They are: Masuwe special economic zone – tourism hub; Beitbridge special economic zone – logistics hub; Fernhill special economic zone – dry port; Sunway City special economic zone – industrial park; Belmont, Kelvin, Westondale and Donnington special economic zone corridor – industrial parks; and Imvumela special economic zone – industrial park. Meanwhile, concerns remain with regard to streamlined bureaucratic processes and procedures to register investment through the Zimbabwe Investment Agency. In addition, many challenges remain, especially at the meso and micro levels, in relation to capacity constraints facing business support organizations and micro-, small and medium-sized enterprises because of their limited financial, technical and human resources.

**Figure II: Ease of doing business, rank, 2016–2019**



**Source:** Doing Business reports (World Bank, 2016–2019 and 2020b).

<sup>41</sup> This is in the framework of the Zimbabwe United Nations Development Assistance Framework for 2016–2020.

In general, the funding patterns of development partners<sup>42</sup> have generally been skewed against the country's economic development agenda, specifically industrialization. For example, the lack of specific funding interest by other development partners, and scarce annual fiscal allocations by the Government of Zimbabwe<sup>43</sup> have since been sidelining UNIDO from the country's industrialization agenda, despite its ability to add tangible value and impact, given its rare technical competencies in supporting successful industrial parks in Africa<sup>44</sup> as a key industrialization intervention.

In the absence of working groups on specific themes or clusters, the level of involvement of the private sector is not a function of policy guidance, but rather its business models. This is reflected in the following sectors: (a) companies that produce both cooking oil and beverages, although more needs to be done; (b) companies that extract lead from expired batteries to produce new batteries; (c) fertilizer companies that mine rock for the production of compound fertilizer; and (d) beverage companies that use locally grown sorghum for the production of beer. Similarly, for mineral beneficiation, even

though the policy framework is in place, its implementation has been slow. This is mainly attributable to what the mining sector argues as "lack of critical mass of the required quantities of minerals" to set up a commercially viable refinery plant, save only a few new projects in the chrome subsector. The main hurdle to attracting foreign direct investment has been, and remains, the entrenched negative perceptions and mistrust between the public and private sectors.

### **Extent of alignment, harmonization and commitment on infrastructure policies and strategies**

Zimbabwe has been aligning its IOPs with the COMESA industrialization objectives as the SADC industrialization strategy provides no indicators on infrastructure as a supportive pillar in the industrialization agendas of member States (see table 27). As expected, Zimbabwe has outlined in its IPOSs several goals that are aimed at redressing infrastructure deficit in the country.

### **Implementation progress and gap analysis of infrastructure policies and strategies**

**Table 27: Comparison of objectives of the two regional economic communities and the infrastructure policies and strategies of Zimbabwe**

COMESA	Regional objectives: express the importance of industrialization enablers, namely, transport, energy, water and ICT. This lowers the cost of doing business and increases industrial competitiveness.
SADC	Regional objectives: highlight the significance of industrialization enablers, namely, water, energy, transport, meteorology and ICT, in stimulating industrial development, and competitiveness.
Zimbabwe IOPs	Zimbabwe National Industrial Development Policy objectives: promote the ease-of-doing-business operating environment by improving investment in infrastructure-related provisions, such as factory shells, reliable energy and other utilities; establish small and medium-sized enterprises in the manufacturing sector and infrastructure development projects targeting electricity generation capacity, water supply to industry, road and rail transport rehabilitation; and direct the Zimbabwe Special Economic Zones Authority to attract both domestic and foreign investment.
	Zimbabwe National Trade Policy objectives: establish special economic zones to attract local and foreign investment, stimulate export growth, generate export earnings, create jobs and alleviate poverty; encourage public-private partnerships' infrastructure development in special economic zones; and develop guidelines to support special economic zones.
	Zimbabwe National Trade Policy Vision and Export Promotion Strategy objective: develop land (road and railway transport) and air links to facilitate the transportation of trade goods to other markets in the Southern African region.
	The Zimbabwe National Competition Policy provides no indicators.

<sup>42</sup> Instead, most donor funds allocated through the United Nations system and non-governmental organizations only support critical humanitarian needs, the democracy and governance agenda, and redressing needs associated with several cyclones, such as Idai.

<sup>43</sup> For more than two decades, the Ministry of Industry and Commerce has been receiving the smallest annual budget allocations.

<sup>44</sup> Successful examples are found in Ethiopia and Senegal.

The lack of reliable electricity and water have remained key constraints in the industrialization of the economy, threatening the viability of the established special economic zones and current industries. At the time of writing, there was no clear plan on the construction of more water dams around major cities with the potential to support high levels of industrialization. Zimbabwe has not established public-private partnerships in this sector, a development that has huge potential to spur industrialization to higher levels. For example, Takouleu (2020) reveals that Bulawayo city, which experiences ongoing perennial water shortages for both industrial use and human consumption, must wait for the commissioning of the Gwayi-Shangani dam in 2022.

### Extent of alignment, harmonization and commitment on technology enhancement policies and strategies

COMESA recognizes incentives and innovation, including research and development subsidies,<sup>45</sup> as supporting technological or scientific

fields, while SADC flags science, technology and innovation as an enabler of industrial development and market competitiveness (see table 28). Zimbabwe responds to this through three IOPs. This has been supported by public-private research institutes, including the Scientific and Industrial Research Development Centre, to create a strong industrialization knowledge base.

### Implementation progress and gap analysis on technology enhancements policies and strategies

A number of areas have not been implemented in accordance with the promises contained in the country's IOPs. There are gaps in the following areas that call for urgent attention: research and development subsidies; improvements in the public-private research and innovation network; trade capacities of small and medium-sized enterprises; and innovation and technology transfer from intellectual property rights-holders.

**Table 28: Comparison of objectives of the two regional economic communities and the technology enhancement policies and strategies of Zimbabwe**

COMESA	Regional objectives: Prioritize the formulation of supportive science, technology and innovation policies that are integrated into industrial development and national development plans; Increase the spending of member States on science, technology and innovation to at least 3 per cent of their national budgets; Identify funding agencies that are dedicated to financing both public and private research and development and innovation activities; Forge linkages with global manufacturers of equipment and machinery for technological and skills transfer at concessional rates.
SADC	The regional economic community recognizes the importance of science, technology and innovation in facilitating industrial development, competitiveness, regional integration and cooperation.
Zimbabwe IOPs	Zimbabwe National Industrial Development Policy objectives: develop a collaboration framework between the Government, companies, tertiary and research institutions; and deliberate policies to strengthen science, technology transfer and innovation systems.
	Zimbabwe National Trade Policy Vision and Export Promotion Strategy objective: support small and medium-sized enterprises' access to finance, technology and export marketing training programmes, thereby building their trade capacities.
	Zimbabwe National Competition Policy objective: promote innovation and the transfer of technology from intellectual property rights-holders and encourage the utilization of such rights within tolerable levels that do not hamper competition.
	The Zimbabwe National Trade Policy is silent on the issue of technology enhancement.

<sup>45</sup> Tax rebates and low interest rates for firms to invest in research and development, grants.

## Extent of support on alignment and harmonization on financing

The prevailing economic conditions present some challenges with regard to increasing government revenue through income taxes on account of growth in the informal sector, scaling down or downsizing operations, rising (high) unemployment rates and falling disposable income. The above shows that the ongoing poor economic conditions prevent Zimbabwe from scaling up the implementation of IOPSs and domesticating the regional industrialization agenda. As such, Zimbabwe has not been able to allocate sufficient financial resources to support the implementation of its industrial development plans in synergy with the COMESA and SADC industrialization strategies. Furthermore, the insufficient and inconsistent prioritization of annual fiscal resources militates against efforts to mobilize funding support from such development partners as UNIDO and the private sector, both of which continue “sitting on the fence” while the industrialization agenda risks becoming a mere slogan.

The new European Union 2021–2027 funding cycle presents a real opportunity for Zimbabwe to have access to desperately needed grant resources to support its industrialization agenda, prioritized as “moving the economy up the value chain and structural transformation”, as reflected in the National Development Strategy. As mentioned above, the European

Union, through the International Trade Centre, supported the development of specific strategies in the textile and leather sectors in Zimbabwe; and through TradeComII, funded market competitiveness and compliance of seven value chains. Zimbabwe has benefited from European Union-supported regional funding envelopes, especially under the SADC Trade Related Facility. Meanwhile, Zimbabwe, in its National Industrial Development Policy, identified its source of funding as the Government, the private sector and development partners, but the other three IOPSs remain silent on financing sources.

## Implementation progress and gap analysis on financing

The Zimbabwe industrial sector continues to face the challenge of gaining access to affordable and long-term finance for retooling and working capital, largely owing to financial constraints, which is a major obstacle to investment in the sector. Financial constraints also undermine efforts to support micro-, small and medium-sized enterprises and rural industrialization through group financing schemes, such as credit unions and cooperatives. The study respondents acknowledge the need for the Industrial Development Corporation of Zimbabwe to be restructured in order for it to become a development finance institution to support industrialization and other infrastructure-related areas, such as energy, national road and railway network rehabilitation, and water and sanitation.

**Table 29: Comparison of the two regional economic communities and Zimbabwe on financing sources**

COMESA	The following primary funding sources have been identified: International development partners; Investments by COMESA member States; Diaspora remittances; Regional and national financial institutions; Public-private-partnerships.
SADC	Primary source: public expenditure.
Zimbabwe IOPSs	Zimbabwe directs the Industrial Development Corporation of Zimbabwe through its National Industrial Development Policy. Funding objectives: mobilize and provide funding for industrial development in line with its mandate; encourage the Government to engage domestic and international financiers to extend lines of credit in support of industrial sector’s technological re-equipment and modernization of production and to mobilize financial, technical and human resources from development partners; a promote group financing schemes by mobilizing resources through credit unions and cooperatives (credit and saving cooperatives). Other IOPS are silent on the issue of financing sources.

<sup>a</sup> Local and international experts with relevant experience from different sectors and business disciplines to assist enterprises.

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This development, however, may take years to achieve results that benefit industrialization, mainly owing to the prevailing economic conditions and tensions between political parties in the country. As a result, both domestic and international financiers have not been extending lines of credit to the industrial sector to support technological re-equipment and modernization of the production systems. Equally, there is no engagement with domestic and international financiers on lines of credit; no access to group financing; and no engagement with development partners. Furthermore, funding options from

such global industrialization-oriented bodies as UNIDO have not been pursued because of insufficient and inconsistent prioritization of annual fiscal resources in support of the country's industrialization agenda. In this regard, a UNIDO official argues that "Zimbabwe needs to make the first move<sup>46</sup> of consistently prioritizing fiscal resources in order to leverage potential resources from development partners and the private sector in support of the industrialization agenda".<sup>47</sup> This is a major hurdle.

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<sup>46</sup> First move means that the Government of Zimbabwe officially approaches UNIDO with outlined commitments towards country programme priorities.

<sup>47</sup> Email from UNIDO expert in Zimbabwe.

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## V. Opportunities and challenges

### A. Malawi

For Malawi, results from the present study identify the following opportunities for its alignment with the COMESA and SADC industrialization strategies:

- a) Working with institutional networks on policy entrepreneurs and frameworks, including ministries, departments and agencies,<sup>48</sup> private sector organizations,<sup>49</sup> and civil society organization networks,<sup>50</sup> which have funding relationships with global financial institutions (the World Bank and the African Development Bank), development partners,<sup>51</sup> United Nations bodies,<sup>52</sup> and international non-governmental organizations that support IOPS implementation and alignment with the two regional economic communities industrialization strategies;
- b) Facilitating the emergence of a knowledge-based economy and government-industry-university-labour linkages;
- c) Creating an environment that encourages resource mobilization from domestic, global financial institutions and development partners, even though industrialization-oriented interventions receive low allocations in support of harmonization with the COMESA and SADC industrialization strategies;
- d) Seeking industrialization-oriented structures<sup>53</sup> that facilitate inclusive relevant multi-stakeholder engagement at the sectoral or thematic levels in support of implementing IOPSs and aligning them with

the industrialization agendas of the two regional economic communities.

For Malawi, results from the present study identify the following challenges for aligning with the COMESA and SADC industrialization strategies:

- a) Low annual fiscal allocations to key industrialization-oriented ministries, departments and agencies to support IOPSs implementation and alignment with the industrialization strategies of the two regional economic communities. The respondents conclude that “it is now common knowledge that fiscal funding to ministries, departments and agencies has, and will continue to be inadequate, thereby compromising the development of competence and skills”. In addition, there is currently low capacity and knowledge among senior government officials and representatives of the private sector, now characterized by a “business-as-usual mentality”, solitary confinement operations, creation of policy isolation and incoherence in IOPSs implementation, thereby undermining the domestication process of the COMESA and SADC industrialization agendas. Furthermore, limited funding undermines proper institutional coordination among key industrialization-oriented ministries and agencies, and with the private sector, civil society organizations, labour unions and research institutions. More often, there has been insufficient consultation between the Government and non-State actor stakeholders. As such, the above undermines harmonization in support of domesticating

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48 Such as the Ministry of Industry and Trade, Office of the President and Cabinet, and the National Planning Commission.

49 This includes the Malawi Confederation of Chambers of Commerce and Industry.

50 Representatives of the Natural Resource Justice Network (active in the Extractive Industries Transparency Initiative) and the Malawi Economic Justice Network.

51 German Agency for International Cooperation, the United States Agency for International Development, UK Aid, the European Union and ChinaAid.

52 United Nations Development Programme and ECA.

53 These include: the National Working Group; Trade, Industry, and Private Sector Development Sector-Wide Approach; and the Regional Inter-Ministerial Committee.



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the industrialization agendas of the two regional economic communities;

- b) Insufficient capital formation to support priority clusters, small and medium-sized enterprises and local cooperatives currently experiencing low access to ICT facilities and computer-based technologies. This undermines capacity training in ICT and research and development, and it slows technology skills transfer in businesses, thereby restricting alignment with the regional industrialization goals;
- c) Unreliable and erratic energy supply to support large-scale industry that reduces operational industrial machines, and insufficient transport infrastructure and related prohibitive transport costs for both small and medium-sized enterprises and large industries militate against the practical evidence of aligning and harmonizing with the two regional industrialization strategies;
- d) Externalization of proceeds – some private sector stakeholders repatriate profits and move capital outside the country whenever economic conditions become slightly less conducive to their business operations, which undermines the Government's commitment to domesticating regional industrialization strategies;
- e) Limited access to business investment loans coupled with political interference in the selection of small-scale business loans' beneficiaries; and large-scale industries accessing finances at the expense of micro-, small and medium-sized enterprises industries, have a negative effect on industrialization and the domestication of the COMESA and SADC industrialization agenda;
- f) Limited capacity for the private sector to enhance integrity, especially in the face of self-inflicted anticompetitive actions that increase the cost of production.

## B. Zambia

For Zambia, results from the present study identify the following opportunities for aligning with the COMESA and SADC industrialization strategies:

- a) At the government and quasi-governmental levels, relevant ministries and institutions align their activities, programmes and fiscal budgets with the implementation of the industrialization agenda, and in the process, harmonize and align with the COMESA and SADC industrialization strategies. Furthermore, the Ministry of Commerce, Trade and Industry engages with the private sector through a private sector alliance, which assures the large enterprises and micro-, small and medium-sized enterprises of the Government's commitment to the industrialization agenda. The Government also engages with labour unions, civil society organizations and research institutions or academia to raise awareness of opportunities or the lack thereof on industrialization-oriented programmes and activities;
- b) The political environment allows the business community to engage directly with political stakeholders, and other key stakeholders working on industrialization. This sustains a conducive environment that redresses inconsistencies in implementing IOPs and legal regulations, and promotes alignment and harmonization with the industrialization strategies of the two regional economic communities;
- c) Availability of development partners that fund support for industrialization. In this regard, the German Agency for International Cooperation established a country programme<sup>54</sup> in 2020, while support provided by the African Development Bank enabled UNIDO to complement the Government's annual fiscal resource allocations in establishing the ongoing Programme for Country Partnership for Inclusive and

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<sup>54</sup> Currently supporting the implementation and alignment of the Zambia National Industrial Policy with the SADC industrialization strategy and road map.

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Sustainable Industrial Development. This supports the country's industrialization agenda and alignment with the COMESA and SADC industrialization strategies;

- d) The recently established Zambia–Zimbabwe joint industrialization cooperation programme encourages the harmonization of industrial development and subsequent alignment with the regional industrialization strategies.

For Zambia, results from the present study identify the following challenges for aligning with the COMESA and SADC industrialization strategies:

- a) Lack of affordable finance by entrepreneurs from the commercial banks undermines industrial development. The national financial institutions that lend to large firms and micro-, small and medium-sized enterprises have been discouraged by rising inflation and interest rates. Equally, consumption of locally produced raw materials into industrial production and final products by companies and citizens, respectively, as encouraged by Zambia in its National Trade Policy, continues to be dampened by high inflation and interest rates, which reduce disposable incomes. All of the above hinder industrialization and alignment with the COMESA and SADC industrialization agendas;
- b) Limited foreign currency and a depreciating exchange rate have negatively affected the highly import-dependent<sup>55</sup> domestic industrial production sector and have discouraged the mobilization of investment resources at all levels<sup>56</sup> from domestic financial institutions. These issues have a negative impact on micro-, small and medium-sized enterprises, compared with large firms that have various options of mobilizing investment resources domestically and externally. As a result, this depresses industrialization, discourages technology adoption and skills transfer, and slows

harmonization with both the COMESA and SADC industrialization agendas;

- c) Fiscal instability underpinned by a huge debt overhang from global financial institutions or international creditors or shrewd but calculative bilateral creditors. This also exposes the country's vast natural resources to large foreign firms that dominate the extractive sector;
- d) Insufficient support for local industrial production processes through improvement in innovation, technological capabilities, research and development, scientific and industrial research, utilization of ICTs, and technological transfer slows contribution towards domestication of the two regional industrialization strategies;
- e) Coordination challenges in supporting micro-, small and medium-sized enterprises – large corporations' commercial bonds; joint ventures between local enterprises and Zambia-based transnational firms; value chain cluster development; and business linkages between suppliers and consumers of goods weaken efforts to domesticate the COMESA and SADC industrialization agendas.

## C. Zimbabwe

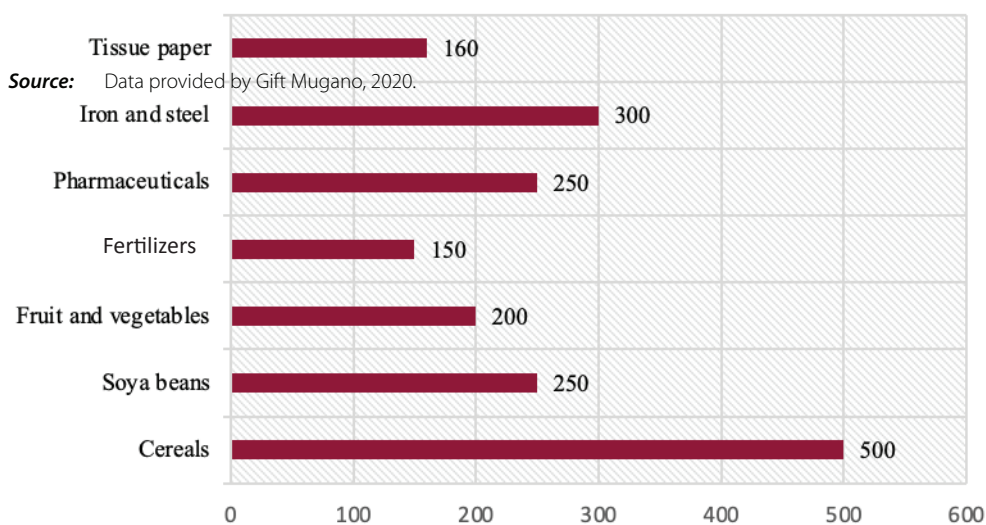
For Zimbabwe, results from the present study identify the following opportunities for aligning with the COMESA and SADC industrialization strategies:

- a) The increasing calls for an inclusive political dialogue provide an opportunity for the Government of Zimbabwe to intensify re-engagement with the European Union, thereby accessing the new European Union funding for the period 2021–2027, including industrialization support and alignment with the COMESA and SADC industrialization strategies;

<sup>55</sup> Mainly machinery, equipment, semi-processed and raw material goods, and related services.

<sup>56</sup> Large firms and micro-, small and medium-sized enterprises.

**Figure III: Zimbabwe current import bill** (Millions of United States dollars)



Source: Data provided by Gift Mugano, 2020.

- b) The availability of local natural and human resources coupled with the implementation of the Zimbabwe Local Content Policy encourages not only local value chains, value additions and mineral beneficiation, but also the domestication of the two regional industrialization strategies;
  - c) The Zambia–Zimbabwe joint industrialization cooperation programme encourages harmonization of industrial development and subsequent alignment with the regional industrialization strategies;
  - d) The fact that an agriculture-based economy recorded a high agriculture-related import bill between 2016 and 2019<sup>57</sup> and selected food and other items in 2020 (see figure III) present an opportunity to scale up value chains and value addition industrial developments or start producing similar crops, thereby supporting alignment and harmonization with the COMESA and SADC industrialization strategies.
- For Zimbabwe, results from the present study identify the following challenges for aligning
- with the COMESA and SADC industrialization strategies:
    - a) Political polarization<sup>58</sup> negatively affects industrial development and alignment with the COMESA and SADC industrialization strategies for the following reasons:
      - i. Current and potential domestic and foreign investors are discouraged from investing, especially in prioritized sectors earmarked to spur industrial development;
      - ii. Development partners with funding programmes are discouraged from partnering with industrialization-focused organizations with a commitment to support the country's industrialization agenda. As a result, they have largely remained on the sidelines of the country's industrialization journey;
      - iii. The harmonization of key stakeholders who move the country's industrialization agenda forward is hindered. For example, such stakeholders as labour,<sup>59</sup> notwithstanding its tripartite role,

<sup>57</sup> On maize (\$448.2 million), wheat (\$311.5 million) and rice (\$270.2 million) (see table 4).

<sup>58</sup> This is attributable to the antagonistic relationship between the Movement for Democratic Change Alliance and the Zimbabwe African National Union-Patriotic Front that began in August 2018.

<sup>59</sup> Through its research unit, the Labour and Economic Development Research Institute of Zimbabwe.

- especially on industrial production/ productivity and job creation issues, has been excluded from government-led industrialization-oriented consultations. Not surprisingly, a representative of the Labour and Economic Development Research Institute of Zimbabwe argues that “... we are not involved in these finer details of alignment with the COMESA and SADC industrialization strategies”;<sup>60</sup>
- b) Macroeconomic instability<sup>61</sup> translates to less progress in aligning with the COMESA and SADC industrialization agendas for the following reasons:
- i. It discourages domestic and foreign capital investment and erodes companies’ financial assets;
  - ii. It dampens the private sector interest to invest in prioritized sectors;
  - iii. It undermines the revival of industrial capacity utilization and the development of value chains, value addition and minerals beneficiation;
- c) The increasing overreliance in recent years on gazetted Statutory Instruments to manage or guide the economy and industrialization presents the following challenges:<sup>62</sup>
- i. It undermines awareness-raising and dilutes stakeholders’ wider buy-in and collective ownership of the process and outcome(s);
  - ii. It bypasses parliamentary oversight and other relevant non-State actors stakeholders’ scrutiny as the process involves the President and portfolio Ministers;
  - iii. It takes stakeholders and other constituencies by surprise as more often than not, industrialization strategies are gazetted into law overnight;
- iv. It has increasingly become a source of mistrust between the Government and other non-State actors;
  - v. It creates the impression that politicians are formulating and implementing policies without the knowledge of other strategic stakeholders, especially the private sector;
  - vi. It weakens industrialization and the alignment of country strategies with regional industrialization agendas;
- d) Lack of funding undermines effort to support industrialization and for IOPSs alignment with the regional industrialization agendas. In particular, the Infrastructure Development Bank of Zimbabwe faces challenges of funding industry-related infrastructure developments, such as roads, railways and dams, for example, the limited supply of water in major cities such as Bulawayo dampens business investment in value addition and value chains growth sectors; limited access to global financial institutions resources; and it struggles to partner with regional and global investors interested in industrial development processes of agro-industrial value chains and mineral beneficiation in the country;
- e) The development partners funding models have largely remained anti-Zimbabwe with regard to the economic development agenda, including industrialization, which weakens alignment with the COMESA and SADC industrialization strategies. As a result:
- i. The Government’s annual fiscal allocations to industrialization-oriented ministries have been too low;

<sup>60</sup> Interview with the Director of the Labour and Economic Development Research Institute of Zimbabwe, Godfrey Kanyenze.

<sup>61</sup> Rising inflation, regular fuel and water shortages, electricity blackouts, weak domestic currency amid acute shortages of foreign currency, rising debt and corruption, and high poverty and inequality levels.

<sup>62</sup> The Zimbabwe industrialization agenda process is being led by politicians and not industry, an anomaly that lacks transparent consultations with the private sector.

- ii. Limited access to financial and technical resources frustrate capacity development of business support organizations and small and medium-sized enterprises, which weaken the sectors' contribution to the country's industrialization agenda;
  - iii. UNIDO, the intervention of which depends on partnering with development partners, faces political and favourable-environment challenges in securing partners to complement the country's annual fiscal allocations to fund a country programme established jointly by the Government of Zimbabwe to develop 10 projects;
- f) The ongoing economic woes of Zimbabwe militate against IOPS alignment and harmonization with the two regional industrialization agendas, owing to the following challenges:
- i. Global financial institutions and other international financiers not extending lines of credit in support of economic development in general and industrialization in particular;
  - ii. Failure by both domestic and international financiers to extend lines of credit to the industrial sector to retool, re-equip and modernize industrial production systems;
  - iii. Limited access to financial and technical resources by micro-, small and medium-sized enterprises, business support organizations and rural industrialization development;
- g) Absence of working technical groups on specific themes or clusters means that the involvement of the private sector has been based on business models which may not buttress domestication with the COMESA and SADC industrialization strategies.

## D. Summary

For all three countries, the opportunities are as follows:

- a) The presence of several IOPSs currently being implemented under government-led implementing structures, albeit imperfect;
- b) The existence of relevant stakeholders with clear roles and responsibilities necessary to drive the respective countries' industrialization agendas;
- c) The presence of global financial institutions and development partners, notwithstanding political differences with the Governments.

All three countries face the following challenges to aligning their IOPSs with the COMESA and SADC industrialization strategies:

- a) Partial implementation of reviewed IOPSs and other supportive policy and legal frameworks (see annex III) reflects weak prioritization and poor shared-collaboration effort across industrialization-oriented ministries and with industrialization-oriented non-State actors, which hinders the above from translating into actionable activities, outcomes and outputs in support of industrial development and domesticating regional industrialization strategies;
- b) Lack of awareness-raising amid infrastructural, institutional and financial constraints to add value and develop value chains, has resulted in weak cooperation among all key stakeholders<sup>63</sup> working on industrialization, leading to low buy-in and ownership by other stakeholders and constituencies based on shared interests in the country's industrialization agenda, including harmonizing with the two regional industrialization strategies;
- c) Weak collaborative working partnerships between the Government and relevant non-State actor stakeholders working on

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- industrialization based on their respective mandates, roles and responsibilities in the context of equally fragile domestic industrialization-oriented strategies and processes, constrain domesticating regional industrialization agendas;
- d) The absence of costed action plans and monitoring and evaluation frameworks to support the implementation of IOPs coupled with the lack of a midterm review, which should identify factors and practices hindering progress with a view to correcting them, undermine alignment with the COMESA and SADC industrialization strategies;
  - e) Limited finances have been constraining industrialization, mainly at IOPs formulation and implementation; industrial development and production; and infrastructure development levels. In particular, national development finance institutions struggle to attract and secure investment opportunities to support implementation of the aspirations of regional industrialization strategies;
  - f) The slow pace of industrialization on account of weak collaborative relationships between Governments and key non-State actor stakeholders amid low awareness-raising among stakeholders and slow buy-in by development partners. This translates to low ownership of the industrialization agenda and weak domestication of the COMESA and SADC industrialization strategies;
  - g) Lack of funding to strengthen the recently established Zambia-Zimbabwe joint industrialization cooperation programme in the context of support to ongoing trade facilitation initiatives, thereby encouraging alignment with the two regional industrialization strategies;
  - h) Low annual fiscal allocations and insufficient funding from other development partners to support industrialization initiatives that promote industrialization and alignment with the COMESA and SADC industrialization strategies.

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# VI. Recommendations and implementation framework

## A. Recommendations

### 1. Malawi

For Malawi, the following recommendations for aligning with the COMESA and SADC industrialization strategies are presented:

- a) Non-State actors, stakeholders and development partners should lobby the Government to increase fiscal allocations to support the country's industrialization agenda. The Government and relevant non-State actor stakeholders (research institutions, academia and civil society organizations) should provide capacity-building and competence training to middle and senior government officials and other representatives of stakeholders;
  - b) Ministries, departments and agencies, currently boxed in their policy spaces and preoccupied with sector-specific interests, should embrace all relevant stakeholders, notwithstanding their divergent views, especially on the industrialization agenda or related process engagements. In this regard, officials of ministries, departments and agencies should downplay power politics and the jostling for policy supremacy at the expense of sharing potential opportunities that sustain industrialization leading to wealth generation, job creation and poverty alleviation;
  - c) The Government should:
    - i. Consider a review of the National Industrial Policy to include growth targets and potential paths to industrialization in line with the regional frameworks and the Malawi Vision 2063;
    - ii. Improve the political and business environment to attract foreign investment in the ICT and research and development sectors. Similarly, relevant stakeholders should provide such institutional capacity-building and training in the above areas. Responsibility or potential funders include the Government and all relevant non-State actor stakeholders (especially the private sector);
  - iii. Mobilize interested development partners whose funding programmes include energy and transport infrastructure, and establish and strengthen public-private partnerships in the above sectors. In addition, the private sector should mobilize domestic and foreign investment finance in these sectors;
  - iv. Take urgent decisive action against corrupt industrialists, including using existing or enacting effective legal instruments; work together with such stakeholders as civil society organizations and labour unions to campaign against such malpractices, including "name and shame". In addition, all key stakeholders should selflessly support the industrialization agenda and subsequent alignment with the COMESA and SADC industrialization strategies;
  - v. Continue to negotiate for sustainable lines of credit from global financial institutions and other regional and global creditors;
  - vi. Collaborate with development partners and create industrial development funding windows through current microfinance institutions.
- d) The private sector should continue to negotiate for better lines of credit from the national, regional and global financial institutions;

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- e) The Government and the private sector should develop guiding tools that ensure that micro-, small and medium-sized enterprises have access to finance on equal terms as large companies.

## 2. Zambia

For Zambia, the following recommendations for aligning with the COMESA and SADC industrialization strategies are presented:

- a) The Government, through the Bank of Zambia monetary policy instruments on interest and inflation rates, among others, should ensure that financial institutions become an integral matrix in the country's industrialization agenda. Lowering the above rates, *ceteris paribus*, increases disposable incomes of both companies and households, thereby increasing demand of domestically produced goods and services leading to more industrial production of the same;
- b) The Government should sustain negotiated lines of credit from global financial institutions and other regional and global creditors. The Government and the central bank should adopt policy instruments that encourage the private sector to sustain export-oriented production leading to more generation of foreign currency to complement secured lines of credit. From the above, private sector entrepreneurs should access foreign currency in sufficient quantities to import industrial production-related inputs;
- c) The Government should carefully balance supporting the generation of foreign currency through industrialization-oriented trade, and debt payment. This calls for sustained trade-debt dialogue involving the Government and all relevant stakeholders. This trade-debt dialogue should be premised on the goal of diversifying from traditional mineral commodities, mainly copper, the price of which has fallen on the international market;
- d) The Government should support the National Technology Business Centre and

strengthen the Patents and Companies Registration Agency to encourage investment in innovation, technological capabilities, research and development, and scientific and industrial research;

- e) The Government, through the lead Ministry of Industry, should work closely with the Citizens Economic Empowerment Commission and the Zambian Development Agency, both of which have been supporting the establishment of industrial and value chain clusters, multifacility economic zones and industrial parks, and the construction of industrial yards in support of value chains and value addition, thereby contributing positively to the country's industrialization agenda and the domestication of the COMESA and SADC industrialization strategies;
- f) The Government should conduct an impact assessment of the multifacility economic zones in accelerating the industrialization and export competitiveness of Zambia;
- g) The Government should conduct a comparative study of the effectiveness of the industrial parks in contributing to regional value chains;
- h) The Government should support the development of a country industrial teaser catalogue to promote industrial discoveries and regional cooperation.

## 3. Zimbabwe

For Zimbabwe, the following recommendations for aligning with the COMESA and SADC industrialization strategies are presented:

- a) The Government should instil confidence in the economy and spur industrialization and alignment with the two regional industrialization agendas by:
  - i. Committing to an inclusive stakeholders' political dialogue guided by a clear road map and milestones;



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- ii. Intensifying re-engagement with Western Governments, global financial institutions, bilateral creditors and other development partners;
  - iii. Creating a friendly political, investment and regulatory environment that attracts domestic and foreign investment;
  - iv. Creating an environment that renews development partners' interests in the country's industrialization agenda;
    - Improving revenue collection and increasing fiscal allocations to complement UNIDO efforts to reopen the Partnership Country Programme, which supports the country's industrialization agenda;
  - v. Encouraging collective and apolitical articulation of the country's industrialization vision;
  - vi. Developing and nurturing strong partnerships and sound collaboration with all relevant non-State actor stakeholders, based on respective complementary roles and responsibilities;
  - vii. Encouraging other relevant stakeholders to mobilize resources for the implementation of programmes and activities that buttress the country's industrialization agenda;
  - viii. Ensuring inclusive consultations, proper coordination and sincere commitment to work with all representatives of non-State actors irrespective of their divergent views. This will build transparency in industrialization-oriented consultations, thereby generating positive perceptions, confidence and trust in the government-led process. This also raises awareness among stakeholders and constituencies, leading to their buy-in and ownership of the industrialization agenda;
  - ix. Ensuring that the industrialization-oriented ministries and non-State actors, especially the private sector and unions, establish industrial production road maps on key economic sectors and priority clusters, in particular those that anchor the country's industrialization agenda;
- b) The Government should ensure that the gazetting of industrialization strategies instils confidence in country's industrialization agenda by:
    - i. Developing and rolling out capacity-building programmes<sup>64</sup> for the Members of Parliament<sup>65</sup> in the Portfolio Committee of Trade, Industry and Development to enhance their oversight role on ministerial directives or administrative procedures;
    - ii. Ensuring that inclusive and proper consultations are carried out between industrialization-oriented ministries and key stakeholders in the industrialization cluster before related statutory instruments are gazetted into law. This facilitates awareness-raising of intended objectives, leading to buy-in, then ownership of domesticating regional industrialization strategies. This also rebuilds honesty, transparency and trust between the Government and non-State actors;
  - c) The Government of Zimbabwe should sincerely intensify the following actions:
    - i. Re-engage with global financial institutions, Western Governments and bilateral creditors to end the two-decades of financial isolation by expressing actions that commit to redress 'known' pluralistic democratic and governance deficits;
    - ii. Re-engage with development partners to partner with UNIDO, thereby sustaining country partnership operations;

<sup>64</sup> These include policy dialogue workshops, seminars and round tables.

<sup>65</sup> The three roles of the Members of Parliament are overseeing the executive branch, representing the people, and legislating national laws and regulations.

- iii. Negotiate the lines of credit from global financial institutions and other bilateral creditors;
  - iv. Increase efforts to establish a conducive environment that attracts regional and global financial institutions into the country. This directly benefits the Infrastructure Development Bank of Zimbabwe;
- d) The private sector should intensify the following actions:
- i. Engage with regional and global financial creditors for better lines of credit;
  - ii. Lobby for a friendly political, investment and regulatory environment that attracts domestic and foreign investment;
  - iii. Commit to availing of funds in support of business linkages between large enterprises and small and medium-sized enterprises;
- e) Non-State actor stakeholders should constantly lobby the Government for an improved business-friendly environment in line with the national slogan, “Zimbabwe Open for Business”. Among other things, this entails speeding up the construction of roads, dams (to ensure sufficient availability of water), identifying and securing enough energy to supply industries, prioritizing industrialization-oriented agricultural production, and the revival of Zimbabwe Railways to link industries with sources of raw materials and consumers.

## B. Summary

For all countries, the following recommendations for aligning with the COMESA and SADC industrialization strategies are presented:

- a) Responsible government officials should ensure the inclusive involvement of all relevant stakeholders; coordinate prioritization and intervention actions; include implementation-related fiscal budgeted resources; non-government stakeholders’ commitment should fund the implementation of activities within their respective roles and mandates, and sufficiently mobilize resources from development partners. In addition, all relevant stakeholders should collectively monitor implementation processes with a view to entrenching harmonization with both the COMESA and SADC industrialization strategies;
- b) Build sound stakeholder working relationships based on transparency in sharing information on the process, progress and lack thereof, and awareness-raising to educate and appeal to wider audiences, including the general citizenry;
- c) The Government and relevant stakeholders should complement efforts and responsibilities in domesticating regional industrialization strategies in line with their respective mandates and roles through the following actions:
  - i. The Government, as a leading implementer, should allocate fiscal resources or mobilize resources from development partners to support institutional capacity needs in support of coordinating and implementing the industrialization agenda along with the needs of relevant quasi-statutory institutions;
  - ii. The private sector should mobilize domestic and foreign investment in prioritized sectors, such as leather, textiles and garments, thereby translating industrialization policies and strategies into an industrial development process measured by outcomes or outputs;
  - iii. Civil society organizations should support raising funds and undertaking evidence-based advocacy, lobbying, campaigning and awareness-raising on harmonization with regional industrialization strategies;

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- iv. Members of Parliament, through their oversight role of the executive branch, should closely monitor and evaluate the implementation of regional commitments in industrial development;
  - v. Labour unions, through their organizational programmes, should commit to supporting industrial development and productivity;
  - vi. Academia and research institutions, through their research interests, should buttress understanding of the necessity to align national industrialization-oriented policies, strategies and programmes with those of COMESA and SADC by highlighting opportunities and emerging challenges;
- d) The responsible lead ministry should take every stakeholder into confidence by sharing industrialization-related interests, crucial information, and strategies; implementation and domestication plans, including activities and related budgets; and progress reports on programmes, projects or sector activities in which logjams in implementation, domestication and associated opportunities are readily identified. The industrialization-oriented interministerial committee should also commission analytical in-depth gaps identification of challenging factors and practices hindering progress in implementing and aligning IOPs, especially statutory instruments, with the regional industrialization agendas and current and potential industrialization and domestication opportunities. The exercise should also lead to the formulation of clear interventions and strategy with clear targets and well-costed activities along with a monitoring and evaluation framework based on timelines and logframe indicators to assist in aligning with the COMESA and SADC industrialization strategies;
  - e) The Governments of the three countries should sustain engagement or re-engage with global financial institutions in order to have access to lines of credit, thereby strengthening the operations of national development finance institutions. At the same time, development finance institutions and non-State actor stakeholders should continue lobbying for friendly political, investment and regulatory environments that attract domestic and foreign investment, including technology and skills transfer in prioritized sectors or clusters;
  - f) The three countries should establish and/or strengthen public-private partnerships, especially in infrastructure development – energy, rail, road and telecommunications. This contributes to the respective countries' industrialization agendas and the domestication of regional industrialization strategies;
  - g) The African Union Southern Africa Regional Office, through COMESA and SADC, should implement the Action Plan for the Accelerated Industrial Development of Africa initiative in the three countries, thereby speeding up the attainment of industrialization (see chapter II, section A). In particular, the African Union Southern Africa Regional Office should follow up with the Governments of Malawi, Zambia and Zimbabwe, in collaboration with the private sector and civil society organizations, to take the lead in the initiation and implementation of the Action Plan for the Accelerated Industrial Development of Africa;
  - h) Zambia and Zimbabwe should mobilize the financial and technical assistance of development partners to strengthen the first joint industrialization cooperation programme in Southern Africa. In addition, COMESA and SADC should encourage development partners to be involved in the Zambia-Zimbabwe joint industrialization cooperation programme, with a view to replicating the initiative in other member States in the region in the context of supporting ongoing trade facilitation initiatives in preparation for participating in the African Continental Free Trade Area agenda;

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i) In pursuit of implementing their industrialization agendas, the three countries should embrace strategic collaboration with other donors and global financial institutions to partner with UNIDO and its industrialization initiatives through the Programme for Country Partnership (Malawi and Zambia) and the country programme (Zimbabwe).

## C. Proposed implementation framework

In all the three countries, a relevant government department leads the implementation of industrialization policies and strategies, and the domestication of regional industrialization agendas through an established interministerial institutional mechanism with the mandate to create a conducive environment that facilitates the coordination of other relevant stakeholders within their constitutional mandates, roles and functions in support of the process. The proposed industrialization implementation framework mechanism takes into account national industrialization efforts in the context of working relationships between State and non-State actors.<sup>66</sup>

The three countries have an established mechanism – the Tripartite Negotiation Forum – in which the Governments consult the private sector and labour (trade unions) on matters of the economy, including industrialization processes in the context of regionalism. This mechanism excludes civil society organizations, which largely represent the community sector. The industrialization implementation frameworks for the three countries currently exhibit varying degrees of weak government-non-State actor strategic and synergistic building, networking and partnership in support of industrialization. In addition, officials of the three Governments and some relevant non-State actor stakeholders involved in the industrialization agenda hardly engage with each other, thereby fuelling

perceptions of mistrust and lack of confidence in the process and in the programmes, policies and strategies relating to the process. This is largely attributable to the presence of political sensitivities or polarization, which compromise the private sector's commitment to the national industrialization process and the alignment with the regional industrialization agendas. Similarly, labour unions and civil society organizations become marginally involved or less interested in the implementation of IOPs, and the alignment and harmonization with the COMESA and SADC industrialization agendas. This also means that the industrialization-oriented consultations or engagements between the Governments and key non-State actor stakeholders increasingly become unstructured, selective and a function of polarized national body politic.<sup>67</sup> None of the three countries have a monitoring and evaluation framework for the industrialization policies or strategies. Empirical evidence has demonstrated that having a monitoring and evaluation framework, especially for a public policy-industrialization strategy, facilitates sharing results in a credible and transparent manner. In addition, the monitoring and evaluation system helps the stakeholders to understand whether the strategy is being implemented, and how local entities respond to policy decisions.

Given the above industrialization implementation framework fault line, the present study provides a proposal for the implementation framework structure, which is largely informed by the approach used in South Africa. In this regard, South Africa has institutionalized the implementation of industrialization objectives under the oversight of the National Economic Development and Labour Council, which comprises representatives of the Government, labour unions, business and community organizations. This structure assumes an apolitical working relationship between the Government and non-State actors and equal partnership in development based on structured, honest and meaningful consultations and involvement. In addition, the transparency of the framework

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<sup>66</sup> Political sensitivities or polarization create conditions of unfriendly working relationships between State and non-State actors.

<sup>67</sup> For example, the Director of the Labour and Economic Development Research Institute of Zimbabwe, the research think tank of the Zimbabwe Congress of Trade Unions, Godfrey Kanyenze, observes the dysfunction and inability of the Tripartite Negotiation Forum to drive the Zimbabwean industrialization agenda in line with its mandate, as labour has not been involved in the finer details of alignment with the regional industrialization processes.

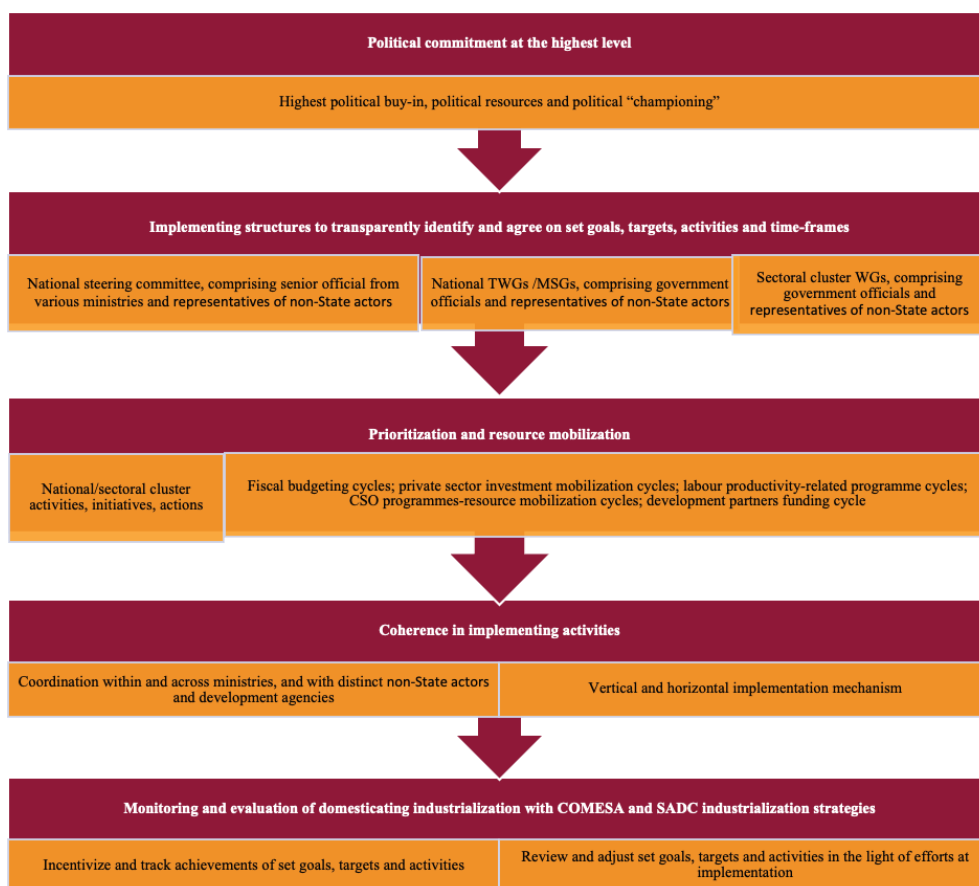
structure ensures that all industrialization-oriented information, strategies, development plans and associated budgets are shared with all relevant stakeholders. The Government-business collaboration offers confidence and generates trust among all relevant stakeholders, and positive perceptions of the economy. This framework structure is intended to be used when engaging on trade and economic cooperation with other countries and regions.

Figure IV illustrates the proposed implementation framework, which is premised on the fundamental submission that industrialization requires strong inclusive political currency at the highest level to support various implementing structures comprising representatives of all key stakeholders (as is the case with South Africa); funding options in response to prioritizing programmed activities and the monitoring and evaluation of both the national industrialization

agenda, and harmonization with the COMESA and SADC industrialization agendas.

The three countries should strengthen the established structures by modifying the composition of their respective current industrialization implementation frameworks. In this regard, figure IV shows that the implementation framework should comprise the following key strategic structures: (a) sectoral cluster working groups to articulate issues, positions, proposals and tactics for consideration and engagements; (b) technical working groups on industrialization to develop detailed implementable actions, activities and projects, guided by previous resolutions or recommendations emanating from meetings; and (c) a national steering committee on industrialization that considers, coordinates and harmonizes intervention activities proposed by the technical working groups, and develops and

**Figure IV: Proposed implementation framework**



**Abbreviations:** CSO, civil society organization; MSG, member State Government; TWG, technical working group; WG, working group.

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proposes fundraising options for participating stakeholders.

In the light of the above, the following proposals are put forward:

- a) The establishment of an implementation framework in which thematic working groups around various industrial clusters or value chains are based on clear published terms of reference to drive their respective industrialization growth and development while paying attention to emerging industrialization-related initiatives or new industries. In this regard, and based on the results of the present study, the consultant assumes the stakeholders' commitment, readiness and openness to robust engagement on mainstreaming national industrialization policies and strategies into regional industrialization agendas;
- b) The creation of an inclusive implementation framework in which the selection criteria of stakeholders is above political sensitivities while ensuring an apolitical and robust engagement environment. This is premised on the following two factors:
  - i. Inclusivity, which largely ensures the participation of relevant industrialization-oriented or economic government ministries and quasi-government institutions, private sector bodies or business organizations, labour unions

or institutions affiliated with them, civil society organizations working on IOPS issues, and research institutions and academia. This inclusivity is based on the constitutional mandates, roles and responsibilities of stakeholders and their respective choices of who should represent them, notwithstanding being undiplomatic or having sometimes divergent views on the process or some issues, promises or actions;

- ii. Secondment of senior, experienced, knowledgeable or keen-to-learn officers or representatives whose participation in all the processes will be consistent, constructive, rational and open-minded, coupled with powers to make binding decisions regardless of financial and political implications. On this note, the study advances the approach and wisdom of the East African Community partner States of initialling and signing every agreed crucial decision or commitment for future engagements or reference on the same issue by stakeholders' participants regardless of their respective positions in that meeting. This encourages stakeholders to ensure that each meeting of key milestones is taken seriously, and is binding to the agreed commitments; and it encourages participants to be honest in their commitments and, in the process, build confidence and trust among them.

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## VII. Conclusion

Overall, Malawi, Zambia and Zimbabwe have aligned and harmonized their respective national industrialization policies and strategies with the COMESA and SADC industrialization aspirations. Malawi adopted its industrial policies and strategies in 2016, and Zambia and Zimbabwe adopted theirs in 2018. The three countries have also been implementing several IOPSs, thereby demonstrating their respective efforts, albeit at different levels, to domesticate elements of both the COMESA and SADC industrialization frameworks. In addition, COMESA and SADC officials have confirmed the domestication of the two regional industrialization agendas through their respective official reports in regional meetings relating to domestication.

Overall, for Malawi, the effort towards domestication is manifested in the following ways:

- a) Malawi has sound funding relationships with global financial institutions, development partners, agencies and bodies of the United Nations system (United Nations Development Programme, ECA and UNIDO), and international non-governmental organizations through which relevant ministries, departments and statutory bodies, and non-State actors mobilize external resources in support of IOPS implementation and alignment with the COMESA and SADC industrialization agendas. However, annual fiscal allocations in support of industrialization as laid out in the COMESA and SADC industrialization strategies have remained very low;
- b) Malawi is said to be on track with technology uptake, especially on the use of ICT, which is a key pillar in the Malawi Growth and Development Strategy III. In addition, Malawi, through the National Planning Commission, has embraced ICT as a key pillar in the development of Malawi Vision 2063. The country recently reviewed the ICT policy, regarding it as a cross-cutting theme and a crucial enabler of industrialization. This

technology is now considered as an industry by itself. The Government has fast tracked the institutionalization of the e-government process, including the establishment of a fully-fledged e-government Department. The country's industrialization is poised to benefit from the installation of fibre-optic cables.

In the case of Zambia, efforts towards domestication have benefited from:

- a) The alignment of annual fiscal budgets, albeit low, of relevant government ministries and departments, and quasi-autonomous organizations with their industrialization-oriented programmes and activities;
- b) The established UNIDO Programme for Country Partnership in collaboration with the African Development Bank;
- c) The German Agency for International Cooperation, which established a country office in 2020 to support the country's industrialization agenda, including harmonization with the two regional industrialization agendas;
- d) A conducive political environment, allowing the business community to engage directly with political entities and other key stakeholders working on industrialization and alignment with regional industrialization strategies with a view to redressing inconsistencies in implementing IOPSs and legal regulations;
- e) The Zambia-Zimbabwe joint industrialization cooperation programme, which reflects a sign of commitment by the two countries to mutually tackle their respective industrialization agenda and alignment with the regional industrialization strategies.

For Zimbabwe, the effort towards domestication is manifested in the following ways:

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- a) The increase in calls for an inclusive political dialogue coupled with re-engagement with Western Governments and global financial institutions in order for the country and the private sector to have access to the lines of credit needed to support the industrialization agenda;
  - b) As observed above, the recently established Zambia–Zimbabwe joint industrialization cooperation programme encourages the harmonization of industrial development and subsequent alignment with the regional industrialization strategies;
  - c) The prioritization of value addition and value chain development, especially in the agroprocessing and pharmaceuticals sectors, as well as mineral beneficiation.

Results from the present study reveal that all three countries have been mobilizing funding from development partners, global financial institutions and UNIDO to support their respective industrialization agendas, although with varying degrees of success. In addition, the countries have created favourable policy and legal conditions that attract domestic and foreign investment, especially in the prioritized sectors meant to drive industrialization and support IOPS implementation leading to harmonization with the two regional industrialization agendas. The political will to bring about industrialization is evidenced by the efforts made towards implementing IOPSS.

The zeal to develop and adopt IOPSS, however, has not been matched with their effective implementation. For example, the three countries have not been translating IOPSS into actionable programmes and activities that tangibly spur their respective industrialization agendas and influence practical steps in domesticating the COMESA and SADC industrialization strategies. This implementation gap is well illustrated in chapter IV under each country.

The private sector, as an engine of industrialization, has not demonstrated enough momentum to bring about industrialization in chosen sectors and the economy in general. In

addition, private sector investment in prioritized sectors remains equally unimpressive. On the one hand, the Governments perceive that the private sector has not been active enough to drive the industrialization agenda in the three countries. On the other hand, the Governments, especially in Zimbabwe, maintain that the industrialization agenda process is being led by politicians and not industry, owing to insufficient consultations coupled with a lack of transparency and established industrial production road maps on key sectors, in particular those that anchor the economy. Evidence obtained from the present study maintains that the private sector should be a key driver of the actual domestication through its own funding or through participation in industrialization programmes and projects, or both.

While the Governments of the three countries set the operating environment, it is the private sector that invests in the industrialization programmes. It is also the private sector that should join the Government in mobilizing domestic, regional and international capital to support the industrialization process. However, the micro-, small and medium-sized enterprises in all three countries are not yet vibrant enough to anchor industrialization and attract the domestic, regional and foreign investments necessary to promote industrialization. This is mainly attributable to limited access to financial resources from national, regional and global sources.

Meanwhile, all the countries generally exhibit a fragile working relationship between their Governments and all relevant non-State actor stakeholders, based on their respective roles and responsibilities. The insufficient inclusion of all relevant stakeholders has caused a lack of awareness on issues regarding both industrialization and alignment with regional industrialization goals and has discouraged buy-in and ownership by other stakeholders and constituencies based on shared interests.



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# Annex I. Terms of reference

Posting title	Consultant: Alignment and harmonization of regional and national frameworks on industrialization and national domestication of regional strategies and policies to support industrial development – Subregional Office for Southern Africa
Department/ office	Economic Commission for Africa
Location	Lusaka
Posting period	29 June 2020 – 12 July 2020
Job opening number	20-Economic Commission for Africa-137693-Consultant

## **United Nations core values: integrity, professionalism, respect for diversity**

### **Introduction**

Industrial development is central to economic diversification, enhancement of productive capacities, meeting the needs of citizens in the region, the creation of wealth and employment, reduction of poverty and setting the economies on a sustainable growth path. Two regional economic communities in Southern Africa, the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA), have, as a result, developed policies and strategies to anchor industrial growth and diversification. Both regional economic communities have recently accelerated the promotion of industrialization as a precursor to enhanced and diversified trade through the adoption of industrialization frameworks and actions plans to guide member States. Industrialization has become a regional policy prerogative in recent years.

The Southern African region has developed several strategies for industrialization that are aligned with continental policy frameworks (e.g. the Africa Industrial Development Action Plan, the Africa Mining Vision, the Comprehensive Africa Agriculture Development Programme, and the Programme for Infrastructure Development in Africa) and are underpinned by the aspirations and priorities of the 2030 Agenda, Agenda 2063 and the African Continental Free Trade Area.

### **Southern African Development Community industrialization strategy and road map (2015–2063)**

Article 12 (2) of the treaty establishing SADC, places industrialization at the core of integration, with the aim of building a diversified, innovative and globally competitive regional industrial base and thus anchoring all current initiatives. In fulfilment of this article, the SADC Heads of State and Government in April 2015 approved the SADC Industrialization Strategy and Road Map, which is anchored on three pillars: industrialization as champion of economic transformation; competitiveness as an instrument of efficiency and a new source of wealth creation; and deepened regional integration. SADC, in the strategy, emphasizes the need to “identify areas where the SADC region can have the greatest success in capturing high opportunities based on present and future strengths and capabilities”. Among many objectives, the strategy sets out the following prioritized targets: (a) to lift the regional growth rate of real GDP from 4 per cent annually (since 2000) to a minimum of 7 per cent annually; (b) to double the share of manufacturing value added in GDP to 30 per cent by 2030 and to 40 per cent by 2050, including the share of industry-related services; (c) to increase the share of medium-and-high-technology production in total manufacturing value added from less than 15 per cent at present to 30 per cent by 2030 and 50 per cent by 2050; (d) to increase manufactured exports to at least 50 per cent of total exports by 2030 from less than 20 per cent at present; (e) to build market share in the global market for the export of intermediate products to East Asian levels of around 60 per cent of total manufactured exports; and (f) to increase the share of industrial employment to 40 per cent of total employment by 2030. In 2017, the SADC Council of Ministers approved the

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Costed Implementation Plan (2015–2030) to accompany the strategy and road map.

### **Common Market for Eastern and Southern Africa industrialization strategy (2017–2026)**

The 1993 treaty establishing COMESA called upon COMESA member States to “cooperate in the field of industrial development” and provided the foundation for the formulation of a regional industrialization strategy. In fulfilment of this treaty, the COMESA Industrial Policy was adopted by the COMESA Heads of State and Government Summit in 2015, the COMESA Industrialization Strategy (2017–2026) was adopted in 2017 and a draft costed action plan was prepared in 2019.

The COMESA industrialization strategy is also intended to “promote regional economic transformation and employment creation,” with the following specific targets: increase (a) value added products and exports as a percentage of GDP from the current estimate of 9 per cent to 29 per cent by 2026; (b) the share of manufacturing in GDP to at least 20 per cent by 2026 and; (c) intraregional manufactured exports relative to total manufactured imports to the region from the current 7 per cent to 20 per cent by 2026.

SADC and COMESA have both taken deliberate decisions to front-load industrialization as an anchor for transformation, in line with the continental decision to revisit industrialization as a priority for the continent’s transformation. Domestication of regional policies and strategies is thus a key part of the pursuit of a regional approach to industrialization.

### **Domestication of industrialization policies**

The SADC and COMESA industrialization policies strategies are both rooted in the development of value chains and beneficiation deriving from the rich natural resources base, which provides the basis for the pursuit of linkages, value addition and beneficiation. The strategies in the two regional economic communities are also anchored in the domestication of the regional frameworks in national industrialization policies

and strategies, the key role of the private sector and the contribution of a dynamic micro-, small and medium-sized enterprise sector. The domestication and alignment of these strategies with the national industrialization visions and strategic industrial development plans are at the heart of their implementation.

In consonance with continental developments and motivated by decisions at the SADC and COMESA levels, member States in Southern Africa have prioritized the development of national industrial policies and implementation plans to anchor transformation and development. However, many of these emerging frameworks are neither aligned nor synchronized with the regional frameworks, and they are not harmonized with each other, despite the expressed commitment for a regional approach to industrialization and value chain development, as elaborated in the regional development visions. There is consensus in the emerging frameworks on commodities being the drivers of the envisaged transformation, specifically through value addition, linkages and beneficiation.

The reality, however, is that most member States that are in the process of developing industrialization policy frameworks and implementation plans have not aligned or harmonized them with the regional frameworks. For the success of the regional approach to industrialization through regional value chains and beneficiation as envisaged in the COMESA and SADC frameworks and the Tripartite, a harmonized industrial policy environment is required. This will underpin the regional industrial base and promote, leverage and exploit the benefits. Regional member States require technical support to undertake comparative gap analyses of the national policies and strategies to assess their alignment with the regional frameworks and then to support the member States in the full and harmonized domestication of the regional frameworks and the development of implementation plans and strategies.

Apart from Namibia, Mozambique, South Africa, Zambia and Zimbabwe, which have recently recalibrated their industrialization policies and

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strategies in line with national development aspirations and visions, the industrial policies and strategies of the other SADC member States, although recently developed, predate the regional industrialization policy and action plan; thus their policies and strategies generally do not emphasize the regional approach to industrial development, beneficiation, linkages and value chains. Even the recent frameworks are not entirely aligned or harmonized with the regional strategies. Furthermore, many of these policies, except for those of Namibia and South Africa, lack implementation plans. The emphasis of these national frameworks is on value addition and linkages, beneficiation, diversification, the active participation of the private sector and the active role of micro-, small and medium-sized enterprises. Although they are focused at the national level, they resonate with the regional framework on industrialization.

National progress in industrial policy development and alignment is undermined by the lack of capacity. Most Southern African countries have shown limited capacity to develop plans for effective implementation of the policies and for monitoring and evaluation. Through various interrelated activities including research, dialogues, meetings and workshops, support will be provided to member States to align national industrialization frameworks with the regional architecture, which will, in turn, facilitate the harmonization of national industrialization frameworks among member States in the region. The development of national implementation plans will strengthen the national capacity for implementation and monitoring and evaluation of the policies.

In the light of the above-mentioned paucity of policy-development capacity and as part of the implementation of the United Nations Development Account project on “Promotion and Implementation of Regional and National Industrialization Policies for Inclusive and Sustainable Development in Southern Africa”, the ECA Subregional Office for Southern Africa seeks to engage a consultant to undertake a study and prepare a report on – alignment and harmonization of regional and national frameworks on industrialization and national

domestication of regional strategies and policies to support industrial development in Southern Africa, focusing on Malawi, Zambia and Zimbabwe.

### **Duties and responsibilities**

The consultant will work under the guidance of the Officer in Charge of the Subregional Office and directly with the Economic Affairs Officer in charge. The aim of the study is to generate a set of policy recommendations that will inform and guide member States in aligning national policy frameworks with regional architecture and in developing implementation plans. This will ensure that mutually reinforcing dynamics are created between the regional and national industrialization processes. Among other important issues, the consultant will assess how these strategies and policies can promote inclusiveness in society; and assess the progress made on the harmonization of the regional and national domestication of the SADC and COMESA industrialization policies and strategies, using research and case study-based evidence at the national and regional levels. Specifically, the study will be defined by the following instructions:

- a) Describe the industrial policy frameworks (industrialization strategies and policies and other related frameworks) that exist in Malawi, Zambia and Zimbabwe;
- b) Examine the extent to which these national industrial policies align with or depart from the principles and tenets of the SADC and COMESA industrialization policies and strategies;
- c) Identify and discuss progress in the national efforts to implement activities identified and attributed to them in two regional policies and strategies;
- d) Identify opportunities and challenges that exist for the realization of inclusive industrialization at the national level;
- e) Provide recommendations to support national processes towards the formulation,

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harmonization and alignment of national industrialization policies with the SADC and COMESA industrialization policies and strategies;

- f) Propose an implementation framework for the domesticated strategies and policies to anchor industrial development.

### **Work location**

Lusaka

### **Expected duration**

The assignment will be completed in four months

### **Remuneration**

The total fees for the assignment will be \$15,000, to be paid in two equal instalments. The first instalment of \$7,500 will be payable after the submission of a satisfactory first draft report. The second instalment of \$7,500 will be payable after the submission of a satisfactory final report.

### **Result of service**

### **Methodology**

The methodology used will consist of a desk review of official and relevant literature on three selected countries in the region, together with consultations with member States; however, the three countries will serve as case studies of the regional implications of the issues raised. Although the study will primarily be based on secondary information and data, primary materials and select interviews can also be sourced from the private sector and member States to complement the secondary information. The consultant will contact member States, regional economic communities and other sources of information for the purposes of either verifying the available information or to obtain additional information. Consultations and interviews with senior government officials, public office bearers, independent experts and other stakeholders will be conducted.

Furthermore, a consultative workshop will be held to review and validate the outputs and deliverables of this assignment.

Preparation of an inception report: the consultant will prepare an inception report within a week of signing the contract. The consultant, in the inception report, should outline the understanding of the scope of the consultancy and issues to be investigated; and define data sources and identify the key stakeholders to be consulted to complement the desk research. The inception report must also contain a work plan that indicates the phases of the study and report preparation, key deliverables and milestones and should be accompanied by an annotated outline of the study report and a preliminary list of references.

Review of literature, collection of data and preparation of the study: the consultant is expected to review relevant national and regional policies and strategies on industrialization in the selected countries and prepare a study report.

### **Qualifications and special skills**

**Academic qualifications.** An advanced degree in any of the following areas: economics, development studies, industrial development, regional integration or trade, or any of the relevant social science fields, with demonstrable and extensive knowledge relating to industrialization and value chains. A first-level degree with an additional two years of experience may be accepted in lieu of an advanced degree.

**Experience.** At least 10 years of professional experience in industrial policy development, micro-, small and medium-sized enterprises, regional integration, international development, industrialization, or economic development and trade in Southern Africa, with extensive knowledge and understanding the private sector and value-chain development.

**Language:** French and English are the working languages of the United Nations. Fluency in English, both written and spoken, is required for this consultancy.

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### **United Nations considerations**

The United Nations shall place no restrictions on the eligibility of men and women to participate in any capacity and under conditions of equality in its principal and subsidiary organs. (Charter of the United Nations – chapter 3, Article 8). The United Nations Secretariat is a non-smoking environment.

As per United Nations policy, consultants and individual contractors may not apply for or be appointed to any position in the professional or above categories or to positions at the FS-6 and

FS-7 levels in the Field Service category within six months of the end of their current or most recent service. This restriction does not apply to associate experts (Junior Professional Officers) appointed under the Staff Rules of the United Nations.

### **No fee**

The United Nations does not charge a fee at any stage of the recruitment process (application, interview meeting, processing or training). The United Nations does not concern itself with information on applicants' bank accounts.

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## Annex II. List of consulted stakeholders

### Malawi

1. Faith Kazembe Mwalubunju, Ministry of Foreign Affairs and International Cooperation, Foreign Policy–Regional Integration.
2. Madalitso Kazembe, Malawi Confederation of Chambers of Commerce and Industry – private sector.
3. Robert Mkwezalamba, Human Rights Consultative Committee Civil Society.
4. Burnet Msika, Acting Director, Ministry of Energy, Department of Mines, Extractive Industry Sector.
5. Godwin Ng’oma, Director of Corporate Affairs, Castel Malawi Ltd – private sector.
6. Mike Banda, Malawi Economic Justice Network – civil society.
7. Pacharo Kayira, Ministry of Justice and Constitutional Affairs, Chief State Advocate – legal sector, justice.
8. Telita Chitsulo, National Small and Medium Enterprises, Regional Director – North, small and medium-sized enterprises sector.
9. Edward Chileka Banda, National Advocacy Platform, Civil Society Domestication of International Protocols and Treaties.
10. Hastings Ngoma, Ministry of Transport and Infrastructure Development, transport sector.
11. Lucy Tembo, Mbawemi Women (Mzuzu City), Women Cooperative, small and medium-sized enterprises cooperative.
12. Kossam Munthali, Natural Resources Justice Network, Extractive Industries Transparency Initiative – civil society.
13. George Chande, Office of President and Cabinet Policy Planning Coordination.
14. Gray Kalindekafe, National Initiative for Civic Education – campaign on SADC National Committees Civic Education.
15. William Mwale, Executive Director, National Association of Small and Medium Enterprise – private sector
16. Bisa Namarika, Malawi Investment and Trade Centre Investment promotion.
17. Wiskes Nkombezi, Ministry of Industry.
18. Luther Mambala, President of Trade Unions, Malawi Congress of Trade Unions.
19. Voice Mhone, Non-governmental Organization Board – NGO policy.
20. Lusungu Mwaungulu, Ministry of Trade.
21. Ronald Mtonga, Council for Non-governmental Organizations in Malawi – NGO sector.
22. Thomas Munthali, Director, General Policy Planning, National Planning Commission.
23. Malango Botomani, Director, Rural Development, Ministry of Local Government and Rural Development.
24. Silas Sindi, Deputy Director, Industry, Ministry of Industry – ECA, industry.
25. M. Sauzande, Ministry of Industry – ECA, industry.

### Zambia

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2. Ceaser Cheelo, Research fellow, Zambia institute Research and Policy Analysis. Tel: 260 9778 52221

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3. Chipego Zulu, Vice President, Zambia Association of Manufacturers.
4. Florence Muleya, CEO, Zambia Association of Manufacturers  
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8. Luodwazya Mwale, CEO, Zambia Chamber of Commerce and Industry
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13. Zungaye Phiri, Senior Economist, Department of Industry, Ministry of Commerce, Trade and Industry,

## Zimbabwe

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9. Florence Makombe, Ministry of Industry and Commerce  
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10. Gift Mugano, Vice Chancellor, Ezekiel Guti University – academia  
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11. Grace Chaguta, Deputy Director, Ministry of Finance and Economic Development  
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12. N. I. Magade, Deputy Director, Ministry of Industry and Commerce

13. Privilege Dinembira, Ministry of Industry and Commerce  
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14. S. Jabangwe, Past President of Confederation of Zimbabwe Industries  
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15. Sekai Kuvarika, CEO, Confederation of Zimbabwe Industries

16. Shaw Chimombe, Deputy Director, Ministry of Foreign Affairs and International Relations  
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## **COMESA**

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# Annex III. Study findings by country

## C1 Malawi

**Table A.1: Industrialization: implementation progress and gap analysis – Malawi**

Policy	Evidence or question	Responses
MNIP	Has Malawi implemented the Industrial Rebate Scheme Y/N? If yes, comment on operations of the facility.	Yes. But some rebate beneficiary companies are repatriating profits outside the country and are moving capital when economic conditions become slightly less conducive to doing business.

**Abbreviation:** MNIP, Malawi National Industrial Policy.

**Table A.2: Natural resources: implementation progress and gap analysis – Malawi**

Policy	Evidence or questions	Responses
MNIP	Is there evidence of affordable business development, including extension services and agricultural technology dissemination in priority clusters and farmer organizations?	Yes
MNTP	Is a “warehouse receipt law” in place?	Yes
	Has Malawi developed national quality infrastructure?	Yes
	Which cluster exporters are being supported?	Mango and sugar cane
	Is there evidence of participation in public procurement?	Yes
	Is there a strategy for the “Buy Malawian” campaign?	Yes
MGDS III	Are there local pharmaceutical industries?	Yes
	Has there been a review of the legal and institutional framework or enforcement of legislation on mining and extractive industries?	Yes

**Abbreviations:** MNIP, Malawi National Industrial Policy; MNTP, Malawi National Trade Policy; MGDS, Malawi Growth and Development Strategy III.

**Table A.3: Trade: implementation progress and gap analysis – Malawi**

Policy	Evidence or questions	Responses
MNIP	Number of micro-, small and medium-sized enterprises participating in manufacturing	Process is being developed
	Evidence of redressing market-related issues (mainly tariff and non-tariff barriers)	Yes
	Has the Simplified Trade Regime been adopted?	Yes
	Is the National Quality Policy now being fully implemented?	Yes
	How is the Malawi Bureau of Standards functioning as: (a) a regulator (facilitator) and (b) an enforcer?	Through MBS law
	Evidence of established industrial value chains for specific commodities (dairy, wheat, cassava, etc.)	Yes
	Evidence of industrial linkages between small and medium-sized enterprises and large industries	Not sure
MNTP	Is there data on Micro-, small and medium-sized enterprise production and exports?	No
	Evidence of implementing: (a) a national trade facilitation action plan; (b) a policy on standardization, quality assurance, accreditation and metrology.	Funding inadequate to implement
	Is the Simplified Trade Regime being implemented?	Fully rolled out, Zambia-Malawi border
	Has an economic empowerment bill been developed yet?	Still to be approved.
MNES	Evidence of diversification in three export-oriented clusters: oil seed products, sugar cane products, and manufacturing (beverages, agroprocessing, plastics and packaging, and assembly)	Yes, sugar company established
	Evidence of supporting tobacco, mining, tourism, tea and evidence of implementing trade, tariff and customs policies	Yes
	Evidence of existing laws being detrimental to current and potential exporters	Foreign exchange laws
MSMEP	Evidence of efforts to support priority industries and develop a vibrant local entrepreneurial sector	At the policy level
	Evidence of improving value chains and operations of micro-, small and medium-sized enterprises.	Yes, but not robust

**Abbreviations:** MBS, Malawi Bureau of Standards; MNIP, Malawi National Industrial Policy; MNTP, Malawi National Trade Policy; MNES, Malawi National Export Strategy; MSMEP, Micro, Small and Medium Enterprises Policy.

**Table A.4: Investment: implementation progress and gap analysis – Malawi**

Policy	Evidence or questions	Responses
MNIP	Has a special economic zone act been reviewed and enacted?	A draft developed
	Number of industrial parks, export processing zones and SEZs established over the period	14 EPZs, zero SEZs and industrial parks
	Number of constructed factories	Zero
MNTP	Number of non-tariff barriers and tariff barriers that have since been removed	Not readily quantifiable
	Number of trade policies and trade-related policies that have since been aligned	Zero
MSMEP	Has a practical framework to guide stakeholder engagement on micro-, small and medium-sized enterprise development with respect to laws and regulations been developed?	Yes
MGDS III	Evidence of increased private sector investment in the operation and management of transport infrastructure?	Yes, on road and bridge construction, airports projects
	Has the environment for investment and private sector development improved?	Slightly
	How many one-stop centres, SEZs and business-sourcing initiatives have since been established?	Only at MITC

**Abbreviations:** EPZ, export processing zone; MNIP, Malawi National Industrial Policy; MNTP, Malawi National Trade Policy; MSMEP, Micro, Small and Medium Enterprises Policy; MGDS, Malawi Growth and Development Strategy III; MITC, Malawi Investment and Trade Centre; SEZ, special economic zone.

**Table A.5: Infrastructure: implementation progress and gap analysis – Malawi**

Policy	Evidence or questions	Responses
MNIP	Are manufacturing companies and micro-, small and medium-sized enterprises able to access technology and extension services?	Yes, but at a slow pace due to cost
	Has investment in road transport operations improved?	No
	Is the Nacala Railway being utilized to transport imports and exports?	Yes, but attention is needed
	Has Malawi developed a water transport system that operates on Shire Zambezi Waterway and lake Malawi?	No
	Has a regulatory framework been developed?	Yes
	Are initiatives in place to import electricity from other countries in the region? Which countries?	Yes. Southern African Power Pool; Zambia and Mozambique
MNTP	Evidence of a facilitated investment and secured investment framework	Yes
MNES	Are transport policies and infrastructure policies <sup>a</sup> in place to support priority clusters?	Yes, but little coordination among key government departments
MSMEP	Has related micro-, small and medium-sized enterprise business support infrastructure been strengthened?	Not adequate
MGDS III	Evidence of integrated water resource management at all levels	Inadequate, industrial water still a challenge
	Evidence of additional hydropower stations constructed along major rivers	Only two
	Evidence of public-private partnership investment in independent power producers	Yes
	Evidence of improved access to affordable alternative sources of energy	Yes
	Evidence of ICT broadband infrastructure development and service provision	Yes
	Evidence of an increased pool of ICT skilled and industry-ready workforce in public and private-sector institutions	Inadequate though programmes under construction
	Evidence of improved transport reliability, levels of service and efficiency	No
	Evidence of increased private sector investment in the operation and management of transport infrastructure	Yes, both local and international entities

**Abbreviations:** MNIP, Malawi National Industrial Policy; MNTP, Malawi National Trade Policy; MNES, Malawi National Export Strategy; MSMEP, Micro, Small and Medium Enterprises Policy; MGDS, Malawi Growth Development Strategy III.

<sup>a</sup> On the rail system and the improvement of rural feeder roads.

**Table A.6: Technology enhancement: implementation progress and gap analysis – Malawi**

Policy	Evidence or questions	Responses
MNIP	Evidence of innovation and technology transfer through intellectual property rights and business linkages	Yes
	Evidence of capacity-building in industrial technology research institutions	Yes
	Evidence of tax policy incentives for investors	Yes,
	Evidence of micro-, small and medium-sized enterprises in priority clusters having access to manufacturing technology	Yes
MNES	Evidence of technical support policies on technology transfer, research and development and technical training	Yes
MSMEP	Evidence of activities relating to skill development and information and technology transfer	Yes

**Abbreviations:** Malawi National Industrial Policy; MNES, Malawi National Export Strategy; MSMEP, Micro, Small and Medium Enterprises Policy.

**Table A.7: Skill development: implementation progress and gap analysis – Malawi**

Policy	Evidence or questions	Responses
MNIP	Evidence of enhanced provision of appropriate skills and technology	Yes
	Evidence of improved labour force productivity and skills	Yes
	Evidence of an effective labour marketing information system	No
	Evidence of a framework to incentivize employers to train employees	Yes
	Evidence of the National Competencies and Skills Plan being implemented in the labour force	Yes
	Evidence of improved quality throughput in secondary education, technical, entrepreneurial and vocational education and training, and vocational and other training to meet the needs of sectors or clusters	Yes
	Evidence of a framework that incentivizes research and development	Yes
	Evidence of coordinated private sector and micro-, small and medium-sized enterprise support programmes	Weak linkages
	Evidence of pharmaceutical courses at institutions of higher learning	Yes
MNTP	Evidence of skill transfer within national investment frameworks	Yes
	Number of service providers and high skilled immigrants in the country	Data not consolidated
MNES	Evidence of investment in competencies, education and training, skills and knowledge	Yes
MSMEP	Evidence of adults with improved literacy	Yes
	Presence of established literacy centres that are accessible to male and female learners	Yes
	Evidence of improved access and equity in training, skills development, and more training centres for skills development in the artisanal, technical and professional fields	No statistics
	Evidence of improved productivity and quality of the labour force	Yes
MGDS III	Evidence acknowledging education and skill development as a strategic sector	Yes

**Abbreviations:** MNIP, Malawi National Industrial Policy; MNTP, Malawi National Trade Policy; MNES, Malawi National Export Strategy; MSMEP, Micro, Small and Medium Enterprises Policy; MGDS, Malawi Growth Development Strategy III.

**Table A.8: Sources of financing: implementation progress and gap analysis – Malawi**

Policy	Evidence or questions	Responses
MNIP Public sector funded	Evidence of establishing beverage, agroprocessing and assembly task forces	Yes
	Evidence of technical working groups within the manufacturing sector covering oil seed products and sugar cane products	Yes
	Evidence of officers, other line items	Yes
MNTP Public sector funded	Number of officers and other line items strengthening policy-dialogue mechanisms and coordination under the Private Sector Development Sector-Wide Approach to deal with specific or emergency issues	Inadequate trade policy negotiators
	Number of trained officers with improved capacity in specialized trade and investment areas and in trade policy formulation, implementation and evaluation in the Ministry of Industry and Trade, the Office of President and the Cabinet and other trade-related institutions	Not sure
	Evidence of mainstreaming trade into sectoral plans and budgets of all key ministries, departments and agencies	Yes
	Evidence of improved coordination and information-sharing on the process and progress therein (or lack thereof)	No
MNES Public sector funded	Evidence of public-sector investment resources allocated in support of the productive economy	Yes
	Evidence of financial-sector development policy implemented to ensure that large businesses, micro-, small and medium-sized enterprises, smallholder farmers, cooperatives, youth entrepreneurs and women's groups have access to affordable finance	Yes

Policy	Evidence or questions	Responses
MSMEP Public sector funded	Evidence of strengthened institutional implementation capacity <sup>a</sup>	No
	Evidence of improved coordination and implementation within the Government and quasi-government, and between the Government, the private sector and development partners	Weak coordination
	Evidence of established relevant inter-institutional frameworks, supported by private sector bodies, government industrialization agencies and statutory bodies, to implement industrialization policy frameworks and strategies	Yes
	Evidence of the national Innovation Challenge Fund allocating grants to firms including micro-, small and medium-sized enterprises	No
	Evidence of private sector funding support in implementing sectoral and national strategies	No
	Evidence of firms including micro-, small and medium-sized enterprises having access to credit/financing	Yes
	Evidence of financial and technical resources and support from development partners	Yes
MGDS III Public sector funded	Evidence of fiscal allocations to support implementation processes	Yes
	Evidence of mobilized domestic resources to support implementation	Yes
	Evidence of activities being aligned with the implementation of the national development strategy	Yes
	Evidence of involvement of the private sector and other stakeholders <sup>a</sup> in the implementation of activities	Yes

**Abbreviations:** MNIP, Malawi National Industrial Policy; MNTP, Malawi National Trade Policy; MNES, Malawi National Export Strategy; MSMEP, Micro, Small and Medium Enterprises Policy; MGDS, Malawi Growth Development Strategy III.

<sup>a</sup> This includes civil society organizations, development partners and the international community.

## C2 Zambia

**Table A.9: Industrialization: implementation progress and gap analysis – Zambia**

Policy	Evidence or questions	Responses
ZamNLCS	Evidence of commercial links between micro-, small and medium-sized enterprises and large enterprises	Yes
	Evidence of business linkages between local enterprises and foreign firms	Yes
	Evidence of local firms' competitiveness, stimulated industrialization and market destination for their products	Yes
	Evidence of technology and managerial skills integrated into the domestic market and distribution networks	-
	Evidence of a strengthened domestic private sector, small and medium-sized enterprises—and foreign enterprises	Yes
	Evidence of enforcing the Employment Act (2019) to promote skills	Yes
	Evidence of duly signed employment schedules as part of the investment promotion and protection agreement	Yes
	Evidence of micro-, small and medium-sized enterprises and cluster development	Yes
	Evidence of a public procurement act and micro-, small and medium-sized enterprises	Yes
	Evidence of established micro-, small and medium-sized enterprise industrial yards	Yes
	Evidence of established joint ventures between micro-, small and medium-sized enterprises and large corporations	Yes
	Evidence of local ownership and control of firms	Yes
	Evidence of manufacturing plants established by locally owned firms and foreign investors	Yes
Evidence of micro-, small and medium-sized enterprise supply chains and value chains	Yes	

**Abbreviation:** ZamNLCS, Zambia Local Content Strategy.

**Table A.10: Natural resources: implementation progress and gap analysis – Zambia**

Policy	Evidence or questions	Responses
ZamNIP	Evidence of developed engineering industries, manufactured agricultural equipment, and chemical industries for fertilizers and other required chemicals	No
	Evidence of improved local production and trade	No
	Evidence of effective utilization of domestic raw materials in industrialization	Yes
	Has Zambia developed and implemented the Local Content Strategy?	Yes
ZamNTP	Evidence of improved business linkages between suppliers and consumers of goods and services	Yes
	Has legislation relating to preferential local procurement been reviewed and enforced?	Yes
	Are there any types of empowerment schemes / programmes that have been implemented?	Yes
	Evidence of contracts awarded to contractors who meet the local content requirements	No
	Evidence of improved branding and packaging of locally produced goods and services	Yes
	Evidence of “Proudly Zambian” campaign implementation	Yes
	Evidence of improved scope of standards and quality in conformity with international requirements; and development of local content strategy	No
	Evidence of a functional cooperative model encouraging local ownership of businesses and market penetration	Yes
	Evidence of outreach, awareness-raising and advocacy programmes	-
	Evidence of fair competition, innovation, price competition, better quality products, and consumer welfare	DTC
ZamNLCS	Evidence of commercial links between micro-, small and medium-sized enterprises and large domestic and foreign enterprises	Yes
	Evidence of improved technology and managerial skills and foreign direct investment benefits being integrated into the domestic market and distribution networks	-
	Has the Local Content Law been developed and enacted?	No
	Are different pieces of relevant legislation applicable to NLCS harmonized?	No
	Has Zambia developed guidelines on local content?	Yes
	Has Zambia developed certification of the “Proudly Zambian” mark?	Yes

**Abbreviations:** ZamNIP, Zambia National Industrial Policy; ZamNTP, Zambia National Trade Policy; DTC, Department of Trade and Commerce; ZamNLCS, Zambia National Local Content Strategy.

**Table A.11: Trade: implementation progress and gap analysis – Zambia**

Policy	Evidence or questions	Responses
ZamNIP	Has the accreditation of competent laboratories and certification bodies been established?	No
	Is Zambia actively participating in international forums on standardization, quality assurance, accreditation and metrology?	
	Evidence of improved public and private investment in national quality infrastructure	No
	Evidence of improved linkage between the national quality infrastructure and industry associations in the development of voluntary standards	No
	Evidence of a technical regulation compliance procedure being developed for sector regulators	-
	Evidence of laws and regulations facilitating effective implementation of national quality infrastructure bills covering standards, metrology, compulsory specifications, and the technical regulation framework being reviewed	-
	Evidence of fiscal and non-fiscal incentives	
	Evidence of improved supportive infrastructure (transport, communication, energy and education) through public-private partnerships	Yes
	Evidence of established industrial and value chain clusters, multifacility economic zones, and industrial parks	Yes
	Evidence of a developed industrial upgrading and modernization programme being implemented	-
ZamNTP	Evidence of improved innovation, technological capabilities, research and development, commercialization of innovations, scientific and industrial research, utilization of ICTs; technology transfer into local industrial production processes; and enforcement of intellectual property rights	Yes
	Evidence of a framework developed to formalize micro-, small and medium-sized enterprises	Yes
	Has a framework to periodically review the tariff policy been created?	Yes
	Evidence of non-tariff measures being implemented to improve compliance with local and international quality requirements	Yes
ZamNES	Evidence of reduced non-tariff barriers and unfair trade practices	Yes
	Evidence of fast movement of goods across borders; improved transit facilities and procedures; and simplified and harmonized border procedures, processes and procedures for cross-border traders	Yes
	Evidence of export destinations of local products	Yes
	Evidence of improved compliance with quality, branding and packaging standards	-
ZamNLCS	Evidence of capacity-building to meet international standards and market requirements	-
	Evidence of training and awareness-raising campaigns on sanitary requirements conducted for animal exporters	-
ZamNLCS	Evidence of increased utilization of locally available goods and services	-
	Evidence of sustainable linkages between micro-, small and medium-sized enterprises, and large domestic and foreign companies; and formalized informal businesses.	Yes

**Abbreviations:** ZamNIP, Zambia National Industrial Policy; ZamNTP, the Zambia National Trade Policy; ZamNES, Zambia National Export Strategy; ZamNLCS, Zambia National Local Content Strategy.

**Table A.12: Investment: implementation progress and gap analysis – Zambia**

Policy	Evidence or Questions	Responses
ZamNIP	Evidence of targeted investment promotion programme	Yes
	Evidence of investment in multifacility economic zones, industrial parks, private sector development reforms, and renewable energy	Yes
	Evidence of laws and regulations on investment promotion, incentive regimes, export promotion and value addition	Yes
ZamNTP	Evidence of investment in green technologies	Yes
	Evidence of investment in export-led sectors	Yes
	Evidence of domestic and foreign investment	Yes
ZamNES	Evidence of support to conduct research and implement programmes on product and market diversification	Yes
	Evidence of private sector capacity to meet export requirements	Yes
	Evidence of strengthened domestic regulations and institutions	-
	Evidence of enforced commitments to stimulate competition and attract investment;	-
ZamNLCS	Evidence of improved enforcement of regulations through increased awareness programmes and capacity-building	-
	Evidence of business registration	Yes
	Evidence of established property rights over investment	-
	Evidence of reduced legal barriers to formalization	Yes
	Evidence of access to bank credit.	-

**Abbreviations:** ZamNIP, Zambia National Industrial Policy; ZamNTP, the Zambia National Trade Policy; ZamNES, Zambia National Export Strategy; ZamNLCS, Zambia National Local Content Strategy.

**Table A.13: Infrastructure: implementation progress and gap analysis – Zambia**

Policy	Evidence or questions	Responses
ZamNIP	Evidence of developed transport and communication infrastructure	Yes
	Evidence of investment in the export-oriented industrial sector	-
	Evidence of public-private partnerships in transport, communications, energy and education	Yes
	Evidence of investment in innovation and invention of new products through industrial research and development and protection of intellectual property	No
ZamNTP	Evidence of investment in ICT	-
ZamNES	Evidence of reforms to the transport institutional and regulatory framework	-
	Evidence of upgrading and modernizing of road and railway transport networks linking Zambia with neighbouring markets	Yes
	Evidence of improved infrastructure: electricity generation, transmission and distribution; development of more hydropower stations	Yes
	Evidence of investment in the cost-reflective electricity tariff and in alternative sources of renewable energy.	-

**Abbreviations:** ZamNIP, Zambia National Industrial Policy; ZamNTP, the Zambia National Trade Policy; ZamNES, Zambia National Export Strategy.

**Table A.14: Technology enhancement: implementation progress and gap analysis – Zambia**

Policy	Evidence or questions	Responses
ZamNIP	Evidence of new products created through industrial research and development and protection of intellectual property	Yes
ZamNTP	Evidence of strengthened national legislation on intellectual property rights	Yes
	Evidence of supporting research and development	No
ZamNES	Evidence of access to technology, skills, technical know-how and markets for gold and gemstones	No
	Evidence of regularly audited non-tariff barriers along the mineral value chain	Yes
	Evidence of information portals to assist the private sector in identifying opportunities in the region and beyond	Yes
ZamNLCS	Evidence of transfer of knowledge and information through interaction with transnational corporations	-

**Abbreviations:** ZamNIP, Zambia National Industrial Policy; ZamNTP, the Zambia National Trade Policy; ZamNES, Zambia National Export Strategy; ZamNLCS, Zambia National Local Content Strategy.



**Table A.15: Skill development: implementation progress and gap analysis – Zambia**

Policy	Evidence or questions	Responses
ZamNIP	Evidence of developed skilled manpower resources for industrial development and competitiveness	Yes
	Evidence of sector-specific skills and apprenticeship development Evidence of reviewed legislation on technical education, vocational and entrepreneurship training, science and technology, ICT, forestry and environmental management	-
ZamNTP	Evidence of vocational skills being introduced at transformed polytechnic and vocational training centres	Yes
ZamNES	Evidence of capacity-building and skill development	Yes
	Evidence of a body established to monitor and coordinate sector developments, including policy guidance	-
ZamNLCS	Evidence of reviewed investment promotion and protection agreement framework, including the development of training programmes	-
	Evidence of transferred knowledge, technology, skills and expertise between domestic and foreign industrial enterprises	-
	Evidence of partnerships between institutions delivering top quality education and industry to foster practical skill development.	-

**Abbreviations:** ZamNIP, Zambia National Industrial Policy; ZamNTP, the Zambia National Trade Policy; ZamNES, Zambia National Export Strategy; ZamNLCS, Zambia National Local Content Strategy.

**Table A.16: Sources of financing: implementation progress and gap analysis – Zambia**

Policy	Evidence or questions	Responses
ZamNIP	Evidence of commercial banks offering affordable entrepreneurial industrial development financing	-
	Evidence of development banks offering complementary development capital	Yes
	Evidence of institutional financiers offering viable value adding industrial project investment	-
	Evidence of Empowerment Funds offering suitable financial products in support of small and medium-sized enterprises and large enterprises	Yes
	Evidence of the Zambia Export Development Fund supporting non-traditional exporters to increase export earnings in the identified sectors	Yes
	Evidence of the Trade and Industrial Development Fund supporting growth-oriented micro-, small and medium-sized enterprises in high-growth sectors, including agroprocessing, manufacturing, tourism, gemstones and infrastructure development	-
	Has legislation to promote small and medium-sized enterprise growth been enacted?	Yes
	Evidence of access to financing and formalization of business enterprises	-
ZamNTP	Evidence of mobilized additional resources from the cooperating partners to implement the policy	-
ZamNES	Evidence of functional public-private partnerships	-
	Evidence of access to financing and letters of credit	-
	Evidence of established competitive fees and tax regimes	-
ZamNLCS	Evidence of an established functional innovation fund in support of scaling up commercialization of local innovations and setting up centres of excellence for the growth sectors	-
	Evidence of access to affordable business financing	No
	Evidence of access to affordable business financing for citizen-owned enterprises.	Yes

**Abbreviations:** ZamNIP, Zambia National Industrial Policy; ZamNTP, the Zambia National Trade Policy; ZamNES, Zambia National Export Strategy; ZamNLCS, Zambia National Local Content Strategy.

### C3 Zimbabwe

**Table A.17: Industrialization: implementation progress and gap analysis – Zimbabwe**

Policy	Evidence or questions	Responses
ZimNIDP	Evidence of resuscitated viable enterprises, and transformed and diversified industrial production	Yes, but very low
	Evidence of the industrial sector becoming an engine for sustainable economic growth and development	Contrasting views <sup>a</sup> , but more needed to support and capacitate the industry
	Entrepreneurial systems of small and medium-sized enterprises developed	Contrasting views
	Evidence of strategic and infant industries becoming competitive viable entities	Nothing
	Evidence of investment in strategic industries	Contrasting views
	Evidence of business linkages between small and medium-sized enterprises and large firms in the manufacturing and extractive sectors	Contrasting views
ZimNTP	Evidence of compliance with regional and multilateral trade protocols	Parliamentary ratification of instruments and enactment of industrialization supportive statutory instruments
	Evidence of supported sectors of the economy contributing gross domestic product	Little
	Evidence of both domestic and foreign investment in the industrial production process	Little
ZimNCP	Data on foreign direct investment in the economy	Little
	Evidence of transparent, predictable and internationally acceptable regulatory mechanisms for firms to engage in economic activities	Yes
	Evidence of efficient allocation of resources in the production of goods and provision of services in the market.	Yes

**Abbreviations:** ZimNIDP, Zimbabwe National Industrial Development Policy; NTP, Zimbabwe National Trade Policy; ZimNCP, Zimbabwe National Competition Policy.

<sup>a</sup> Those who say Yes equals those who say No. In both cases, there were no explanations given.

**Table A.18: Natural resources: implementation progress and gaps analysis – Zimbabwe**

Policy	Evidence or questions	Responses
ZimNIDP	Evidence of competitive business opportunities created for entrepreneurs	Conflicting views
	Has the Local Content Policy been adopted? Is it being implemented?	Yes
	Has the National Competition Policy and Competition Law been adopted? Is it being implemented?	Yes
	Evidence of local firms participating in regional and global value chains	No
ZimNTP	Evidence of improved consumption of locally produced goods and services	Yes
ZimbNTPV and EPS	Evidence of improved locally produced export products	Yes
	Is the National Competition Policy being implemented?	Yes
ZimNCP	Evidence of firms operating in various sectors of the economy complying with the National Competition Policy and other related regulatory requirements	Yes
	Evidence of firms redressing unfair practices against consumers and small businesses in the country	Yes
	Evidence of redressing or preventing anticompetitive practices in the economy	Yes
	Evidence of promoting competitiveness of firms in the marketplace.	Yes

**Abbreviations:** ZimNIDP, Zimbabwe National Industrial Development Policy; ZimNTP, Zimbabwe National Trade Policy; ZimNTPV and EPS, Zimbabwe National Trade Policy Vision and Export Promotion Strategy; ZimNCP, Zimbabwe National Competition Policy.

**Table A.19: Trade: implementation progress and gap analysis – Zimbabwe**

Policy	Evidence or questions	Responses
ZimNIDP	Evidence of adopted policy instruments (a number of them) being implemented to improve the competitiveness of the manufacturing sector	Statutory instruments 6 of 2016 to encourage companies to retool and import duty free all capital equipment
	Evidence of sector value chains <sup>a</sup> being implemented	Yes
ZimNTP	Evidence of local standards being developed to internationally accepted quality standards	Yes
	Evidence of technical compliance for imports and exports	Yes
	Evidence for re-tooling select sectors to improve export competitiveness	Limited capital to support retooling
	Has the Government introduced sector-specific intervention programmes?	Yes, but for a few sectors
	Has the Government introduced export taxes on primary commodities for which value addition options are readily available?	-
	Evidence of export-oriented production clusters established around large exporting firms	-
	Has a national policy on sanitary and phytosanitary measures been developed?	-
	Evidence of coordinated linkages between small and medium-sized enterprises and large firms	Yes
	Evidence of informal businesses transformed into formal small and medium-sized enterprises	Yes
	Evidence of imported critical raw materials, machinery and equipment	Yes
	Evidence of an improved trade regulatory environment	Yes
ZimNTPV and EPS	Evidence of an improved import regulatory environment	Yes,
	Evidence of reduced time and cost of importing, exporting and transiting goods	Border delays remain a challenge
	Evidence of improved ease-of-exporting	Yes
	Evidence of producing high-quality and valued added goods in the economy	Yes
ZimNCP	Has legislation been enacted to force companies to comply with specified national and international standards on both imports and exports?	Conflicting views
	Evidence of anticompetitive practices	Yes
	Evidence of regulated mergers and acquisitions, cartels (anticompetitive agreements) and misuse of market power (monopolization) in key sectors	Yes, on mergers
	Evidence of improving competition and fair trade in the economy	Yes, through the Competition Act and the COMESA Competition Commission
	Evidence of improved consumer welfare.	Yes

**Abbreviations:** ZimNIDP, Zimbabwe National Industrial Development Policy; ZimNTP, Zimbabwe National Trade Policy; ZimNTPV and EPS, Zimbabwe National Trade Policy Vision and Export Promotion Strategy; ZimNCP, Zimbabwe National Competition Policy.

<sup>a</sup> In iron and steel; textiles and clothing; leather and leather products; soya beans; maize and wheat; wood and furniture; pharmaceuticals; and the dairy industry.

**Table A.20: Investment: implementation progress and gap analysis – Zimbabwe**

Policy	Evidence or questions	Responses
ZimNIDP	Evidence of adopted investor-friendly policies to attract private investment into productive sectors of the economy, including the manufacturing sector	Promulgation of ZimNIDP in 2019
	Evidence of reforms to improve the business environment and strengthen regulatory compliance	Through the Ease of doing Business programme, but more needs to be done
	Evidence of streamlined bureaucratic processes and procedures to register investment through the Zimbabwe Investment Authority's One-Stop-Shop Investment Centre	Yes
	Evidence of guaranteed loans for investment projects	No
	Evidence of established industrial clusters in support of small and medium-sized enterprise development	Yes
	Evidence of protecting both domestic and foreign investment	Policy consistency is needed to protect property rights
ZimNTP	Evidence of incentives in support of export-oriented investment projects	Yes
	Evidence of public-private partnerships	-
ZimNTPV and EPS	Established SEZs	Six SEZs have been established
ZimNCP	Evidence of domestic and foreign direct investment in the productive sectors of the economy.	Yes

**Abbreviations:** SEZ, special economic zone; ZimNIDP, Zimbabwe National Industrial Development Policy; ZimNTP, Zimbabwe National Trade Policy; ZimNTPV and EPS, Zimbabwe National Trade Policy Vision and Export Promotion Strategy; SEZ, special economic zones; ZimNCP, Zimbabwe National Competition Policy.

**Table A.21: Infrastructure: implementation progress and gap analysis – Zimbabwe**

Policy	Evidence or questions	Responses
ZimNIDP	Evidence of incentives for improved reliability of energy and other utilities, and factory shells	Utilities provision remains a challenge in some established SEZs
	Evidence of infrastructure development projects – electricity generation, water supplies to industry, and road and rail rehabilitation	Supplying water to industries in some SEZs remains a challenge
	Evidence of improved incubation programmes for start-up small and medium-sized enterprises in the manufacturing sector	-
ZimNTP	Evidence of SEZ-based public-private partnerships	No
	Has the Government developed guidelines and mechanisms to support SEZs?	Yes

**Abbreviations:** SEZ, special economic zone; ZimNIDP, Zimbabwe National Industrial Development Policy; ZimNCP, Zimbabwe National Trade Policy.

<sup>a</sup> This includes fly-by-night investments, reduction in competition, revenue losses and distortions of investment decisions.

**Table A.22: Technology enhancement: implementation progress and gap analysis – Zimbabwe**

Policy	Evidence or questions	Responses
ZimNIDP	Evidence of adopted policies to strengthen science, technology transfer and innovation systems	Yes
	Evidence of collaboration between the Government, companies, learning and research institutions	Promotes education to complement digitization
	Evidence of research and development subsidies	-
	Evidence of improved public-private research and innovation networks	-
ZimNTPV and EPS	Evidence of small and medium-sized enterprise trade capacity	-
	Evidence of small and medium-sized enterprises accessing finance, technology and export marketing training programmes	Yes
ZimNCP	Evidence of innovation and technology transfer from intellectual property right-holders	-

**Abbreviations:** ZimNIDP, Zimbabwe National Industrial Development Policy; ZimNTPV and EPS, Zimbabwe National Trade Policy Vision and Export Promotion Strategy; ZimNCP, Zimbabwe National Competition Policy.

**Table A.23: Sources of financing: implementation progress and gap analysis – Zimbabwe**

Policy	Evidence or questions	Responses
ZimNIDP	Has the Industrial Development Corporation of Zimbabwe been mobilizing funding for industrial development?	Yes
	Evidence of engaging domestic and international financiers to extend lines of credit	-
	Evidence of mobilizing resources through group financing schemes (credit unions and cooperatives – savings and credit)	No
	Evidence of engaging development partners for funding support.	Yes

## Annex IV. Other industrialization-oriented policies, strategies and laws

**Table A.24:** Other industrialization-oriented policies, strategies and laws

Country	Industrialization-oriented policies, strategies and laws
Malawi	<ul style="list-style-type: none"> <li>• Cannabis Regulation Act</li> <li>• Energy Policy</li> <li>• Financial Intelligence laws</li> <li>• ICT Policy</li> <li>• Local Government and Decentralization Policy</li> <li>• Minerals and Mining Act (2019)</li> <li>• Mining Policy</li> <li>• National Agriculture Investment Plan</li> <li>• National Environmental Policy</li> <li>• National Land Policy</li> <li>• Transport Master Plan</li> <li>• Warehouse Receipt Act</li> </ul>
Zambia	<ul style="list-style-type: none"> <li>• Export Diversification Strategy in Gold and Gemstones</li> <li>• Ministry of Commerce, Trade and Industry Strategic Plan (2018-2022)</li> <li>• Micro, Small, and Medium Enterprise Development Policy</li> <li>• National Cooperative Development Policy</li> <li>• National Cooperative Development Strategy</li> <li>• National Quality Policy</li> <li>• Seventh National Development Plan</li> <li>• Strategy Paper on Industrialization and Job Creation</li> <li>• United Nations Development Programme Zambia Human Development Report (2016)</li> <li>• Zambia Development Agency Act</li> <li>• Zambia Investment Promotion Strategy</li> <li>• Zambian Development Agency Strategic Plan (2018-2022)</li> </ul>
Zimbabwe	<ul style="list-style-type: none"> <li>• 2021 Annual Pre-Budget Strategy Paper</li> <li>• Local Content Strategy (2017)</li> <li>• Motor Industry Development Policy (2018-2022)</li> <li>• Zimbabwe Leather Sector Strategy (2021-2030)</li> <li>• Zimbabwe Pharmaceutical Manufacturing Strategy (2021-2025)</li> </ul>

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# Annex V. Questionnaires

## Questionnaire A

### Domestication of COMESA and SADC industrialization policy frameworks and strategies

Below are set of questions in which I kindly request your input. Kindly also **provide evidence when possible, including sharing reports or records or citation of author** (if written evidence) **or speaker** (if it is a profound policy pronouncement or directive). **Bullet points will suffice.**

#### 1. Review of related official policies and strategies. In this regard, I reviewed the following documents:

- National Trade Vision and Export Promotion Strategy (2019); National Competition Policy (no date); National Trade Policy (2018–2022); National Industrial Development Policy (2018–2022); and the Competition Act.
- Are there other official and unofficial industrialization-oriented policies and strategies worth reviewing? **If so, kindly suggest and share.**

#### 2. Government implementation process

- What is the name of the established institutional structure or unit supervising the implementation of the above policies and strategies? **Briefly describe its role.**
- Does the unit/structure report progress? **[Provide evidence]**
- How does Zimbabwe report progress in domestication to the SADC secretariat? **[Provide evidence]**
- How does Zimbabwe report in domestication to the COMESA secretariat? **[Provide evidence]**

- What assistance has been received by Zimbabwe from the COMESA secretariat? **[Provide evidence]**
- With regard to the COMESA regional industrial strategy, has Zimbabwe formed or is thinking of forming a joint industrialization strategy? **[Provide evidence]**
- With regard to the COMESA regional industrial strategy, which cluster value chains has Zimbabwe been implementing? **[Provide evidence]**
- With regard to stakeholder working relationships, has the implementation process of the above policies and strategies been inclusive of all relevant stakeholders? **Describe the level of participation and provide evidence.**
  - Government (supervising domestication process)
  - Private sector (investing in priority sectors)
  - Labour (production/productivity)
  - Civil society organizations (awareness-raising and broadening ownership), media (information dissemination and broadening ownership), and research institutions or academics (analysing existing and potential policy dynamics and market trends)
  - Development partners (financial and technical resources)
- What are the **offensive** and **defensive** interests of Zimbabwe? **[Provide evidence]**
  - List the value addition, value chain, mineral beneficiation activities being supported under SADC

- List the value addition, value chain, mineral beneficiation activities being supported under COMESA
- What is the country's industrialization comparative advantage?
- Are national industrialization interests shared by most stakeholders? **[Provide evidence]**
- Has the Government been mobilizing resources to support micro-, small and medium-sized enterprise involvement in value addition, value chains and mineral beneficiation? **[Provide evidence]**
- Has Zimbabwe ratified the Protocol on Industry? **[Provide evidence]**
- Is Zimbabwe reporting through a monitoring and evaluation system? **[Provide evidence]**
- Describe the SADC structure under the Ministry of Foreign Affairs that is mandated to supervise domestication of the regional industrialization strategy
- Has there been staff turnover in the ministries responsible, in particular for national industrial development policy and national trade policy?

### 3. Priority sectors and private-sector involvement

- Which sectors or cluster industrial activities have been prioritized in Zimbabwe? **[Provide evidence]**
- Has Zimbabwe been implementing value addition, value chain and mineral beneficiation activities? **[Explain, and provide evidence]**
- What is the level of private sector involvement (large firms or small and medium-sized enterprises or micro-, small and medium-sized enterprises)? **[Provide evidence]**

- What is the level of private sector support for the implementation of the above policies and strategies? **[Provide evidence]**
- Has the private sector been mobilizing investment financing to support value addition, value chains and mineral beneficiation? **[Provide evidence]**

### 4. Implementation challenges

- Explain the main challenges that have been hindering implementation of the above and previous policies using the following variables:
  - Economic conditions
  - Business environment
  - Political conditions or political actions
  - Social conditions
  - Legal environment
  - Stakeholder working relationships **[provide evidence]**

### 5. Implementation opportunities

- Using the variables in section 4 above, describe the opportunities that have been associated with the implementation of the above and previous policies **[provide evidence]**

### 6. Funding sources

- Government **[provide evidence]**
  - Have fiscal resources been adequate?
  - Has the Government been mobilizing funding from development partners?
  - Which areas were being prioritized?
- Private sector – priority sectors and levels of support **[provide evidence]**



- 
- Can these be quantified in monetary terms?
  - Can these be qualitatively linked to the process of implementing the above policies and strategies?
  - Donors and development partners – levels and areas [**provide evidence**]
  - List of programmes or projects funded through COMESA development envelopes supporting the alignment of regional industrialization policy frameworks and strategies
  - List of programmes or projects funded through SADC development envelopes (SADC Trade-Related Facility) supporting the alignment of regional industrialization policy frameworks and strategies

## 7. Recommendations in support of the process

- What recommendation(s) can you provide to support the formulation, harmonization and domestication of regional industrialization policies and programmes?
- Do you have any lessons to share to support the domestication of the industrialization policies and strategies of the two regional economic communities?

## 8. Implementation framework

- What implementation framework for the domestication of industrial development policies and strategies can you propose?

**Any other comment on the process?**

## Questionnaire B

**NB. Although the same questionnaire was administered to all three countries, the questions did vary from country to country, as they were informed by a review of the industrialization-oriented policies and strategies of each country.**

Malawi	Zambia	Zimbabwe
Malawi National Industrial Policy (MNIP) (2016) Malawi National Trade Policy (MNTP) (2016) Malawi Growth and Development Strategy III (MGDS) (2017) Malawi Micro, Small and Medium Enterprises Policy (MSMEP) (2012)	Zambia National Industrial Policy (2018) Zambia National Trade Policy (2018) Zambia National Export Strategy (2016) Zambia National Local Content Strategy (2018–2022)	Zimbabwe National Industrial Development Policy (2019–2023) Zimbabwe National Trade Policy (2018–2022) Zimbabwe National Trade Policy Vision and Export Promotion Strategy (2019) National Competition Policy (n.d.)

**This is a questionnaire for Malawi.**

*Please kindly provide a brief answer in the areas in which you have information.*

**With regard to industrialization:**

Policy	Evidence or questions	Responses
MNIP	Question: Has Malawi implemented the Industrial Rebate Scheme, yes/no? If yes, comment on operations of the facility.	

**With regard to natural resources:**

Policy	Evidence or questions	Responses
MNIP	Evidence of affordable business development, including extension services and agricultural technology dissemination in priority clusters and farmer organizations	
MNTP	Question: Is a “warehouse receipt law” in place?	
	Question: Has Malawi developed national quality infrastructure?	
	Question: Which cluster exporters are being supported, and how?	
	Question: Who participates in public procurement? What are the criteria?	
	Comment on the strategy of the “Buy Malawian” campaign	
MGDS III	Comment on local pharmaceutical industries	
	Question: Has there been a review of the legal and institutional framework or enforcement of legislation on the mining and extractive industries?	

## With regard to trade:

Policy	Evidence or questions	Responses
MNIP	Number of micro-, small and medium-sized enterprises participating in manufacturing	
	Evidence of redressing market-related issues (mainly tariff and non-tariff barriers)	
	Question: Has the Simplified Trade Regime been adopted?	
	Question: Has the National Quality Policy now been fully implemented?	
	Question: How has the Malawi Bureau of Standards been functioning as (a) a regulator (facilitator) and (b) an enforcer?	
	Evidence of established specific industrial value chains (dairy, wheat, cassava)	
MNTP	Evidence of industrial linkages between small and medium-sized enterprises and large industries	
	Question: Is there micro-, small and medium-sized enterprises production and export data?	
	Evidence of implementing a national trade facilitation action plan; and information on performance relating to standardization, quality assurance, accreditation and metrology	
MNES	Question: Is the Simplified Trade Regime being implemented?	
	Question: Has an economic empowerment bill been developed yet?	
	Evidence of diversification in three export-oriented clusters: oil seed products, sugar cane products, and manufactures (beverages, agroprocessing, plastics and packaging, and assembly)	
MSMEP	Evidence of supporting tobacco, mining, tourism, tea; and evidence of implementing trade, tariff and customs policies	
	Evidence of existing laws being detrimental to current and potential exporters	
MSMEP	Evidence of supporting priority industries; and of developing a vibrant local entrepreneurial sector	
	Evidence of improving value chains and micro-, small and medium-sized enterprise operation	

## With regard to investment:

Policy	Evidence or questions	Responses
MNIP	Question: Has a special economic zones act been reviewed and enacted?	
	Number of industrial parks, export processing zones, and special economic zones established since adoption	
	Number of factories constructed	
MNTP	Number of non-tariff barriers and tariff barriers that have since been removed	
	Number of trade policy and trade-related policies that have since been aligned	
MSMEP	Question: Has a practical framework to guide stakeholder engagement on micro-, small and medium-sized enterprise development with regard to laws and regulations been developed?	
MGDS III	Evidence of increased private sector investment in the operation and management of transport infrastructure	
	Question: Has the environment for investment and private sector development improved?	
	Question: How many one-stop centres, special economic zones and business sourcing initiatives have been established since adoption?	

### With regard to infrastructure:

Policy	Evidence or questions	Responses
MNIP	Question: Do manufacturing companies and micro-, small and medium-sized enterprises have access to technology and extension services?	
	Question: Has investment in road transport operations been improved?	
	Question: Is the Nacala Railway being utilized to transport imports and exports, and have water transport systems on the Shire Zambezi Waterway and Lake Malawi been developed?	
	Question: Has a regulatory framework been developed?	
	Question: Are initiatives in place to import electricity from other countries in the region? If so, which countries?	
MNTP	Evidence of facilitated investment and secured investment frameworks	
MNES	Question: Are transport policies and infrastructure policies in place to support priority clusters?	
MSMEP	Question: Has micro-, small and medium-sized enterprise-related business support infrastructure been strengthened?	
MGDS III	Evidence of integrated water resources management at all levels	
	Evidence of constructed additional hydropower stations along major rivers	
	Evidence of public-private partnership investment in independent power producers	
	Evidence of improved access to affordable alternative sources of energy	
	Evidence of development and provision of ICT broadband infrastructure services	
	Evidence of increased pool of ICT-skilled and industry-ready workforce in public and private-sector institutions	
	Evidence of improved transport reliability, levels of service and efficiency	
	Evidence of increased private sector investment in the operation and management of transport infrastructure	

### With regard to technology enhancement:

Policy	Evidence or questions	Responses
MNIP	Evidence of innovation and technology transfer through intellectual property rights and business linkages	
	Evidence of capacity-building of industrial technology research institutions; and evidence of tax policy incentives for investors	
	Evidence of micro-, small and medium-sized enterprise in priority clusters having access to manufacturing technology	
MNES	Evidence of technical support policies to technology transfer, research and development and technical training	
MSMEP	Evidence of activities including skills, information and technology transfers.	

## With regard to skills development:

Policy	Evidence or questions	Responses
MNIP	Evidence of enhanced provision of appropriate skills and technology	
	Evidence of improved labour-force productivity and skills	
	Evidence of an effective labour market information system	
	Evidence of a framework to incentivize employers to train employees	
	Evidence of a national competencies and skills plan being implemented in the labour force	
	Evidence of improved quality throughput in secondary education, technical, entrepreneurial and vocational education and training, and vocational and other training to meet the needs of sectors or clusters	
	Evidence of a framework that incentivizes research and development Evidence of coordinated private sector and micro-, small and medium-sized enterprise support programmes	
	Evidence of pharmaceutical courses developed at institutions of higher learning	
MNTF	Evidence of skill transfer within national investment frameworks	
	Number of service providers and high-skilled immigrants in the country	
MNES	Evidence of investment in competencies, education and training, skills and knowledge	
MSMEP	Evidence of adults with improved literacy levels	
	Number of literacy centres accessible to male and female learners	
	Evidence of improved access and equity in training and skill development, and of an increase in training centres for skill development in the artisanal, technical and professional fields	
	Evidence of improved productivity and quality of the labour force	
MGDS III	Evidence acknowledging education and skill development as a strategic sector	

**Abbreviation:** MNES, Malawi National Export Strategy.

## With regard to financing:

Policy (public-sector funded)	Evidence or questions	Responses
MNIP	Evidence of establishing beverages, agroprocessing and assembly task forces	
	Evidence of a technical working group within the manufacturing sector covering oil seed products and sugar cane products	
	Evidence number of officers, other line items	
MNTF	Number of officers and other line items strengthening policy dialogue mechanisms and coordination under the Private Sector Development Sector-Wide Approach to deal with specific and emergency issues	
	Number of trained officers with improved capacity in specialized trade and investment areas and in trade policy formulation, implementation and evaluation in the Ministry of Industry and Trade, the Office of President and Cabinet and other trade-related institutions	
	Evidence of mainstreaming trade into the sectoral plans and budgets of all key ministries, departments and agencies	
	Evidence of improved coordination and information-sharing on the process and progress therein (or lack thereof)	

MNES	Evidence of public-sector investment resources allocated in support of the productive economy	
	Evidence of implementing a financial-sector development policy to ensure that large businesses, micro-, small and medium-sized enterprises, smallholder farmers, cooperatives, youth entrepreneurs and women's groups have access to affordable financing	
MSMEP	Evidence of strengthened institutional implementation capacity	
	Evidence of improved coordination and implementation within the Government and quasi-government, and between the Government, the private sector and development partners	
	Evidence of established relevant inter-institutional frameworks supported by private sector bodies and government industrialization agencies, and statutory bodies to implement industrialization policy frameworks and strategies	
	Evidence of the Malawi Innovation Challenge Fund allocating grants to firms, including micro-, small and medium-sized enterprises	
	Evidence of private sector funding and support in implementing sectoral and national strategies	
	Evidence of firms, including micro-, small and medium-sized enterprises, having access to credit or other financing	
MGDS III	Evidence of financial and technical resources and support from development partners	
	Evidence of fiscal allocations to support implementation processes	
	Evidence of domestic resources being mobilized to support implementation	
	Evidence of activities being aligned with the implementation of the national development strategy	
	Evidence of private sector and other stakeholders <sup>a</sup> being involved in the implementation of activities	

<sup>a</sup>This includes civil society organizations, development partners and the international community.

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