ZIMBABWE

Zimbabwe Industrial Reconstruction And Growth Plan (ZIRGP) 2024-2025

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ZIMBABWE INDUSTRIAL RECONSTRUCTION AND GROWTH PLAN (ZIRGP)

OCTOBER 2024-DECEMBER 2025

FOREWORD

The industrial and commercial sectors have historically been the primary drivers of the economy, contributing significantly to GDP, formal employment and foreign exchange earnings through exports. Over the past two decades, numerous challenges led to de-industrialization in Zimbabwe, leaving the economy heavily reliant on the mining and agricultural sectors. However, the sector has rebounded, supported by strong policies like the auction system and Local Content Strategy, despite challenges like Covid-19, electricity outages and the El-Nino-induced drought.

Despite facing numerous challenges, the industrial and commercial sectors have the potential to regain their position as the primary drivers of economic growth and development. This is especially true considering their strong connections with other key sectors such as agriculture, mining and services. Government intervention, through a sound industrialization strategy, is crucial to facilitate structural transformation towards economic growth, development and job creation. To achieve this envisioned structural economic transformation, Government is committed to creating a favourable operating environment for businesses to thrive.

The commercial sector plays a pivotal role in the economy, serving as a key driver of GDP growth and employment creation. Government will continue to put in place measures to support the continuous growth and survival of the services sectors as they have become one of the major engines of economic growth. Furthermore, focus will be placed on protecting consumers in the marketplace from substandard and counterfeit goods which negatively impact consumer health and welfare.

The transitional Zimbabwe Industrial Reconstruction and Growth Plan (2024-2025) focuses on growth opportunities in the industrial and commercial sectors, aimed at reducing the import bill and facilitating local production. It also recognises underlying policy issues that need to be addressed during the process leading to the National Development Strategy 2 (NDS 2) and it is aligned to Sustainable Development Goals, Africa Union Agenda 2063, COMESA Industrialization Strategy (2017-2026) and SADC Industrialisation Strategy and Roadmap (2015-2063) aspirations.

The operationalisation of the strategies and policies outlined in this plan will be implemented through sub-sector/industry-specific production and investment plans, which will be supported by a package of industry-specific incentives. These sub-sectors have already been identified as the anchor industries where the value-chains have national comparative advantage and which have the maximum potential to contribute to manufacturing value-added growth and contribute meaningfully to the African Continental Free Trade Area (AfCFTA) Agreement.

The successful implementation of the Zimbabwe Industrial Reconstruction and Growth Plan (2024-2025) is dependent upon collaboration of all stakeholders to achieve its objectives. The importance of ongoing and constructive engagement between Government, Business, and Labour cannot be overstated to achieve industrialization objectives outlined in this Plan.

Honourable N. M. Ndhlovu

MINISTER OF INDUSTRY AND COMMERCE

LIST OF ACRONYMS

AfCFTA	African Continental Free Trade Area
AI	Artificial Intelligence
CBCA	Consignment Based Conformity Assessment
CBUs	Completely Built-Up units
COMESA	Common Market for Eastern and Southern Africa
CSOTs	Community Share Ownership Trusts
DFI	Development Finance Institution
DISCO	Dinson Iron and Steel Company
GDP	Gross Domestic Product
GMP	Good Manufacturing Practice
GTI	Guided Trade Initiative
IDCZ	Industrial Development Corporation of Zimbabwe
IDP	Integrated Development Planning
IRBM	Integrated Results-Based Management
MDAs	Ministries, Departments and Agencies
MoFEDIP	Ministry of Finance, Economic Development and Investment Promotion
MoIC	Ministry of Industry and Commerce
MSMEs	Micro, Small and Medium Enterprises
MT	Metric Tonne
NCC	National Competitiveness Commission
NDS	National Development Strategy
NRZ	National Railways of Zimbabwe
NSSA	National Social Security Authority

POS	Point of Sale
PRAZ	Procurement Regulatory Authority of Zimbabwe
R & D	Research and Development
RBZ	Reserve Bank of Zimbabwe
ROI	Return on Investment
SADC	Southern African Development Community
SEZs	Special Economic Zones
SI	Statutory Instrument
SKD	Semi-Knocked Down
SMEs	Small and Medium Enterprises
ZIMRA	Zimbabwe Revenue Authority
ZimStat	Zimbabwe National Statistics Agency
ZIRGP	Zimbabwe Industrial Reconstruction and Growth Plan
ZNCC	Zimbabwe National Chamber of Commerce
ZNIDP	Zimbabwe National Industrial Development Policy

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INTRODUCTION

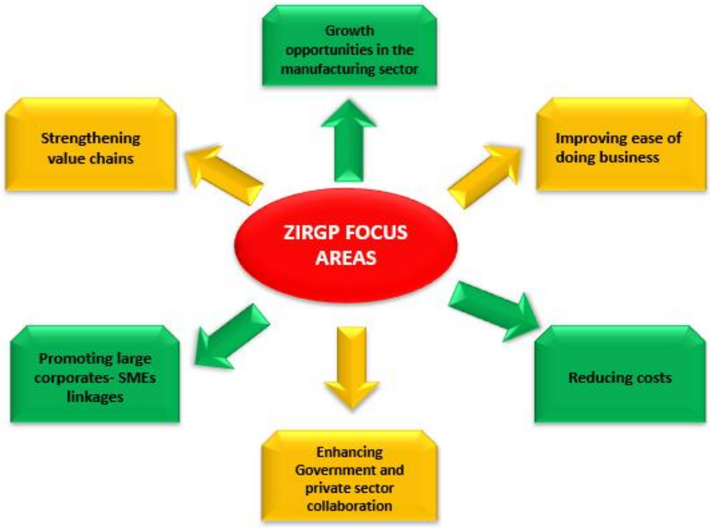
1. The Zimbabwe National Industrial Development Policy (ZNIDP) 2019-2023 ended in December 2023. The **Zimbabwe Industrial Reconstruction and Growth Plan (ZIRGP)** 2024-2025 serves as a transitional framework to align the industrial policy with the National Development Strategy 2 (2026-2030), in line with Integrated Development Planning (IDP) and Integrated Results-Based Management (IRBM). ZIRGP will also address immediate challenges in the manufacturing and commercial sectors while laying a foundation for accelerated industrial development under ZNIDP 2 to achieve Vision 2030 aspirations.

Figure 1: Zimbabwe Industrial Reconstruction and Growth Plan (ZIRGP)

Source: Ministry of Industry and Commerce

2. In line with the 2025 Budget Strategy Paper theme ***"Building Resilience for Sustained Economic Transformation,"*** ZIRGP will focus on growth opportunities in the manufacturing sector by reducing costs of doing business, strengthening value chains, promoting SMEs linkages, improving ease of doing business, enhancing Government and private sector collaboration, while considering developments in Bilateral and Multilateral engagements such as AfCFTA, SADC and COMESA.

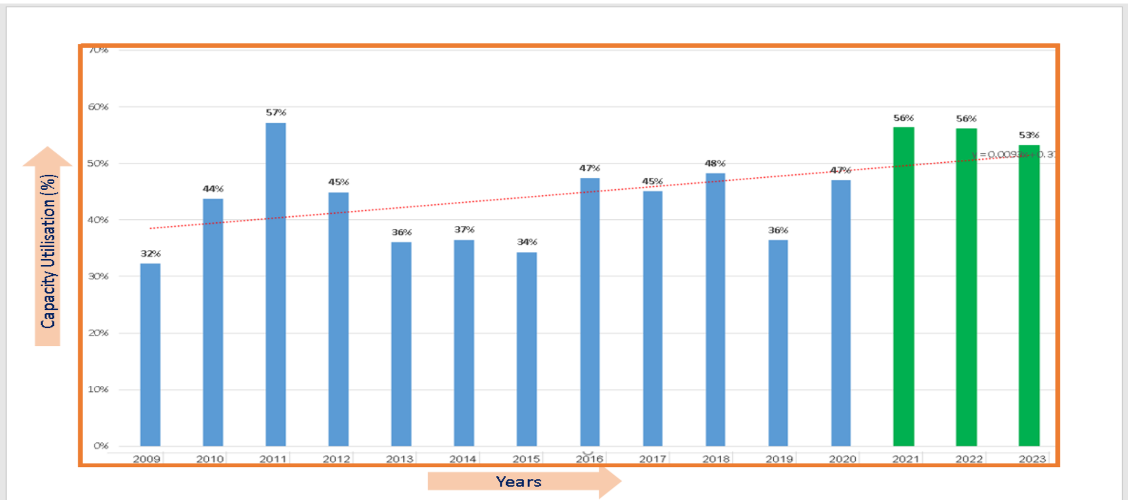
Figure 2: ZIRGP Focus Areas



Source: Ministry of Industry and Commerce

3. Zimbabwe's industrial sector comprises of **94** sub-sectors, producing over **7 000** products. The review of the ZNIDP (2019-2023), revealed that capacity utilisation stood at **53.2%** while manufactured exports grew to **US$447 million** in 2023 from **US$360 million** in 2019. Manufacturing sector surpassed the ZNIDP target with **2.2%** growth in 2022, contributing **9.7%** to national employment by 2023, after investing **US$747 million** in new equipment over 3 years.

Figure 3: Capacity utilisation (%) from 2009-2023

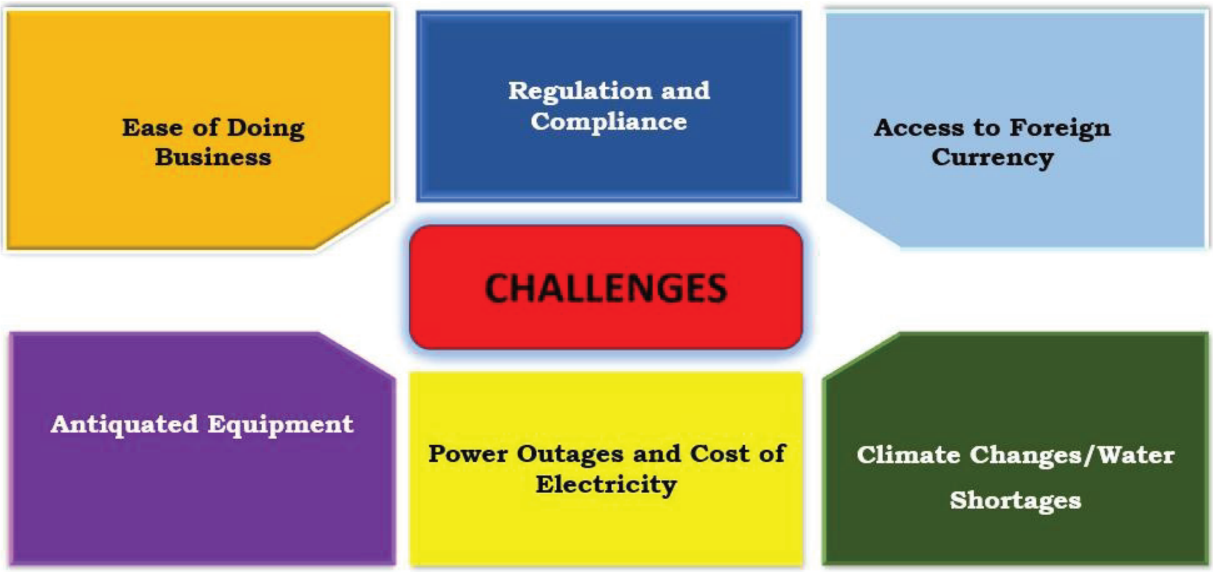


Source: Confederation of Zimbabwe Industries

4. The manufacturing and commercial sectors face the following challenges, amoung others:

i. Ease of Doing Business;
ii. Regulation and Compliance;
iii. Access to Foreign Currency;
iv. Antiquated Equipment;
v. Power outages and power cost; and
vi. Climate Change/Water shortages.

Figure 4: Challenges in the Manufacturing and Commercial sectors



Source: Ministry of Industry and Commerce

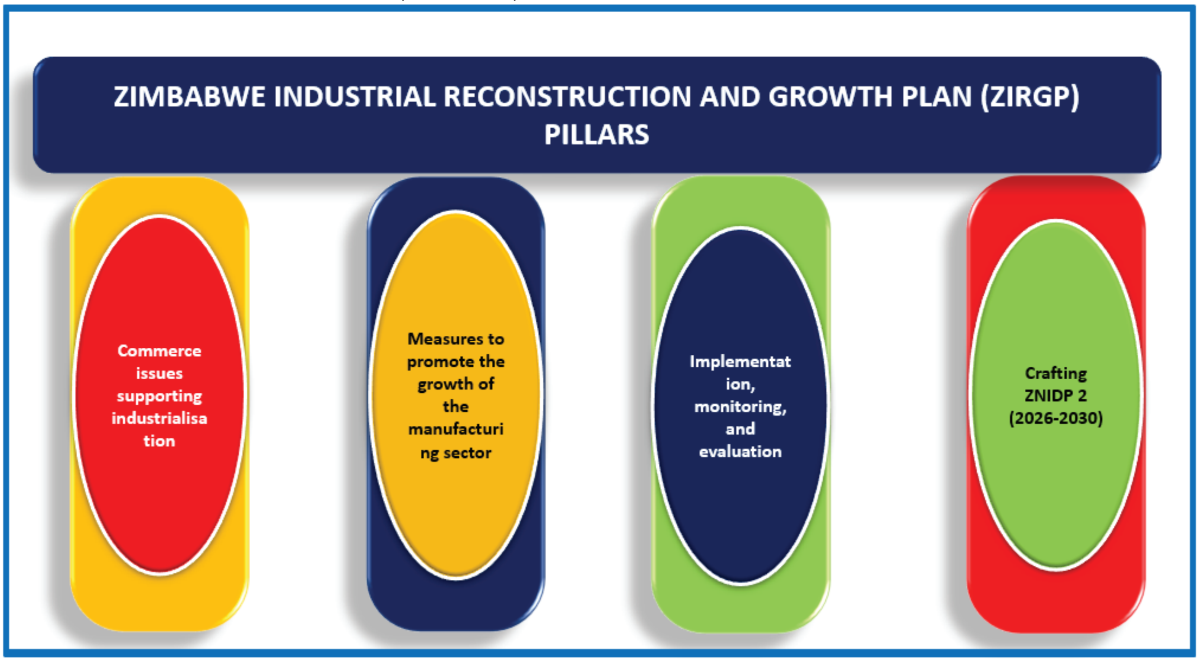
5. **Other Challenges** - The manufacturing and commercial sectors are also affected by a high informalisation rate, influx of smuggled and counterfeit products and export diversity issues. To address these issues, a Task-Force on smuggling and counterfeit goods, chaired by the Ministry of Industry and Commerce was set up. Furthermore, enforcement of reserved sector compliance will be implemented during the Plan period.

6. The State of the Local Industry report presented to Cabinet indicated that there are prospects for growth of the manufacturing sector if appropriate interventions are made. There is great scope for significantly reducing our import bill, thus improving our trade balance which has consistently been negative. There are prospects of enhancing the manufacture of intermediate goods and promoting the 'Buy Zimbabwe' programme, among other low-hanging fruits.

7. ZIRGP provides an opportunity to address the issues constraining industrial performance while promoting the recovery and growth of the manufacturing and commercial sectors. This transitional period allows for the alignment of NDS 2 with the ZNIDP 2 whose targets and priorities will be informed by the National Blueprint.

8. The Plan is divided into 4 pillars. The first pillar focuses on commerce issues supporting industrialization. The second pillar highlights measures to promote the growth of the manufacturing sector. The third pillar focuses on the implementation, monitoring, and evaluation of progress. The fourth pillar focuses on the crafting of the ZNIDP 2. The objective of this Plan is to implement concise interventions whose impact can be measured.

Figure 5: Pillars of the Zimbabwe Industrial Reconstruction and Growth Plan (ZIRGP) 2024 - 2025



Source: Ministry of Industry and Commerce (2024)

COMMERCE ISSUES SUPPORTING INDUSTRIALISATION

9. Services, wholesalers and retail trade, under commerce, is a key economic sector, contributing about **60%** to GDP and enhancing linkages with productive sectors, making it a vital sector for employment and economic growth. A deliberate effort to address the constraining factors will provide a major boost to the recovery efforts of the manufacturing sector.

10. **Quality Assurance and Trade Measures -** During the Plan period, Government will enforce Consumer Protection and Trade Measures legislation as well as quality standards to safeguard against smuggled, counterfeit, and substandard goods, to protect consumer health and welfare. Consumer Protection Agencies like the Consumer Protection Commission and the Trade Measures Department, among others, will be capacitated to ensure that they effectively carry out their mandate.

11. **Ease of Doing Business and Competitiveness** - The industry faces high regulatory and utility costs, negatively impacting manufacturing.

To address this, the Ministry, through the National Competitiveness Commission (NCC), will carry out Regulatory Impact Assessments with a view to review regulations that hinder competitiveness. High-cost drivers and compliance burdens vary across sectors, affecting overall competitiveness and production costs.

12. Regarding the ease of doing business, as approved by Cabinet, the Committee chaired by the Office of the President and Cabinet has started its work, with the target of streamlining business licenses by the end of 2024 so that beginning of 2025 business applicants apply for limited licenses. The cost of the licenses will be reviewed to ensure that the costs are competitive and not punitive.

13. **Formalisation-** According to the Zimbabwe National Chamber of Commerce (ZNCC) State of Industry and Commerce survey of 2023, Zimbabwe has an informal sector of around **71%**. The apparent challenge with this scenario is that the few formalized businesses carry the tax burden for those who are not compliant. This is an undesirable trend and measures are needed to prescribe simplified registration and minimum mandatory licencing requirements that promote formalisation, through the Shop Licensing Act. The adoption of simplified tax models for SME's will be pursued with a view to widen the tax base.

14. During the Plan period, measures will be implemented to promote electronic transactions to address the growing informalisation. Government will, in line with the Whole of Government Approach, expedite the development of the SME Formalisation Strategy. Businesses will be required to register and have functional bank accounts. Government will also promote the use of plastic money and enhanced use of Point-of-Sale machines (POS) for all businesses where there is network coverage. The coming in of Starlink to Zimbabwe is poised to significantly improve internet access in rural areas.

Interventions during the Plan period include:

- *Compliance procedures for small retailers will be simplified to encourage them to formalize;*
- *Raising awareness by ZIMRA on the tax systems and tax compliance requirements;*
- *Enforcement of the route to market mechanism;*
- *Limiting cash transactions and making compulsory the use of POS machines for all businesses where there is network coverage. The coming in of Starlink to Zimbabwe is poised to significantly improve internet access in rural areas;*
- *Incentives for the retail sector, for those who push the local products, will be explored;*
- *Setting minimum mandatory Licencing requirements under the Shop and Shop Licencing Act administered by the Ministry of Local Government as a way of ensuring compliance;*
- *Reduction in incidences of fake, hazardous, underweight, substandard and improperly labelled goods on shelf space;*
- *Increased production of quality goods and services through a tenfold increase in companies adopting standards from the current 1%;*
- *Local Authorities to be held accountable for failure to enforce the regulations; and*
- *Further reduction of bank charges to encourage formalisation.*

15. **Transport and logistics** - play a key role in the supply chain distribution channel facilitating the movement of goods and people across borders. Upgrading and maintaining road and rail networks is crucial to enhance connectivity, especially between production hubs and ports. It is therefore important that Government continue to invest in transport and logistics to facilitate the smooth movements of people and cargo. Government will facilitate the development of the One Stop Border Post with adjoining countries to promote seamless movement of people and cargo.

Figure 6: Upgraded Beitbridge Border Post

Source: Ministry of Industry and Commerce

Interventions during the plan period

- *Expedite and timeously engage all stakeholders in the implementation of One Stop Border Posts at Beitbridge, Forbes, Plumtree, and Victoria Falls; and*
- *Modernisation of border posts and custom processes through upgrading border facilities and introducing Single Window Systems.*

16. **E-Commerce** – the growth in E-Commerce has given birth to new challenges in enforcing consumer rights in electronic transactions. The Consumer Protection Act [Chapter 14:44] has provisions to protect consumers in electronic transactions.

Figure 7: Picture showing E-Commerce Platform

Source: marketingreport.one

Interventions during the plan period

- *Working closely with Ministry of Information Communication Technology, Postal and Courier Services to promote investments in Digital Infrastructure, expanding high-speed internet access, especially in rural and underserved areas;*
- *Provide hotline services in all the 10 Provinces;*
- *Establish and enforce strong data protection laws to safeguard consumer privacy in line with the Consumer Protection Act;*
- *Provide educational programmes and training for businesses on e-commerce;*
- *Provide redress mechanisms for addressing disputes related to online purchases; and*
- *Enhance consumer education about safe online shopping practices to protect personal data in online shopping.*

17. **Smuggling and Counterfeit Products -** The market is flooded with smuggled and counterfeit products that compete unfairly with local goods, entering duty-free and avoiding taxes. This threatens the local industry, tax collections, health and environmental risks due to the prevalence of sub-standard goods.

Figure 8: Picture showing informal traders selling goods on the streets

Source: Ministry of Industry and Commerce

Interventions during the Plan period include;

- *Operationalisation of the Taskforce on smuggling and counterfeit products;*
- *Capacitation of MDAs, especially inspectorate departments;*
- *Accelerated media blitz;*
- *Engage stakeholders and raise awareness on the sale of smuggled and counterfeit products;*
- *Review of penalties on perpetrators of business malpractices in order to make them more deterrent; and*
- *Enhance the Consignment Based Conformity Assessment (CBCA) Programme to ensure only quality standard goods are cleared into the country.*

18. **Consumer Rights and Responsibilities -** The Ministry of Industry and Commerce administers the Consumer Protection Act and conducts education programs to empower consumers and improve welfare, responding to increased infringements of consumer rights through market malpractices. Increasing consumer rights awareness will be

critical in ensuring citizens defend their rights against industry malpractices.

Figure 9: Picture showing Consumer Rights

Source: ***www.thelegalyoungster.com***

Interventions during the Plan period include;

- *Intensification of education and awareness campaigns on consumer rights and responsibilities across the country;*
- *Capacitation of MDAs involved in consumerism to ensure effectiveness in bringing sanity on the market by empowering the consumer; and*
- *Partnering with the business community to enhance enforcement of consumer rights and responsibilities.*

PROMOTING GROWTH OF THE MANUFACTURING SECTOR

19. This Pillar focuses on interventions to promote industrial growth. These measures lay a solid foundation for high manufacturing sector growth rate under NDS 2. The measures include: import substitution, enhancing intermediate manufacturing, utilisation of idle manufacturing infrastructure assets, value chain optimisation, Local Content Strategy, Rural Industrialisation and financing for manufacturing.

20. **Import Substitution**-Despite the local manufacturing sector's potential, the country continues to spend significant foreign currency on imports. The table below shows some of the import figures over the past six years.

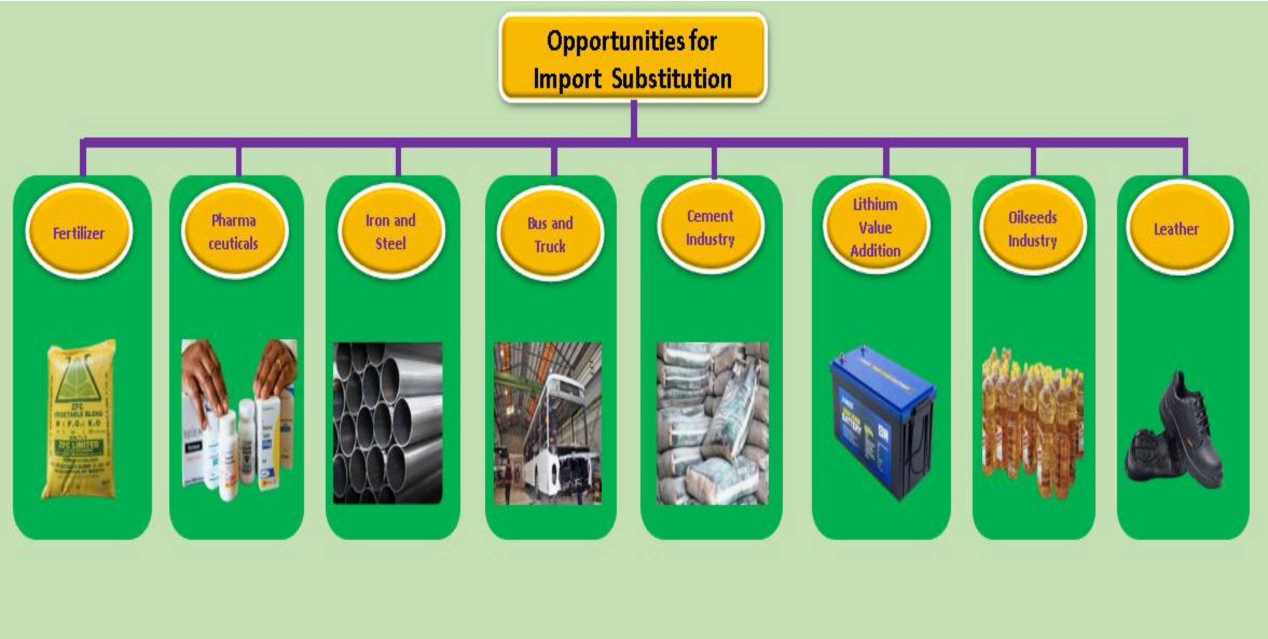
Table 1: Key Imports for the Period 2018-2023

HS/Year	2018 US$m	2019 US$m	2020 US$m	2021 US$m	2022 US$m	2023 US$m	Total US$m
Tyres	48	43	51	75	77	76	370
Motor Vehicles	545	386	384	487	617	664	3,083
Fertilisers	332	198	237	441	449	387	2,044
Pharmaceutical Products	217	207	189	416	245	230	1,504
Articles of Iron and Steel	123	122	177	208	279	287	1,196
Cement	5	16	15	48	49	59	192
Edible Crude Oil	123	72	128	222.5	290	212	1047.5

Source: ZIMSTATS

21. The following products have huge potential for import substitution:

Figure 10: Opportunities for Import Substitution under ZIRGP (2024- 2025)



Source: Ministry of Industry and Commerce

22. **Fertiliser** - Annual fertiliser demand is estimated at **780 000 MT**, with only **30%** capacity utilisation, leading to imports that cost an average of **US$333 million** per year. There is scope to produce fertilisers locally, using available resources. This will have a huge impact on the agricultural and manufacturing sectors. Treasury support is critical in this regard.

Interventions during the Plan period are:

- *Timely payment to local fertiliser manufacturers and suppliers;*
- *Reliable access to foreign currency;*
- *Support for the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development to set up a fertiliser plant; and*
- *Accelerating support for Investment into Dorowa and fertiliser production by an identified investor.*

23. Implementation of proposed interventions will increase fertiliser industry capacity from **30%** to **45%**, thereby decreasing reliance on imports by **50%.**

24. **Pharmaceutical Manufacturing** – The local pharmaceutical manufacturing industry operates at **50%** capacity, producing about **300** lines out of a potential **1 500**. The import bill has been averaging **US$250 million** over the past **6** years. Over the years the sector has experienced a sharp decline in drug manufacturing capacity owing to a number of challenges.

Interventions during the Plan period include:

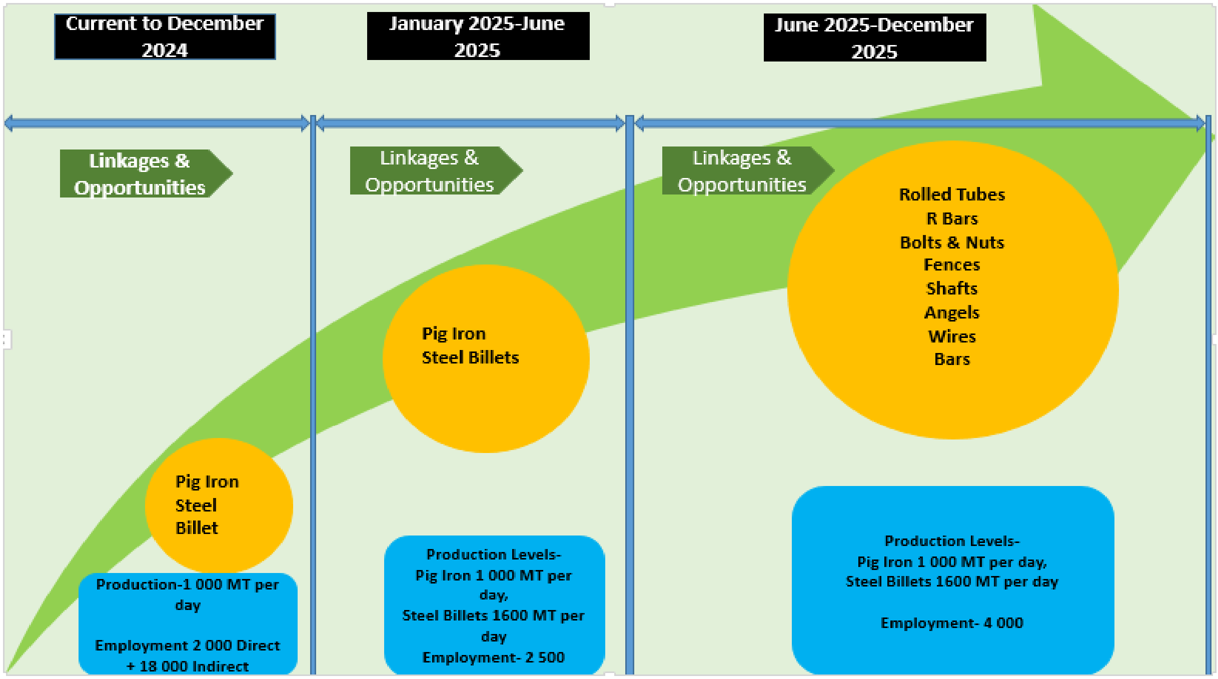
- *Public Procurement of locally produced medicines - NATPHARM will procure* **300** *lines of locally produced medicines and save up to* **US$75 million** *per year;*
- *Reduction of product registration timelines for locally produced medicines to* **3** *months from* **6** *months;*
- *Funding requirements of* **US$45 million** *for the costs for Good Manufacturing Practice (GMP) upgrading, product research and development, and infrastructure development; and*
- *Channelling proceeds of the sugar tax, part receipts be channelled towards the establishment of a* **US$2 million** *pharmaceuticals manufacturing revolving fund to help capacitate the sector to manufacture locally.*

25. Implementation of these proposed interventions will save the country up to **US$75 million** per year.

26. **Iron and Steel Industry** – The commencement of steel production at Dinson Iron and Steel Company (DISCO) has provided the economy with a huge opportunity to transform a number of sectors in the iron and steel value chain. Dinson projects that in 2025 they will produce

up **600 000 MT** of steel billets, potentially saving the country up to **US$500 million** worth of imports. During the Plan period, efforts will be made to promote linkages with upstream and downstream industries.

Figure 11: DISCO production levels and products, 2024-2025



Source: Ministry of Industry and Commerce

Interventions during the Plan period include;

- *Strengthening value chain linkages in the steel industry;*
- *Promulgating an SI to govern the minimum quarter of billets that are value added to usable steel sections for the totality of the industry in Zimbabwe;*
- *Ring Fencing of Electricity Tariff;*
- *Removal of import duty on raw materials used in steel fabrication, manufacture of agricultural equipment and Gas cylinders which is between* **5-20%;**
- *Imposition of a tariff on finished gas cylinders which is currently attracting zero duty;*

- *Declassification of steel as a mineral to improve export profitability of finished steel products; and*
- *Amendment of the Iron and Steel Act.*

27. These measures will enable the country to save **US$500 million** per annum through import substitution.

28. **Bus and Truck** - The sector operates below **5%** capacity utilisation due to low off-take. The tyre sector primarily consists of retreaders, importers, distributors and retailers, leading to approximately **US$52 million** being spent on imports annually. Government is the single largest importer of finished buses and deliberate efforts to scale local procurement will be pursued. Through Dinson, the sector will be able to manufacture chassis and frames for trucks and buses by mid-2025.

Interventions during the Plan period include;

- *Repealing of SI 138 of 2022, so that duty is levied on Completely Built-Up Units (CBUs) of buses, with a proposed* **40%** *duty levied on CBU imports as before;*
- *Granting a* **10%** *waiver of duty on imported Semi-Knocked Down (SKD) kits for local assembling of bus and truck by assemblers;*
- *Enforcement of local procurement of assembled buses and trucks;*
- *Negotiation of an Offtake Agreement to provide an assured market for local production;*
- *Pursue a deliberate strategy to identify private-investors to invest into the tyre manufacturing sector; and*
- *Availing incentives for tyre manufacturing to ensure maximum Return on Investment (ROI).*

29. If the proposed measures are implemented during the Plan period, a total of **100** buses and **80** trucks will be locally assembled, a total of **US$12 million** will be saved with an excess of **300** jobs being created

within the value chain, that is, from local assemblers, component manufacturers and downstream industries.

30. **Cement Industry** – The industry has four players with an installed capacity of **2.6 million MT** per year, while national demand is estimated at **1.8 million MT**. Local production is **1.65 million MT**, with imports exceeding **US$ 59 million** in 2023. The sector faces a number of challenges such as high electricity tariffs, shortage of raw materials, and antiquated equipment. This has seen locally produced cement retailing at between **80** and **120%** higher than the regional average prices. Government has witnessed immense pressure from citizens wishing to import. There is therefore need to put in place measures to enhance competitiveness of the sector.

Interventions during the Plan period include:

- *Promotion of investment into the sector (one investor from Zambia has already brought in equipment and will commence production by mid-2025);*
- *Consolidate Limestone deposits, either under IDCZ or Ministry of Mines and Mining Development and attract investment into Clinker production, which is currently being imported by most players;*
- *Increase cement import licence fee from the current* **US$100** *to* **US$ 500** *per* **30** *MT to discourage the importation of cement;*
- *Ring-fencing of the electricity tariff from the current* **US$0.16** *to* **US$0.10** *per KWh. This will result in reduction of the prices of cement by between* **5%** *and* **7%**. *The proceeds from licence fees will be used to subsidise electricity tariffs; and*
- *Stringent measures to be taken against sector collusion and profiteering which is rampant. To address this, the option of opening up for imports will remain open.*

31. The implementation of these interventions has the potential to save the country an estimated **US$40 million** per annum.

32. **Lithium Value Addition** - The lithium industry has **10** main players and several smaller ones. In 2023, they produced **3 400 MT**, a **230%** increase from the previous year. A concerted effort to scale up value addition of lithium has immense potential to increase revenue generation for the local economy. Zimbabwe has a unique opportunity to be a leading battery manufacturer in the region and continent.

Interventions during the Plan period include;

- *Incentives for building lithium smelter (specifically by Kamativi Mine),*
- *Declaring Special Economic Zone status on areas where lithium value addition will take place; and*
- *Review of electricity tariff allowing companies to choose third power supplying platform and paying ZETDC network using wheeling charge.*

33. **Oilseeds Industry -** The cooking oil industry has eight main players with a capacity to crush **448 000 MT** of oil seeds annually. The country requires **1 million MT** of oilseeds per annum to produce **180 000 MT** of cooking oil. However, only **50 000 MT** of oilseeds are produced locally and the rest is imported as crude oil. This prejudices the economy of valuable by-products that include stock feed and chunks.

Interventions to grow the sector include*;*

- *To encourage all oil expressers to finance production of at least* **40%** *of their raw materials locally;*
- *Levy a surtax on importation of crude oil; and*
- *COTTCO to prioritize the supply of ginned cotton seed to local manufacturers.*

34. Implementation of the proposed interventions will save the country about **US$120 million**.

35. **Leather Value Chain** - Until 2000, Zimbabwe produced **17 million** pairs of leather shoes annually, supported by a vibrant leather industry with skilled SMEs, including livestock farmers and manufacturers. By 2011, production plummeted to **1 million** pairs due to a declining national herd and competition from low-quality imports.

Interventions to grow the sector include:

- *To lobby for procurement of* **130 000** *pairs of boots from local manufacturers; and*
- *Extension of Statutory Instrument 161 of 2022 Value Added Tax (Unbeneficiated Hides Export) (Amendment) Regulations, 2022 (No. 2) by* **2** *years.*

36. The implementation of the above measures has the potential to create **1,000** jobs along the different nodes of the leather value chain.

37. **Manufacturing for Manufacturing** - The potential for intermediate manufacturing includes: **US$8 million**: Caustic Soda, **US$18 million**: Kraft Paper, **US$13 million**: Corrugating Paper, **US$20 million**: Cellulose, **US$4.8 million**: Pigment and Colouring, **US$1 million**: Calcium Carbonate and **US$6 million**: Ammonia Gas. All these are currently being imported and there is potential to produce them locally, at competitive prices.

38. To strengthen the capacity of local manufacturers to supply manufactured and intermediate goods, Government will work with the Chamber of Mines through their Suppliers Forum. The Plan will also target investment proposals to be packaged on intermediate manufactured products and appropriate incentives for **manufacturing for manufacturing.**

Interventions during the Plan period include:

- *Localising production of intermediate goods by local companies; and*
- *Targeted investment proposals to be packaged on the intermediate manufacturing products and appropriate incentives for **manufacturing for manufacturing**.*

39. **Idle Manufacturing Infrastructure Assets -** There is idle manufacturing infrastructure throughout the country, mainly empty factory shells and rail infrastructure which has remained unutilized for quite a long time. Government, during the ZIRGP period, will take stock of such infrastructure with a view to procedurally make them available to SMEs, potential investors and businesses in need of operating space. Where such infrastructure belongs to Government institutions such as NSSA and NRZ, such institutions will be engaged with a view of turning these assets into productive assets for the economy.

40. **Local Content Strategy implementation-** Government is implementing the strategies to enhance local content in collaboration with Buy Zimbabwe and other stakeholders. A deliberate policy by Government to direct MDAs to buy Zimbabwean products has immense potential to stimulate local demand and create jobs.

Interventions during the Plan period include;

- *Activate the Local Content Strategy;*
- *Implementing Safeguard Measures for importation of locally produced products;*
- *Local content rating for local tenders to support public procurement;*
- *Enforce the local content mandate, where at least* **60%** *of the Government's procurement is from local manufacturers, and importing only what is not locally produced;*
- *Institute a Local Content Committee to address local content issues;*
- *Institutionalizing the Buy Zimbabwe/Made in Zimbabwe initiative;*

- *Harmonizing standards and establishing specifications in promoting the public procurement of locally available goods;*
- *Engagement of the Procurement Regulatory Authority of Zimbabwe (PRAZ) on modalities of tenders and review of the definition of a local producer; and*
- *Providing designated work space for businesses and SMEs.*

41. **Value Chains Optimisation** - ZIRGP will foster and facilitate linkages in the Agriculture, Mining, Tourism and Energy Sectors, and MSMEs, through backward and forward linkages. Government and private sector representatives will meet to discuss value chain linkages in the sectors represented.

42. **Rural Industrialisation -** is at the centre of the Second Republic and Vision 2030. This however, requires a coordinated and whole of Government approach for its successful implementation. Rural industrialisation is vital for creating jobs and driving economic growth, thereby reducing poverty. Rural industrialisation includes Growth Points and Resettlement Areas. Rural industrialisation drive will be coordinated by Ministers of State for Provincial Affairs and Devolution in each province, with line ministries providing technical and other support.

Figure 12: Manhize Steel Plant, an example of an anchor industry in a rural setting

Source: Dinson Iron and Steel Company, Manhize

43. Key enablers to the strategy will include identification of land for the development of industrial parks which provinces should embark on in liaison with the Ministry of Local Government and Public Works. Setting up of bulk infrastructure, energy and road. Water is also a key enabler.

44. The Ministry of Industry and Commerce will provide policy oversight in the creation of industrial parks with possibility of attracting anchor industries in the rural areas.

45. During the plan period, Community Share Ownership Trusts (CSOTs) are equally expected to play a pivotal role in attracting and partnering investors in the respective districts and the implementation of Special Economic Zones for rural industrialisation will be pursued.

Interventions during the Plan period;

- *Identification of resource endowments and industrial projects in Rural Districts and Provinces;*
- *Setting up an Inter-Ministerial Committee on Rural Industrialisation, comprising of Ministries of Industry and Commerce, Local Government and Public Works, SMEs, Agriculture, Energy, IDCZ, among others;*
- *Identification of land for rural industrialisation through Rural District Councils;*
- *Directing companies towards enterprise development and availing incentives;*
- *Revival of Community Share Ownership Trusts (CSOTs);*
- *Declaration of Special Economic Zones to speed up rural industrialisation; and*
- *Capitalizing IDCZ/Sunway City to champion the development of Industrial Parks.*

46. **Export Development -** By prioritizing value-added products, investing in infrastructure, fostering innovation, and addressing regulatory and energy challenges, Zimbabwe can leverage its advantages to boost exports, focusing on agriculture, manufacturing and mineral resources. Interventions during the Plan period include prioritising export of Value-Added products; Trade Promotion; strengthen Regional Integration; and active participation in bilateral and multilateral arrangements in SADC, COMESA and the AfCFTA Guided Trade Initiative (GTI), among others. Furthermore, the Plan will promote export incentives to promote exports.

Interventions during the Plan period include:

- *Prioritize export of Value-Added Products;*
- *Trade Promotion;*
- *Diversify Exports;*
- *Strengthen Regional Integration;*
- *Participate actively in the AfCFTA Guided Trade Initiative;*
- *Incentives for Enhancing Zimbabwe's export competitiveness and Anti-Dumping Measures; and*
- *Development of an early warning system for unfair trade practices.*

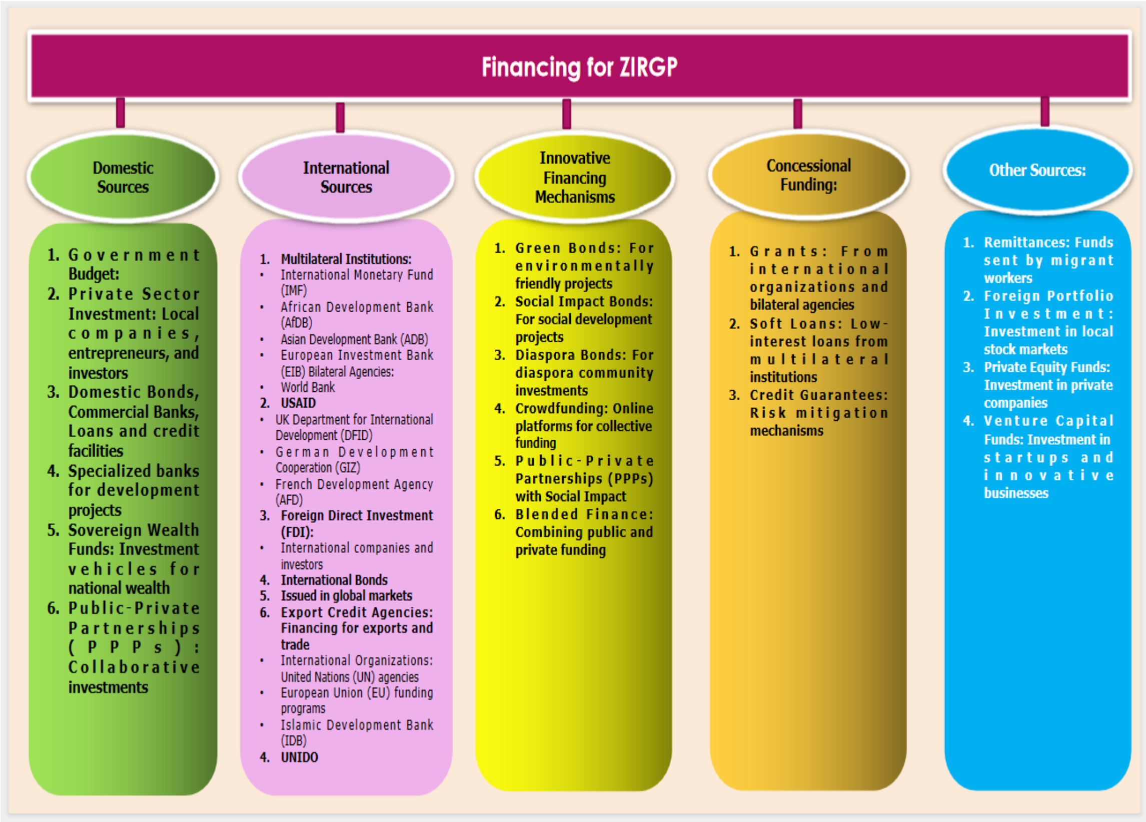
47. **Research and Innovation for Industrial Development -** ZIRGP recognises that sustainable industrial development is dependent upon investments in science, technology and innovation. During the Plan period, Government will pursue industrial transformation through Research & Development and innovation. Emerging issues such as the use of Artificial Intelligence (AI), Smart Manufacturing and Digital Industrialisation will also be pursued. Strong linkages between the manufacturing sector, Research and Innovation hubs will be emphasised during the Plan Period.

48. Education 5.0 plays a key role in innovation for industrial development. Government, through Ministry of Industry and Commerce and Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development, will avail incentives for the commercialisation of the innovations from Tertiary institutions during the Plan period. Critical skills will also be promoted.

49. **Financing for ZIRGP**- Industry struggles with access to affordable long-term financing, which is currently not available. Under ZIRGP Government will explore innovative financing mechanisms for industry including domestic sources, international sources, concessional funding and other sources.

50. The Industrial Development Corporation of Zimbabwe (IDCZ) will enhance its role as a Development Finance Institution (DFI) under the Ministry of Industry and Commerce, as per Cabinet Decision of 30 July 2024, supported by Treasury injection into the institution to boost finance access by industry.

Figure 13: Sources of Funding for ZIRGP



Source: Ministry of Industry and Commerce

MONITORING AND EVALUATION OF ZIRGP (2024 – 2025)

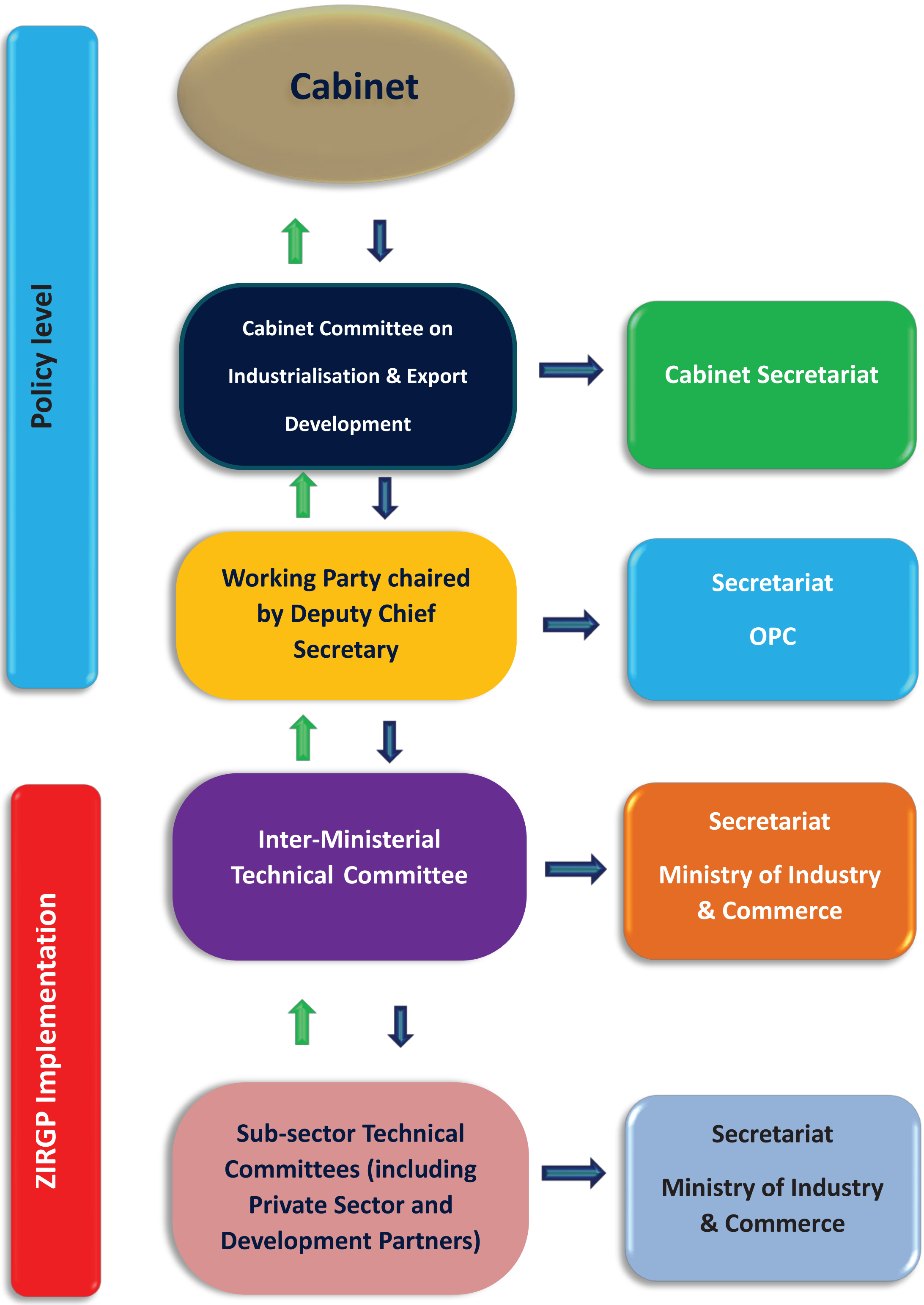
51. Implementation of the Zimbabwe Industrial Reconstruction and Growth Plan (2024-2025) will require maximum collaboration from the private sector and other Ministries, Departments and Agencies (MDAs), through the Whole of Stakeholder approach.

52. Government will develop a ZIRGP Communication Strategy to disseminate ZIRGP and raise awareness through various publicity strategies. Implementation will be monitored on a quarterly basis and necessary interventions made timely.

53. Periodic updates will be made to Cabinet on the implementation of ZIRGP in order to keep track of progress.

54. Figure 13 below shows the implementation, monitoring and evaluation of ZIRGP framework.

Figure 14: Implementation, Monitoring and Evaluation of ZIRGP



Source: Ministry of Industry and Commerce

SUCCESS INDICATORS FOR ZIRGP

55. **Commerce Pillar 1**

- Organised commerce characterised by a functional route to market process;
- Increased production of quality goods and service through a tenfold increase in companies adopting standards from the current 1%;
- Enhanced consumer welfare;
- Reduction in incidences of fake, hazardous, underweight, substandard and improperly labelled goods on our shelf space; and
- Improved ease of doing business and competitiveness.

56. **Manufacturing Pillar 2**

- Increased capacity utilization;
- Increased manufactured exports;
- Increased manufacturing sector employment;
- Increased production of goods and services; and
- Improved local content.

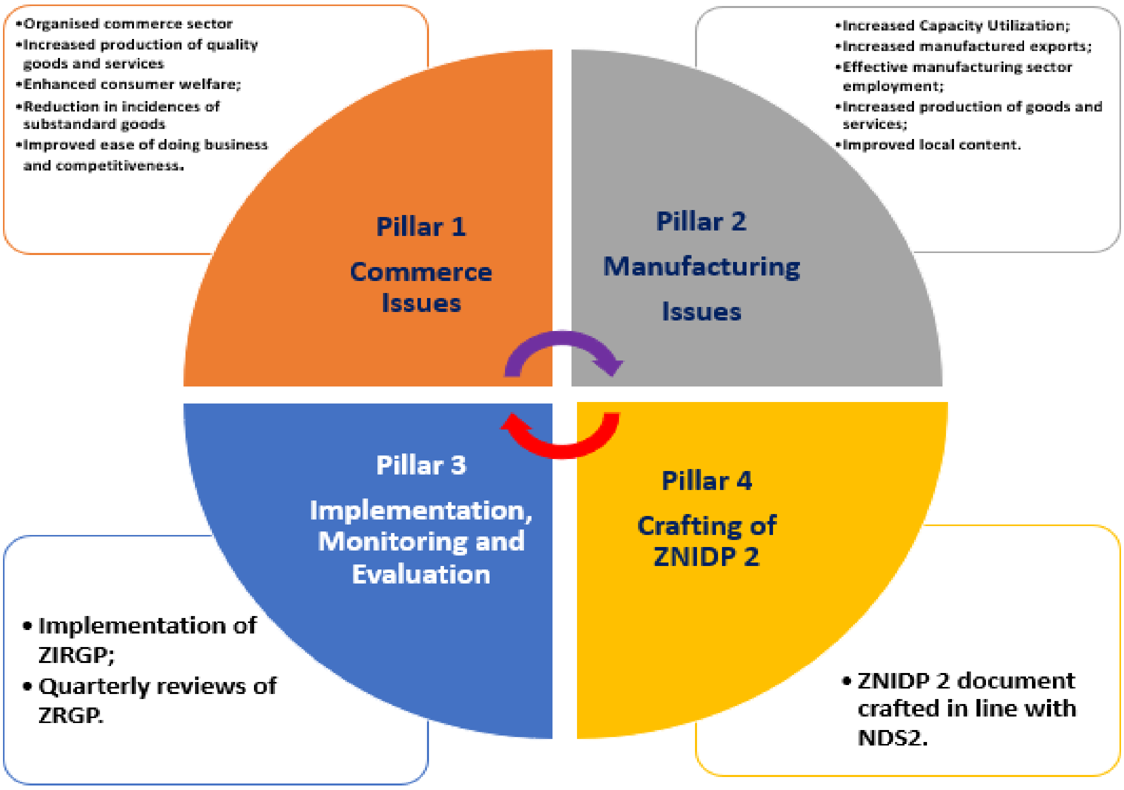
57. **Implementation, Monitoring and Evaluation Pillar 3**

- Implementation of ZIRGP; and
- Quarterly reviews of ZRGP.

58. **Crafting of ZNIDP 2 Pillar 4**

- ZNIDP 2 document crafted in line with NDS2.

Figure 15: Success indicators for ZIRGP



Source: Ministry of Industry and Commerce

CRAFTING THE ZIMBABWE NATIONAL INDUSTRIAL DEVELOPMENT POLICY 2 (ZNIDP 2)

59. The ZIRGP is a transitional plan to be implemented until December 2025. Thereafter, the ZNIDP 2 will be developed and will be aligned to the National Development Strategy (NDS) 2. The crafting of ZNIDP 2 will commence in 2025 and will involve wide stakeholder consultations. ZNIDP 2 will be launched during the last quarter of 2025.

Ministry of Industry and Commerce

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