



# **CONFERENCE REPORT**

Research Symposium on

## **The Growth and Development of MSMEs in Zimbabwe**

**University of Zimbabwe**

**12 May 2016**

# Contents

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Foreword ..... 1

Acknowledgements ..... 4

Abstract ..... 5

Welcome Address ..... 6  
*by Professor Levi Martin Nyagura*

Keynote Address ..... 7  
*by Guest of Honour: Hon. Minister S. G. G. Nyoni (MP)*

Introduction ..... 9

Background: SMEs Challenges in Africa and lessons for Zimbabwe ..... 10

**SESSION 1**

The Growth and Sustainability of Smes In Kenya: A Development Agenda ..... 13  
*Micheni Muriithi*

Zimbabwe’s Agriculture Past, Present and Future ..... 16  
*Mandivamba Rukuni*

Success (Growth) Requires Perseverance ..... 18  
*Mr C. Jokonya*

**SESSION 2**

Gender Issue Related to MSMEs ..... 21

Unionising the Informal Sector Implications and Challenges for MSMEs ..... 22

Market Structures as barriers for MSMEs growth ..... 26

The Performance of Informal Sector Enterprises: Evidence from Zimbabwe’s Metal Sector ..... 28

MSMES Incentive Scheme in Zimbabwe: Impact and Implications ..... 29

**BREAKAWAY SESSIONS**

The Way Forward ..... 34  
*Dr. P.C.F. Mupambireyi Acting Chair Business Studies Department*

Vote of Thanks ..... 34  
*Dr. A. Mhizha (Deputy Dean Commerce)*

Conclusions and Recommendations ..... 35

References ..... 37

Annex: Programme ..... 38















Business is normally born in humility. You have to be a humble person indeed to set-up-shop, start small and grow the business day by day until it becomes a multinational corporation. Like Christ, business was (is) cradled in a manger. Yet business is over all. Business makes busy factories and happy homes. We want to manufacture goods and sell goods and live in peace

My hope and that of Zimbabwe is the development and nurturing of more and more entrepreneurs. There is a fundamental need to invest in entrepreneurship education and training programmes. To this end several African governments have developed entrepreneurial development programmes as a deliberate attempt to solve youth unemployment and ensure economic growth. These programmes have inculcated an ethos and culture of entrepreneurship into the very fabric of society in which they have been planted. Progress will be slow unless we can transform the vision/mentality from pursuit of white collar jobs and to the vision of innovation and immortality through empire building that would endure — handed down to the sons, daughters and grandchildren for generations to come. Entrepreneurship provides that impetus

It follows therefore, that MSMES growth and development in Zimbabwe is critical to the alleviation of poverty and the large unemployment conundrum particularly among women and youth.

As the Minister of Small and Medium Enterprises and Cooperative Development, I welcome and support any initiative directed at contributing to entrepreneurship as this ensures that our graduates from high schools, colleges and university will find employment. On our part, we would like to see primary and high schools receive enterprise education as part of the curriculum and as well as see enhancement of entrepreneurial skills of students and community members in partnership with universities.

Moreover, it has always been recognised that national development pivots critically upon the supply of high and middle level labour. In Zimbabwe, the issue of mass unemployment and chronic- underemployment among educated youth increasingly dominates policy discussions on education and employment and the developmental prospects of the country. Although, stories abound of Zimbabwean graduates who are selling airtime, driving taxis or running tuckshops, these should be regarded as stepping stones to larger scale ventures. Our role as policy makers is to facilitate that transformation through the creation of an enabling environment. I trust that this symposium will add to the policy options available.

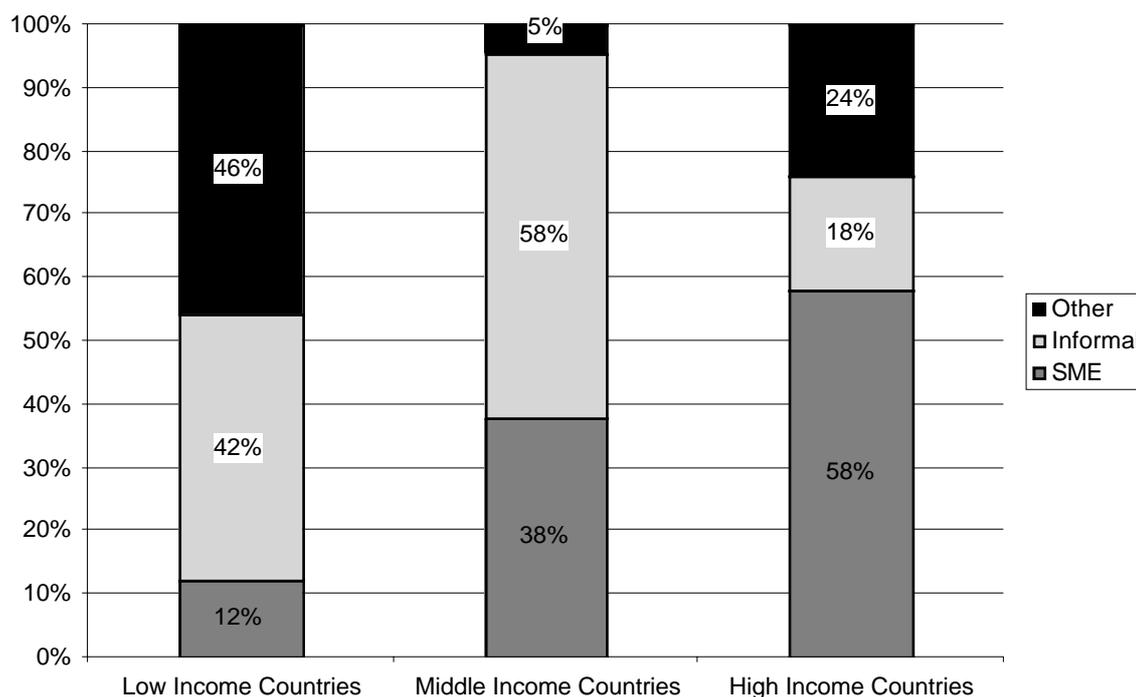
In this vein I congratulate University of Zimbabwe, The Ministry of Small and Medium Enterprises and Cooperative Development and the World Bank for taking such a bold and visionary step. I further understand that subject to availability of funding, the University intends to hold a series of workshops directly targeted at the community (MSMES) with a view to enhance their entrepreneurial/managerial skills and to track their development over a period.

In conclusion, together through appropriate entrepreneurial education, small businesses and cooperatives we shall build a new Zimbabwe.

I thank you!!







**Figure 2: SMEs and Share of Total Employment**

Figure 2 shows that SMEs contribute significantly to the employment levels of a country. In high income countries SMEs have the largest share of total employment (58%), followed by middle income countries with 38% and lastly low income countries with 12%. Against this note, Zimbabwean policy makers should see that the SME business environment is favourable as SMEs are an important driver of sustainable economic development.

In order to boost the growth of SMEs, the following tools should be taken into account;

- i. Financing lines of credit (hence Solving the credit gap without more distortions)
- ii. Reducing costs of doing business (Helping the state address biases against small business)
- iii. Raising performance of enterprises (Direct or intermediary-based support to SMEs to improve productivity and bankability)
- iv. Creating linkages (Support for sectors and larger firms to promote inclusion of SMEs in the value chains)

**Lessons to be learnt**

- Too many components, needed to be more strategic on which regulatory processes to start with
- SME development offices had to be eventually fiscally sustainable



## SESSION 1

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Session Chair: Mr Udo Etu Kudo, UNDP

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# The Growth and Sustainability of Smes In Kenya: A Development Agenda

**Micheni Muriithi**

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### **Abstract**

*As the world economy continues to move towards increased integration, some of the greatest opportunities for Small-to-Medium Sized Enterprises (SMEs) will derive from their ability to participate in the global marketplace while sustainably increasing their competitiveness. It is generally accepted that SMEs are crucial contributors to Job creation, income generation and the development of innovation.*

*In the case of Kenya, the Government has invested heavily in boosting the sector by setting up an independent Authority to look into matters of SMEs. The Kenya Vision 2030 is the Country's development blueprint covering the period 2008-2030. It aims in making Kenya a Middle Income Country by 2030 and SMES are key on its agenda, to achieve this objective.*

*The paper will seek to illustrate and share SME Business development in Kenya with particular reference to Strategic Planning for SMEs Growth and Sustainability. The following key components will be addressed: Creation of a conducive working environment; Enhancement of technical and entrepreneurial skills; Promotion of gender and vulnerable groups; Enhancement and mobilization of resources; Market Access and; Value chain addition. Furthermore, the paper will also, seek to share good practices and highlight key achievements in SMES in Kenya.*

### **The Growth and Sustainability of SMEs in Kenya: A Development Agenda.**

Mr M. Muriithi the First Secretary of the Embassy of the Republic of Kenya presented on the Growth and Sustainability of SMEs in Kenya: A Development Agenda. The scope of the presentation was as follows; Kenya in brief, Revitalization of the Kenyan economy, a look at SMEs in Kenya, the financing role of government, business environment, global partnerships such as UNIDO and conclusions.

### **A look at SMEs in Kenya**

The speaker noted that SMEs in Kenya fall under the informal sector. The sector employs around 80% of the working population in Kenya (12 million people) and has currently received a lot of government attention. The SMEs sector employs over 600 thousand people

annually. There is a Governmental thrust of Creating a conducive working environment; Enhancement of technical and entrepreneurial skills among SMEs; Promotion of Gender and Vulnerable Groups; Enhancement and Mobilization of Resources; Market Access and Value Chain Addition. (Training of SMEs in order to equip them with technical aspects of managing their businesses, marketing, resource mobilization skills so as to improve market access and protect the legal rights of SMEs.)

## **Financing role of the government**

It was indicated that most of the SMEs are owned by the youth hence access to financing and affordable credit is a big challenge. Against this background the speaker noted that the Kenyan government has ensured financial inclusion of SMEs. There has been formation of Youth Enterprise Fund and Women Enterprise fund, with the interest rate levels as low as 1%.

## **Business environment**

The speaker noted that the business environment in Kenya through contributions internally enables centralisation and mobilization of resources. This is whereby the government can channel funds to companies in order to improve productivity through acquiring premises at affordable prices.

## **Global partnerships: UNIDO**

Kenya has collaborated with the United Nations, industrial development organisation in a program called subcontracting partnership exchange experience, a program specifically meant to empower SMEs. SMEs are benchmarked through a tool that focus on aspects of their business from financing, processing, work environment and employee perspective.

## **Conclusion**

In conclusion the speaker noted that, world economy continues to move towards increased progression. There is need to give SMEs competitive advantage and open up markets for them. SMEs contribute to the growth of other industries. For example, the ICT take up through innovations such as M-PESA has facilitated cooperatives to save funds and also farmers can transact through this platform. Kenya is also focusing on increasing integration and competitiveness. Facilitating peacekeeping missions in countries such as Sudan is also helping to keep their market for exports.

## **Discussions: Questions and Answers**

**Chair: Mr Udo Etu Kudo, Economic Advisor UNDP**

Mr Udo Etu Kudo came up with a summary of questions:















































# ANNEX: PROGRAMME

| <b>PROGRAMME DIRECTOR: Dr J D NHAVIRA</b> |                                                                                                                                                                |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Time</b>                               | <b>Event</b>                                                                                                                                                   |
| <b>08:00-08:30</b>                        | <b>REGISTRATION/TEA/COFFEE</b>                                                                                                                                 |
| <b>08:30-08:45</b>                        | <b>Plenary Sessions</b><br>Welcome, Objectives and Introduction: Dr. S. Gumbe Dean Faculty of Commerce                                                         |
| <b>08:45-08:55</b>                        | <b>Opening Remarks</b><br>Prof. L. Nyagura, Vice-Chancellor University of Zimbabwe                                                                             |
| <b>08:56-09:10</b>                        | <b>Remarks and Introduction of Guest of Honour</b><br>Ms. E. Ndlovu, Permanent Secretary, Ministry of SMECD                                                    |
| <b>09:10-09:25</b>                        | <b>Official Opening Key Note Address</b><br>Hon. S. Nyoni (MP), Minister of Small Medium Enterprises and Co-operative Development                              |
|                                           | <b>Session Chair: Mr Udo Etu Kudo UNDP</b>                                                                                                                     |
| <b>09:25-09:35</b>                        | <b>SMEs Challenges in Africa and Lessons for Zimbabwe</b><br>Speaker: Ms. C. Nuamah, Country Manager, The World Bank Group                                     |
| <b>09:35-9:45</b>                         | <b>The Growth and Sustainability of SMEs in Kenya: A Development Agenda</b><br>Speaker: Mr. Micheni Muriithi First Secretary, Embassy of the Republic of Kenya |
| <b>0945:10:05</b>                         | <b>Discussions: Questions and Answers</b>                                                                                                                      |
|                                           | <b>Chair: Mr Udo Etu Kudo Economic Advisor UNDP</b>                                                                                                            |
| <b>10:05-10:15</b>                        | <b>Zimbabwe's Agriculture Past, Present and Future</b><br>Speaker: Prof. M. Rukuni, Agriculture Consultant<br>Discussant: Dr M. Nyandoro                       |
| <b>10:15-10:25</b>                        | <b>Success (Growth) requires Perseverance</b><br>Speaker: Mr Callisto Jokonya, Chief Executive, Imperial Refrigeration<br>Discussant: Mr Matanhire             |
| <b>10:25-11:00</b>                        | <b>Discussions: Questions and answers</b>                                                                                                                      |
|                                           | <b>Chair: Mr Udo Etu Kudo, Economic Advisor UNDP</b>                                                                                                           |
| <b>11:15-11:30</b>                        | <b>TEA</b>                                                                                                                                                     |
|                                           | <b>Session Chair: Mr Barassou Diawara ACBF</b>                                                                                                                 |
| <b>11:30-11:40</b>                        | <b>Gender issues related to MSMEs</b><br>Speaker: Mrs B. Bango, Executive Director, Empretec.<br>Discussant: Prof. Manyeruke                                   |

| <b>Time</b>        | <b>Event</b>                                                                                                                                                                |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>11:40-11:50</b> | <b>Unionising the informal sector implications and challenges for MSMEs</b><br>Speaker: Mr J. Moyo, Secretary General, ZCTU<br>Discussant: Mr F. Gwavuya                    |
| <b>11:50-12:00</b> | <b>Market structures as Barriers to MSMEs growth</b><br>Speaker: Dr S. Sena, UZ Business Studies Dept                                                                       |
| <b>12:00-12:10</b> | <b>The performance of informal sector enterprises: evidence from Zimbabwe's metal sector</b><br>Speaker: Dr Zhou UZ, Economics Dept.<br>Discussant: Dr N. Kaseke            |
| <b>12:10-12:20</b> | <b>MSMEs incentive scheme in Zimbabwe: impact and implications</b><br>Speaker: Mr RMC Hove, President Zimbabwe Chamber of Small Businesses<br>Discussant: Prof. G. Dzinomwa |
| <b>12:20-13:00</b> | <b>Discussions: Questions and Answers</b><br>Mr Barassou Diawara, African Capacity Building Foundation (ACBF)                                                               |
| <b>13:00-14:00</b> | <b>LUNCH</b>                                                                                                                                                                |
|                    | <b>BREAKAWAY SESSIONS</b>                                                                                                                                                   |
| <b>15:30-16:30</b> | <b>Plenary Session</b>                                                                                                                                                      |
| <b>15:30-15:50</b> | <b>Presentation by the 2 thematic area Chairs:</b><br>Growth: Dr A. Makochekanwa<br>Development: Dr D. Chimankire<br>To the Hon. Minister of SMECD                          |
| <b>15:50-16:00</b> | <b>The Way Forward</b><br>PFC Mupambireyi, Acting Chair, Business Studies                                                                                                   |
| <b>16:00-16:20</b> | <b>CLOSING CEREMONY</b><br>Speaker: Hon. S. Nyoni (MP), Minister of Small Medium Enterprises and Co-operative Development                                                   |
| <b>16:20-16:30</b> | <b>Vote of Thanks</b><br>Dr. A. Mhizha, Deputy Dean Commerce                                                                                                                |
| <b>16:30-16:45</b> | <b>TEA</b>                                                                                                                                                                  |