NATIONAL COMPETITIVENESS COMMISSION

"Enhancing Zimbabwe's Global Competitiveness"

2024 ZIMBABWE COMPETITIVENESS REPORT

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Acronyms and Abbreviations

AfCFTA	African Continental Free Trade Area
AfDB	Africa Development Bank
ARIPO	African Regional Intellectual Property Organization
BCG	Boston Consulting Group
CBNRM	Community-Based Natural Resource Management
CSA	Climate-Smart Agriculture
CO_2	Carbon Dioxide
COMESA	**C**ommon Market for Eastern and Southern Africa
COVID-19	Corona Virus Disease of 2019
CZI	Confederation of Zimbabwe Industries
ESA	Eastern and Southern African
EPA	Economic Partnership Agreement
EMA	Environmental Management Agency
EPI	Environmental Performance Index
FTLRP	Fast Track Land Reform Program
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GII	Global Innovation Index
GSCI	Global Sustainable Competitiveness Index
HRF	Health Resilience Fund
IPP	Independent Power Producer

IDC Infrastructure Development Corporation

ICT Information Communication Technology

ICTDI Information Communication Technology Development Index

ILO International Labour Organisation

ITU International Telecommunication Union

IMF International Monetary Fund

LPI Logistics Performance Index

LEDS Low Greenhouse Gas Emission Development Strategy

MIC Ministry of Industry and Commerce

MoFEDIP Ministry of Finance, Economic Development and Investment Promotion

MOHCC Ministry of Health and Child Care

MoWCSMED Ministry of Women, Community, Small and Medium Enterprises Development

MFN Most Favoured Nation

MEAs Multilateral Environmental Agreements

NECF National Economic Consultative Forum

NCC National Competitiveness Commission

NDS1 National Development Strategy 1

NDC Nationally Determined Contribution

NCPR National Climate Policy and Response Strategy (2016)

NPL Non-Performing Loans

NVCCZ National Venture Capital Company of Zimbabwe

OECD Organisation for Economic Cooperation and Development

PPPs	Public-Private Partnerships
POTRAZ	Postal and Telecommunications Regulatory Authority of Zimbabwe
RBZ	Reserve Bank of Zimbabwe
REC`s	Regional Economic Communities
R&D	Research and Development
RAIZ	Resilience Building through Agro-ecological Intensification in Zimbabwe
SADC	Southern African Development Community
SEZs	Special Economic Zones
SFM	Sustainable Forestry Management
EU	European Union
EISAZ	Engineering Iron and Steel Industry of Zimbabwe
ESG	Environmental Social and Governance
SADC	Southern Africa Development Cooperation
SI	Statutory Instrument
SSA	Sub-Saharan Africa
UHC	Universal Health Coverage
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UZ	University of Zimbabwe
VMI	Volume of Manufacturing Index
WB	World Bank
WEF-FGR	World Economic Forum's Future of Growth Report

WIPO	World Intellectual Property Organisation
WEF	World Economic Forum
ZCR	Zimbabwe Competitiveness Report
ZIRGP	Zimbabwe Industrial Reconstruction and Growth Plan
ZEPARI	Zimbabwe Economic Policy Analysis Research Institute
Zimstat	Zimbabwe National Statistics Agency
ZIPO	Zimbabwe Intellectual Property Office
ZNIDP	Zimbabwe National Industrial Development Policy
ZRBF	Zimbabwe Resilience Building Fund

Acknowledgements

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Ministry of Women, Community, Small and Medium Enterprises Development

Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development

Ministry of Environment, Climate and Wildlife

Reserve Bank of Zimbabwe

Zimbabwe Economic Policy Analysis and Research Institute

National Economic Consultative Forum

Civil Protection Department

Environmental Management Agency

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Minister's Preface

The creation of a competitive business environment remains key as the country gears up efforts towards attaining its vision of becoming an Empowered and Prosperous Upper Middle-Income-Society by 2030.

The 2024 Zimbabwe Competitiveness Report underscores our commitment to sustainable, inclusive economic growth and development in line with the National Development Strategy I (NDS1) (2021 – 2025) and the Zimbabwe Industrial Reconstruction and Growth Plan (ZIRGP) (2024 – 2025), the transitional plan developed in collaboration with the Private sector. The plan was developed to align with the successor Industrial Development Policy with the upcoming National Development Strategy 2 (2026 – 2030). This is pivotal to the journey towards rebuilding and strengthening Zimbabwe's industrial and commercial abase and ensuring sustainable economic growth and development.

Consequently, the 2024 Zimbabwe Competitiveness Report is a comprehensive analysis of the country's competitiveness potential to achieve the same. It provides valuable insights into areas where competitiveness can be enhanced and proffers actionable recommendations to unlock the full competitive potential of Zimbabwe. The annual assessment of the competitiveness of key sectors of the economy contributes towards the development of better-informed policies, which aim for long term prosperity and elaborate on the priorities for recovery and resilience. These priorities include fiscal consolidation, import substitution, investment facilitation & promotion, engagement & re-engagement, infrastructural development and support for the productive sectors, among others.

This year's report calls upon us all to deliberately leverage on Zimbabwe's competitive advantages, through the improvement of its innovativeness, inclusiveness, sustainability and resilience. In this regard, through the Whole of Government Approach, we must work together in the development and implementation of bold transformation measures that will create an enabling business environment, which is critical for economic growth and development.

As we approach the full implementation of the African Continental Free Trade Area (AfCFTA), it is paramount that we enhance our competitiveness and accelerate the industrialization and diversification of our growth sources. This adaptation is key in enabling the country to tap into the opportunities that come with the enlarged market under the AfCFTA. I therefore call upon all stakeholders including the private sector and Development Partners, to work together in the attainment of accelerated, inclusive and sustainable economic growth as well as socio-economic transformation and development as we move towards an upper middle-income society by 2030.

I want to express my sincere appreciation to the dedicated team of experts and researchers who have contributed their time, knowledge, and expertise to produce this report. I am also informed that relevant stakeholders and Ministries, Departments as well as Agencies participated in coming up with this report. I would also like to congratulate the National Competitiveness Commission (NCC) for producing a timely and relevant report, which will contribute to the sustainable development of our nation.

As we look into the future, let us remain committed towards promoting an environment where innovation thrives, inclusivity is prioritized, sustainability is championed, and resilience defines our national character. I therefore invite you to explore the findings of this report and implement the proposed interventions to enhance productivity and competitiveness. I call all stakeholders to join us on this journey towards an empowered, prosperous and competitive Zimbabwe in line with ZIRGP and NDS1.

Hon. Nqobizitha Mangaliso Ndhlovu (MP)
MINISTER OF INDUSTRY AND COMMERCE

Remarks

Globalization brought the need to fit Zimbabwe`s competitiveness in a new international context giving a comprehensive analysis of the quality of growth trajectory. To this end, the 2024 Zimbabwe Competitiveness Report (ZCR) observes the influence of the World Economic Forum Future of Growth Report (WEF-FGR) in describing the competitiveness position of the country.

The 2024 ZCR is the fourth Report produced by NCC, in line with one of the Commission's critical functions, which is to develop an Annually Benchmarked Competitiveness Reports. The Report provides a comprehensive analysis of Zimbabwe's productivity and competitiveness performance against comparator countries, with a specific focus on four key competitiveness pillars namely, Innovativeness, Inclusiveness, Sustainability and Resilience. It also examines the manufacturing sector performance in relation to competitiveness and provides appropriate policy recommendations.

It is critical to note that, the report is a product of close collaboration between the Commission and relevant stakeholders including the Government, Academia, Development Partners, Business Member Organisations (BMOs), economic consultative forums and research institutions who tirelessly worked together in developing the Report.

The Report evaluates the quality of Zimbabwe`s growth and presents a balanced assessment of its competitiveness, drawing from recent globally comparable indicators and national information. The Report also identifies potential areas for improvement, recognize trade-offs to resolve and highlight synergies to exploit to ensure balanced growth and development.

Furthermore, the 2024 ZCR proposes strategies and recommendations, which are expected to boost productivity and enhance competitiveness, if successfully implemented. Great collaboration from all stakeholders, including Government, Private Sector, Academia, Labour

and Development Partners, among others is of paramount importance for the successful implementation of these strategies and recommendations. Of particular importance is continued financial and human capital support from Government, which remains critical for the smooth implementation of the Commission's planned programmes.

In conclusion, I thank all the stakeholders for partnering with the Commission throughout the development of this Report. I commend you to continue the collaboration as stakeholders implement measures to create a competitive business environment for Zimbabwe in line with our national vision of becoming an Upper Middle-Income Society by 2030.

Mrs. P. Chimuka
BOARD CHAIRPERSON, NATIONAL COMPETITIVENESS COMMISSION

Review of 2023 ZCR Major Recommendations

Among the 2023 ZCR proposed recommendations, some were implemented whilst others are still outstanding. Government and the related stakeholders are commended for their concerted effort towards implementation of some of the recommendations. Key stakeholders are encouraged to implement outstanding recommendations to enhance productivity and competitiveness.

Implemented Recommendations

Recommendation 1: Continued investment in transport and energy infrastructure.

Action: *Government extended the State of Disaster of the country's road infrastructure to 31 December 2026 through Statutory Instrument 151 of 2024, to ensure nationwide coverage towards resuscitating and upgrading the country's roads through the Emergency Road Rehabilitation Programme (ERRP). Government rehabilitated and upgraded Harare-Beitbridge and Harare-Chirundu (launched in February 2024) Highways, and roads within major cities in Harare and Bulawayo, including Mbudzi interchange. Robert Gabriel Mugabe International, Victoria Falls, and J. M Nkomo International Airports were also upgraded to improve its operational efficiency. However, the railway system, once a critical transport mode for goods and passengers, has suffered from underinvestment and maintenance.*

Zimbabwe launched the Renewable Energy Fund (REF) in September 2024 with the objective to renovate the nation's energy infrastructure and address climate change challenges.

Recommendation 2: Continued implementation of tight fiscal and monetary policies and strategies to stabilize the exchange rate, adoption of market-determined exchange rate system, positive real interest rate.

Action: *Through their monetary and fiscal policies, the RBZ and Treasury continues to implement tight monetary and fiscal policies. The RBZ adjusted the bank policy rate from 200% in 2022, 150% in 2023 before maintaining it at 20% between March 2024 and 27 September 2024 before it was pushed up to 35% from the end September 2024 and maintained thereafter. Furthermore, the Bank raised statutory reserve requirements from 15% to 30% for demand and call deposits and from 5% to 15% for savings and time deposits in September 2024. In 2024, the RBZ introduced a structured currency that is pegged to a basket of foreign currencies and precious metals and replaced the auction system with a Willing-Buyer-Willing-Seller (WBWS) trading arrangement in the interbank foreign exchange market towards a market determined exchange rate. On 27 September 2024, the RBZ also reduced foreign exchange outflow limit from US$10,000 to US$2,000 to manage external pressures. In December 2024, the MPC of the RBZ also introduced a Targeted Finance Facility (TFF) to support the productive sector, with operational details to be communicated through banks in the 1st Quarter of 2025. To ease the flow of funds in the interbank market, the Reserve Bank introduced an intra-day facility for banks, which eliminated payment gridlock.*

To buttress the stability of the ZiG currency, the Government introduced several measures, including a Reserve Accumulation Strategy and fiscal consolidation measures. Taxes and user fees for Government services became payable exclusively in ZiG since the third quarter of 2024, promoting the use of the local currency. However, Government expenditure continues to be stretched due to the more severe-than-expected impact of the El-Nino-induced drought.

Recommendation 3: Put in place measures that enhance confidence in the financial sector.

Action: *The RBZ implemented the following strategies in 2024 towards confidence building.*

a) Introduction of a new structured currency (ZiG).

b) Anchoring local currency on reserves backed by gold, other precious minerals and foreign currency balances.

c) Adopted a market-determined exchange rate system (WBWS).

d) Efficient and optimal money supply management (Money supply consistent with Economic Growth).

e) Transferred all its foreign currency liabilities to Treasury and currently that are currently being serviced from the National Budget.

f) The Liquidity Management Committee resuscitated and meets on a regular basis to manage liquidity injections into the market.

Recommendation 4: Broaden the tax revenue, adopt modern technologies and systems to improve tax collection efficiency, public awareness on tax compliance, improve tax administration.

Action: *Government introduced a sugar tax (tax on all sweetened beverages and a 15% VAT on refined sugar in 2024) and wealth tax (levied at a rate of 1% of the value of a dwelling other than a principal private dwelling of a taxpayer, if such value exceeds US$250,000) to broaden tax revenue. The Government also made it mandatory for all Fiscal Tax Invoices to be generated by a fiscal device that is interfaced with the ZIMRA Fiscalization Data Management System (FDMS).*

The UNDP, in collaboration with ZIMRA conducted Tax and Customs Education for Journalists event, which included workshops and training sessions designed to educate media professionals on the complexities of tax and customs regulation. The primary objective of this campaign was to enhance the media's ability to disseminate accurate and comprehensive information regarding tax laws and compliance. By equipping editors and journalists with the necessary knowledge and skills, the campaign aims to improve public understanding of tax obligations, reduce tax evasion, and ultimately increase Government revenue.

Recommendation 5: Reduce company registration cost and investment licence fee to match with the regional comparator countries.

Action:

Government has resuscitated the Ease of Doing Business Committees, under the Office of the President and Cabinet, to monitor and evaluate the reforms towards making the country a favourable investment destination. The main objective of the reforms is to review business costs and streamline regulations.

Outstanding Recommendations

- Diversify the economy to reduce dependence on a few sectors and create more taxable economic activities, provide tax breaks and incentives for investments, offer tax reliefs for SMEs;
- Reduce royalty tax from 10% to align with regional peers, full digitization of mining cadastre systems and accelerating amendments to mining laws;
- Charge cost effective charges aligning with regional peers;
- Address competitiveness gaps and challenges associated with the manufacturing sector, mostly emanating from cost drivers and unconducive business regulatory environment;
- Implementation of sound policies and regulations that permit as well as promote private sector development and business competitiveness; and
- Embracing social inclusion, through stakeholder participatory policy formulation and implementation.

Executive Summary

The Commission is mandated to produce annually benchmarked competitiveness reports. The main objective is to assess the country's performance with a view to identify gaps and provide appropriate policy advice on enhancing productivity and competitiveness.

The 2024 Report, which was produced in consultation and collaboration with key Experts from the Academia and Industry, Government and Development Partners, is anchored on the 2024 Future of Growth Report produced by the World Economic Forum (WEF). The Future of Growth Report replaced the traditional Global Competitiveness Report which was used by the Commission in the production of the previous competitiveness reports. The migration emanated from the deteriorating global growth due to multiple shocks requiring economic policies to adapt to new realities. The FGR thus takes a comprehensive approach to growth and productivity, building on the traditional Global Competitiveness Index (GCI).

The Report is a product of the 2023 Executive Opinion Survey (EOS) conducted over the period April – August 2023, and was administered by the Commission as the local Partner Institute of the WEF. To this end, the Report gathered critical insights from more than 11,000 Business Executives worldwide, including Zimbabwe. EOS covered four sectors of the economy, namely, agriculture, industry (manufacturing), industry (non-manufacturing – mining, electricity, gas and water supply) and services. The respondents were drawn in proportion to the share of GDP by sector across the country, covering both SMEs and large corporations. Through the survey, respondents are asked to evaluate their economies, complementing other secondary statistical data to provide an assessment of the drivers of productivity and competitiveness. The indicators derived from the survey were used in the calculation of the Future of Growth scores.

The EOS assesses the competitiveness and economic conditions on eight topical areas, namely:

- Dynamism and capacity of the private sector;
- Infrastructure and tourism;
- Dynamism and capacity of the public sector;
- Enabling environment;
- Talent and employment;

- Innovation ecosystem;
- Managing risks; and
- Industrial policy of their respective countries, for which statistical data is missing because it is either impossible or extremely difficult to measure on a global scale.

The Future of Growth Report benchmarks countries' progress towards more prosperous, resilient and equitable economies and societies focusing on four key competitiveness pillars, namely, innovativeness; inclusiveness; sustainability; and resilience. These are anchored on five (5) drivers of economic growth, revival and transformation, namely, talent ecosystem, resources ecosystem, financial ecosystem, technology ecosystem and institutional ecosystem.

In view of the foregoing, the 2024 ZCR provides a comprehensive analysis of these productivity and competitiveness pillars and drivers, including the country's performance against comparator countries. This unravels opportunities, addresses challenges and outlines strategic pathways for Zimbabwe's future competitiveness landscape, economic growth and development.

Furthermore, the Report provides a case study that examines the performance of the manufacturing sector and benchmarks it against regional and global peers. This enables the country to clearly articulate and appreciate the extent to which the identified competitiveness gaps and challenges impact on the sectoral performance and the overall contribution to economic growth and development.

Key Findings and Proposed Recommendations

Zimbabwe`s performance on most competitiveness aspects analysed in this Report is below average for the upper-middle income countries, where the country aspires to be, indicating the need to address the identified gaps and challenges towards enhancing the country's productivity and competitiveness. This will assist in achieving the objectives of the ZIRGP, NDS 1 and the attainment of Vision 2030 of making Zimbabwe an upper middle-income society by 2030. The following are the Report's findings and proposed recommendations on the respective chapters on innovativeness, inclusivity, sustainability, resilience and manufacturing sector performance:

Innovativeness

Low Innovativeness Score:

Zimbabwe scored 29.7 out of 100 in innovativeness, above the average for low-income countries (26.8) but significantly lower than upper-middle-income countries (39.3). This lag indicates limited capacity for technological advancement and product development, which impedes the country's ability to remain competitive in regional and global markets. Limited innovation also limits productivity gains and the ability to respond to consumer and market changes.

Recommendations:

- *Strengthen collaboration between industry and Innovation Hubs to ensure demand driven innovations.*
- *Promote public-private partnerships (PPPs) to drive innovation and enhance productivity across various sectors.*
- *Strengthen partnership linkages with the international community to enhance the quality of tertiary education on research and innovation through university exchanges.*

Insufficient Research and Development (R&D) Investment:

Zimbabwe's R&D expenditure as a percentage of GDP remains low, far below the 1% target under the UNESCO (2017) declaration. This underinvestment curtails the nation's ability to innovate, thereby impacting both productivity and long-term competitiveness. With limited R&D, Zimbabwe struggles to keep up with peers in areas such as product improvement, cost-effectiveness, and industrial efficiency.

Recommendations:

- *Increase budgetary allocation towards funding for Research and Development (R&D) to at least 1% of GDP, in line with UNESCO (2017) declaration.*
- *Government, through the Research Council of Zimbabwe (RCZ) to continue supporting R&D institutions with both financial and non-financial assistance, promoting collaboration among research entities, industry, and quasi-Government entities to facilitate knowledge transfer and the commercialization of research outcomes.*
- *Government to offer incentives such as tax breaks or subsidies to stimulate investment in R&D, especially in high-potential industries like technology, agriculture, and manufacturing.*

Low Information and Communication Technology (ICT) Capital Per Capita:

Zimbabwe's ICT capital per capita, standing at USD32, is among the lowest performing countries that include Malawi (USD10) and Rwanda (USD36) compared to Botswana (USD511), South Africa (USD120) and Mauritius (USD113). Limited access to ICT resources stifles technological adoption and innovation, restricting the country's productivity and reducing its competitiveness, particularly in sectors that heavily rely on technology for production and management efficiency.

Recommendation: *Scale up efforts towards embracing e-commerce within public and private sector operations*

Limited Technological Adoption in Manufacturing:

While Zimbabwe shows some progress in certain sectors, its technological adoption in manufacturing is relatively low, with medium and high technology usage accounting for only 9.6% of the sector's value added. This lack of advanced technology impedes the country's manufacturing efficiency, limits product quality and hinders competitiveness, particularly when compared with countries like South Africa that have higher technology integration.

Recommendations:

- *Provide incentives for the private sector to fund innovation activities such as provision for researchers to retain intellectual property rights including patents and publications for research funded by the Government and free access to the research findings.*
- *Create a National Innovation Fund which will provide seed capital, grants, or low-interest loans to researchers, startups, and entrepreneurs working on commercially viable projects.*
- *Allocate funds for review and enforcement of the IP laws. In addition, Government will support education programs to raise awareness about IP rights, helping businesses and researchers navigate the IP system.*
- *Continued provision of incentives such as tax exemptions, holidays and duty free on importation of technological equipment.*

Multiplicity of Regulations:

Zimbabwe's regulatory quality and policy vision scores are low, indicating a challenging environment for business and innovation. The unpredictability and multiplicity of regulations deter investment in innovative projects, which hampers productivity improvements and competitiveness. A stable and supportive policy environment is essential for fostering a dynamic, competitive manufacturing sector that can adapt to technological advances and market demands.

Recommendation: *Expedite the streamlining of the multiplicity regulations that impact on competitiveness under the Inter-Ministerial Committee on Ease of Doing Business (EoDB).*

Limited Access to Long-Term Financing for Innovation:

Zimbabwe has a low value of 2.7 (out of 7) and score of 27.9 (out of 100) on availability of long term, venture capital and finance for SME's which one of the lowest against comparator countries. The low availability of long term, venture capital and finance for SME`s impinge

on Zimbabwe's ability to embrace innovation which negatively impacts on productivity and competitiveness.

Recommendation:

- *Expedite the operationalization of the venture capital fund to boost the availability of long-term capital and finance for Small to Medium Enterprises (SMEs) to promote innovation and enhance competitiveness.*
- *Capacitate the National Venture Capital Company of Zimbabwe (NVCCZ), to the tune of ZiG108 million to support upcoming start-ups and MSMEs in order to promote innovation and generate new employment opportunities.*
- *Introduce tax credits or reduced tax rates for angel investors, private equity firms, and banks that provide long-term financing to SMEs.*
- *Foster partnerships with commercial banks, and international financial institutions in order to pool resources and expertise to support SME growth.*
- *Government to facilitate the development of digital financing solutions, including crowdfunding platforms and fintech lending, which can offer alternative channels for SMEs to secure long-term capital.*

Inclusiveness

Low Labour Market Participation:

The proportion of the country's working population actively engaged in the labour market stood at 47.6% as at third quarter of 2024. This rate effectively means that the larger proportion of the working age population is excluded from the labour market, which weakens Zimbabwe's human capital base, thereby reducing its potential productivity and competitiveness. Despite favourable performance on gender parity in labour force, gender gap still exists in Zimbabwe, revealing unequal treatment between men and women, which reduces the talent pool from which the country can tap to enhance competitiveness.

Recommendation: *Increase access to quality education and training, particularly for marginalized groups, to address educational inequalities and build a more skilled and inclusive workforce.*

Limited Infrastructure Access (Transport and Housing):

Zimbabwe scored 34.4 out of 100 for access to transport and housing, lagging countries like Botswana (81.9), Mauritius (60.3), Rwanda (57), Tanzania (53.8) and South Africa (38.9). Insufficient infrastructure hinders trade, reduces productivity, and makes Zimbabwe less competitive globally.

Recommendations:

- *Government to strengthen and clarify PPP regulations in order to attract more private investment and expertise, allowing Zimbabwe to leverage private sector efficiencies for projects like road rehabilitation, energy generation, and water and sanitation improvements.*
- *Government to issue long-term infrastructure bonds thus tap into both domestic and international capital markets.*
- *Government to recycle its Assets, sell or lease underutilized public assets to release needed resources without adding to the national debt burden.*
- *Continued tax policies reform to broaden the revenue base such as adjusting or introducing targeted taxes and reducing inefficiencies in revenue collection.*
- *Government to prioritize projects with high multiplier effects for example, the regional energy projects like solar farms.*
- *Government to implement strict Monitoring and Evaluation exercise to ensure efficiency in utilization of the allocated resources.*

Limited Internet Access:

Only 34.8% of Zimbabwe's population has internet access, which is lower than countries like Botswana (73.5%), South Africa (72.3%) and Mauritius (67.6%). Limited internet access restricts the flow of information, business opportunities, and integration into the global digital economy and competitiveness.

Recommendation:

- *Infrastructure Sharing: Mandate telecom operators (Econet, TelOne) to share tower infrastructure in exchange for tax breaks, reducing rollout costs.*
- *Subsidized Last-Mile Solutions: Deploy low-cost satellite internet (e.g., Starlink partnerships) for remote areas.*
- *Expand community Wi-Fi hotspots (e.g., schools, clinics) with zero-rated access to essential services (e-health, e-learning).*
- *Universal Access Fund: Redirect a portion of telecom license fees to subsidize broadband for SMEs and farmers.*
- *Digital Hubs: Establish rural digital kiosks (via ZimPost or NGOs) that offer free basic digital skills training (e.g., online marketing, mobile money) and curated local-language content (farming tips, SME templates).*

Limited Access to Financial Services:

Zimbabwe scored 36.8 out of 100 on access to financial services, with marginalized groups like women (7.76%) and SMEs (4.96%) having limited access to loans. Limited access to finance stifles entrepreneurship, business growth, and diversification, thereby compromising productivity and competitiveness.

Recommendations:

- *Government and Monetary Authorities to work closely to restore public confidence in the local currency and in the banking sector.*
- *Monetary Authorities to review downwards bank charges in line with the objectives for expanding financial inclusion.*
- *Government to expand financial products such as savings wallets, microinsurance, and microcredit, along with increasing financial literacy and maintaining a supportive regulatory environment.*
- *Government to actively engage the banking and non-banking sectors to develop tailored financial products and services that enhance the accessibility and usage of financial services across all segments of society.*

Limited Budget Allocation on Health:

Zimbabwe 's access to universal health has hamstrung by limited funding with heavy reliance on Development Partners. The share of the health budget allocation has been persistently below the 15% stipulated under the Abuja Declaration for the delivery of quality health services.

Recommendations:

- *Government to adopt a phased approach by gradually increasing the health budget allocation over several years. For example, increase the allocation to 14% in 2026 and further increase to reach the targeted 15% by 2027 in line with the Abuja Declaration. This allows for better financial planning, reduces fiscal shocks to other critical sectors, and ensures that additional funds are effectively absorbed into the healthcare system without wastage or inefficiencies.*
- *Government to introduce dedicated revenue streams specifically for the health sector that include taxes or levies on products such as alcohol and tobacco, which not only generate revenue but also promote public health by discouraging unhealthy consumption patterns.*
- *Government to leverage on the Public-Private Partnerships (PPPs) to mobilize private sector investment in healthcare infrastructure, medical equipment, and service delivery, reducing the burden on the national budget.*
- *Government to implement robust monitoring and evaluation mechanisms such as regular audits, transparent procurement processes, and digital financial tracking systems will improve efficiency, minimize corruption and waste.*

High ICT Costs:

ICT costs in Zimbabwe are 35.4% of Gross National Income (GNI) per capita, which is among the highest in the region. High ICT costs increase the cost of production and impinge competitiveness, particularly for businesses that rely on digital tools and technology.

Recommendation: *Continued implementation of tight fiscal and monetary policies to ensure macroeconomic and currency stability. This reduces pressure on regular adjustment of input costs, including frequent wage adjustments, which compromise competitiveness.*

Sustainability

Strong Sustainability Performance:

Zimbabwe scored 56.21 out of 100 in sustainability, surpassing both regional (49.48) and global (49.83) averages. This reflects Zimbabwe's commitment to balancing economic growth with environmental stewardship. Strong sustainability practices enhance resilience to climate risks, improve industrial productivity, and boost competitiveness by aligning with global environmental priorities.

Recommendation: *Continued implementation of environmental sustainability programmes and initiatives in line with global developments.*

High Renewable Energy Consumption:

Zimbabwe achieved a score of 84.4 out of 100 and is the second highest to DRC (96.2), indicating significant reliance on renewable energy. The Government's initiatives, such as the implementation of the Renewable Energy Policy, among others, support this trend. Increased renewable energy consumption reduces energy costs, enhances industrial capacity utilization and improves competitiveness.

Recommendation:

- *Collaborate with international organizations, universities and the private sector to develop training programmes for renewable energy sectors to ensure that workers have the relevant skills to meet global sustainability standards.*
- *Provide incentives to inventors to create new technologies that respond to environmental challenges while fostering a culture of innovation and continuous improvement.*

Low Greenhouse Gas Emissions:

Zimbabwe scored 83.6 out of 100, reflecting low per capita greenhouse gas emissions compared to peers. The country is among the highest performing countries such as Rwanda

(94.8) and Malawi (92.6). A low carbon footprint positions the country as a potential leader in green economic activities that fosters innovation and competitiveness.

Recommendation:

- *Outsource green financing from international financial institutions such as the Green Climate Fund (GCF), and incentivise private sector investment through tax credits, grants and PPPs.*
- *Continued stakeholder awareness campaigns on the use of clean and affordable sources of energy*

Low Buyer Sophistication on Environmental Products:

Zimbabwe scored 35.9 out of 100 on buyer sophistication, highlighting limited demand for sustainable products. This performance is among the least performing countries that include Angola (18.6), Botswana (29.2) and DRC (30). Limited consumer demand for green products restricts market growth for environmentally friendly industries, affecting overall competitiveness.

Recommendation:

- *Align the country's education system with the growing demand for green skills. This involves incorporating sustainable energy and climate change courses across all educational levels particularly in technical fields, ensure a skilled workforce capable of supporting a green transition.*
- *Collaborate with international organisations, universities and the private sector to develop training programmes for renewable energy sectors to ensure that workers have the relevant skills to meet global sustainability standards.*

Gaps in Energy Efficiency Regulations:

Zimbabwe scored 27 out of 100 on energy efficiency regulations, which is very low compared to Malawi (37.6), Rwanda (54.6) and South Africa (74.5). Weak regulations result in higher energy wastage, thereby increasing production costs and reducing competitiveness.

Recommendation:

- *Government to continue supporting renewable energy IPPs through Government Implementation Agreements to facilitate financial closure.*
- *Government to leverage on the Mutapa Investment Fund, invest in strategic sector investments to create long-term sustainable value in sectors which include mining, energy and manufacturing.*
- *Government to continue with the extended VAT deferment facility to the energy sector.*
- *Government to continue assessing and outsourcing green financing from international institutions such as the Green Climate Fund (GCF) and incentivising private sector participation through tax credits, grants, and promoting public–private partnerships (PPPs).*
- *Government to introduce Energy Efficiency Loan Schemes, where low interest loans or credit guarantees can be offered to businesses and households looking to upgrade industrial processes with energy-efficient solutions.*
- *Government to stablish an Integrated Energy Efficiency Fund which will provide a structured financial mechanism to support large-scale energy efficiency projects. This fund is envisaged to pool resources from international donors, local investors, and government contributions, ensuring a steady flow of capital for both infrastructure upgrades and community level initiatives.*

Resilience

Limited Enforcement of Environmental Treaties:

Out of the 29 existing international environmental treaties, 69% are enforceable in Zimbabwe compared to South Africa (86.2%) and Mauritius (82.8%). This is a fair performance. However, delays in domesticating these commitments into legislation and implementing action plans hinder full compliance with Multilateral Environmental Agreements (MEAs). Limited enforcement of environmental treaties affects sustainable management of natural resources, thereby reducing efficiency and impinging competitiveness in productive sectors (agriculture, mining, and manufacturing).

Recommendation: *Create robust systems to expedite the implementation of the ratified environmental treaties and improve reporting on progress.*

Low Healthcare Capacity and Workforce Shortages:

Zimbabwe's healthcare system is critically under-resourced, with only 3.5 health workers per 10,000 population compared to the WHO threshold of 23 and significantly below comparator countries like Mauritius (48.5). The Health Resilience Fund (HRF) has improved infrastructure; however, this has not addressed the shortage of skilled personnel and medicines. Weak healthcare capacity undermines human capital, reducing workforce productivity and resilience to economic shocks.

Recommendation:

- *Increase the number of health workers per 10 000 patients from 3.5 to 23 in line with the WHO threshold.*
- *Retain skilled personnel by improving remuneration and working conditions to improve resilience and competitiveness of the health system.*
- *Government to implement a small tax on luxury goods, alcohol, or similar products to generate additional revenue specifically for healthcare workforce expansion and retention.*

Limited Energy Source Diversification:

Zimbabwe's energy system remains less diversified compared to countries like Botswana, which reduces resilience to energy shocks. Despite vast renewable energy potential, utilization is low. Energy dependency hampers industrial productivity and competitiveness, exposing the economy to energy-specific shocks.

Recommendation: *Outsource green financing from international financial institutions such as the Green Climate Fund (GCF), and incentivise private sector investment through tax credits, grants and PPPs.*

High Export Product Concentration:

Zimbabwe scored 57.4 out of 100 against Mauritius (84.4) and South Africa (82.1). This signifies that the country has limited diversification in its export basket and is relying heavily on primary commodities with minimal value addition. This over-reliance increases vulnerability to sector-specific shocks and reduces overall economic competitiveness.

Recommendations:

- *Expand support for climate smart agricultural practices, including funding for research on drought resistant crops and technologies for efficient water use.*
- *Implement incentives for local sourcing and the development of local supply chains to minimise import dependence and improve resilience.*
- *Strengthen investment in the value addition of minerals locally to reduce vulnerability to global commodity price flactuations*

Impoverished Infrastructure Quality:

Zimbabwe's infrastructure quality score of 40 out 100 is significantly lower than Mauritius (66.5) and South Africa (63.9). Roads and railways suffer from underinvestment and maintenance. However, the recent rehabilitation and upgrading projects, such as Harare-Masvingo-Beitbridge and Harare-Chirundu highways, as well as roads in major cities of Harare and Bulawayo, are major milestones towards improving the country's infrastructure quality. Inadequate infrastructure increases transport and production costs, which limits the economy's efficiency and competitiveness.

Recommendation:

Continued investment in road, rail, air, housing electricity, water and digital infrastructure to promote equitable access to key economic enablers.

Low Technological Resilience:

Zimbabwe scores 36.5 out of 100 on the cybersecurity index, much lower than Mauritius (96.9) and Rwanda (80). This leaves the country vulnerable to cyber threats and reduces digital infrastructure reliability. Weak technological resilience limits the economy's capacity to adopt and integrate digital solutions, hindering innovation and productivity.

Recommendations:

- *Continued investment in new technological equipment and training programmes for Civil Protection Organisations to enhance their skills in managing crisis, adapting to changes and implementing technology effectively.*
- *Develop and deploy advanced early warning systems for natural and human induced disasters, utilizing technology for better communication and community preparedness.*

Limited Financial Sector Resilience:

Zimbabwe's financial system is less resilient to withstand economic shocks as indicated by a score of 37.8 compared to 68.1 for Mauritius, and 62 for South Africa and Rwanda.

Recommendation:

- *Create measurable indicators to assess progress in resilience building efforts, allowing for adjustments and improvements based on data-driven insights.*
- *Government to continue reviewing and enforcing laws and regulations to protect consumers.*
- *Government to implement policies that maintain macroeconomic stability and promote growth.*

Insufficient Green Patents:

Zimbabwe has no green patents, limiting innovation in environmental technologies. Lack of innovation reduces opportunities to improve productivity and transition to a green economy.

Recommendation:

Establish University-Led Green Tech Incubators with Industry Linkages to transform academia into hubs for commercializable eco-innovation, bridging research and market needs.

Resilience-Building Funds and Frameworks:

Programs like the Zimbabwe Resilience Building Fund (ZRBF) have reduced food insecurity, increased adoption of climate-smart agriculture, and advanced national strategies. These investments have also enhanced community resilience and productivity, thereby creating a more competitive agricultural sector. However, ZRBF rely heavily on international funding, which is unsustainable. To this end, limited self-sufficiency in resilience-building efforts has a potential to jeopardize long-term productivity and competitiveness if funding diminishes.

Recommendation: *Expand support for climate-smart agricultural practices, including funding for research on drought-resistant crops and technologies for efficient water use.*

Manufacturing Sector Performance

Well-Diversified Sector with Growth Opportunities:

The manufacturing sector has strong linkages with agriculture and mining, which have shown growth. This diversification and integration stimulate productivity by leveraging synergies across sectors.

Recommendation:

- ***Establish Agro-Industrial Clusters:*** *Create localized hubs where agricultural producers (e.g., sugarcane, cotton) directly supply manufacturers (e.g., food processors, textiles) to reduce input costs and waste.*
- ***Incentivize Value-Addition:*** *Offer tax holidays or grants for manufacturers investing in processing equipment (e.g., converting raw tobacco into cigarettes or maize into breakfast cereals).*
- ***Local Beneficiation Policies:*** *Mandate minimum local processing of minerals (e.g., lithium, platinum) before export to spur domestic smelting, refining, and machinery production.*
- ***Joint Ventures:*** *Facilitate partnerships between mining firms and local manufacturers to produce mining consumables (e.g., explosives, drill bits).*

Energy Efficiency Advantages:

Zimbabwe's manufacturing sector demonstrates higher energy efficiency than Zambia and South Africa, generating more value-added output per unit of energy. Efficient energy use reduces production costs, offering a potential edge in price competitiveness, though reliance on costly alternative energy sources, for instance diesel, limits this advantage.

Recommendation:

Continued investment in energy and transportation infrastructure to enhance manufacturing sector competitiveness.

Declining Contribution to GDP and Employment:

Manufacturing sector contribution to overall real GDP is lowest when compared with other economic sectors. Its contribution has declined from 22% in the 1980s, being the 1st, to the 4th place in 2022 (11%), with a significant drop in employment share. This Low sectoral growth

limits job creation and GDP contribution, thereby weakening Zimbabwe's ability to compete regionally in manufacturing-led economic development.

Recommendation:

- *Government to continue review monetary and financial conditions in line with the in collaboration with the RBZ to review the current interest rate for the current manufacturing targeted credit facilities and also consider its accessibility in both currency forms including the USD.*
- *Government, through ZIMRA need to review the way of charging penalty fees such that it takes into account the obtaining macroeconomic environment. ZIMRA should not immediately imposes charges once the tax is due but should first consider if there are any government departments owing the specific company. Thereafter, the option of setting off is recommended before charging a penalty fee.*

Underutilized Machinery Capacity:

Capacity utilization in manufacturing stood at 53.2% in 2023, indicating that nearly half of the existing investments in machinery and plant are idle. These hampers economies of scale, increases production costs and reduces price competitiveness compared to international competitors.

Recommendation:

- *Government to continue review monetary and financial conditions in line with the in collaboration with the RBZ to review the current interest rate for the current manufacturing targeted credit facilities and also consider its accessibility in both currency forms including the USD.*
- *Government, through ZIMRA need to review the way of charging penalty fees such that it takes into account the obtaining macroeconomic environment. ZIMRA should not immediately imposes charges once the tax is due but should first consider if there are any government departments owing the specific company. Thereafter, the option of setting off is recommended before charging a penalty fee.*

Declining Labour Productivity:

Manufacturing value added per worker has dropped with 220% from $48,000 in 2018 to $15,000 in 2023. Declining productivity highlights inefficiencies and reduced competitiveness in generating high-value products, making it difficult to compete in global markets.

Recommendation:

- *Government to continue review monetary and financial conditions in line with the in collaboration with the RBZ to review the current interest rate for the current manufacturing targeted credit facilities and also consider its accessibility in both currency forms including the USD.*
- *Government, through ZIMRA need to review the way of charging penalty fees such that it takes into account the obtaining macroeconomic environment. ZIMRA should not immediately imposes charges once the tax is due but should first consider if there are any government departments owing the specific company. Thereafter, the option of setting off is recommended before charging a penalty fee.*

Strategic Trade Agreements:

Zimbabwe is a member of SADC, COMESA, and the AfCFTA and benefits from trade agreements like the Economic Partnership Agreement (EPA) with the European Commission. These agreements expand market access for Zimbabwean products and enable participation in regional and global trade. However, the successful implementation of such agreements is hindered by the expiry of the Zimbabwe National Trade Policy and Strategy in 2023. This policy gap reflects that the manufacturing sector is not benefiting from any deliberate strategies, which might have helped enhance manufacturing sector exports competitiveness.

Recommendation:

Expedite the review of the Zimbabwe National Trade Policy and Strategy. Given the policy gap from 2023, the review provides policy direction on strategies aimed at enhancing manufacturing sector exports competitiveness.

High Labour and Utility Costs:

At US$2.55, Zimbabwe's hourly labour cost in the manufacturing sector is higher than in better performing SADC countries like South Africa and Mauritius. Similarly, electricity tariffs, especially during peak periods (US$0.23), are among the highest in the region. These elevated input costs reduce cost competitiveness, making Zimbabwean products less attractive in price-sensitive regional and global markets.

Recommendation:

- *Government to continue review monetary and financial conditions in line with the in collaboration with the RBZ to review the current interest rate for the current manufacturing targeted credit facilities and also consider its accessibility in both currency forms including the USD.*
- *Government, through ZIMRA need to review the way of charging penalty fees such that it takes into account the obtaining macroeconomic environment. ZIMRA should not immediately imposes charges once the tax is due but should first consider if there are any government departments owing the specific company. Thereafter, the option of setting off is recommended before charging a penalty fee.*

Business Regulatory Environment:

Zimbabwe's overall Logistics Performance Index (LPI) score is low (2.5), and customs processes are among the most cumbersome in the region, compounded by the presence of 25 Government agencies at border posts like Chirundu. Additionally, manufacturers face excessive regulatory costs (17.8% of overheads) and time delays. Inefficient logistics and complex regulatory environments hinder supply chain performance, raise production costs and delay market access, which undermines the competitiveness of Zimbabwe's manufacturing sector.

Recommendations:

- *Adopt and institutionalize the Regulatory Impact Assessment (RIA) framework to review both existing and proposed business regulations that hinder competitiveness. This minimises the burden of regulation on the manufacturing sector, which compromises competitiveness.*
- *Upscale and expand the Electronic Single Window System to the remaining border posts and streamline Government border agencies to reduce delays and other inefficiencies at the border posts.*
- *Review all the licences and examine if there are no duplications and overlapping and minimise these license requirements both in terms of numbers and the amounts being charged.*
- *Fixed Fees with a cap as opposed to Open Ended Regulatory Charges as a Percentage of Turnover as this is deemed to be most cost effective for business.*

Preamble

In line with its mandate to produce annually benchmarked competitiveness Reports, the Commission has produced three (3) Reports to date, with the 2024 Report being the fourth. The Reports were produced in collaboration with key experts from the Government, Academia, Industry and Development Partners to achieve the objectives of NDS 1 and Vision 2030. The main objective is to assess the country's performance with a view to identify gaps and provide appropriate policy recommendations on enhancing productivity and competitiveness.

National competitiveness refers to a country's ability to provide an environment conducive to economic growth, business success and innovation, allowing it to compete effectively in the global market. It is the engine of economic growth, which enables a country to attract investments, allocate resources to innovation, R&D, enhance productivity and improve the living standards of its population.

Whereas countries previously relied solely on comparative advantage, regionalism and globalisation, there has been a shift to competitive advantage for opportunities and benefits in regional and international trade. Countries that are likely to benefit from trade are the competitive ones; hence improvement of national competitiveness will strategically position Zimbabwe to reap dividends from regional integration arrangement such as COMESA, SADC and AfCFTA, among others.

In an increasingly globalized world, countries are constantly competing to attract foreign investment, improve productivity, and drive innovation. Zimbabwe, with its strategic location along the North-South Corridor, rich natural resources and well-educated human resource base, has great potential to boost its global competitiveness. However, the country's current development trajectory to achieve an Upper Middle-Income Society of an empowered and prosperous Zimbabwe by 2030, requires economic transformation that promotes competitiveness to achieve and sustain economic growth and equal opportunities for all. Strong growth is fundamental for sustainable development, and there is need to address systemic structural changes that can boost investment, enhance competitiveness, strengthen risk resilience and harness opportunities arising from technology adoption in all sectors. This growth is also necessary to mitigate vulnerability to commodity price fluctuations, capital market volatility, climate change and persistent development challenges.

The 2024 ZCR utilizes the WEF-FGR in describing the competitiveness position of the country. The Future of Growth Report (FGR) is a reconceptualised report that takes a comprehensive approach to growth, productivity and competitiveness. It is a transition and builds on the previous Global Competitiveness Index (GCI) Report, which ranks countries' performance into the FGR. However, the new framework does not use country rankings as was the case in the traditional GCI and now is using the scoring system.

The new approach considers dynamics in socio-economic developments, hence adopted a multidimensional approach, focusing on the quality, balance and alignment of growth with broader global and national priorities across four competitiveness pillars, namely, innovation, inclusion, environmental sustainability and systemic resilience. The 2024 ZCR thus provides a

comprehensive analysis of Zimbabwe's productivity and competitiveness performance against comparator countries, with a specific focus on the following four key competitiveness pillars:

- Innovativeness;
- Inclusiveness;
- Sustainability; and
- Resilience.

The analysis is anchored on five (5) drivers vis-a-vis talent ecosystem, resources ecosystem, financial ecosystem, technology ecosystem and institutional ecosystem. By examining these pillars, the Report seeks to identify opportunities, address challenges, and outline strategic pathways for Zimbabwe's future growth and development. Furthermore, the Report provides a case study that examines the performance of the manufacturing sector and benchmarks it against regional peers. This enables the country to clearly articulate and appreciate the extent to which the identified competitiveness gaps and challenges impact on the sectoral performance and the overall contribution to economic growth and development.

This Report assesses and benchmarks the country's performance on identified indicators globally and against selected regional comparator countries such as Angola, Botswana, Democratic Republic of Congo (DRC), Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Rwanda, South Africa, Tanzania and Zambia.

The comparator countries were selected based on their strategic importance to Zimbabwe in terms of trade relationships, attracting investment and international best practices, from which the country can tap experiences thereof. Benchmarking against comparator countries is a useful analytical tool because competitiveness is a relative term, which depends on how Zimbabwe is faring in comparison to its peers.

CHAPTER ONE: INNOVATIVENESS

1.1 Introduction

1.1.1 The chapter assesses the impact of Zimbabwe's innovation ecosystem on productivity and competitiveness, as well as acknowledging progress, challenges, strengths and weakness. The impact of the innovation ecosystem is assessed in the context of Zimbabwe's capacity for R&D, technological adoption, entrepreneurial activity, and investment in human capital on competitiveness.

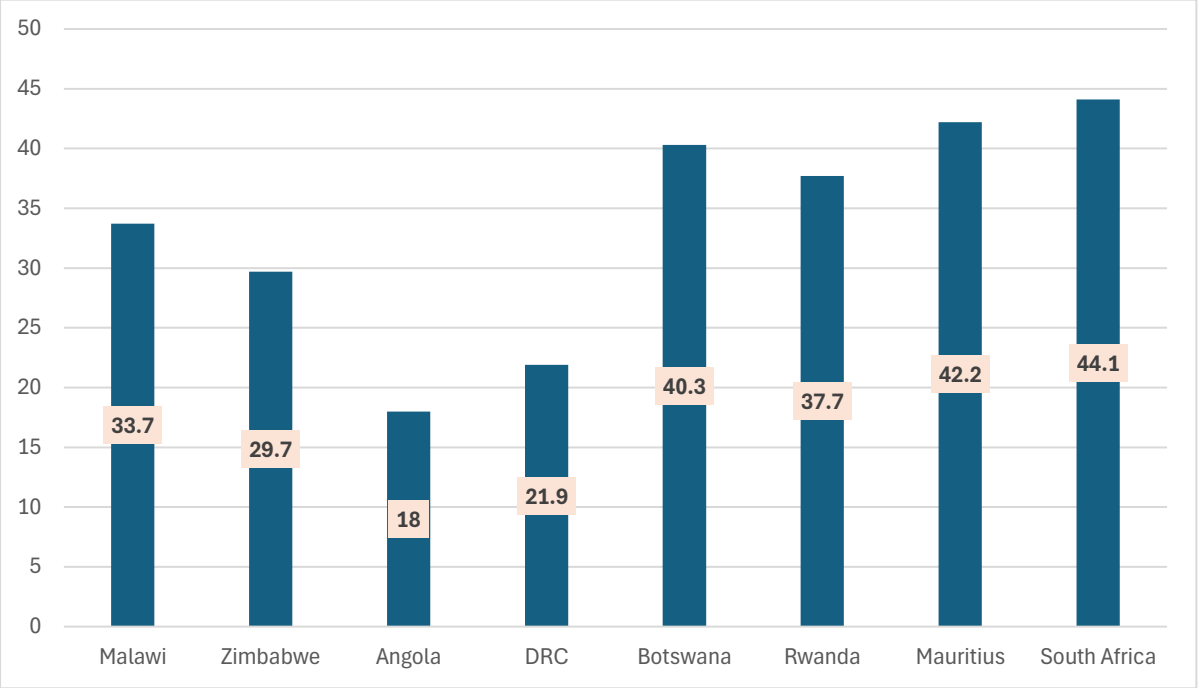
1.2 Innovativeness

1.2.1 Innovativeness refers to the ability of a company/ country to improve on the existing and introduce new ideas, products, processes, or methods, which allow it to differentiate itself, meet changing consumer needs, improve efficiency, and adapt to market trends faster than competitors/ comparator countries[1]. Innovativeness is therefore a key factor in maintaining or enhancing the country's competitiveness in the global economy. The Innovativeness pillar of the 2024 FGR, describes the extent to which an economy's trajectory can absorb and evolve in response to new technological, social, institutional and organizational developments to improve the longer-term quality of growth.

1.2.2 Zimbabwe has a score of 29.7 out of 100 on innovativeness, which is above the innovativeness pillar's average of 26.8 for low-income economies. However, Zimbabwe`s score of 29.7 is lower than 39.3 for the upper-middle income countries indicating the need for the country to enhance innovativeness in line with the objectives of the ZIRGP and NDS 1 towards the attainment of Vision 2030 of making Zimbabwe an upper middle-income society by 2030. Figure 1 depicts Zimbabwe`s innovativeness score against comparator countries that appear on the WEF-FGR for the year 2024.

[1] The key elements of innovation are: (i) Novelty, which involves introducing something new that hasn't been done before or significantly improving existing solutions; (ii) Implementation, which is turning ideas into practical and usable solutions; and (iii) Value Creation, which includes adding value by solving problems, improving performance, or creating new opportunities (OECD/Eurostat, 2005; and Schumpeter,1934).

Figure 1: Comparative Innovativeness Scores, 2024



Source: WEF

1.2.3 Zimbabwe is among the countries that have low innovativeness scores against other comparator countries. South Africa has the highest score of 44.1 (out of 100) followed by Mauritius at 44.2 and Botswana at 40.3. Zimbabwe's low score reflects the ability of businesses to become competitive as they risk falling behind in terms of product quality, cost-effectiveness and impinge on its ability to tap into the opportunities offered under the regional economic communities (RECs), for instance, the AfCFTA.

1.2.4 The low innovativeness score for Zimbabwe is because of limited funding for R&D given that its share as a percentage of Gross Domestic Product (GDP) has consistently been closer to zero as opposed to be 1% of GDP. The country subscribes to the fact that share of R&D should be 1% of GDP. Furthermore, low rates of technological adoption, low entrepreneurial activity, and insufficient investment in human capital contributes to the overall low score of innovativeness for the Zimbabwe.

1.2.5 To this end, Government is currently working to promote innovation through the development of the Centre for Education Innovation Research and Development Bill, which seeks to ensure that Zimbabwe's education, innovation, research and development is translated into industry needs that provides jobs and opportunities through the exploitation and value addition of natural resources. The Bill establishes the administrative framework for the promotion of Innovation and Industrialisation.

1.2.6 The country is also implementing innovativeness, scientific and skills focused educational system known locally as Education 5.0, which puts innovativeness at the centre stage of the modernisation and industrialisation agenda. The five pillars of Education 5.0 are:

- Teaching;
- Research;
- Community engagement: and
- Innovation and industrialization.

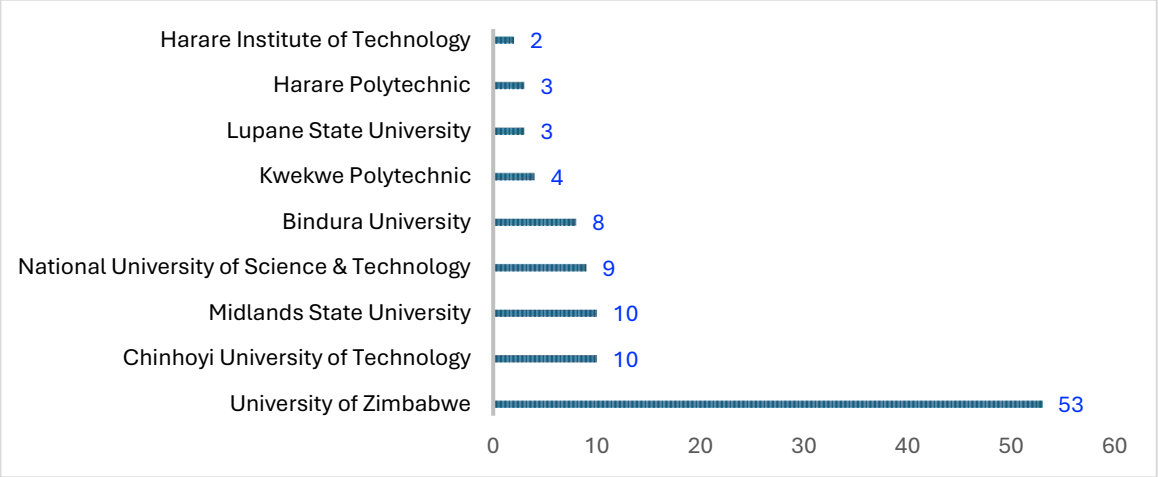
1.2.7 Government support for STEM subjects (Mathematics, Physics, Chemistry and Biology) at primary and secondary school levels is fundamental in minimizing the educational gap for innovativeness. The successful launch of Zim-Sat 1 and 2 by the ZINGSA is a major milestone in advancing the country's space technological capabilities. The introduction of the education 5.0 led to the establishment of Innovation Hubs and Incubation Centres at all institutions of higher learning and has led to several new inventions and innovation ready to be commercialised.

1.2.8 Box 1 shows a snapshot of the innovation level in Zimbabwe as proxied by patent applications by institutions of higher learning**.**

Box 1: Innovation Level in Zimbabwe

Zimbabwe's innovation landscape is characterized by a low number of patent applications. Despite the potential for creativity and invention among its citizens, the actualization of these innovations into patentable ideas remains limited. The figure below presents the number of patent applications filed by institutions of higher learning in Zimbabwe from 2022 – 2023.

Figure A: Patent Applications by Institutions of higher learning in Zimbabwe - 2022 to 2023



Source: Zimbabwe Intellectual Property Office (ZIPO)

Factors contributing to this situation include lack of adequate investment in research and development, limited access to resources by inventors, and limited intellectual property awareness and education. There is a general lack of understanding about the importance of securing a patent for inventions. By addressing these challenges, Zimbabwe can enhance its innovation capacity and increase the number of patent applications, ultimately contributing to economic growth and development, productivity and competitiveness. The following are some of the recommendations for Improving Patent Applications

1. **Enhancing Intellectual Property Awareness**

Zimbabwe should undertake initiatives aimed at raising intellectual property (IP) awareness among inventors about the patent process and the benefits of securing patents are crucial. Workshops, seminars, and outreach programs can help demystify the process and encourage more individuals to apply for patents.

2. **Introduce Intellectual Property Education in Schools and Colleges**

   Introducing a mandatory course or subject on Innovation and intellectual property in primary and secondary schools as well as institutions of higher learning.

3. **Introduce Funding and Support**

   Establishing grants or funding programs specifically for innovators, which can provide the necessary financial support to pursue patent applications.

4. **Promoting a Culture of Innovation**

   Introducing intellectual property school clubs and competitions can promote a culture of innovation among students and teachers.

5. **Institutional Intellectual Property Policy**

   The Government is encouraged to make it mandatory for all Higher and Tertiary Educational Institutions to have an Institutional IP Policy which will address issues such as, ownership, rewards and incentives as well as licensing.

   Research project selection process should be guided in-order to generate commercially viable inventions in line with industry needs. This could be done by including in the panel an IP expert and industry expert for appropriate guidance.

6. **Collaboration with Industry**

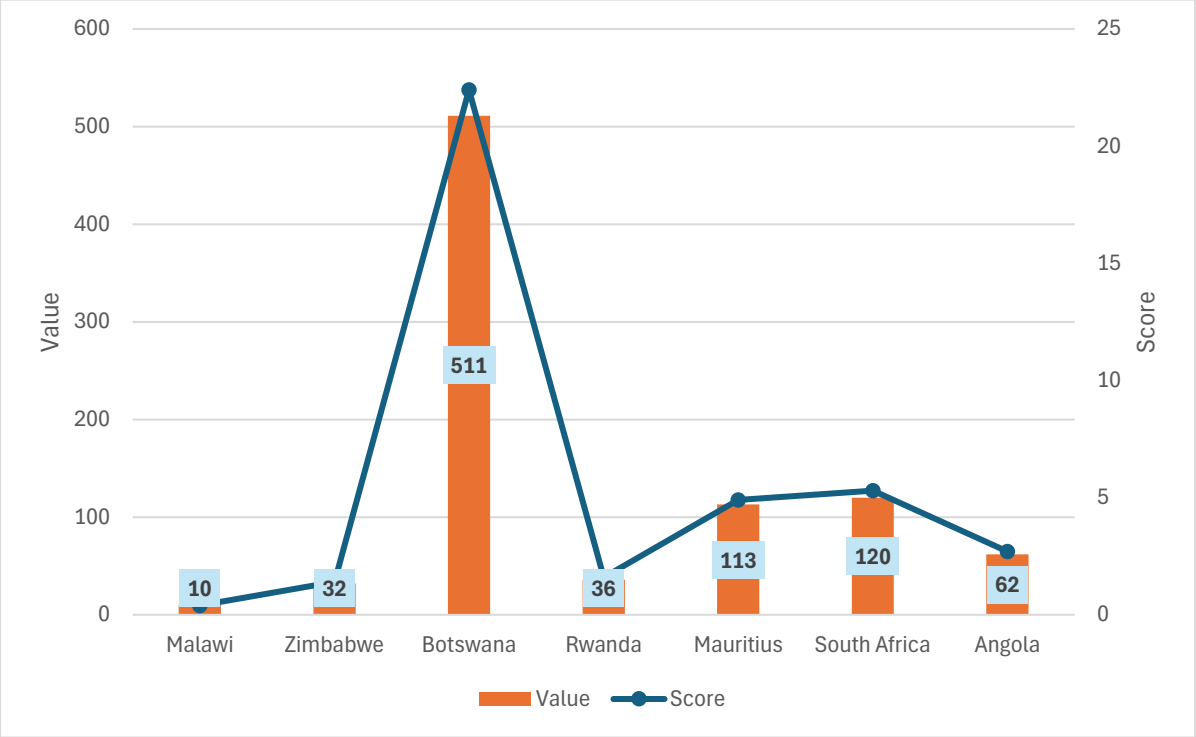
   The Government is urged to encourage collaboration among institutions, researchers and industry to partner with industry for commercialization of research products.

1.2.9 In addition, Government has several linkages with the international community to enhance the quality of tertiary education on research and innovation through several university exchanges. Such exchanges include the partnerships between the Zimbabwe and Zambia, Algeria, South Africa, Cuba, USA, Russia, China, India and Belarus. There are signed agreements for student exchange programmes, staff development and innovative research collaboration.

1.3 Research and Development

1.3.1 Expenditure on research and development determines the availability of resources and ability of a company/country to consistently innovate in new products, services, processes, or business models to increase productivity and gain a competitive edge over its peers. According to World Bank (2024), and in comparison, to other countries, Zimbabwe is among countries with the lowest ICT capital per capita indicating limited availability of resources and ability to innovate in new products, services, processes and business models to increase productivity and competitiveness. Figure 2 compares Zimbabwe with regional peers on ICT capital per capita.

Figure 2: Comparative ICT Capital per Capita Scores and Values, 2024



Source: WEF

1.3.2 Zimbabwe has a low ICT capital per capita value (US$32) and score (1.4 out of 100) next to Malawi[2] , which is the lowest. Botswana has the highest ICT capital per capita value of (US$511) and a score of 22.4 (out of 100) followed by South Africa with ICT capital per capita value of US$120 and a score of 5.3 (out of 100). The low ICT capital per capita value for Zimbabwe impinge on its ability to enhance innovativeness, which negatively impacts on productivity and competitiveness.

1.3.3 Government has been organising collaborative forums between academia and industry to promote the showcasing, funding and acquisition of equipment for innovation activities such as the Annual Presidential Innovation Fair. The Fair is an exhibition that brings together local and international higher and tertiary education, innovation science and technology institutions,

[2] Malawi is in SADC regional bloc together with Zimbabwe and is also a low-income country, hence included as one of the comparator country

students and private sector players with the aim of attract venture capital from both local and international players and to create an environment that permits ideas sharing, benchmarking and standardisation of innovation initiatives within various institutions.

1.3.4 Government has also partnered with the European Union (EU), which is committed to contribute to investment, innovation and inclusive growth in Zimbabwe. This collaboration has seen the European Investment Bank (EIB) advancing private sector facilities to the tune of €40 million to local banks in the past three years and more facilities are in the pipeline.

1.3.5 The Government has also stepped up its efforts of creating a conducive environment to spearhead innovation in all state universities through the construction of innovation hubs and facilitating the acquisition of innovation, research and technological equipment.

1.3.6 Notable innovations, include the solar-powered irrigation system developed by the Harare Institute of Technology's Innovation Hub, which significantly improves water access for farmers and enhances agricultural productivity in rural areas. The University of Zimbabwe's innovation centre also launched a mobile health application connecting patients with healthcare providers, improving access to medical services in remote communities. Chinhoyi University of Technology created the *"ZimCopter"* a drone used for aerial surveying and monitoring of agricultural fields, among other notable innovations.

1.3.7 However, despite these efforts to promote the availability of capital to support innovation, Government needs to increase budgetary expenditure on research and development across all sectors of the economy.

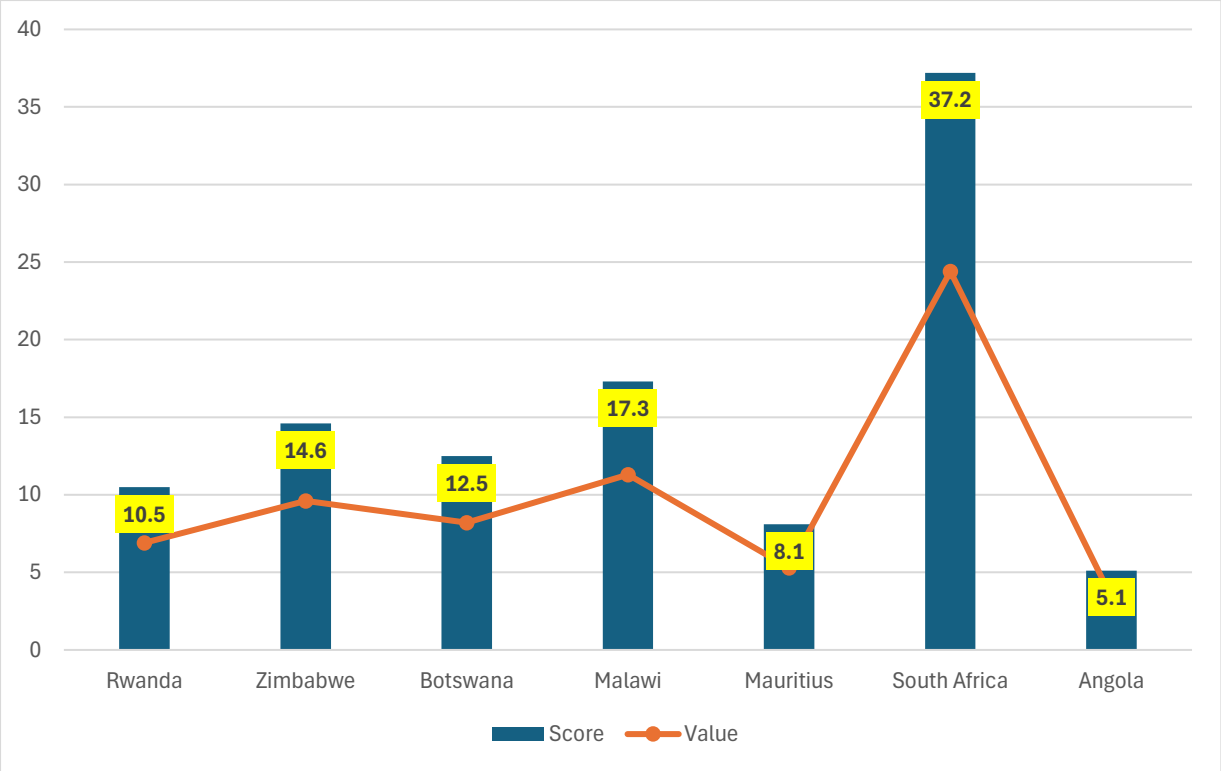
1.3.8 Furthermore, PPPs in R&D is crucial for improvements. To this end, industry is urged to lead innovation activities occurring at Innovation Hubs to ensure demand driven innovations, which address their needs. There is also need to offer incentives for the private sector to fund innovation activities as is the case with the National Research Foundation (NRF) which provides funding for R&D in South Africa. These incentives include provision for researchers

to retain intellectual property rights including patents and publications for research funded by the Government and free access to the research findings, among others.

1.4 Technological Adoption

1.4.1 The adoption of advanced technologies increases the ability of a nation to innovate in new products, services and processes across different sectors of its economy resulting in increased productivity and competitiveness. Adaptation to new technology is therefore key for a company/country in gaining a competitive edge over their peers. Zimbabwe is fairly competitive on the level of adoption of advanced technologies against comparator countries except against South Africa, which has the highest usage of medium and high technology, as a percentage of the manufacturing sector`s value addition (Figure 3).

Figure 3: Technological Adoption Scores and Values, 2024



Source: WEF

1.4.2 Zimbabwe has a medium and high technology usage percentage of the manufacturing sector`s value added of 9.6 and a score of 14.6 (out of 100) fifth from Angola, which is the lowest with a manufacturing sector`s value added of 3.4 and a score of 5.1 (out of 100). South Africa has the highest medium and high technology usage percentage of the manufacturing sector`s value added of 24.4 and a score of 37.2 (out of 100). The low technology adoption score (or value) for Zimbabwe impinges on its ability to increase its productivity and competitiveness on the international market.

1.4.3 Enhancing the adoption of advanced technologies will enable Zimbabwe to upscale its competitiveness particularly of manufactured products and improve trade especially with South Africa, which is the country`s major trading partner and source of most manufactured imports (ZimStat, 2023).

1.4.4 Zimbabwe currently has some sectors performing well in terms of technology adoption such as beverages, stockfeed, plastics, foodstuffs and packaging. However, Government needs to scale up efforts to create a conducive environment for businesses to bring in new technology and enhance competitiveness.

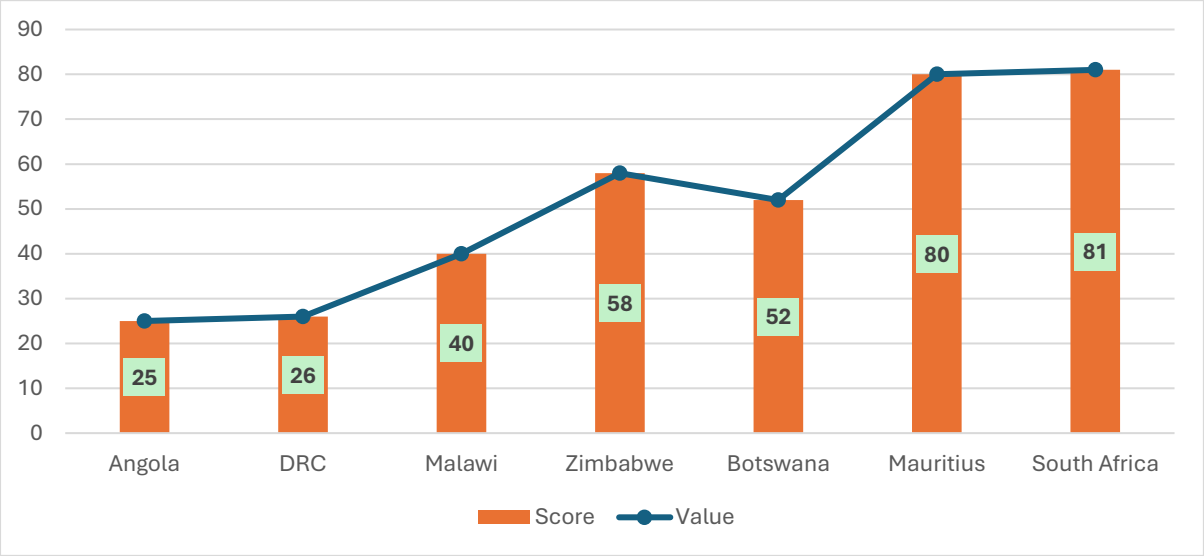
1.4.5 Current Government efforts to enhance technology adoption include the charging of low duty and duty-free policies on the importation of modern industrial equipment under Statutory Instrument (S.I) 6 of 2016. The EU-Zimbabwe Economic Partnership Agreement (EPA) also offer Zimbabwean companies the possibility to innovate, modernise and transform their manufacturing processes through the importation of machinery duty-fee from Europe.

1.5 E-Commerce Adoption

1.5.1 E-commerce refers to the buying and selling of goods and services on digital platforms using internet. Such transactions lower trade costs associated with transaction time and increase efficiency leading to improved productivity and competitiveness. It can be conducted on computers, tablets, smartphones, and other smart devices and has helped companies to gain access to a wider market by providing cheaper and more efficient sales and distribution channels for their products or services.

1.5.2 The adoption of e-commerce across different sectors of the economy is a major milestone towards improved competitiveness in Zimbabwe. The country is highly competitive against comparator countries on the adoption of e-commerce as indicated by high digitalization of financial services except against South Africa and Mauritius, which have the highest digital payments, as a percentage of adult population as shown in Figure 4.

Figure 4: Digital Payments as a Percentage of Adult Population Scores and Values, 2024



Source: WEF

1.5.3 Zimbabwe has a digitalization of financial services value and score of 58 against South Africa with the highest digitalization of financial services value and score of 81. Angola had the lowest digitalization of financial services value and score of 25. Zimbabwe may enhance her competitiveness by promoting the establishment of digitalization infrastructure in line with best practises in South Africa.

1.5.4 Government has been making great strides in the use of ICTs by introducing various e-Government services to the citizenry. The Zimbabwe Digital Migration Project is also part of ongoing Government programs to promote digitalization and is targeting to construct 48 transmission sites of which 18 have already been done. Other efforts include the development

of a National Standardised Price List of all goods and services, commonly procured by Government to compliment the electronic Government Procurement (e-GP) system.

1.5.5 The country made good progress over the last three years in the deployment of ICT systems, such as the Integrated Electronic Case Management System (IECMS) across several key judicial bodies. This includes, the upgrading of the existing fibre network, the establishment of new base stations and telecommunications services by various service providers.

1.5.6 Government also approved the national 2023 – 2030 broadband program, which aims to accelerate broadband penetration in the country and reduce the cost of access to 2% of the average monthly income per capita from the current 10.1%. The objective of the program is to promote digitalization of the country. Furthermore, Government is currently working with UNCTAD to improve E-commerce adoption in the country.

1.5.7 In addition, the coming in of Starlink in Zimbabwe, which is a reliable high-speed satellite-based internet service provider in areas where traditional broadband is not, such as the rural areas, remote locations, and disaster affected areas is also expected to enhance e-commerce as well as productivity and competitiveness of the country.

1.5.8 However, the country needs to scale up efforts to improve the digitalization of operations both in the public and private sector of the economy to enhance competitiveness. Duty free importation on all technology equipment may go a long way in facilitating digitalization in the country.

1.6 Entrepreneurship Ecosystems

1.6.1 Entrepreneurships ecosystem [3] defines a network of entrepreneurs that contribute to an economy's prosperity by stimulating innovation and strategies, that impact on national productivity and competitiveness. Institutions that support entrepreneurs in Zimbabwe include

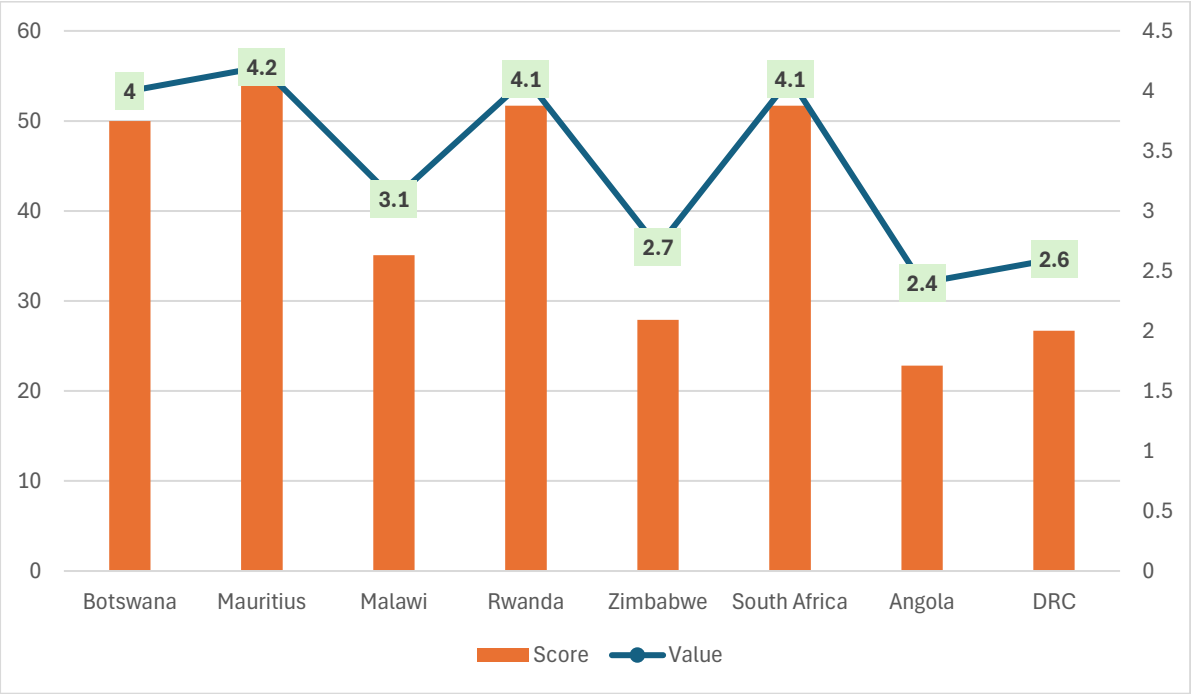
[3] The network of human and institutional actors that start, support, fund, and promote new businesses in a community. https://www.costarters.co

Small and Medium Enterprises Development Cooperation (SMEDCO), Empower Bank and Women`s Microfinance Bank. Additionally, there are funds such as Women Development Fund and the Community Development Fund that are administered by the Ministry of Women Affairs, Community, Small and Medium Enterprises (MoWACSMEs), among others. The contribution of the entrepreneurship ecosystems is influenced by various factors including startup activity, access to financing, entrepreneurship education, regulatory environment and national policies.

1.7 Small and Medium Enterprise Finance and Venture Capital

1.7.1 The availability of funding for small and medium-sized enterprises plays a crucial role in determining their ability to be innovative. An economy with SME-dedicated credit, long-term financing, and venture capital tends to promote innovation, which promotes competitiveness of an economy. Figure 5 depicts a comparison of Zimbabwe's availability of long term, venture capital and finance for SME`s against comparator countries, taking a value of (1-7), with 7 being the best, and scores measured out of 100.

Figure 5: Comparative Long-term Venture and SME Finance Availability, 2024



Source: WEF

1.7.2 Zimbabwe is one of the countries with low value at 2.7 (out of 7) and score of 27.9 (out of 100) on availability of long term, venture capital and finance for SME's. Mauritius has the highest value of 4.2 (out of 7) and score of 53.9 (out of 100) followed by Rwanda and South Africa with a value of 4.1(out of 7) and score of 51.7 (out of 100). The low availability of long term, venture capital and finance for SME`s impinge on Zimbabwe's ability to embrace innovation, which negatively impacts on productivity and competitiveness.

1.7.3 The 2025 budget allocated ZWG 337.4 million, which translate to 33,7% of the total budget of ZWG 1.02 billion allocated to the respective Ministry to support SME`s and women empowerment initiatives. However, the allocation is low and insufficient given that the economy is highly informalized and now thrives on SME`s. The revolving fund schemes extended to the sector by the Government are also subject to greater sustainability risk due to exchange rate instability.

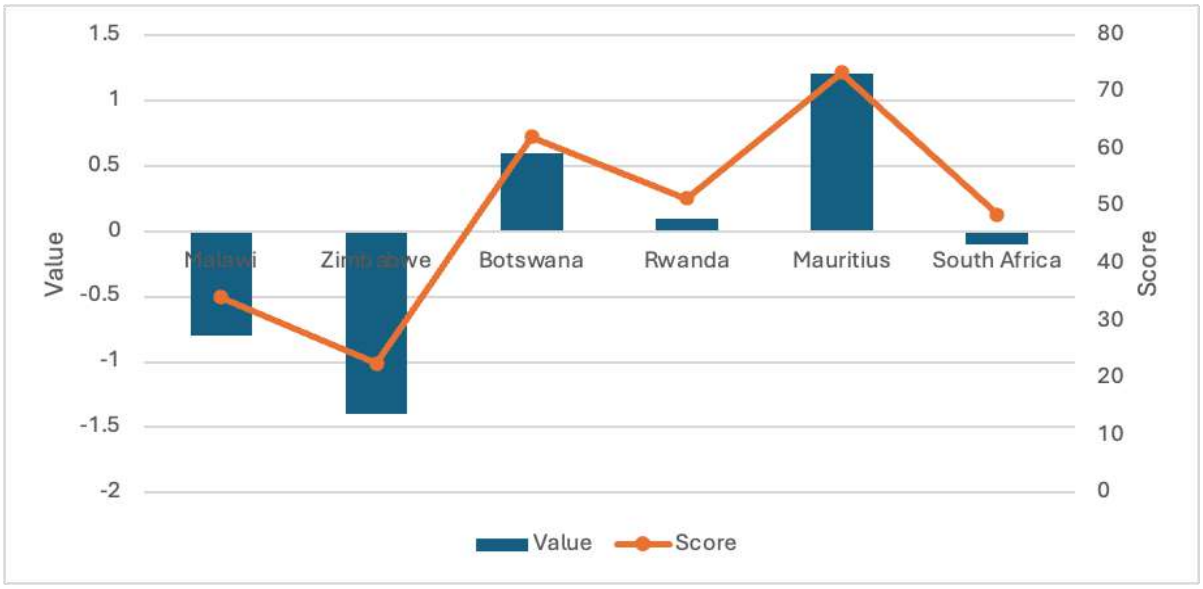
1.7.4 Government needs to increase budgetary support to the SME`s sector to boost the availability of long term, venture capital and finance for SME`s to promote innovation and enhance competitiveness. It is critical to note that the Venture Capital Fund has been established in Zimbabwe. However, there is need to expedite its operationalization to boost production, increase competition thereby encouraging innovation and competitiveness. To this end, the allocation of ZiG108 million to National Venture Capital Company of Zimbabwe (NVCCZ) in the 2025 National Budget is expected to support upcoming start-ups and MSMEs, thereby promoting innovation and generate new employment opportunities.

1.8 Regulatory Frameworks

1.8.1 Regulatory quality captures the ability of Government to formulate as well as implement sound policies/regulations that promote innovation across all the sectors of the economy. Optimal regulation characterised by minimum possible burden on the private sector in terms of complying with tax-laws, operational requirements and tariffs will facilitate investments and private sector development and is crucial in promoting innovation and competitiveness.

1.8.2 According to the 2024 WEF index, which assess the regulatory quality of countries, at a value scale from -2.5 (worst) to +2.5 (best) and in comparison, to other countries, Zimbabwe's regulatory quality value (-1.4) and score (22.6 out of 100) is the lowest against comparator, indicating worsening regulatory quality in the country as shown in Figure 6.

Figure 6: Regulatory Quality for Selected Countries, 2024



Source: WEF

1.8.3 Mauritius has the highest regulatory quality value of 1.2 and score of 73.4 (out of 100) followed by Botswana with a regulatory quality value of 0.6 and a score of 62.2 (out of 100). The low regulatory quality environment for Zimbabwe indicates the existence of a multiplicity and burdensome regulations that hinder innovativeness, private sector development and business competitiveness. To address this challenge, Government has resuscitated the EoDB Committee, under the Office of the President and Cabinet, to monitor and evaluate the reforms.

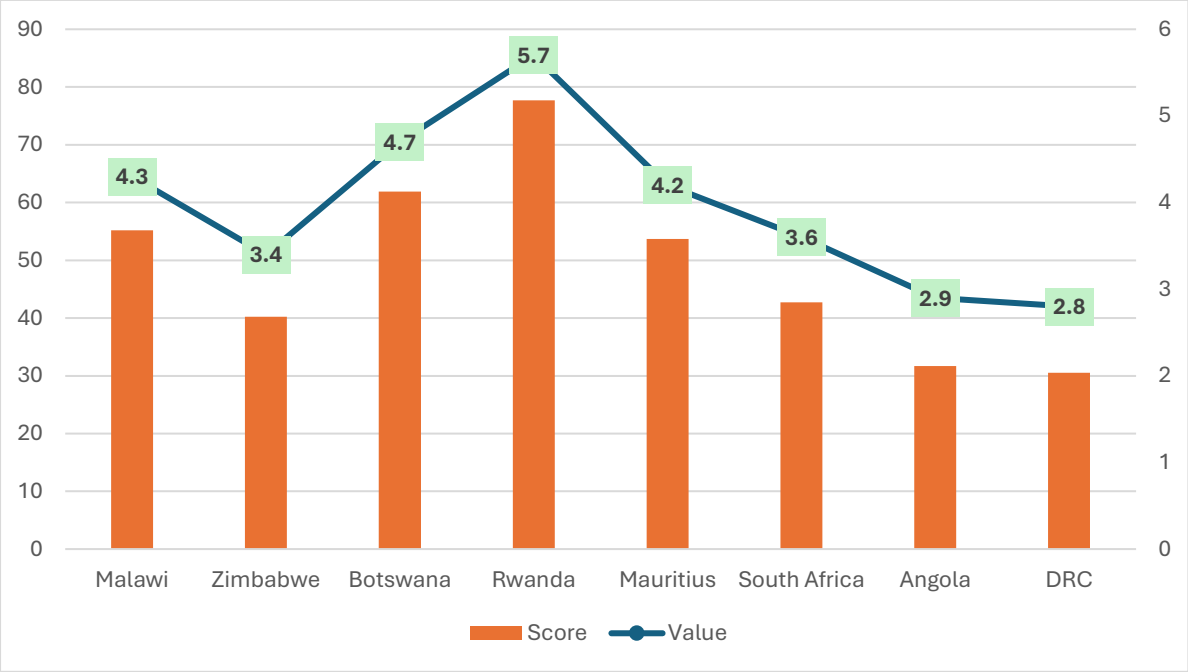
1.8.4 The Zimbabwe National Information and Communication Technology Policy (2022 – 2027) gives POTRAZ the mandate to play the leading role in managing the sector to attain its objective of promoting service, research and innovations including disruptive technologies among others. It is the responsibility of the relevant regulatory authorities in each sector to ensure that the ICT development and management guidelines in this policy are followed

through collaboration to ensure innovation, research and development of the sector. Government needs to implement optimal regulations that promote growth in digitalization and innovation, so that it can increase its productivity and competitiveness.

1.9 Policy Environment for Innovativeness

1.9.1 The policy environment plays an important role in determining the context in which business operates and the sustainability of the country's economy. A stable environment characterised by policy stability and long-term vision/ planning reduces uncertainty about the future and gives business owners the confidence to invest in innovative activities, which promote productivity and enhance competitiveness. Zimbabwe has a value of 3.4 (out of 7) and score of 40.2 (out of 100) and is among countries with low policy vision and stability quality. (Figure 7).

Figure 7: Policy Vision and Stability Quality Scores and Values, 2024



Source: WEF

1.9.2 Rwanda has the highest policy vision and stability quality value of 5.7 (out of 7) and score of 77.7 (out of 100) followed by Botswana with a regulatory quality value of 4.7 (out of 7) and a

score of 61.9 (out of 100). The low policy vision and stability quality score for Zimbabwe indicates low effectiveness of current policies in facilitating innovativeness, which impinge on private sector development and business competitiveness.

1.9.3 Government is currently implementing the Zimbabwe National Information and Communication Technology Policy, which is more focused on issues of infrastructure development and management, research, innovation and industry development. The policy is part of the measures to improve innovation and facilitate private sector development and business competitiveness.

1.9.4 However, more effort is needed to promote development of the ICT sector with particular focus on the acquisition of infrastructure and digitalization, which are among the key factors that influence the country's productivity and competitiveness.

1.10 Conclusion

1.10.1 Innovation involves various factors contributing to a country's ability to improve efficiency, adapt to market trends faster and produce goods and services that can compete in domestic, regional and global markets. The Zimbabwean economy is struggling, when compared with other countries, on most aspects determining innovativeness. It is crucial to note that the conditions interact and reinforce each other, and improvements in one area can have positive spill-over effects on others.

1.10.2 The country`s low performance is as a result of poor capacity for R&D, low rates of technological adoption, low entrepreneurial activity, and insufficient investment in human capital. Although great progress is being made through different initiatives and policies, more intervention is needed on addressing all these key areas to enhance Zimbabwe`s overall competitiveness and foster balanced economic growth and development.

1.11 Key Findings and Proposed Recommendations

1.11.1 Low Innovativeness Score

Recommendations:

- *Strengthen collaboration between industry and Innovation Hubs to ensure demand driven innovations.*
- *Promote public-private partnerships (PPPs) to drive innovation and enhance productivity across various sectors.*
- *Strengthen partnership linkages with the international community to enhance the quality of tertiary education on research and innovation through university exchanges.*

1.11.2 Insufficient Research and Development (R&D) Investment

Recommendation:

- *Increase budgetary allocation towards funding for Research and Development (R&D) to at least 1% of GDP, in line with UNESCO (2017) declaration.*
- *Government, through the Research Council of Zimbabwe (RCZ) to continue supporting R&D institutions with both financial and non-financial assistance, promoting collaboration among research entities, industry, and quasi-Government entities to facilitate knowledge transfer and the commercialization of research outcomes.*
- *Government to offer incentives such as tax breaks or subsidies to stimulate investment in R&D, especially in high-potential industries like technology, agriculture, and manufacturing. In addition.*

1.11.3 Low Information and Communication Technology (ICT) Capital Per Capita

Recommendation:

Scale up efforts towards embracing e-commerce within public and private sector operations

1.11.4 Limited Technological Adoption in Manufacturing

Recommendations:

- *Provide incentives for the private sector to fund innovation activities such as provision for researchers to retain intellectual property rights including patents and publications for research funded by the Government and free access to the research findings.*
- *Create a National Innovation Fund which will provide seed capital, grants, or low-interest loans to researchers, startups, and entrepreneurs working on commercially viable projects.*
- *Allocate funds for review and enforcement of the IP laws. In addition, Government will support education programs to raise awareness about IP rights, helping businesses and researchers navigate the IP system.*
- *Continued provision of incentives such as tax exemptions, holidays and duty free on importation of technological equipment.*

1.11.5 Multiplicity of Regulations

Recommendation:

Expedite the streamlining of the multiplicity regulations that impact on competitiveness under the Inter-Ministerial Committee on Ease of Doing Business (EoDB).

1.11.6 Limited Access to Long-Term Financing for Innovation:

Zimbabwe has a low value of 2.7 (out of 7) and score of 27.9 (out of 100) on availability of long term, venture capital and finance for SME's which one of the lowest against comparator countries. The low availability of long term, venture capital and finance for SME`s impinge on Zimbabwe's ability to embrace innovation which negatively impacts on productivity and competitiveness.

Recommendations:

- *Expedite the operationalization of the venture capital fund to boost the availability of long-term capital and finance for Small to Medium Enterprises (SMEs) to promote innovation and enhance competitiveness.*
- *Capacitate the National Venture Capital Company of Zimbabwe (NVCCZ), to the tune of ZiG108 million to support upcoming start-ups and MSMEs in order to promote innovation and generate new employment opportunities.*
- *Introduce tax credits or reduced tax rates for angel investors, private equity firms, and banks that provide long-term financing to SMEs.*
- *Foster partnerships with commercial banks, and international financial institutions in order to pool resources and expertise to support SME growth.*
- *Government to facilitate the development of digital financing solutions, including crowdfunding platforms and fintech lending, which can offer alternative channels for SMEs to secure long-term capital.*

CHAPTER TWO: INCLUSIVENESS

2.1 Introduction

2.1.1 Inclusiveness refers to the extent to which an economy's trajectory includes all stakeholders in the benefits and opportunities it creates. It is an engine for prosperity. Evidence reveals that diversity and inclusion are indeed a competitive advantage of both a country and firms impacting on brand, corporate purpose, and performance of the latter[4]. Inclusiveness promotes social cohesion and stability; increases innovation and creativity as people get exposed to new ideas; improves productivity and efficiency; increases access to diverse talent and skills thus enhancing business and country competitiveness.

2.1.2 Cognizant of the positive correlation between growth and inclusive outcomes, Government has put in place various legal and policy frameworks to promote inclusivity in line with section 17(1)(a) of the Amended Constitution of 2013 that provides for promotion of the full participation of women in all spheres of Zimbabwean society based on equality with men. Further, it set inclusivity as one of the overarching goals of NDS 1, to achieve accelerated, high, inclusive, broad based and sustainable economic growth as well as socio-economic transformation and development as the country moves towards an upper middle-income society by 2030.

2.1.3 Inclusiveness takes several dimensions that include social (age, gender, disability, participation in political spaces, among others); economic (access to resources, income, employment, among others); geographic (urban/rural) and digital (access to ICT/ internet, among others).

2.1.4 This chapter examines and benchmarks Zimbabwe's competitiveness on the efforts to ensure that socio-economic opportunities are accessible to all segments of society, including women, youth, rural communities, and persons with disabilities, among others. Assessment is made

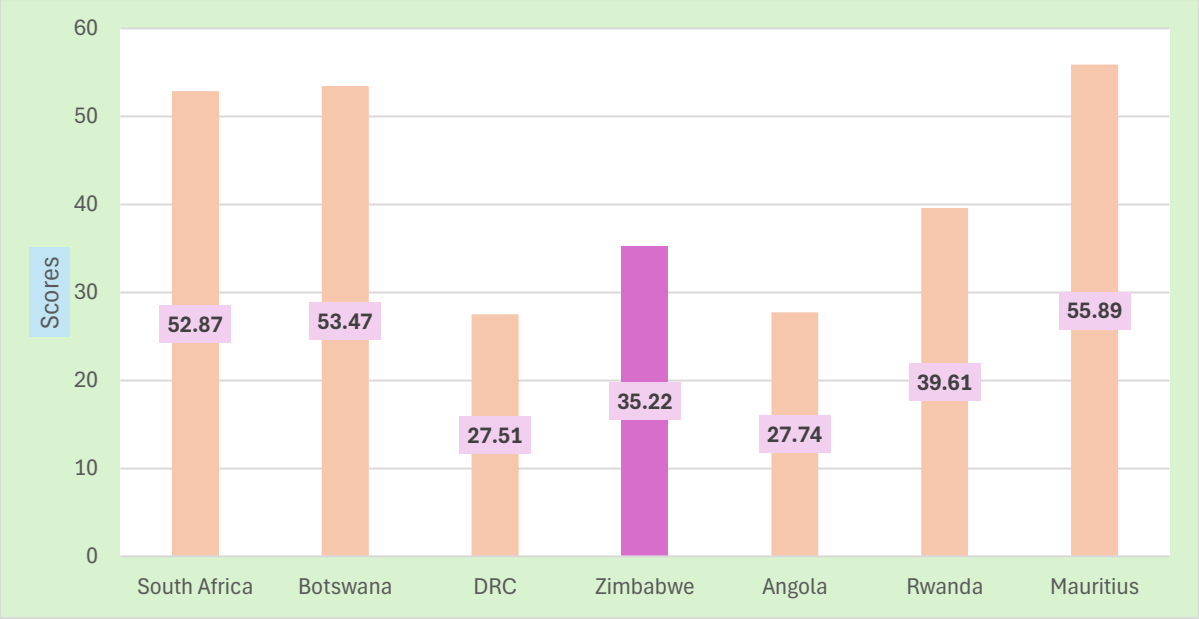
[4] https://www.vailvalleypartnership.com/2022/06/inclusivity-as-a-competitive-advantage/

within a 5-dimensional framework of the World Economic Forum constituting talent, resources, financial, technology and institutional ecosystems as discussed below.

2.2 Inclusiveness in Zimbabwe

2.2.1 The Inclusiveness pillar of the 2024 FGR, describes the extent to which an economy's growth trajectory is inclusive of all stakeholders. Zimbabwe has a score of 35.22 and is one of the countries with low inclusiveness imbedded growth next to Rwanda (39.61), DRC (27.51) and Angola (27.74). Mauritius is the country whose growth is highly inclusive with a score of 55.89 followed Botswana (53.47) and South Africa (52.87). Figure 8 depicts Zimbabwe`s inclusivity score against comparator countries that appear on the WEF-FGR for the year 2024.

Figure 8: Comparative Inclusiveness Scores, 2024



Source: WEF

2.2.2 Low inclusiveness in growth negatively impacts on innovation and creativity as people lack exposure to new ideas which impinge on productivity and efficiency; suppress access to diverse talent and skills hindering business and country competitiveness. Low labour market participation, gender inequality, limited Infrastructure Access and limited access to financial services are the major indicators impeding inclusiveness in Zimbabwe`s growth.

2.3 Talent Ecosystem

2.3.1 World Economic Forum stresses that human capital, the capabilities and skills of individuals and populations, is a key driver of economic prosperity and productivity that is developed through sustained good health, education and training. It further asserts that its value is realized in the labour markets through productive employment. Often, it is assumed that countries can compete on aspects such as labour market, education, investments or human capital[5].

2.3.2 Inclusiveness in the talent ecosystem through promotion of equal access and equality is therefore essential to building a strong human capital base. Key indicators for an inclusive talent ecosystem include inclusion in workforce, universal health coverage and gender parity in labour force. Zimbabwe's performance on these indicators and their implications to the country's competitiveness are discussed hereunder.

Inclusion in Workforce

2.3.3 Inclusion in workforce is a proxy measure for equal access to employment opportunities across all social groups. The rationale is that absence of discrimination in employment because of gender, ethnicity, disability and economic background is a pre-condition for inclusive human capital. In line with this rationale, Zimbabwe's legal framework provides for anti-discrimination in the labour market. For example, section 5(1) of the Labour Act [Chapter 28:01] provides for the protection of employees including prospective ones, against discrimination based on race, tribe, place of origin, political opinion, colour, creed, gender, pregnancy, HIV/AIDS status or disability.

2.3.4 The proportion of the country's working population actively engaged in the labour market stood at 47.6% in the third quarter of 2024. This rate effectively means that the larger proportion of the working age population is excluded from the labour market thereby weakening Zimbabwe's human capital base.

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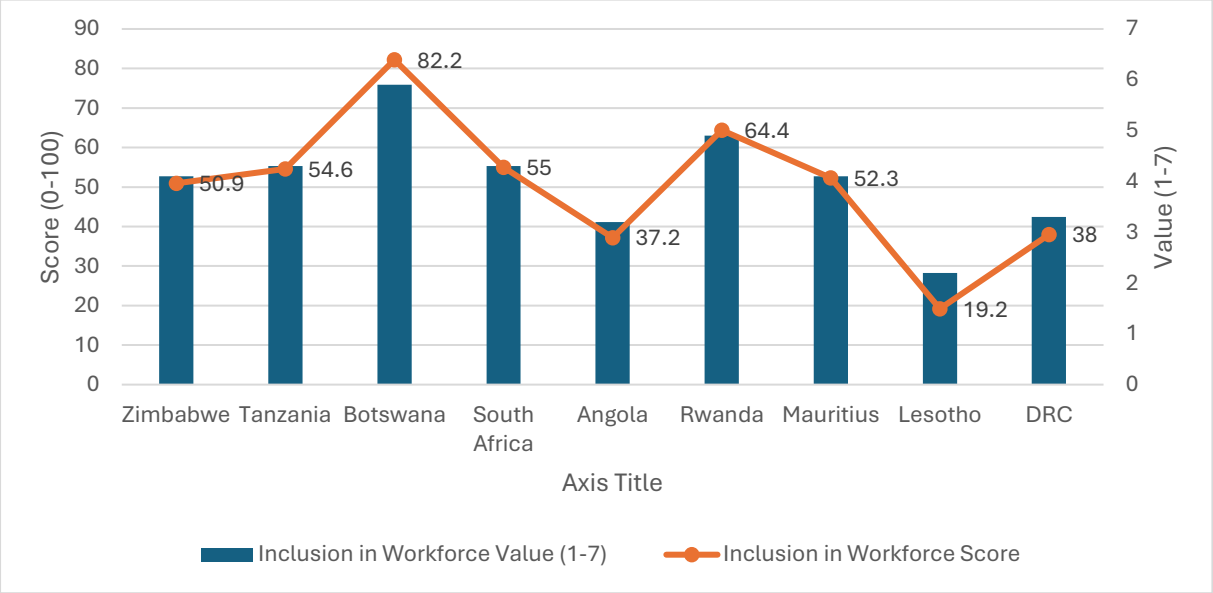
[5] https://www.sciencedirect.com/science/article/pii/S2352146514000106

2.3.5 Participation in the labour market in Zimbabwe is never on equal footing amongst the players. For example, women, the rural employees and those in the informal sector are lagging, signifying inequalities in the labour market. Zimbabwe's labour market is characterised by high unemployment rates (21.8%); low labour force participation with disparities among women and those in rural areas. Informal sector, the dominant employer (with a share of 83.8% of all workers) faces huge setbacks from low productivity and indecent working conditions and women are major players constituting 52% of the informal workforce.

2.3.6 Low employment creation opportunities in Zimbabwe affect women and youths the most. For example, Zimbabwe's share of Youth Not in Employment, Education or Training was 49.5% in the third Quarter of 2024. This implies that the Zimbabwean labour market is not effectively utilising this youthful labour force, a dividend to develop its economy considering the Vision 2030 and is losing it to the diaspora market. This implies that Zimbabwe's labour market is not inclusive as large proportions of the working age group is excluded, negatively impacting on productivity and competitiveness.

2.3.7 At the regional level, Zimbabwe's score (50.9%) on inclusion in the workforce is almost similar to its comparator countries like Tanzania (54.6%), Mauritius (52.3%), South Africa (55%), although significantly lower than that of Botswana (82.2%) and Rwanda (64.4%) (see Figure 9).

Figure 9: Inclusion in Workforce Scores and Values, 2024



Source: WEF

2.3.8 Exclusions of significant proportion of the population from the labour market weakens Zimbabwe's human capital base thereby making is less competitive than its comparator countries.

Universal Health Coverage

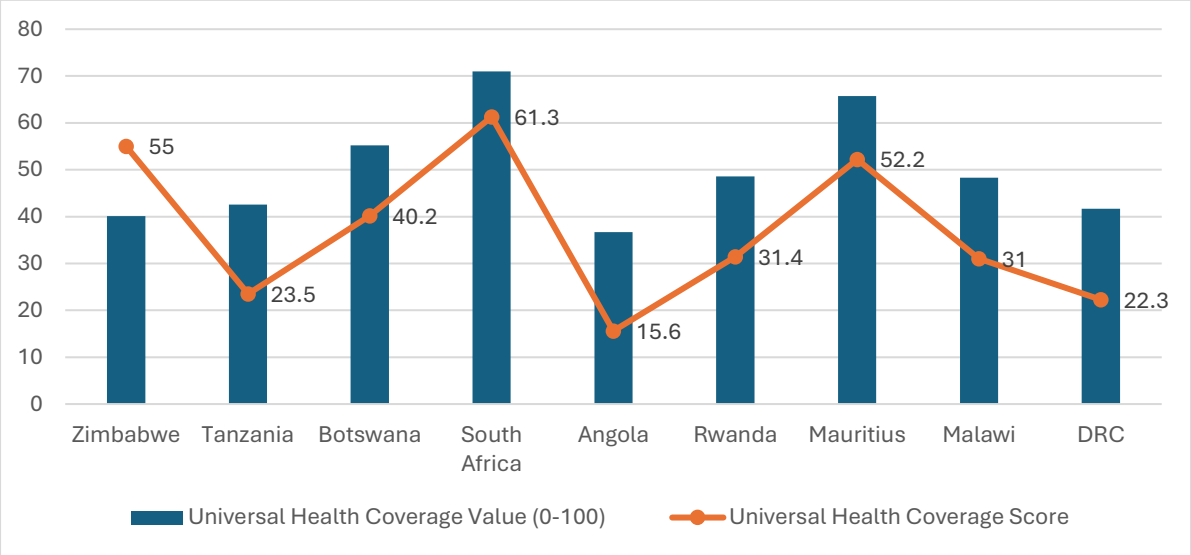
2.3.9 This is a proxy measure for equal access to healthcare for all (World Economic Forum, 2024). The World Health Organisation (WHO) describes this nature of access as a full range of quality health services that people need, when and where they need them, without financial hardship[6]. Equal healthcare access contributes to inclusive human capital by making sure that all workers can attain similar health conditions. The health of the workforce has an influence on the productivity hence competitiveness of a country.

[6] https://www.who.int/health-topics/universal-health-coverage#tab=tab_1

2.3.10 NDS 1 recognizes that good health is central to human happiness and well-being, and significantly contributes to economic progress, as healthy populations live longer, are more productive, and accumulate more savings. As one of the strategies to realize the NDS 1 goal, the Government has the National Health Strategy 2021 – 2025 that seeks to improve the health and wellness of the population and eventually ensure universal access to health services. In addition, to enhance inclusiveness, Government is also set to establish a National Health Insurance Scheme as the country targets to achieve universal health access by 2030[7], which is also expected to impact positively on productivity and competitiveness.

2.3.11 Despite these efforts, Zimbabwe's access to universal health is modest (55%) and is hamstrung by limited funding with heavy reliance on Development Partners, through support from Global Fund and Health Resilience Fund. It is, however, higher than that of Tanzania (23.5%), Botswana (40.2%), Angola (15.5%), Rwanda (31.4%) Mauritius (52.2%), Malawi (31.0%) and DRC (22.3%), although lower than that of South Africa (61.3%), as indicated in Figure 10.

Figure 10: Universal Health Coverage Scores and Values, 2024



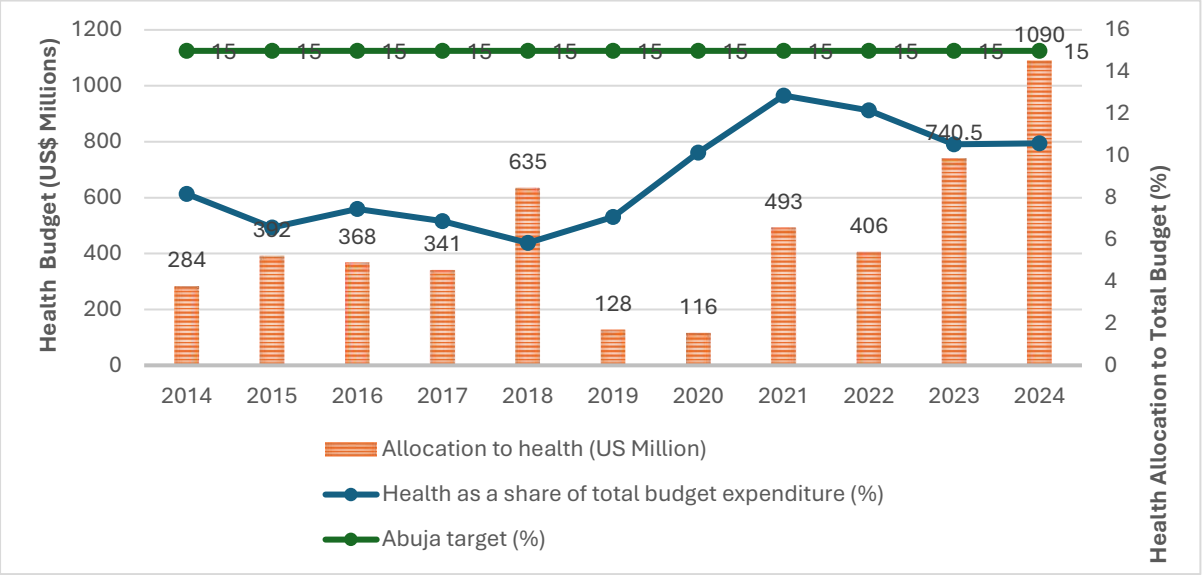
Source: WEF

[7] https://www.zbcnews.co.zw/national-health-insurance-scheme-on-the-cards/

2.3.12 Further, some health indicators show that despite a decline over time, maternal mortality remains high, at 363 deaths per 100 000 live births in 2022. This is below the average for Sub-Saharan Africa (SSA) of 536 per 100 000 births, although well above the Sustainable Development Goal (SDG) target of 70 by 2030. At 13.7 percent, HIV prevalence among women ages 15 – 49 is nearly double that for men in the same age bracket. Further, women bear a heavier burden of both communicable and non-communicable diseases. This presents a serious barrier for women participation in economic activities compared to their male counterparts.

2.3.13 In addition, Zimbabwe is facing huge financial challenges to support the health sector. Figure 11 shows the trends in the Ministry of Health and Child Care budget allocations and its share to National Budgets from 2014 to 2024. It illustrates the loss in the funding momentum that the sector had gained between 2018 and 2021, where health share of the budget rose from 5.84% to 12.87%. The share of the health budget fell to 12.16% in 2022 before reaching 9.82% in 2024, which is far below the 15% stipulated under the Abuja Declaration for the delivery of quality health services.

Figure 11: Trends in Health and Child Care Budget Allocations (US$): 2014 – 2024



Source: MoFEDIP

2.3.14 The situation in Zimbabwe's healthcare system does not guarantee a health and strong human capital base where workers have a higher life expectancy to participate in the labour market for a long time; are more productive and have higher chances of accumulating savings thereby positively contributing to economic growth. Sick workers increase the health bill to business; record high levels of absenteeism and are not as efficient thereby negatively affecting the country's productivity and competitiveness.

Gender Parity in Labour Force

2.3.15 Equal access to employment opportunities across genders ensures equal treatment of men and women in the labour market. Zimbabwe fairs quite well in terms of setting up a legal framework that does not discriminate against women in terms of mobility, work, family, business, ownership of assets and pensions. For example, Section 5(2a) of Labour Act [Chapter 28:01] provides that no employer shall fail to pay equal remuneration to male and female employees for work of equal value.

2.3.16 As of September 2024, Government availed ZiG20.1 billion towards gender sensitive programmes. The resources were mainly utilised for mainstreaming gender specific expenditures that largely benefited women and girls, as well as people living with disabilities. The areas supported included among others, employment opportunities in the public sector, social protection, health, education services and economic empowerment programmes.

2.3.17 It is through these efforts that Zimbabwe is rated favourably on gender parity in labour force with a value of 78.4%, which is slightly higher than that of South Africa (73.4%) although lower than that of Tanzania (86.1%) and Botswana (81.5%). The gender gap of 21.6% in labour force, however, means that women are not equally treated with men in Zimbabwe's labour market, and this reduces the talent pool from which Zimbabwe can tap on to improve on its competitiveness.

2.4 Resources Ecosystem

2.4.1 Access to resources is foundational to achieving diversity, equity, and inclusion goals as it ensures that everyone, irrespective of their background, has equal opportunities to succeed[8]. Several indicators are used to assess the level of inclusiveness in the resource ecosystem. These include access to transport and housing, individuals using the internet and rural electricity gap as discussed below.

Access to Transport and Housing

Access to Transport

2.4.2 There is huge inequality in access to the requisite resources needed to facilitate economic activity in Zimbabwe. For example, huge infrastructure gap such as transport, electricity, ICT and water, constrains production of goods and services. Zimbabwe is a landlocked country, which faces huge challenges of connectivity and movement of persons and goods despite efforts to improve road and air infrastructure by Government. The railway system requires investments towards rehabilitation, upgrading[9] and modernisation leaving 60% of the cargo being transported by road, which increases the cost of doing business whist rendering the traded goods non-competitive.

2.4.3 In 2021, Government declared the country's road infrastructure network both in rural and urban areas a state of national disaster through the Statutory Instrument 47 of 2021[10]. Furthermore, Government enacted SI 151 of 2024, which extended the state of disaster on road infrastructure

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[8] https://oxford-review.com/the-oxford-review-dei-diversity-equity-and-inclusion-dictionary/access-to-resources-definition-and-explanation/

[9] This is associated with aging track infrastructure, including insufficient ballast, rail wear, lack of spare parts, deteriorating earthworks, and obsolete rail signaling and communications equipment (Government of Zimbabwe, 2023c).

[10] Civil Protection (Declaration of State of Disaster: Rural and Urban Areas of Zimbabwe) Notice, 2021 https://www.veritaszim.net/sites/veritas_d/files/SI%202021-047%20Civil%20Protection%20%28Declaration%20of%20State%20of%20Disaster%20-%20Rural%20and%20Urban%20Areas%20of%20Zimbabwe%29%20%28Road%20Infrastructure%20Network%29%20Notice%2C%202021.pdf

network in the country until December 2026. Resultantly, the Government rehabilitated and upgraded the Harare-Beitbridge highway, roads within the major cities of Harare and Bulawayo, including the Trabablas Interchange, and rehabilitated feeder and access roads such Gweru-Mvuma, Marondera-Murewa, Kwekwe-Nkayi-Lupane and Bulawayo-Victoria Falls, among others. Additionally, rehabilitation and upgrading of Harare-Chirundu highway has commenced. Regarding the air transport infrastructure, the Government upgraded R.G. Mugabe Victoria Falls and J. M. Nkomo International Airports as well as Charles Prince and Buffalo Range Airports. Despite these efforts, the pace of road network expansion is limited mainly due to underfunding.

Access to Housing

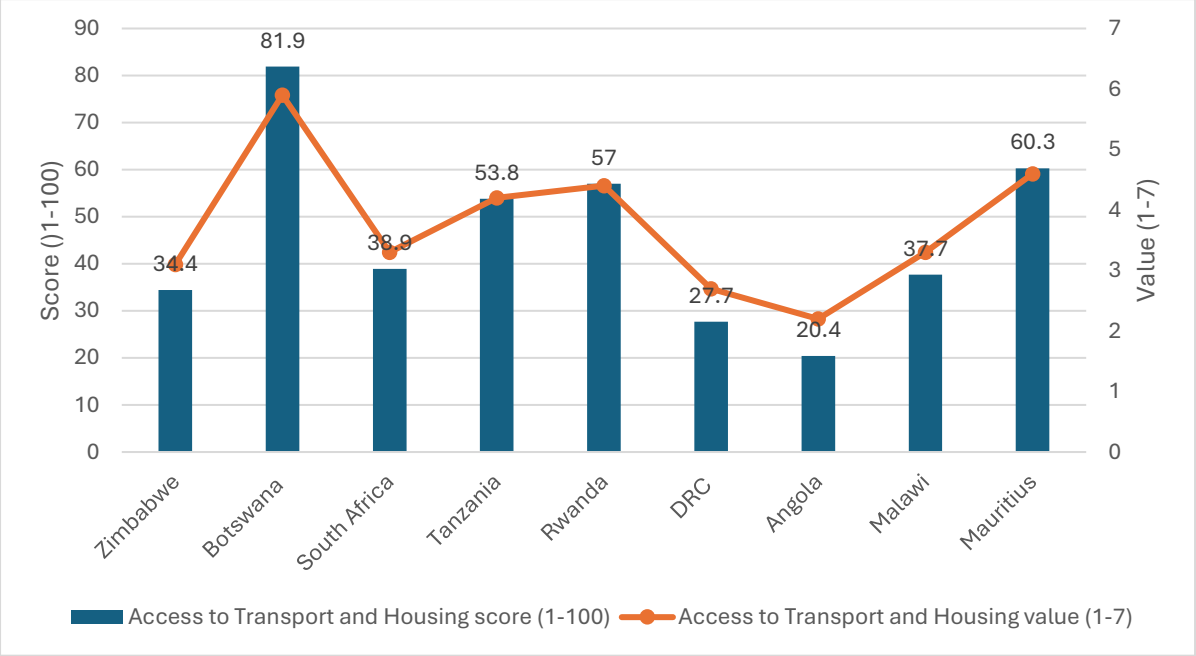
2.4.4 Access to housing is prioritised in the Amended Constitution of 2013 as one of national objectives. Section 28 specifically mandates the State and all its institution to take reasonable legislative and other measures within the available resources to enable every person to have access to adequate shelter. Government therefore implemented initiatives to provide low-cost housing finance and support for self-help housing projects.

2.4.5 The major challenge, however, is that these initiatives have not been sufficient to meet the demand for affordable housing. In fact, delivery of affordable and quality settlements in urban and rural areas remains a huge challenge with Transition Stabilization Programme (TSP) estimating a huge housing backlog in Zimbabwe of 1.25 million units. As of October 2024, only 34% of this backlog has been cleared under NDS1. Some of the key challenges to delivery of affordable and quality housing in Zimbabwe include the persistent macroeconomic challenges, rapid urbanization leading to mushrooming of informal structures with limited access to basic services, such as roads, water and sanitation services, schools and healthcare facilities, among others. The limited access to housing negatively impacts employees' health thereby constraining productivity and competitiveness.

2.4.6 Zimbabwe scored 34.4 out of 100 on transport and housing compared to 81.9% for Botswana; 38.9% for South Africa; 53.8% for Tanzania; 57.0% for Rwanda; 27.7% for DRC; 20.4% for

Angola; 37.7% for Malawi and 60.3% for Mauritius (see Figure 12). The performance signifies huge gaps in equal access to critical infrastructure for trade facilitation and social inclusion.

Figure 12: Access to Transport and Housing Scores and Values, 2024



Source: WEF

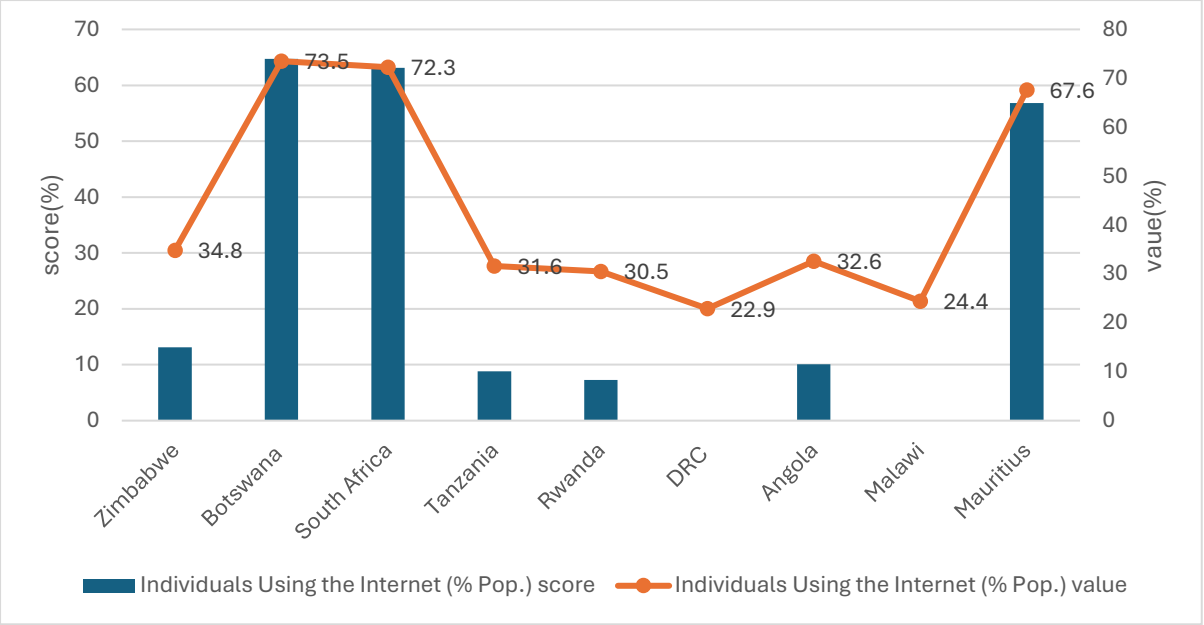
2.4.7 The limited access to transport services hampers movement of goods and persons, particularly in rural areas where many communities are cut off from markets, services, and opportunities. This isolation exacerbates poverty and limits the potential for further economic growth. It further increases to costs of doing business as it increases transportation costs thereby negatively impacting on the country's competitiveness.

Individuals Using Internet

2.4.8 Internet access is a basic requirement for ensuring that knowledge and technology are available to all. It is measured as a share of the population using internet to total population. Although there was a 566.8% increase in mobile and internet data from 17,378 Terabytes in 2017 to

115,880 Terabytes in 2022, the number of individuals using internet in Zimbabwe remains significantly low evidenced by a share of only 34.8%. Zimbabwe's performance is lower than Botswana, South Africa and Mauritius, and higher than Tanzania, DRC and Angola as indicated by Figure 13.

Figure 13: Individuals Using the Internet (% Pop.) Scores and Values, 2024



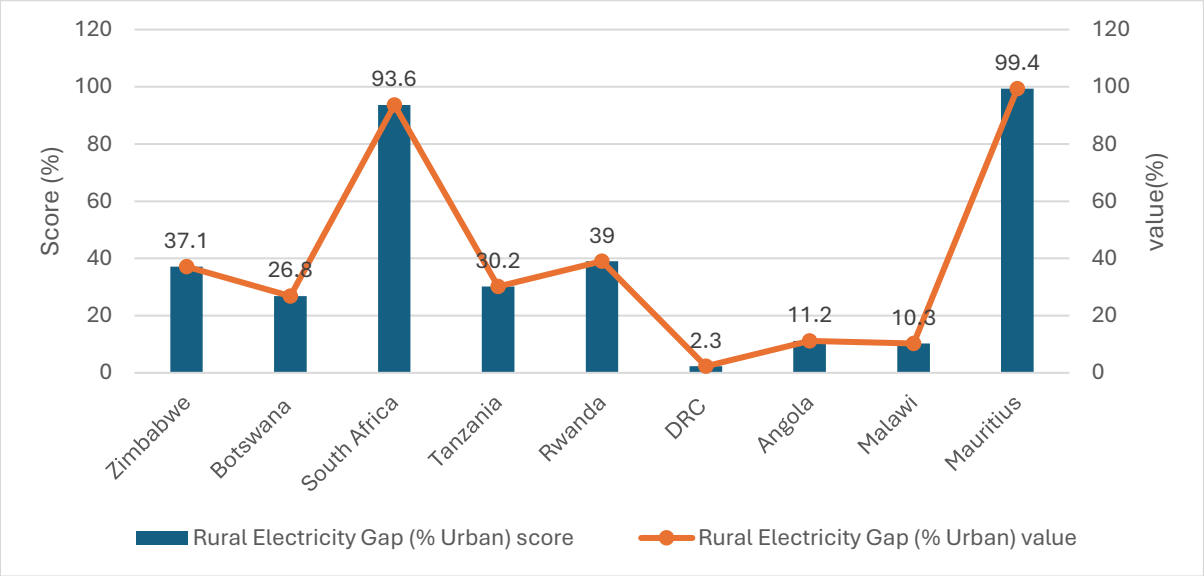
Source: WEF

2.4.9 The low use of internet is partly due to low investment and underdevelopment in digital infrastructure. For example, the deployment of mobile digital platforms (2G, 3G and 4G) that facilitate e-commerce and digital trade in Zimbabwe shows asymmetry in favour of urban areas. While 74.7% of the rural population is covered by 2G and 67% by 3G, only 1.83% are covered by 4G technology (yet it's the platform that facilitates internet access). On the other hand, coverage in urban areas is very high with 99.9% of the population covered by both 2G and 3G technology and 91.99% under 4G technology. The limited internet access restricts access to information and economic opportunities, thereby hindering the country's ability to integrate into the global digital economy and competitiveness.

Rural Electricity Gap

2.4.10 Access to electricity is an essential feature of an inclusive economy, allowing all citizens to benefit from all appliances that require electricity to function such as refrigerators, computers, among others. Zimbabwe's performance of 37.1% is low compared to South Africa (93.6%) and Mauritius (99.4%). However, the country performed better than Botswana (26.8%), Tanzania (30.2%), Rwanda (39.0%), DRC (2.3%), Angola (11.2%) and Malawi (10.3%) (see Figure 14).

Figure 14: Rural Electricity Gap (% Urban) Scores and Values, 2024



Source: WEF

2.4.11 This gap shows that in terms of access to electricity, the country's rural compared to urban population is disadvantaged. This compromises the Government's agenda on rural industrialization, that focuses on stimulating economic growth and development in rural areas by promoting industries that leverage local resources. Rural industrialization is instrumental in enhancing the country's productivity and competitiveness as enshrined in ZIRGP.

2.4.12 One of the biggest challenges is that electricity supply is erratic and usually available at night. This makes it uneconomically viable as most business activities are done during the day. Business operators are forced to resort to more costly sources of power like generators or may have to pay employees overtime to utilize power when its available at night, which drives the cost of doing business up, leading to poor firm competitiveness.

2.4.13 Low availability of this key enabler constrains economic activity in the rural areas compared to the urban areas leading to disparities in their contribution to economic development. Further, its non-availability results in economic players resorting to more costly energy sources such as diesel, which drives costs of production and rendering Zimbabwe noncompetitive.

2.4.14 Government, with support from UK and UNDP, continues to facilitate access to electricity through cost effective and sustainable rural electrification projects including the Climate Adaptation Water, Energy Programme (CAWEP). This includes provision of one hundred solar home kits, ninety biogas digesters and thirty solar streetlights in Hakwata, Chipinge District.

2.5 Financial Ecosystem

2.5.1 Equal access to finance promotes private sector development as it enables firms to start-up, grow, diversify and ultimately contribute to overall competitiveness[11]. Indicators used to assess inclusiveness in the financial ecosystem include access to financial services and access to bank accounts and saving.

2.5.2 Government prioritizes financial inclusion as a strategic goal for financial markets development, and a major driver for inclusive economic development. It is in this regard that it is implementing National Financial Inclusion Strategy II 2022 – 2026. Other efforts include the expansion of mobile banking services and the promotion of microfinance institutions to reach underserved communities.

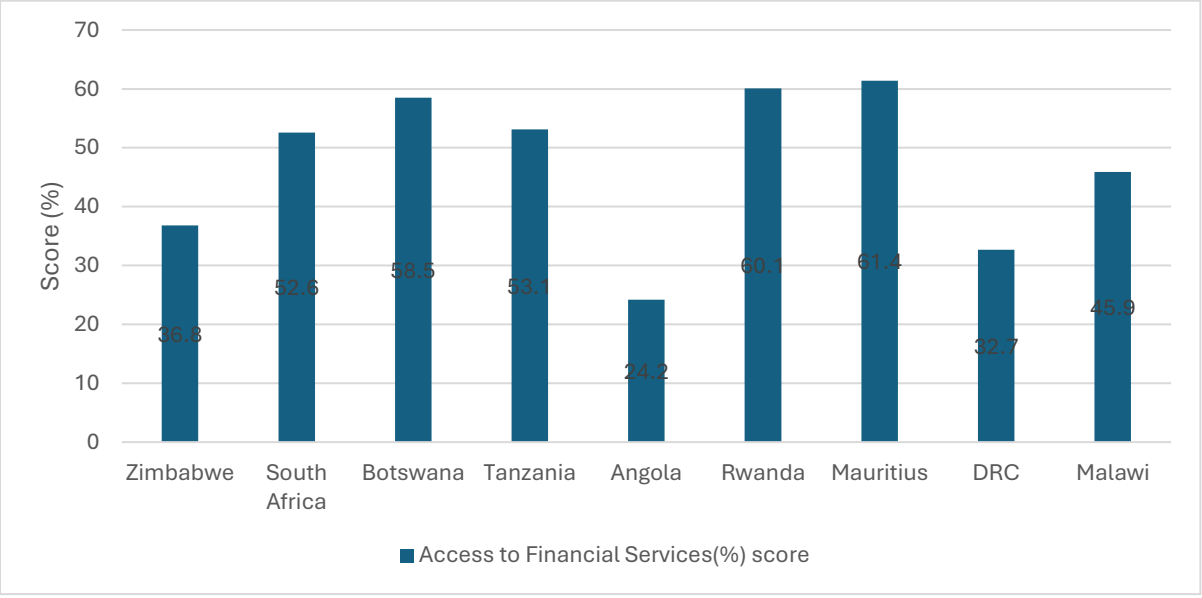
[11] https://www.oecd-ilibrary.org/access-to-finance_264ed2ab-en.pdf?itemId=%2Fcontent%2Fcomponent%2F264ed2ab-en&mimeType=pdf

2.5.3 Progress has been made on financial inclusion, which has provided opportunities for the marginalised youths, women and SMEs to access financial services. Average loans to SMEs, women and youths as a percentage of total bank loans increased by 3.66%, 2.29% and 0.52% from September 2023 to December 2024, respectively.

Access to Financial Services by Sector, Technology Platform, Age and Gender

2.5.4 This proxy is used to measure access to financial services. The rationale is that access to credit, banking and other financial services is an essential feature of inclusive financial systems. Zimbabwe scored 36.8% better than Angola (24.2%) and DRC (32.7%). However, the performance is lower than South Africa (52.6%), Botswana (58.5%), Rwanda (60.1%) and Malawi (45.9%) (see Figure 15).

Figure 15 : Access to Financial Services Scores, 2024



Source: WEF

2.5.5 In an endeavour to promote access to finance by marginalised groups such as women, MSMEs and the youth, the Government established Women`s Microfinance Bank, SMEDCO and

Empower Bank. Additionally, the MoWACSMEs administers funds on women and community development.

2.5.6 Despite these efforts, access to finance remains limited. For instance, as of December 2024, loans to women constituted only 6.77% of total banking loans. Similarly, loans to SMEs despite their dominance in the economy only accounted for 7.53% and that of youths 3.81% of total bank loans. This implies that these groups are still largely perceived as high-risk borrowers and loans remain a preserve of large entities even though policy interventions were put in place to improve the collateral conditions. This stifles the scope for business start-ups, private sector investment for business growth and diversification, thereby limiting firm competitiveness.

2.5.7 Some of the challenges on access to finance in Zimbabwe include non-availability of medium to long-term loans, regulatory challenges, high cost of financial services, low levels of financial literacy, bureaucratic loan processing procedures, lack of acceptable collateral security and high levels of MSMEs informalization.

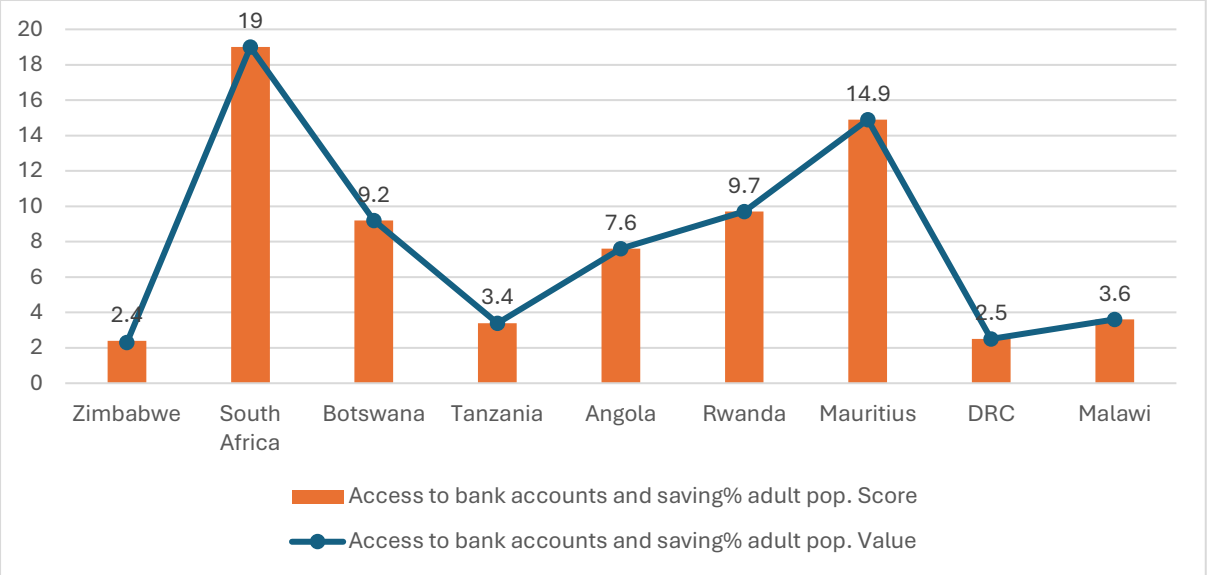
2.5.8 Government's support for the capitalisation of financial institutions such as the Zimbabwe Women's Microfinance Bank (ZWMB); Empower Bank for the Youth, Small and Medium Enterprise Development Corporation (SMEDCO) for MSMEs; Women Development Fund, Community Development Fund, and the AFC Land and Development Bank for rural smallholder farmers, whose main mandate is to promote financial inclusion of the marginalised and underserved segments, is a commendable development that has potential to spur industrialisation, productivity and competitiveness.

2.5.9 As of September 2024, thirty-three (33) projects were funded through the Women Development Fund, benefiting a total of 261 women and sustaining 450 jobs. However, more needs to be done to promote access to finance by the marginalised groups to enhance inclusivity and competitiveness.

Access to Bank Accounts and Savings as a % of Adult Population

2.5.10 Access to a transactional account is a first step towards broader financial inclusion as it allows people to store money and to send as well as receive payments. The share of Zimbabwe's adult population that has access to bank accounts and is saving is merely 2.4%. This is lower than all the countries in the region as presented in Figure 16.

Figure 16: Access to Bank Accounts and Savings, Scores and Values, 2024



Source: WEF

2.5.11 Zimbabweans largely prefer informal than formal channels of savings due to high bank charges, as well as lack of trust in the formal banking sector, mainly due to past economic crises that have eroded savings kept in the various financial institutions. Further, high levels of unemployment and informal employment also mean that many Zimbabweans do not have regular income streams that would facilitate the opening and maintenance of bank accounts. Low access to bank accounts and savings in the formal banking system limits financial resources available for start-ups and reinvestment by business, which are key drivers for firm and country competitiveness.

2.6 Technology Ecosystem

2.6.1 Technology has huge potential to increase firms' access to markets (both domestic and international) and productivity, lower trade cost, reduces information asymmetry, increase job opportunities, enhance entrepreneurship and strengthen economic activities.

2.6.2 This section examines the ICT cost as a percentage of Gross National Income (GNI) as a major indicator for inclusion in the technology ecosystem.

ICT Cost as a Percentage of GNI per Capita

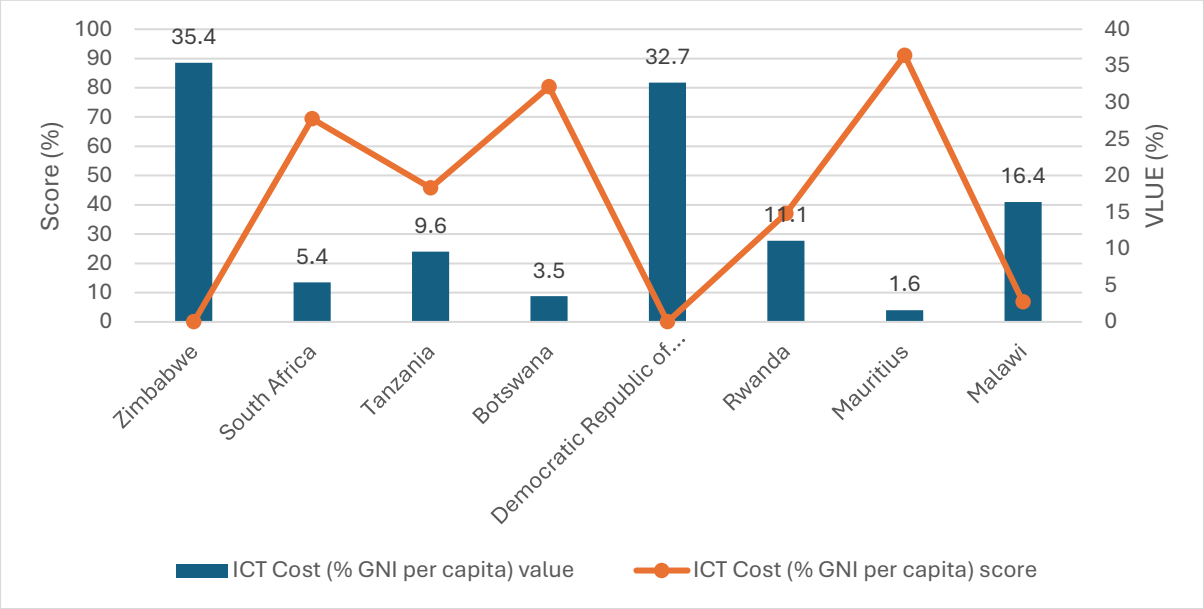
2.6.3 ICT generally represents all the digital technologies, including digital communication networks (Internet, intranet, mobile telecommunication), digital payment systems, computer software, and other information technologies that are used to support economic activities online (e - commerce and digital trade). Access to telecommunications is a basic requirement for ensuring that knowledge and technology are available to all.

2.6.4 Under NDS 1, the Government has prioritised ICTs as a cross-cutting measure to reduce the urban-rural divide and enable access to ICTs by all its citizens. To achieve this, the Government is implementing the Zimbabwe National Information and Communication Technology Policy (2022 – 2027) that seeks to promote inclusiveness in access to ICTs. Further, efforts to enhance digital literacy through educational programmes and initiatives targeting girls and women in STEM fields have been initiated to reduce gender disparities.

2.6.5 Despite these efforts, significant gaps remain that hinder the full realization of an inclusive and advanced technology ecosystem in Zimbabwe. Further, low levels of digital literacy, inadequate infrastructure, and significant gender disparities in knowledge-intensive occupations continue to hinder the country's competitiveness and overall economic growth and development.

2.6.6 ICT cost, standing at 35.4% of GNI per capita in Zimbabwe, is among the highest in the region and is a key driver to high cost of production thereby reducing the country's competitiveness. Some of the reasons for the high cost of ICT include the cost build up driven by many tax heads (VAT, digital services tax, customs & excise duties, among others), erratic power supply that forces service providers to run base stations on generators, which is expensive, shortages of foreign currency and exchange rate volatility. This does not compare favourably with 5.4% in South Africa, 3.4% in Tanzania, 3.5% in Botswana, 32.7% in DRC, 11.1% in Rwanda, 1.6% Mauritius and 16.4% in Malawi (see Figure 17). High ICT cost limits economic agents from access to business information, increased firm productivity, access to digital markets that are key in enhancing competitiveness.

Figure 17: ICT Cost (% GNI per capita), Scores and Values, 2024



Source: WEF

2.6.7 High ICT costs imply that Zimbabwe's technology ecosystem still have a long way towards promoting inclusiveness and competitiveness.

2.7 Conclusion

2.7.1 Promoting inclusiveness empowers citizens in terms of skills, good health, business finance and technology, which are key enablers for business operations. This increases citizens' capacity to participate in the broader economy thereby increasing firm and country competitiveness.

2.7.2 Inequality, marginalization and exclusion still exist in the various dimensions of inclusiveness though with varying degrees. Inequalities by gender and geographic location (rural and urban) are limiting access to health, education, electricity, participation in labour force. This limits the country to compete on the global arena in the context of increased globalization.

2.8 Key Findings and Proposed Recommendations

2.8.1 Low Labour Market Participation

Recommendation:

Increase access to quality education and training, particularly for marginalized groups, to address educational inequalities and build a more skilled and inclusive workforce.

2.8.2 Limited Infrastructure Access (Transport and Housing)

Recommendations:

- *Government to strengthen and clarify PPP regulations in order to attract more private investment and expertise, allowing Zimbabwe to leverage private sector efficiencies for projects like road rehabilitation, energy generation, and water and sanitation improvements.*
- *Government to issue long-term infrastructure bonds thus tap into both domestic and international capital markets.*
- *Government to recycle its Assets, sell or lease underutilized public assets to release needed resources without adding to the national debt burden.*
- *Continued tax policies reform to broaden the revenue base such as adjusting or introducing targeted taxes and reducing inefficiencies in revenue collection.*
- *Government to prioritize projects with high multiplier effects for example, the regional energy projects like solar farms.*
- *Government to implement strict Monitoring and Evaluation exercise to ensure efficiency in utilization of the allocated resources.*

2.8.3 Limited Internet Access

Recommendations:

- *Infrastructure Sharing: Mandate telecom operators (Econet, TelOne) to share tower infrastructure in exchange for tax breaks, reducing rollout costs.*
- *Subsidized Last-Mile Solutions: Deploy low-cost satellite internet (e.g., Starlink partnerships) for remote areas.*
- *Expand community Wi-Fi hotspots (e.g., schools, clinics) with zero-rated access to essential services (e-health, e-learning).*
- *Universal Access Fund: Redirect a portion of telecom license fees to subsidize broadband for SMEs and farmers.*
- *Digital Hubs: Establish rural digital kiosks (via ZimPost or NGOs) that offer free basic digital skills training (e.g., online marketing, mobile money) and curated local-language content (farming tips, SME templates).*

2.8.4 Limited Access to Financial Services

Recommendations:

- *Government and Monetary Authorities to work closely to restore public confidence in the local currency and in the banking sector.*
- *Monetary Authorities to review downwards bank charges in line with the objectives for expanding financial inclusion.*
- *Government to expand financial products such as savings wallets, microinsurance, and microcredit, along with increasing financial literacy and maintaining a supportive regulatory environment.*
- *Government to actively engage the banking and non-banking sectors to develop tailored financial products and services that enhance the accessibility and usage of financial services across all segments of society.*

2.8.5 Limited Budget Allocation on Health

Recommendation:

- *Government to adopt a phased approach by gradually increasing the health budget allocation over several years. For example, increase the allocation to 14% in 2026 and further increase to reach the targeted 15% by 2027 in line with the Abuja Declaration. This allows for better financial planning, reduces fiscal shocks to other critical sectors, and ensures that additional funds are effectively absorbed into the healthcare system without wastage or inefficiencies.*
- *Government to introduce dedicated revenue streams specifically for the health sector that include taxes or levies on products such as alcohol and tobacco, which not only generate revenue but also promote public health by discouraging unhealthy consumption patterns.*
- *Government to leverage on the Public-Private Partnerships (PPPs) to mobilize private sector investment in healthcare infrastructure, medical equipment, and service delivery, reducing the burden on the national budget.*
- *Government to implement robust monitoring and evaluation mechanisms such as regular audits, transparent procurement processes, and digital financial tracking systems will improve efficiency, minimize corruption and waste.*

2.8.6 High ICT Costs

Recommendation: *Continued implementation of tight fiscal and monetary policies to ensure macroeconomic and currency stability. This reduces pressure on regular adjustment of input costs, including frequent wage adjustments, which compromise competitiveness.*

CHAPTER THREE: SUSTAINABILITY

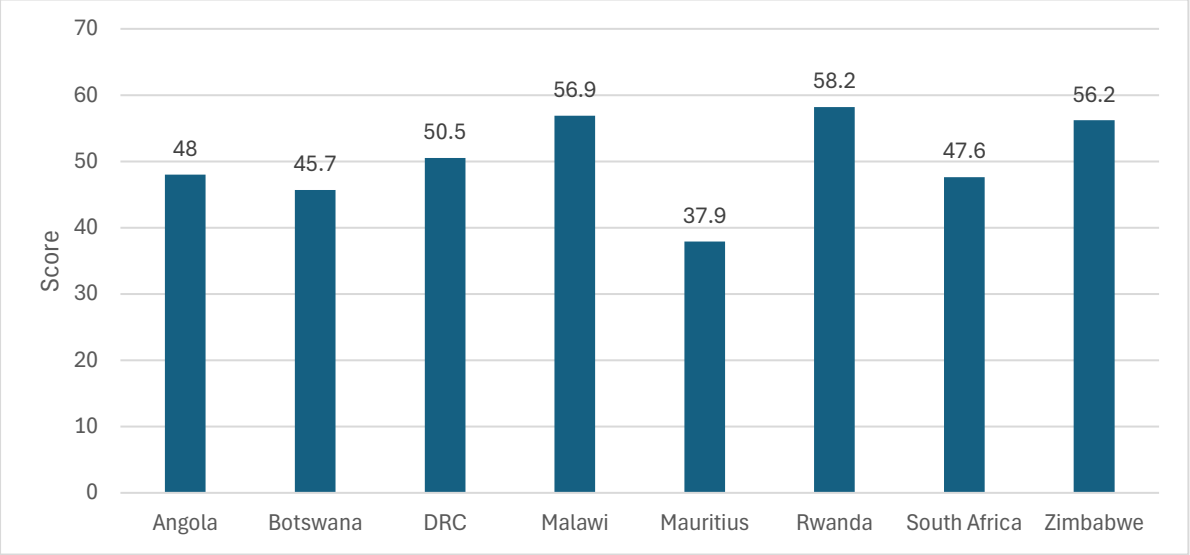
3.1 Introduction

3.1.1 The concept of sustainability is increasingly recognized in the context of a rapidly changing global environment, with challenges such as climate change, resource depletion, and social inequality. The United Nations defines sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs". In the contemporary world, countries that conduct their economic activities in a sustainable manner tend to be more competitive. Developing countries such as Zimbabwe have great opportunity in mitigating climate change. Despite emitting less greenhouse gases per capita, developing countries equally experience devastating consequences of global warming.

3.2 Sustainability Performance

3.2.1 The sustainability pillar captures a country's performance in areas such as physical impact of production on the environment, conserving nature, support for the green transition in the financial, technological & institutional domains, and consumption behaviours of the population. Zimbabwe has made significant strides in terms of sustainability. The country scored 56.21, surpassing both the SADC and global averages of 49.48 and 49.83, respectively. Figure 18 shows the sustainability score for Zimbabwe and comparator countries.

Figure 18: Sustainability Performance Scores, 2024



Source: WEF

3.2.2 The country's performance is among the best in the region. Zimbabwe's score reflects the country's commitment to addressing ecological and environmental issues as part of its growth trajectory. Essentially, Zimbabwe considers the need to balance economic development with environmental stewardship, and this is a crucial step towards enhanced national competitiveness.

3.3 Drivers of Sustainability

Talent Ecosystem

3.3.1 This indicator encompasses talent for green & energy transition and buyer sophistication on environment & nature.

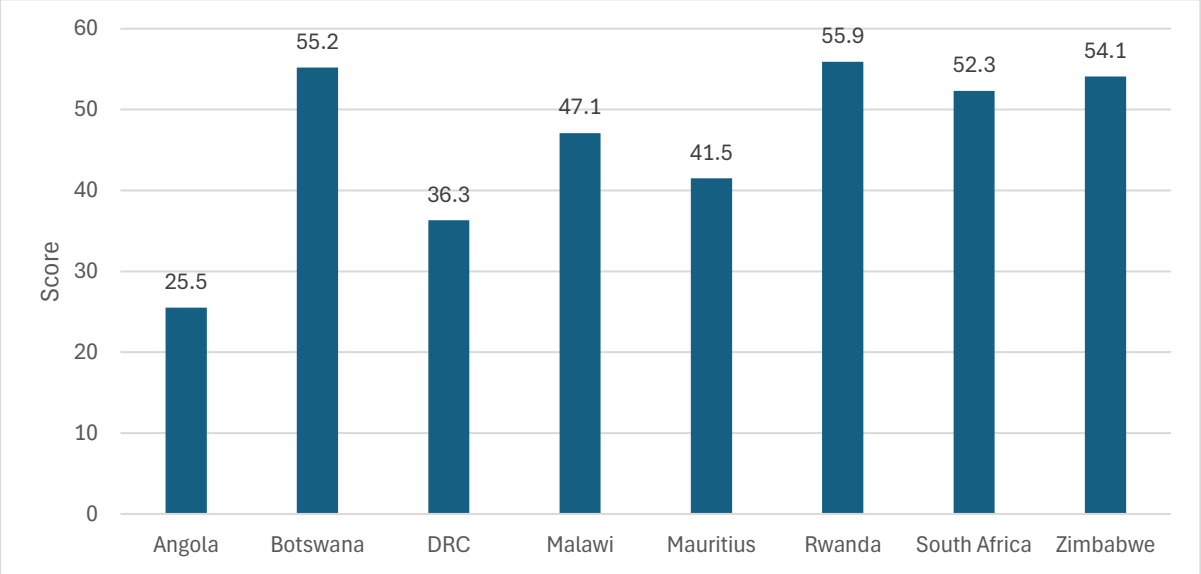
Talent for Green and Energy Transition

3.3.2 The transition to clean energy requires industry specific education and skills. Notwithstanding the rapid expansion of green job opportunities globally, the WEF notes that only a fraction of workforce possesses relevant skills to address climate change. Zimbabwe performed well on

talent for green and energy transition when compared to comparator countries. The country's score of 54.1 out of 100 is among the best performers that include Rwanda (55.9) and Botswana (55.2).

3.3.3 Figure 19 shows the Talent for Green and Energy Transition for Zimbabwe and comparator countries. The availability of talent for green and energy transition ensures energy security thereby increasing industrial output ultimately increased productivity and competitiveness.

Figure 19: Talent for Green and Energy Transition Scores, 2024



Source: WEF

3.3.4 To improve on the scoring, the education systems for the country need to adapt to the demands of the energy transition and move away from fossil fuel embedded education. In addition, educational programmes should incorporate sustainable and renewable energy focusses to prepare a workforce capable of supporting a greener future.

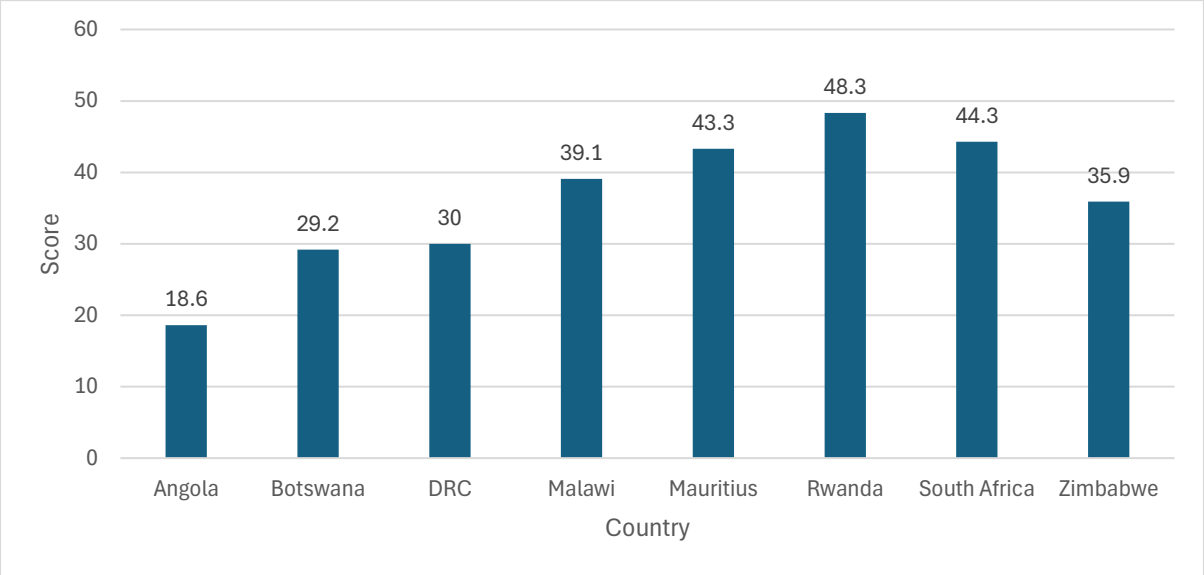
Buyer Sophistication on Environment and Nature

3.3.5 Consumers especially in developed countries are sustaining the environment and promoting sustainability through green purchase. Green purchasing behaviour is the buying of goods that

incorporate environmental values, presumed safer for humans and society. Green purchase offers a solution to humanity, and reduce environmental problems caused by an unsustainable pattern of consumption. For instance, excessive use of materials that are failing to recycle may degrade the ecosystem. Thus, consumers can play a major role if they are willing to support and embrace responsible consumption and act responsibly towards the environment.

3.3.6 In terms of buyer sophistication, Zimbabwe scored low compared to comparator countries. The country's score of 35.9 is better than that of Angola (18.6), Botswana (29.2) and DRC (30) as shown Figure 20.

Figure 20: Buyer Sophistication on Environment and Nature Scores, 2024



Source: WEF

3.3.7 Responsible consumption is anticipated to improve the well-being of citizenry, thereby increasing labour productivity and enhancing the country's competitiveness. To this end, consumers in Zimbabwe should be motivated to use sustainable products through a rational approach to address environmental issues and challenges.

Resource Ecosystem

3.3.8 Resource ecosystem is analysed through biodiversity intactness, annual greenhouse gas emissions and renewable energy consumption.

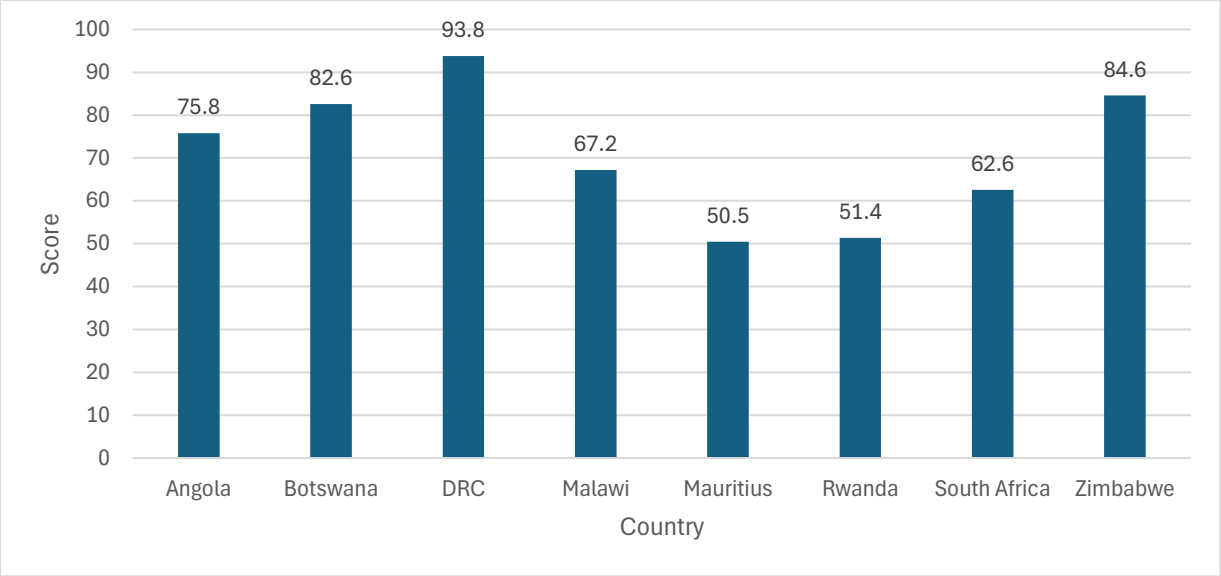
Biodiversity Intactness

3.3.9 Biodiversity is a measure that estimates how the average abundance of native terrestrial species in a region compares with their abundances before pronounced human impacts. Climate change has pushed biodiversity to the top of the agenda on the international stage, thus requiring countries to urgently assess and address the interconnected problems of biodiversity, climate change and desertification.

3.3.10 Zimbabwe hosts some of the most important biodiversity hotspots in the world and is home to over 5,930 species of plants and over 1,360 animals. Forests currently cover around 45% of the country's total land area, but deforestation is an increasingly pressing issue, resulting in forests disappearing at a very fast rate. At COP26, Zimbabwe pledged to fight deforestation and work to conserve and restore forests to ensure that forests are kept a priority.

3.3.11 Figure 21 shows the biodiversity intactness for Zimbabwe and comparator countries.

Figure 21: Biodiversity Intactness Scores, 2024



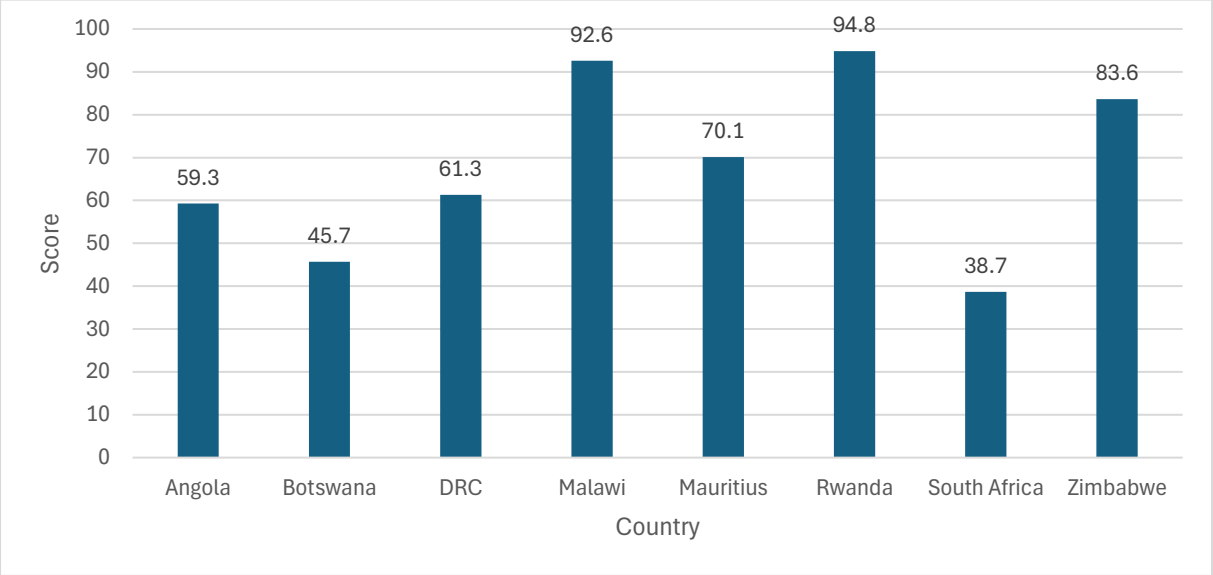
Source: WEF

3.3.12 Zimbabwe's score of 84.9 out of 100 is the second highest from DRC (93.8), showing that the country is doing well in terms of preventing biodiversity loss. There is great potential for the economy to grow and become more resilient by ensuring biodiversity. Higher rates of biodiversity have been linked to an increase in human health. A healthy workforce is more productive and contributes to enhanced competitiveness.

Annual Greenhouse Gas Emissions

3.3.13 Greenhouse gas emissions include carbon dioxide, methane and nitrous oxide from all sources, including land-use change. Greenhouse gas emissions are measured in tonnes per person of carbon dioxide-equivalents over a 100-year timescale. Zimbabwe is one of the countries with low annual greenhouse gas emissions per capita with a score of 83.6, second to Malawi (92.6) and third to Rwanda (94.8) as shown in Figure 22.

Figure 22: Annual Greenhouse Gas Emissions Scores, 2024



Source: WEF

3.3.14 Transitioning to renewable energy, improving energy efficiency in industry, promoting sustainable agriculture, reforestation, and electrifying transportation are key to reducing greenhouse gas emissions. There is a potential for companies to witness significant return on investment in clean energy. High return on investment stimulates savings and innovation, which enhances productivity and competitiveness.

3.3.15 To reduce greenhouse gas emissions, the Government has implemented initiatives, such as reconfigured the Ministry responsible for Environment to reflect the importance of climate by creating a Ministry of Environment, Climate and Wildlife. Furthermore, under the same Ministry, Government established the Department of Climate Change Management. Following the establishment, the Ministry is working on a Bill designed to position Zimbabwe to better manage the risks associated with climate change and contribute to global efforts in mitigating its effects.

3.3.16 In response to the global climate change crisis, the country is implementing the Long-term Low Greenhouse Gas Emission Development Strategy (LEDS) (2020 – 2050), National Climate Policy and Response Strategy (2016), Nationally Determined Contributions (NDCs) 2021,

Renewable Energy Policy, Biofuels Policy, National Agriculture Policy Framework and Disaster Risk Management Programming, among others. Furthermore, Zimbabwe ratified the Paris Agreement in 2017. Recently, in October 2024, the NDCs Implementation Plan, NDCs and LEDS Investment Framework and the Green Resilient Recovery Strategy and Investment Plan (GRRS & IP) were launched. These guiding documents provide solid frameworks for sustainable industrial development as envisioned in the NDS1 towards achievement of Vision 2030. This is anticipated to improve disaster preparedness and promote the adoption of climate-smart practices in agriculture, water management and infrastructure development, among many other sectors.

3.3.17 The promulgation of Environmental Management Act {Chapter 20:27} of 2002 and its ancillary regulations in the management of the natural resources and prevention of environmental pollution and degradation has played a critical role in Zimbabwe as compared to the pre-2000 era. The Act provides the principles of environmental management, which are being applied for the emission control. These principles include the Precautionary Principle, which requires Environmental Impact Assessment (EIA) studies to be undertaken before project implementation, hence incorporation of environmental concerns at project planning and designing stage hence reduction of environmental negative impacts.

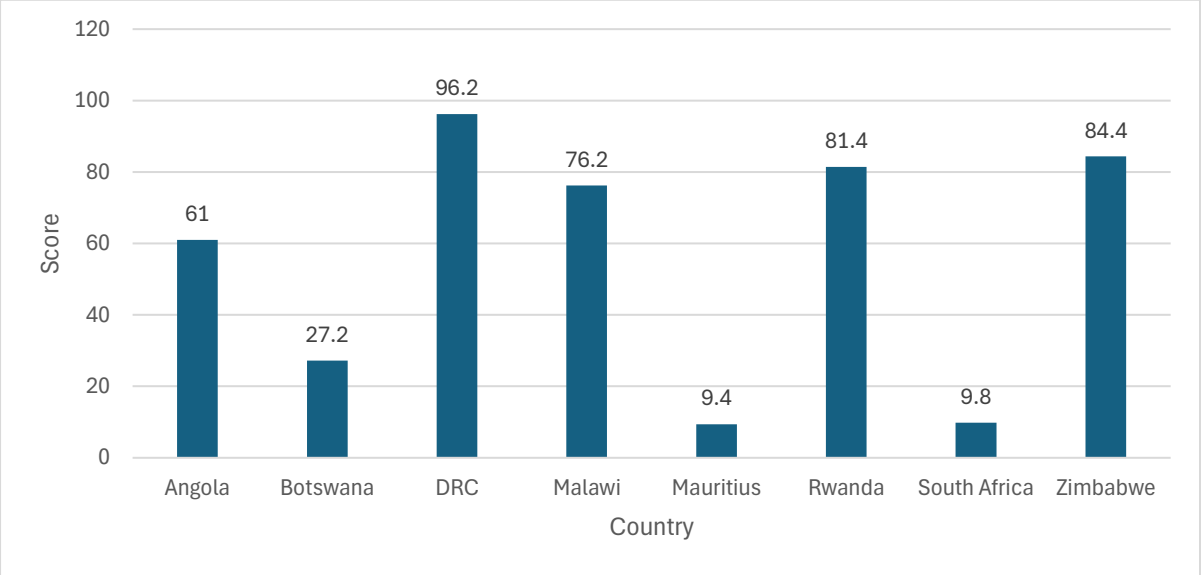
3.3.18 Another principle is the Polluter-Pays Principle applied in the monitoring of environmental performance of emission producers as guided by the Statutory Instrument 72 of 2009 for control of atmospheric pollution, which clearly set emission standards for discharges into the environment including emissions from motor vehicles. The application of Polluter-Pays Principle is based on two variables namely the quantity and quality of discharge hence determination the levels of environmental fees one must pay at the same time prompting generators of waste to invest in pollution abatement measures required to reduce pollution levels.

Renewable Energy Consumption

3.3.19 The energy mix of most countries across the world has recently become dominated by fossil fuels. This has major implications for the global climate, as well as for human health, which is instrumental in enhancing the country's productivity and competitiveness. Three-quarters of global greenhouse gas emissions result from the burning of fossil fuels for energy.

3.3.20 Renewable energy plays a key role in decarbonizing the country's energy systems in the coming decades. The renewable energy consumption score for Zimbabwe (84.4) is second highest to DRC (96.2) amongst the comparator countries as shown in Figure 23.

Figure 23: Renewable Energy Consumption Scores, 2024



Source: WEF

3.3.21 The high renewable energy consumption by the country emanates from the many initiatives that are being undertaken by Government to promote transition to clean energy. For instance, in the Renewable Energy Policy, the country developed guidelines to ensure that by 2030, Zimbabweans have access to affordable, reliable and modern energy services. This is being implemented through increasing the share of renewable energy in the country`s energy mix towards improving energy efficiency. The Policy provides for several incentives, such as

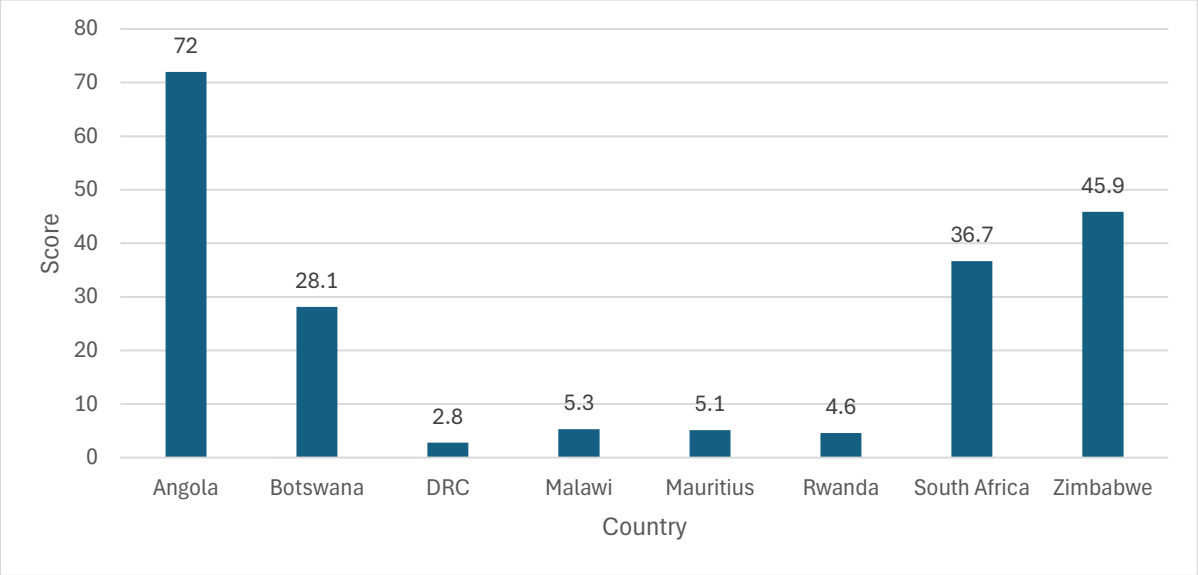
guaranteed payments, tax holidays and duty-free imports, among others, that have been put forward to the Independent Powers Producers (IPPs). The incentives are offered to IPPs with the primary objective of increasing the country's power generation capacity that is expected to increase industry's capacity utilisation, productivity and competitiveness.

Financial Ecosystem

3.3.22 While the slow pace of decarbonization and high levels of waste undermine the performance of most countries there are suboptimal levels of climate finance essential to decarbonization and meeting net-zero targets. Investment in renewable energy is a critical avenue to bridge the energy gap and limit the environmental impacts of future growth. However, the level of renewable energy investments remains insufficient in Zimbabwe and is closely related to the lagging progress on the diversification of the energy mix and reduction of carbon emissions. In many cases, green finance is either unavailable or investments in renewable energy fall short of what it would take to put the planet on a sustainable trajectory. Zimbabwe, for example, has a funding gap of $4.8 billion for large-scale solar projects (UNDP, 2024).

3.3.23 Zimbabwe has the second highest score of 45.9 after Angola (72) as shown in Figure 24 amongst comparator countries in terms of renewable energy investments. The high level of investments is buttressed by the many initiatives that the country is taking and attract investments in renewable energy. Such investments are expected to boast industrial output and productivity.

Figure 24: Investments in Renewable Energy Scores, 2024



Source: WEF

3.3.24 Some of the initiatives that have been taken by the Government include the following, among others:

- Public awareness campaigns to educate the public on the benefits of using cleaner fuels such as Liquid Petroleum Gas (LPG); and
- Zimbabwe launched the Renewable Energy Fund (REF) in September 2024 designed to overhaul the nation's energy infrastructure and address climate change challenges.

Technology Ecosystem

3.3.25 Technology ecosystem encompasses green patents and environmental trade technology. Technological development is one of the factors limiting countries from incorporating environmental sustainability into their economic systems. Green technologies are being developed and adopted at a much slower pace than needed to achieve global climate targets and accelerate the green transition.

Green Patents

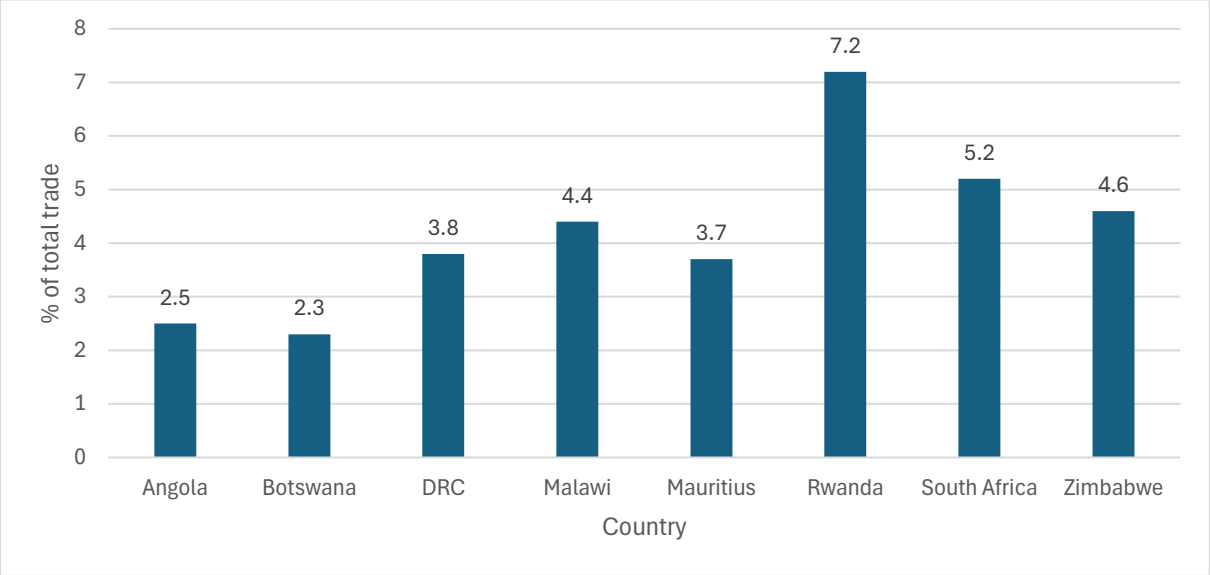
3.3.26 In an era where environmental sustainability has become a global imperative, the role of green patents in fostering innovation cannot be overstated. Green patents, which encompass a range of technologies aimed at reducing environmental impact, are pivotal in the transition towards a more sustainable future.

3.3.27 Zimbabwe has no green patents just like most of the comparator countries. It is therefore imperative for the Government to incentivise inventors. Only two (2) countries in SADC vis-à-vis South Africa (16) and Mauritius (1) have green patents. It is the core responsibility of the Government to encourage inventors to come forward with their technologies and grant them exclusive rights. This will help create innovative, new technologies in meeting environmental challenges, while further fostering a culture of innovation and continuous improvement. Innovation and continuous improvement are critical for the enhancement of industrial productivity and the country's competitiveness.

Environmental Technology Trade

3.3.28 Climate change is adversely affecting what countries can produce and export. Agriculture-dependent countries such as Zimbabwe are extremely vulnerable to weather patterns and need green-tech solutions to adapt. Access to new technologies, enabled by global trade systems, can help build their economic resilience. Thus, environmental technology trading becomes vital for countries such as Zimbabwe where access to new technology enables the country to enhance competitiveness and achieve sustainable economic growth. Figure 25 depicts the environmental technology trade as a percentage of total trade for Zimbabwe and comparator countries.

Figure 25: Environmental Technology Trade as a % of Total Trade Scores, 2024



Source: WEF

3.3.29 The environmental technology trade for Zimbabwe accounts for 4.6% of its total trade. The country is doing well on this indicator as it is ranked third among the comparator countries.

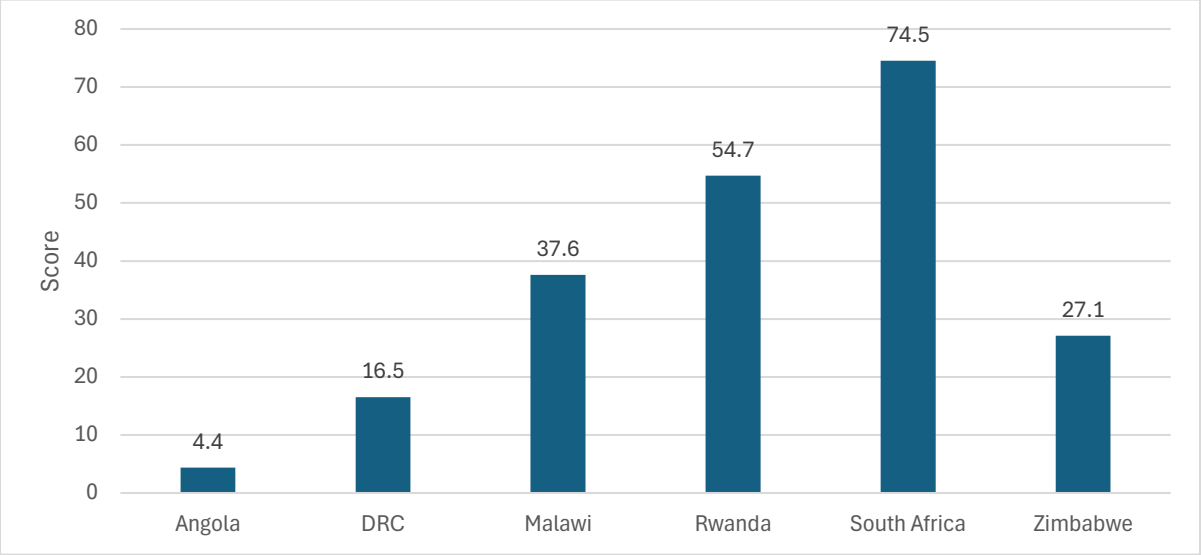
Institutional Ecosystem

3.3.30 The institutional ecosystem encompasses energy efficiency regulations and renewable energy regulations.

Energy Efficiency Regulations

3.3.31 Energy efficiency regulations help drive the implementation of projects that minimize or reduce energy use during the operation of a system or machine and/or production of a good or service. Energy efficiency is widely accepted as a cost-effective method of reducing air pollution and improving business economic performance. To make business operations more energy-efficient, most countries have put in place legislations to achieve the objective of energy efficiency. Figure 26 depicts energy efficiency regulations scores for Zimbabwe against comparator countries.

Figure 26: Energy Efficiency Regulations Scores, 2024



Source: WEF

3.3.32 Zimbabwe scored 27 out of 100, which is lower than Malawi (37.6), Rwanda (54.6) and South Africa (74.5). This implies that the country's energy efficiency regulations do not promote energy efficiency use in businesses. The country is therefore encouraged to prioritise developing an energy efficiency regulatory framework as well as setting up a fund to support energy efficiency programmes to enhance competitiveness.

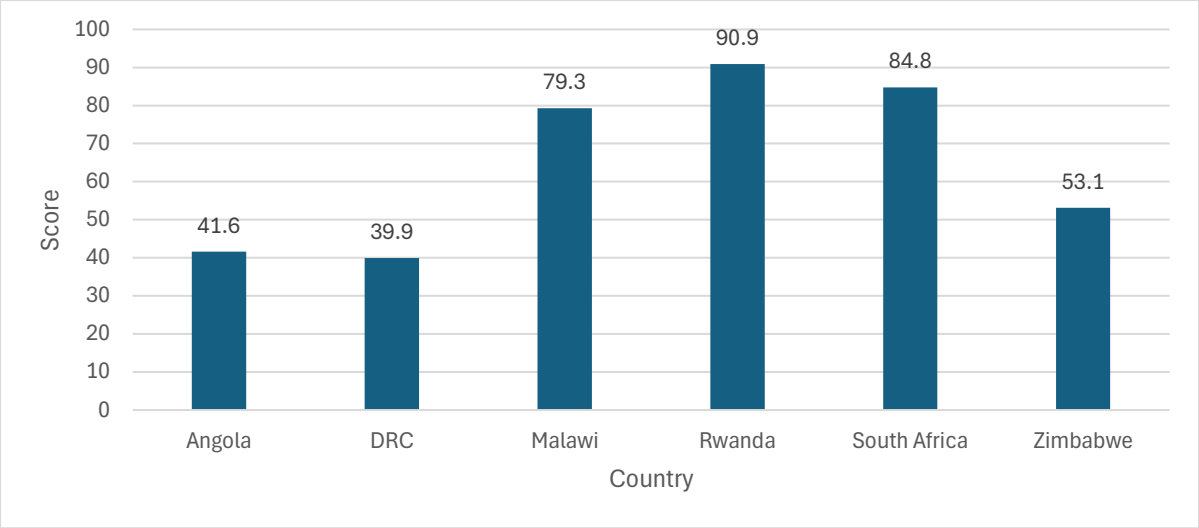
Renewable Energy Regulations

3.3.33 There are several legislative requirements important for environmental management of the energy sector. While the market influences much of the transition required for adoption of efficiency measures and the use of renewable energy resources, regulations are needed to accelerate this transition. These regulatory measures are necessary given that the market is inadequate to provide for the society's environmental, safety and health needs.

3.3.34 While Zimbabwe has come up with the National Energy Policy (2012), the National Renewable Energy Policy (2019) and Energy Efficiency Policy (draft) to guide electricity generation and investments in renewable energy, more still needs to be done in terms of the regulatory

framework. Figure 27 depicts renewable energy regulations scores for Zimbabwe against comparator countries.

Figure 27: Renewable Energy Regulations Scores, 2024



Source: WEF

3.3.35 Zimbabwe scored 53.1 out of 100 compared to Malawi (79.3), South Africa (84.8) and Rwanda (90.9) in the renewable energy regulations. The country's performance is fair, implying that the regulatory framework and policies are in place. However, there is need to expedite implementation of the existing policies and programmes to ensure energy efficiency use to enhance productivity and competitiveness.

3.4 Conclusion

3.4.1 Evidence has shown that environmentally sustainable countries are better equipped to deal with global challenges, attract investment, and create long-term economic growth and development. Increased investment and sustained economic growth are key in ensuring improvement in standards of living, increase in worker productivity and enhancement of national competitiveness.

3.4.2 The implementation of mitigatory measures to reduce GHG emissions in Zimbabwe are in line with SDG3 and 11, African Union Agenda 2063 and COP goals on climate change. These are

expected to bring substantial human health benefits, which are associated with reduction in air pollution and the adverse per capita environmental impact of cities. Such measures are expected to ensure a healthy and productive population resulting in increased competitiveness.

3.5 Kery Findings and Proposed Recommendations

3.5.1 Strong Sustainability Performance

Recommendation:

Continued implementation of environmental sustainability programmes and initiatives in line with global developments.

3.5.2 High Renewable Energy Consumption

Recommendations:

- *Collaborate with international organizations, universities and the private sector to develop training programmes for renewable energy sectors to ensure that workers have the relevant skills to meet global sustainability standards.*
- *Provide incentives to inventors to create new technologies that respond to environmental challenges while fostering a culture of innovation and continuous improvement.*

3.5.3 Low Greenhouse Gas Emissions

Recommendations:

- *Outsource green financing from international financial institutions such as the Green Climate Fund (GCF), and incentivise private sector investment through tax credits, grants and PPPs.*
- *Continued stakeholder awareness campaigns on the use of clean and affordable sources of energy*

3.5.4 Low Buyer Sophistication on Environmental Products

Recommendations:

- *Align the country's education system with the growing demand for green skills. This involves incorporating sustainable energy and climate change courses across all educational levels particularly in technical fields, ensure a skilled workforce capable of supporting a green transition.*
- *Collaborate with international organisations, universities and the private sector to develop training programmes for renewable energy sectors to ensure that workers have the relevant skills to meet global sustainability standards.*

3.5.5 Gaps in Energy Efficiency Regulations

Recommendation:

- *Government to continue supporting renewable energy IPPs through Government Implementation Agreements to facilitate financial closure.*
- *Government to leverage on the Mutapa Investment Fund, invest in strategic sector investments to create long-term sustainable value in sectors which include mining, energy and manufacturing.*
- *Government to continue with the extended VAT deferment facility to the energy sector.*
- *Government to continue assessing and outsourcing green financing from international institutions such as the Green Climate Fund (GCF) and incentivising private sector participation through tax credits, grants, and promoting public–private partnerships (PPPs).*
- *Government to introduce Energy Efficiency Loan Schemes, where low interest loans or credit guarantees can be offered to businesses and households looking to upgrade industrial processes with energy-efficient solutions.*
- *Government to stablish an Integrated Energy Efficiency Fund which will provide a structured financial mechanism to support large-scale energy efficiency projects. This fund is envisaged to pool resources from international donors, local investors, and government contributions, ensuring a steady flow of capital for both infrastructure upgrades and community level initiatives.*

CHAPTER FOUR: RESILIENCE

4.1 Introduction

4.1.1 The global economy has been subjected to various natural and human-induced disasters in the past three decades and this escalated debate on an economy's ability to rebound. Natural and human-induced disasters often harm productivity and competitiveness. Zimbabwe is no exception, as it also endures climate change-related challenges (cyclones, floods, storms and droughts), epidemic diseases (polio outbreak, cholera outbreak, malaria, measles), fire outbreaks as well as human-induced hazards inclusive of mining & transportation accidents and social polarization in addition to the lingering after-effects of the COVID-19 pandemic and global geopolitical tensions. There is also a new threat of African m-pox. All these distort the normal functioning of the economy, hence the need to improve the country's resilience to enhance productivity and competitiveness. The dramatic global disruptions triggered by the COVID-19 pandemic pushed the concept of resilience rapidly to the forefront.

4.1.2 Resilience is how an economy's trajectory can withstand and bounce back from both internal and external shocks. On the other hand, the Food and Agriculture Organization (FAO) describes resilience at the micro level as the capacity of individuals, households, and communities to prevent, foresee, withstand, adapt, and positively transform during crises. This is achieved while preserving an adequate level of functioning and not jeopardizing the long-term possibilities for sustainable development.

4.2 Building Zimbabwe's Resilience to Safeguard Productivity and Competitiveness

4.2.1 Developing countries, such as Zimbabwe are more vulnerable and exposed to external shocks due to the following factors:

- *Trade openness* - Openness to trade is a key factor in driving economic growth and competitiveness. However, heavy reliance upon international trade means that even small trade shocks have a large domestic impact, leading to high growth volatility;
- *Export concentration* - Dependence on a narrow range of exports gives rise to risks associated with a lack of diversification, international commodity price fluctuations and

exacerbates vulnerability associated with economic openness. Given that Zimbabwe's exports are mainly commodities[12], the country is highly exposed to global shocks;

- *Strategic import dependence* - High dependence on strategic imports such as food, electricity or fuel, which are very price and income-inelastic makes the country more vulnerable and uncompetitive; and
- *Proneness to disasters* - Zimbabwe is very prone to extreme weather conditions such as droughts, floods and cyclones among others. The country is also prone to human induced disasters such as mining accidents, transport accidents and fires, among others. This creates economic shocks and exacerbates the effects of external shocks, hence negatively affecting productivity and competitiveness.

4.2.2 Building resilience across all sectors of the economy is key in mitigating these negative effects of economic shocks towards achieving high levels of productivity and competitiveness. To achieve a robust economic resilience, Government is encouraged to implement policies in the following order:

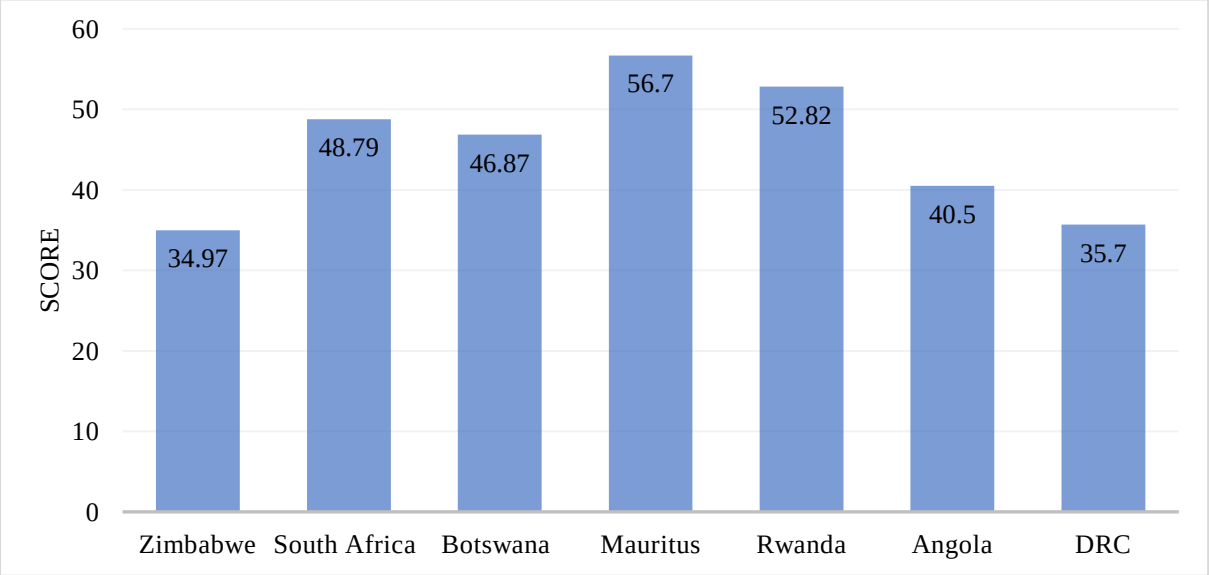
- Preventing the build-up of potential vulnerabilities;
- Preparing to absorb shocks when they occur; and
- Developing the ability to engineer a swift rebound from those shocks.

4.3 Zimbabwe's Resilience Performance

4.3.1 Resilience from an economic perspective refers to the capacity of an economy to effectively absorb and recover from various challenges and disruptions, ensuring stability and continued growth. Figure 28 shows Zimbabwe's resilience against comparator countries.

[12] According to Zimstat (2024), Zimbabwe's main exports for January 2024 were tobacco (24.5%), semi-manufactured gold (24.2%) and nickel ores and concentrates (11.9%).

Figure 28: Zimbabwe's Resilience Score against Comparator Countries, 2024



Source: WEF

4.3.2 Mauritius is the most resilient economy, followed by Rwanda, South Africa and Botswana. Zimbabwe is the least competitive, requiring the most time to recover from an economic shock.

4.3.3 The indicators weighing down on lower-middle-income countries' (like Zimbabwe) resilience shows that healthcare capacity and financial stability are the major indicators impeding the countries' capacity to rebound. Therefore, Zimbabwe is encouraged to improve its healthcare systems and financial stability to be more resilient and enhance competitiveness.

Talent Ecosystem

4.3.4 Resilience talent ecosystem refers to the interconnected framework of skills, education, workforce development, and employment opportunities that support the country's adaptive, absorptive and transformative capacities to enhance competitiveness. It plays a crucial role in driving resilience and competitiveness by fostering diverse skills, continuous learning, collaboration, and entrepreneurship. This enables organizations and communities to navigate challenges effectively, innovate, and thrive in a complex and evolving economic landscape.

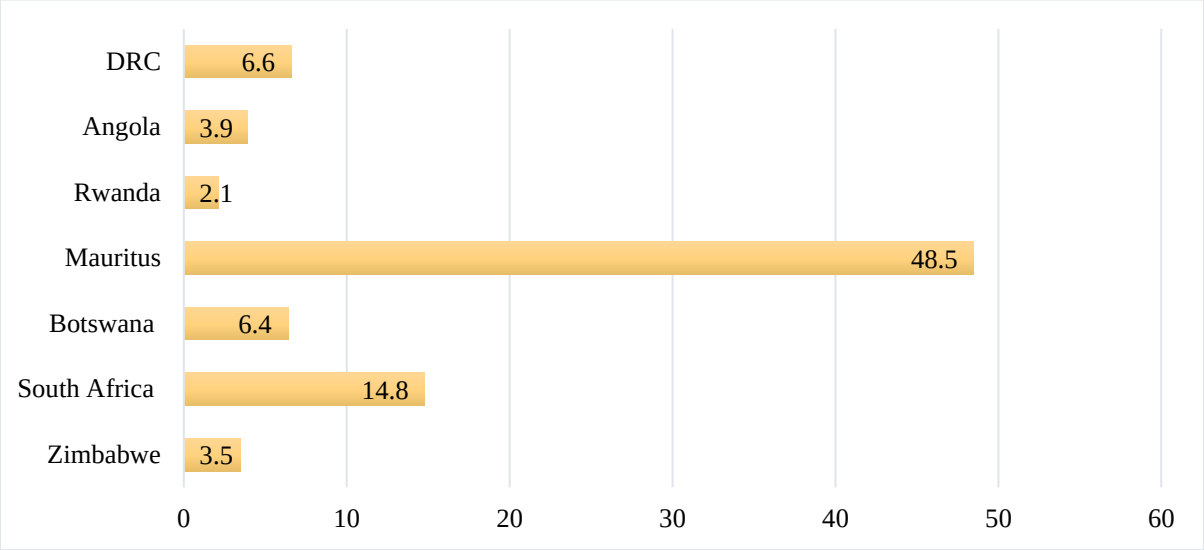
4.3.5 Talent ecosystem is measured by number of health workers per 10 000 population, fill vacancies by hiring foreign labour and investment in reskilling.

Health Workers/ 10 000 Population

4.3.6 As health is a key component of human capital, healthcare capacity in responding to risk factors contributes to a resilient human capital ecosystem. To improve resilience in the health care delivery system, Zimbabwe launched a Health Resilience Fund (HRF) in 2023, which is a pooled development partner funding mechanism that seeks to accelerate progress towards achieving Universal Health Coverage (UHC). The partners include the European Union, Governments of Ireland & United Kingdom, Gavi, and the Vaccine Alliance. In July 2024, the HRF handed over critical medical equipment and supplies to the Ministry of Health and Child Care (MOHCC) worth USD$9.2 million procured through the technical support of the United Nations Population Fund (UNFPA) and the United Nations Children's Fund (UNICEF). This milestone improved the health infrastructure and medical supplies.

4.3.7 One big challenge is that Zimbabwe's health sector is facing critical shortages of skilled healthcare workers, medicines and is operating with inadequate and dilapidated health infrastructure. Zimbabwe is one of the low-income countries in which the number of health workers is less than WHO threshold of 23 per 10 000 people, making essential health services difficult to deliver. Health professionals, measured by health workers per 10,000 population weighed the country's health system resilience down in 2024 as shown in Figure 29.

Figure 29: Health Workers/ 10 000 Population Scores, 2024



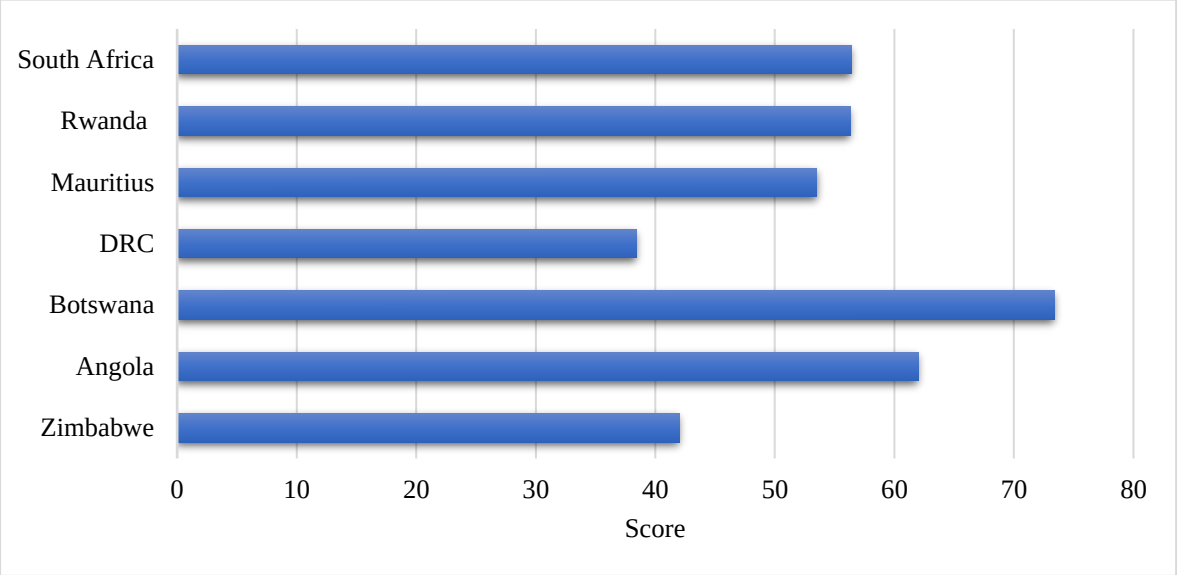
Source: WEF

4.3.8 Zimbabwe's performance of 3.5 compared to 48.5 for Mauritius, 14.8 for South Africa and 6 for Botswana in 2024 implies that the country's health system is less resilient.

Fill Vacancies by Hiring Foreign Labour

4.3.9 This indicator measures the possibility of a country to use foreign labour to limit talent availability shortages. In cases of shortage of certain skills locally, foreign labour can make up for the missing talent in an economy. Figure 30 indicates Zimbabwe's capacity to fill vacancies by hiring foreign labour against comparator countries.

Figure 30: Fill Vacancies by Hiring Foreign Labour Scores, 2024



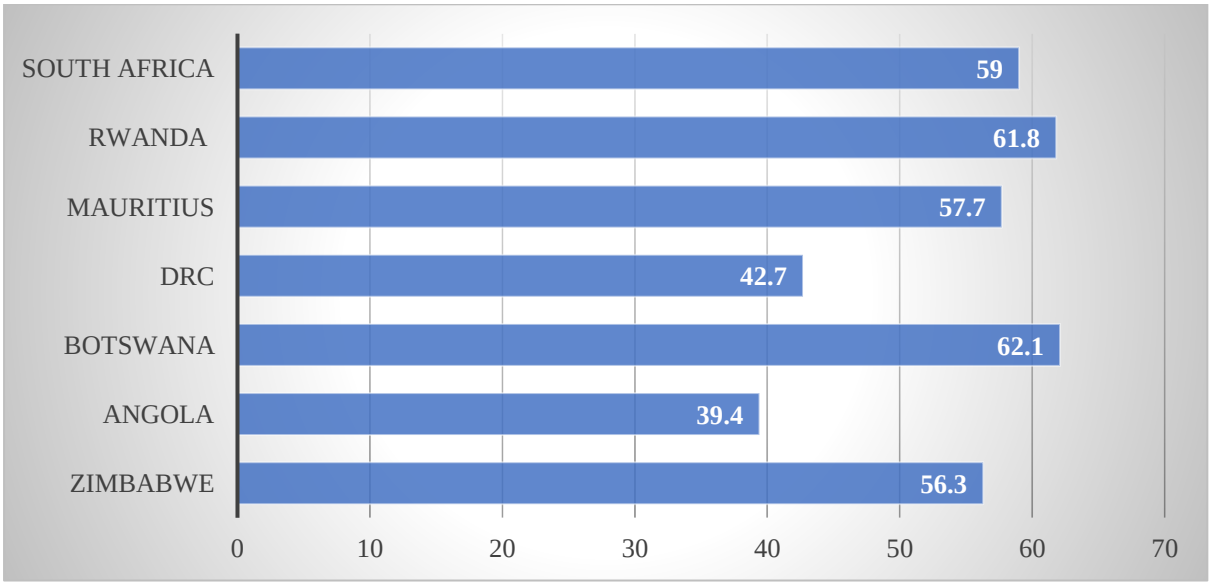
Source: WEF

4.3.10 The graph shows that Zimbabwe's possibility of hiring foreign labour is higher than that of DRC and lower than all other comparator countries. It is important to note that Zimbabwe has abundant talent and therefore little impetus to hire foreign labour. However, the poor working conditions and failure to provide a living wage hinders the country's ability to hire foreign labour, making it less resilient and uncompetitive.

Investment in Reskilling

4.3.11 The indicator measures the extent of reskilling programmes in an economy. Reskilling allows for making the workforce resilient to industry shocks and re-deploying workers across tasks and sectors. The higher the investment in reskilling, the more resilient is the labour force to industrial shocks, and hence competitiveness. Figure 31 shows Zimbabwe's investment in reskilling scores against comparator countries.

Figure 31: Investment in Reskilling Scores, 2024



Source: WEF

4.3.12 Zimbabwe's score of 56.3 against 62.1, 61.8, 59 and 57.7 for Botswana, Rwanda, South Africa and Mauritius, respectively, shows that the country is equally resilient and competitive. This is attributed to the country's enhanced investment in tertiary education institutions since independence and provision of scholarships such as the Government-to-Government scholarships.

4.3.13 Evidence has shown that Zimbabwe has got talent, however, more incentives such as provision of living wages, better working conditions and improved investment in value addition to create more formal employment opportunities that boost productivity and competitiveness are needed.

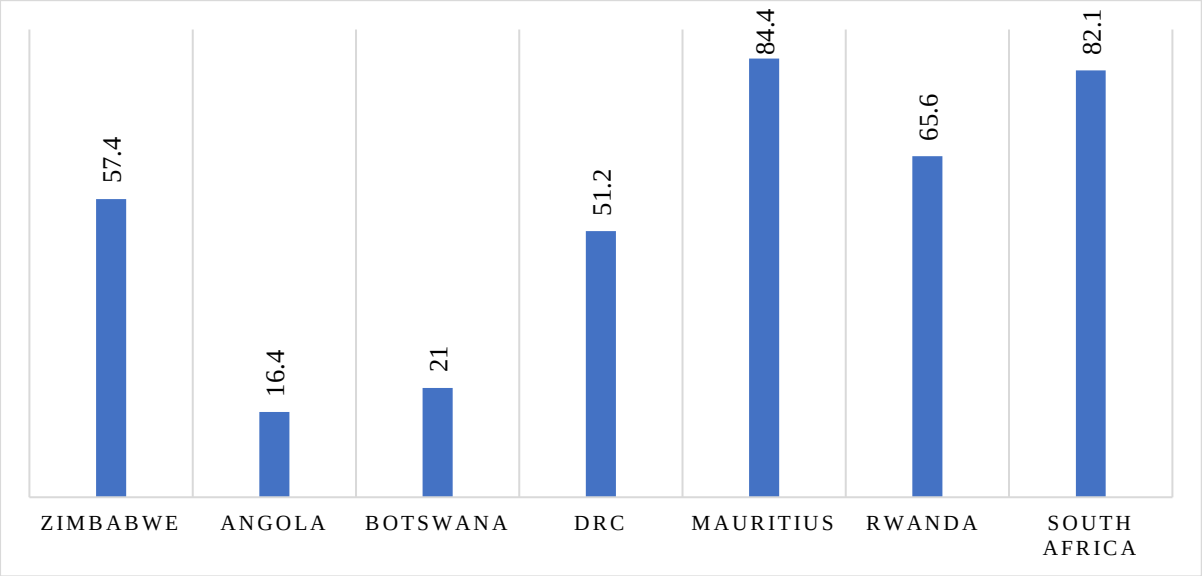
Resource Ecosystem

4.3.14 Resilience resource ecosystem refers to the interconnected network of natural, social, and economic resources that support and sustain communities and businesses. The resource ecosystem is measured through export product concentration, energy source diversification and infrastructure quality.

Export Product Concentration

4.3.15 The indicator measures economic over-reliance on a single type of product/ sector. Economies that produce multiple goods that can withstand international competition and exports are less exposed to sector-specific shocks. Zimbabwe has a narrow range of exports hence the need to diversify the export basket to improve resilience and competitiveness. Figure 32 depicts Zimbabwe's export product concentration score against comparator countries.

Figure 32: Export Product Concentration Scores, 2024



Source: WEF

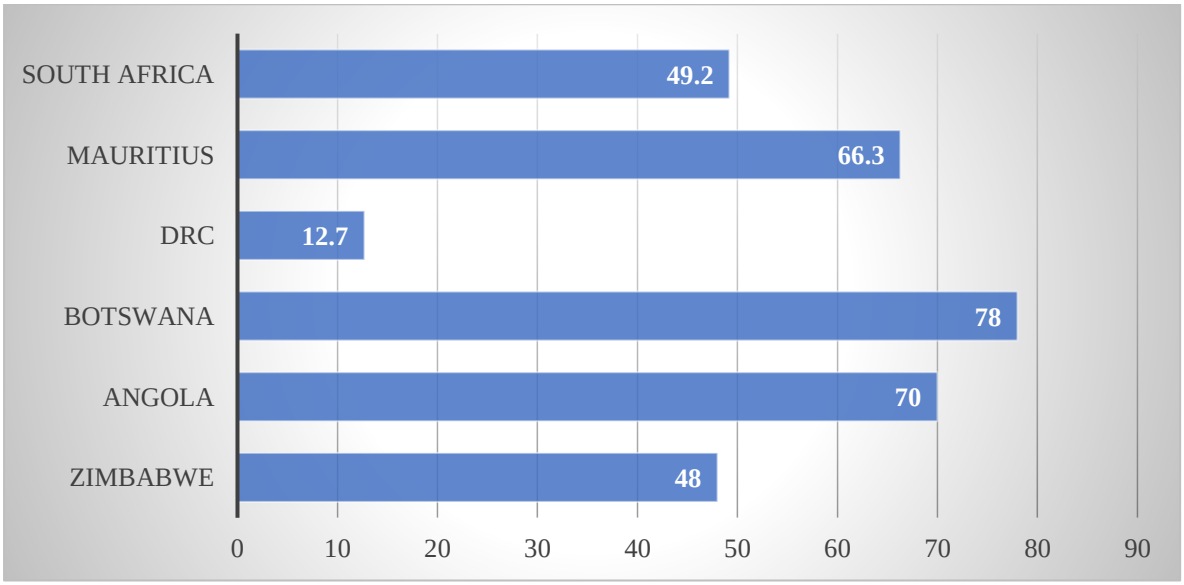
4.3.16 Zimbabwe's performance is satisfactory, having an export product concentration of 57.4 above Angola (16.4), Botswana (21) and DRC (51.2). Given that Zimbabwe has huge potential to diversify its export basket, investment in value addition of local products such as indigenous fruits, horticulture products and beneficiation of minerals, among others, should be encouraged to improve resilience and enhance competitiveness.

Energy Source Diversification

4.3.17 Energy source diversification is a measure of an economy's capacity to adapt to energy shocks. A diversified energy system across types of energy sources prevents energy shortages (and thus

resilient energy supply) in case of a shock in one specific energy source. Figure 33 indicates Zimbabwe's energy source diversification score against comparator countries.

Figure 33: Energy Source Diversification Scores, 2024



Source: WEF

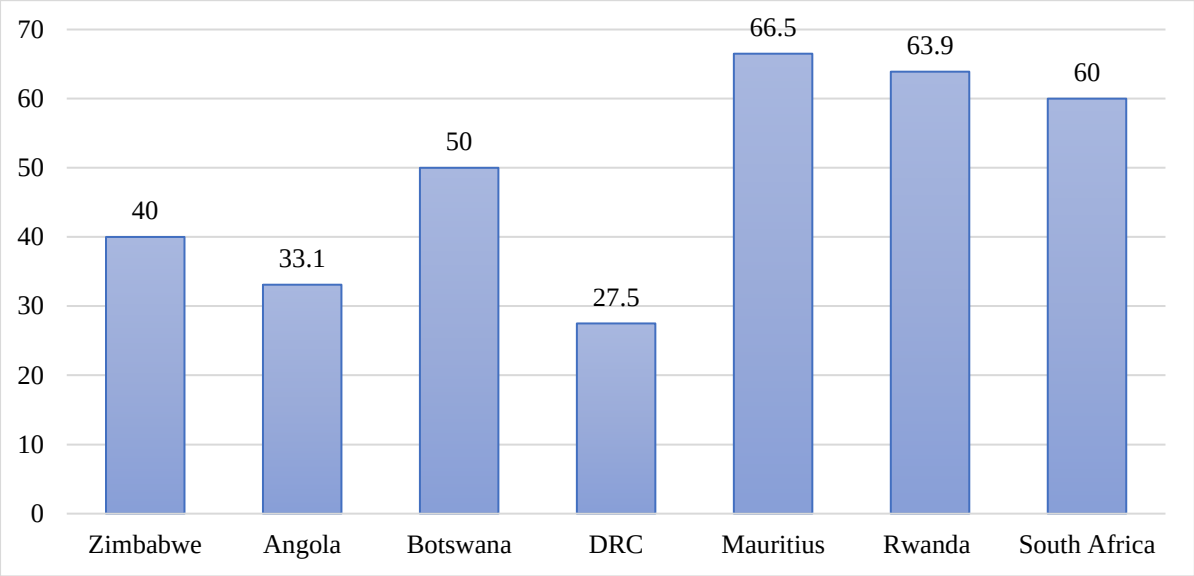
4.3.18 Botswana has the most diversified energy source, followed by Angola, Mauritius and South Africa. To enhance competitiveness, Zimbabwe is encouraged to tap into other alternatives such as solar, where the country receives ample sunlight averaging 6 solar hours per day throughout the year, making solar energy a highly viable option. The Government has encouraged investment in solar technology by providing duty free imports guaranteed payments, tax holidays on solar equipment. Government also provides opportunities for both large-scale solar farms and decentralized solar systems for households and businesses.

4.3.19 According to Zimbabwe's National Renewable Energy Policy, the country has vast renewable energy resources that are underutilised and present a huge scope for investment in solar, hydro, wind and biomass, which includes bagasse (sugarcane based), sawmill waste, biogas and forestry waste. Investment in these sources improves the country's resilience to sector specific disasters such as droughts among others.

Infrastructure Quality

4.3.20 Infrastructure quality measures the average status of transport services. Quality of transport and energy infrastructure is an enabler of economic activities, which allows efficient movement of goods, people and services. A high score implies that the country has a better-quality transport infrastructure and is more competitive. Figure 34 shows Zimbabwe's infrastructure quality score against comparator countries.

Figure 34: Infrastructure Quality Scores, 2024



Source: WEF

4.3.21 Zimbabwe's transport infrastructure quality of 40 is below its comparator countries of 66.5, 63.9 and 60 for Mauritius, Rwanda and South Africa, respectively. Government efforts are underway through the Emergency Road Rehabilitation Programme (ERRP) to improve the state of the country's roads nationwide. Government also extended the State of Disaster of the country's road infrastructure to 31 December 2026 through Statutory Instrument 151 of 2024, to ensure nationwide coverage.

4.3.22 The railway system, once a critical transport mode for goods and passengers, has suffered from underinvestment and maintenance. While it remains an important part of the logistics network, operational efficiency is very low, hindering the resilience of the country's transport services.

Zimbabwe also upgraded the Robert Gabriel Mugabe International Airport, among others, to improve its operational efficiency. These efforts are meant to improve the country's transport infrastructure resilience, and country's competitiveness.

Financial Ecosystem

4.3.23 The financial ecosystem is measured by bank concentration, financial sector resilience and bank system default risk. Government has undertaken several measures to improve the resilience of the country's financial sector as follows:

- *Recapitalization of Financial Institutions* - Government has required banks and other financial institutions to increase their capital levels to enhance their ability to withstand shocks and absorb losses, thereby enhancing competitiveness;
- *Strengthening Regulatory Framework* - The RBZ continues to implement stricter regulations and supervision to improve corporate governance, risk management, and compliance within the financial sector;
- *Deposit Protection Scheme* - The Deposit Protection Corporation (DPC) was established to insure deposits or to safeguard depositors from high levels of bank failures, providing a safety net for customers and promoting confidence in the banking system. Sustainability Standards and Certification Initiatives (SSCI) are new international standards to help with financial industry renewal under dynamic and volatile environments. SSCI is being driven by the European Organisation for Sustainable Development. Successful implementation of SSCI will not only enhance the reputation of the country's financial sector but also contributes to a more resilient and sustainable economy. The RBZ reports that as of June 30, 2024, fourteen (14) banks and one (1) microfinance institution were actively participating in the SSCI programme;
- *Diversification of Financial Products* - Efforts are underway to encourage the development of a wider range of financial instruments, such as long-term bonds, derivatives, and insurance products, to enhance the depth and resilience of the financial markets;
- *Digitalization and Financial Inclusion* - Government is promoting the adoption of digital financial services and mobile money to reach unbanked and underserved

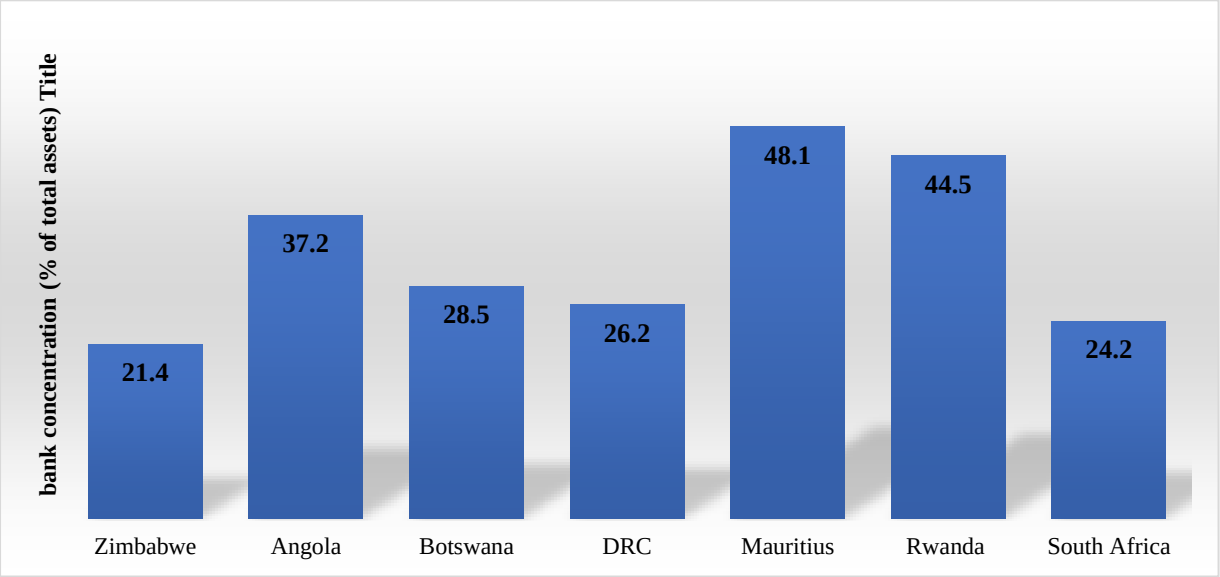
segments of the population, improving financial sector accessibility, resilience and competitiveness;

- As at 31 December 2024, 18 out of 19 banking institutions were well capitalised with core capital above the minimum regulatory capital requirement and strong asset quality);
- The banking sector remained safe, sound and profitable, and continued to contribute to the inclusive and sustainable economic growth;
- The national payment system also remained secure, safe and efficient with steady transaction growth indicating a healthy financial environment;
- *Non-Performing Loans (NPL)* – The Government has made considerable progress taming NPLs at 3.67% as of December 2024, achieving the target of maintaining the rate at below World benchmark of 5%. This helps strengthen the financial sector performance, profitability and resilience;
- *Management Information Systems and Registries (MIS&R)* operationalized with the primary mandate of promoting efficient, timely and accurate credit information sharing, thereby enhancing credit risk management and fostering credit discipline in the market, which are key in improving resilience of the financial system; and
- *Risk Management and mitigations* - Government is working on enhancing the financial sector's preparedness and responsiveness to potential crises, including through the development of contingency plans and stress testing mechanisms.

Bank Concentration

4.3.24 Bank concentration is measured as the percentage of total assets held by the largest banks in a country. The higher the concentration of financial activities in a few large banks, the lower is the resilience. Concentration of financial activities in few large banks creates incentives that lead to a less resilient financial system, thereby compromising national competitiveness of the financial system. Figure 35 shows the bank concentration scores for Zimbabwe and comparator countries.

Figure 35: Bank Concentration Scores, 2024



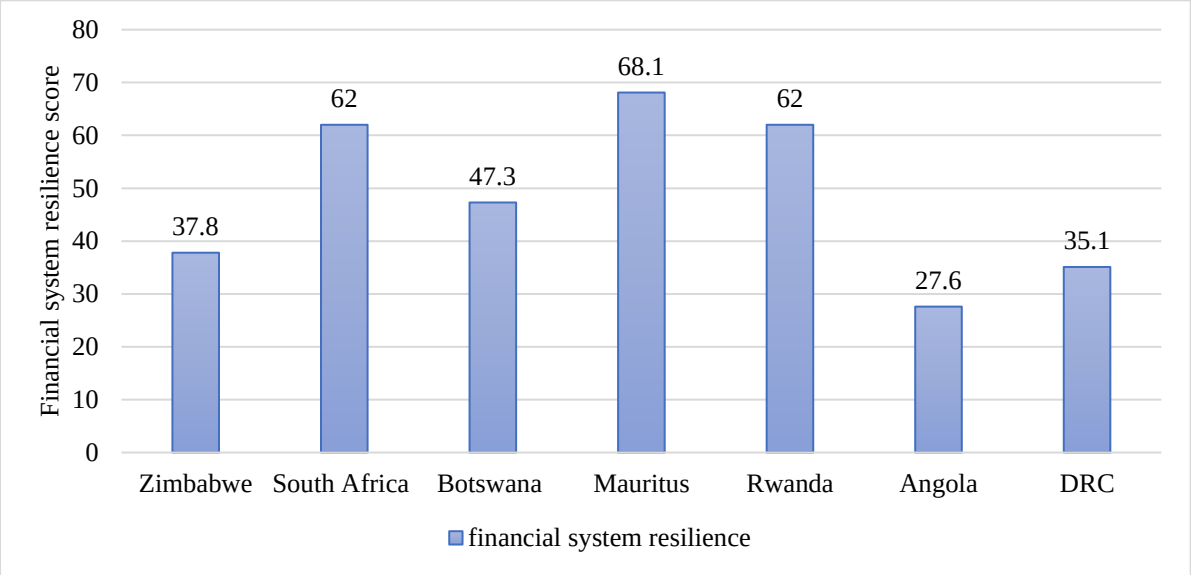
Source: WEF

4.3.25 Zimbabwe has a relatively high bank concentration, with the largest banks holding a significant share of total banking assets, making the country less resilient compared to its comparator countries.

Financial Sector Resilience

4.3.26 This indicator measures the capacity of financial sector to withstand economic shocks. The higher the capacity of financial sector to withstand economic shocks, the more competitive is the sector. Figure 36 shows Zimbabwe's financial sector resilience scores against comparator countries.

Figure 36: Financial Sector Resilience Scores, 2024



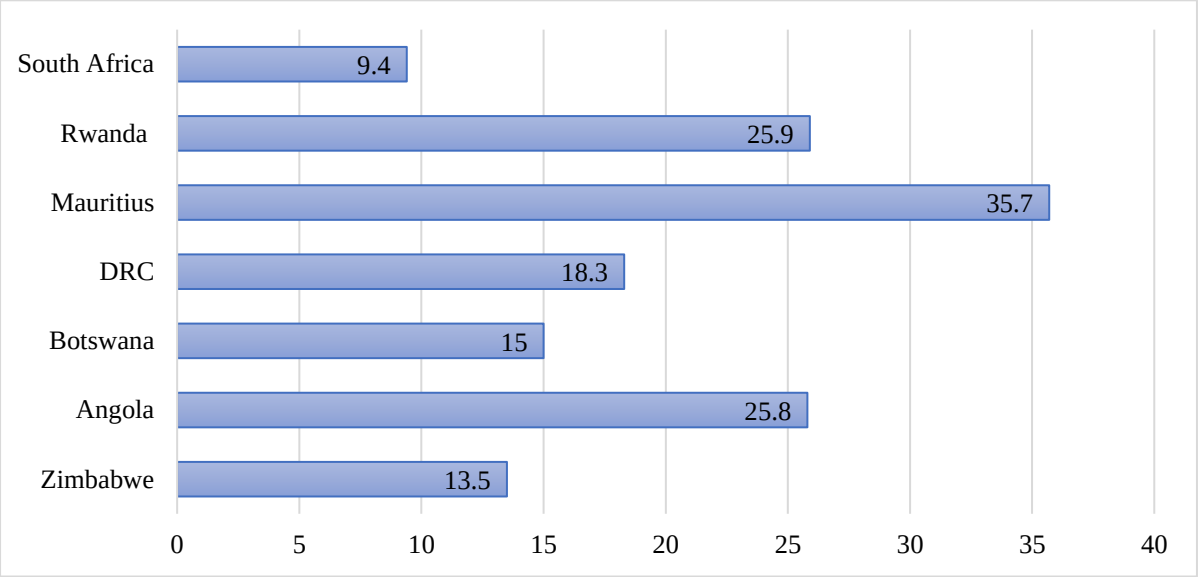
Source: WEF

4.3.27 Zimbabwe's financial system is more resilient than Angola and DRC. However, a score of 37.8 on financial system resilience is too low compared to 68.1 for Mauritius, and 62 for South Africa and Rwanda, implying that the country's financial system is less competitive.

Bank System Default Risk

4.3.28 The indicator measures the robustness of the banking sector. A well-capitalized banking sector contributes positively to an economy's financial resilience by being better equipped to respond to financial shocks. Figure 37 indicates Zimbabwe's bank system default risk against comparator countries.

Figure 37: Bank System Default Scores, 2024



Source: WEF

4.3.29 On the bank system default risk, Zimbabwe is among the least performing countries, hence the need to ensure robust implementation of a diversified and resilient financial sector that withstands economic shocks and reduce the bank system default risk to enhance competitiveness.

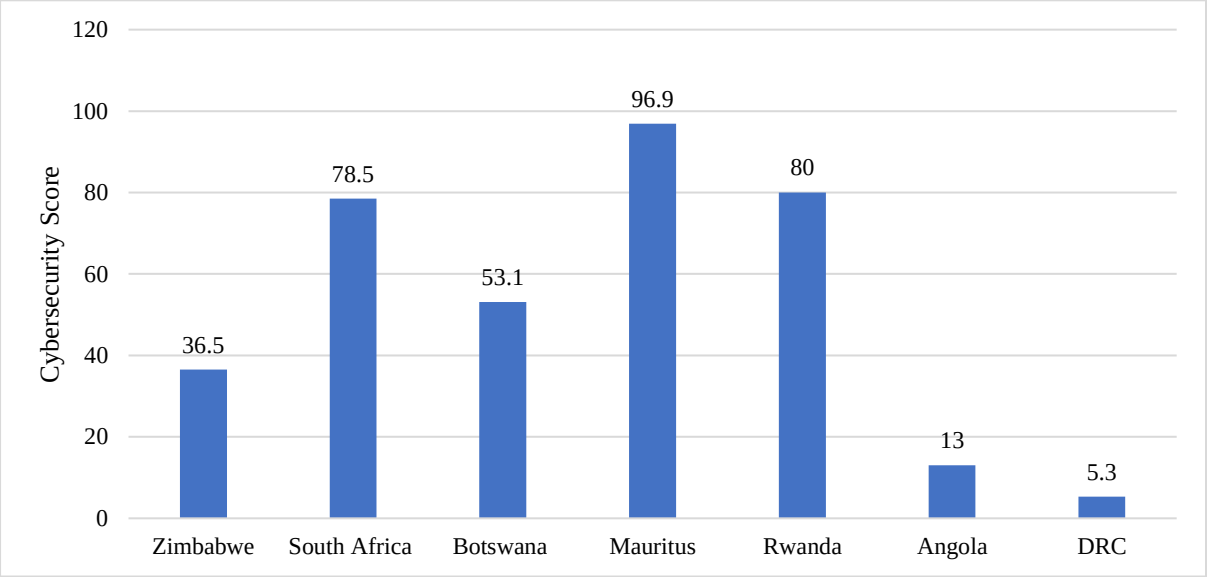
Technological Ecosystem

4.3.30 According to the World Bank, digital infrastructure is one of Zimbabwe's relative strengths. From 2018, Zimbabwe introduced innovation hubs across tertiary institutions, and they are easily accessible to academia and local inventors who would have developed novel ideas. Technological ecosystem is analysed using cybersecurity index and technology supply concentration.

Cybersecurity Index

4.3.31 The indicator measures ICT capital resilience to cyber-attacks. A country with a high cybersecurity score is more resilient and competitive. Figure 38 shows Zimbabwe's cybersecurity index score against comparator countries.

Figure 38: Cybersecurity Scores, 2024



Source: WEF

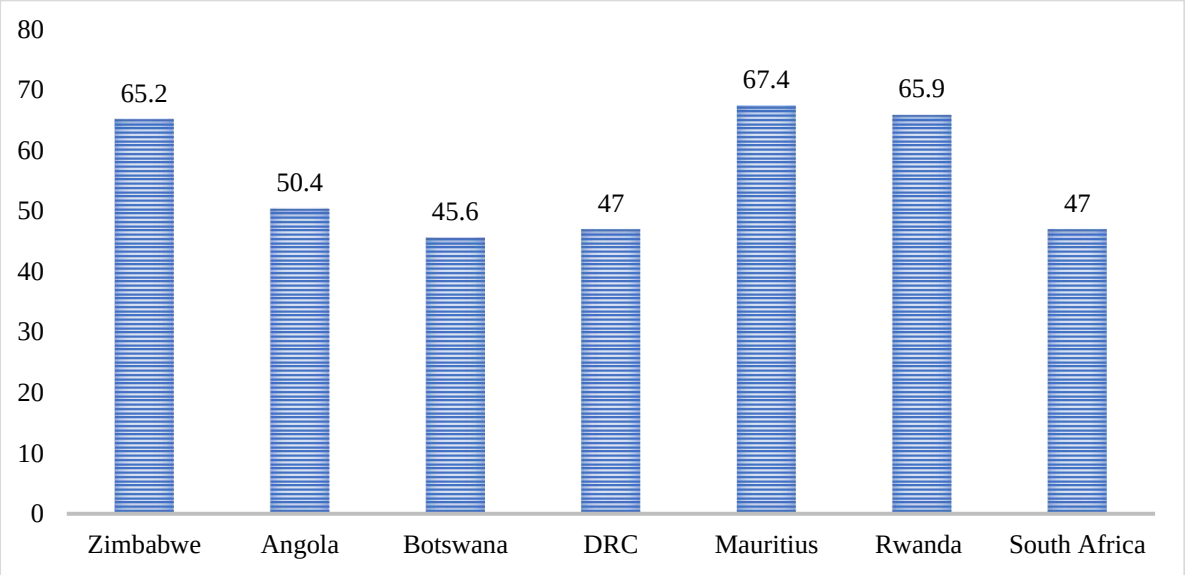
4.3.32 Zimbabwe scored 36.5 out of 100, compared to more resilient and competitive countries such as Mauritius (96.9), Rwanda (80), South Africa (78.5) and Botswana (53.1). However, the country performed better than Angola (13) and DRC (5.3).

4.3.33 Despite the promulgation of the Cyber and Data Protection Act of 2021, which created a new Data Protection Authority and Cyber Security Centre within the Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ), the Government is encouraged to expediate implementation of the related regulations to improve cybersecurity and competitiveness.

Technology Supply Concentration

4.3.34 Technology supply concentration measures the country's exposure to technology supply disruptions. The high concentration of technological resources and innovations within a few sectors, companies, or geographic areas, makes the country more exposed to sector specific and geographic disruptions, hence compromising resilience and competitiveness. The higher the score, the lower the concentration of technology supply. Figure 39 depicts Zimbabwe's technology supply concentration score against comparator countries.

Figure 39: Technology Supply Concentration Scores, 2024



Source: WEF

4.3.35 Zimbabwe scored 65.2 compared to 67.4; 65.9; and 50.4 for Mauritius, Rwanda and Angola. This implies that Zimbabwe's technological supplies are more resilient compared to Botswana, DRC, South Africa and Angola

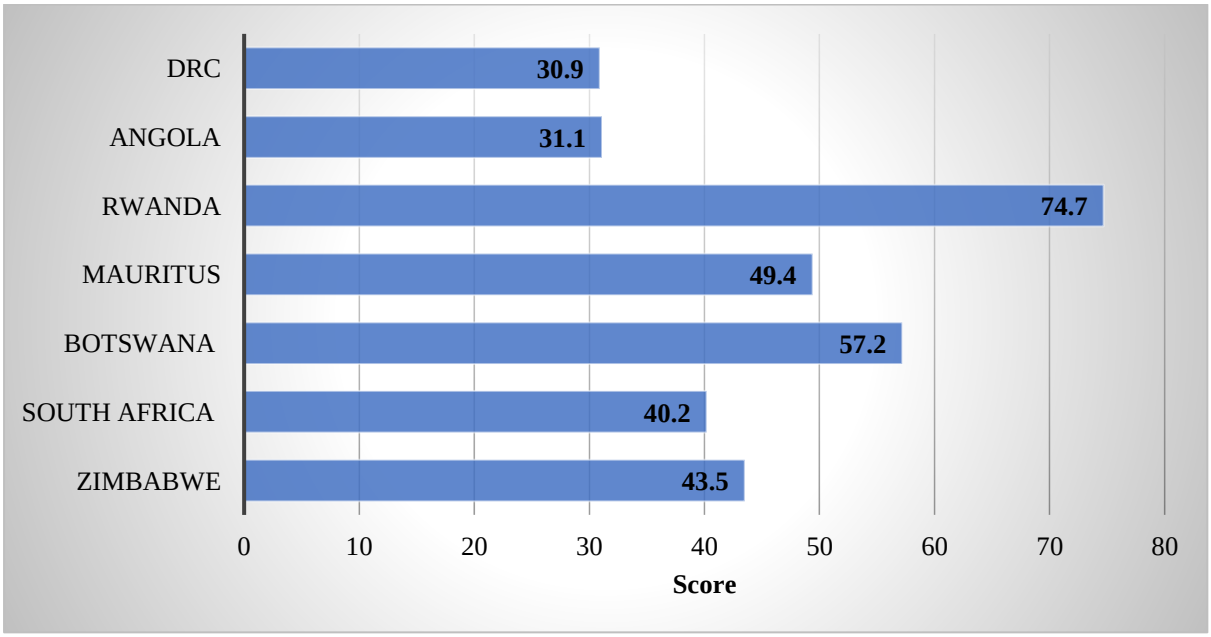
Institutional Ecosystem

4.3.36 Strong institutions have a positive bearing on the country's resilience and competitiveness. This indicator is measured by Government adaptation and environmental treaties.

Government Adaptation

4.3.37 The indicator measures the extent to which the State prepares for and dynamically adapts to crises and the extent to which it responds effectively to change (e.g., technological changes, societal and demographic trends, security and economic challenges). The higher the extent, the more resilient the country is. Figure 40 shows Government adaptation for Zimbabwe against comparator countries.

Figure 40: Government Adaptation Scores, 2024



Source: WEF

4.3.38 Figure 40 shows that Zimbabwe is quick to adapt to crises compared to Angola, DRC and South Africa. For instance, the Government intervened through provision of loans and grants to stallholders and traders affected by fire at the Mbare Market in October 2024. However, the country is slower than Rwanda, Botswana and Mauritius.

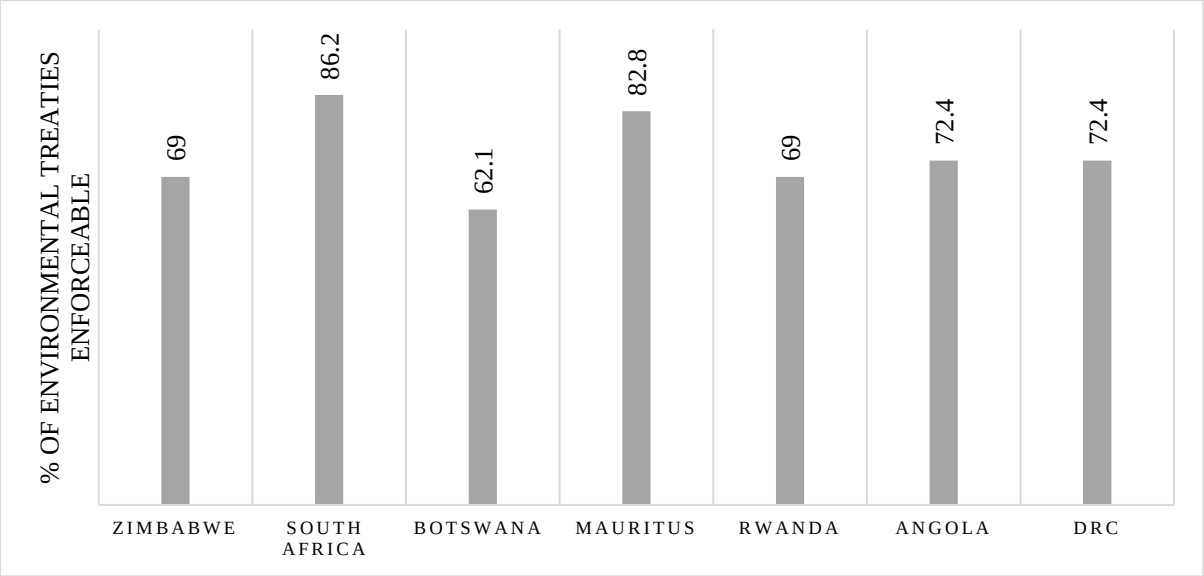
Environment Treaties

4.3.39 This proxy measures the number of environmental treaties entered into force in a country, out of the 29 existing international environmental treaties. The more the number of treaties enforceable, the greater the resilience. Zimbabwe is a member of several international and regional Multilateral Environmental Agreements (MEAs) that govern the management and utilisation of natural resources, climate change and the prevention of environmental pollution. MEAs are formal instruments that describe the environmental issues being addressed, the commitments of the Governments involved, and the institutional mechanisms to be established. This commitment is also seen in the ratification of several international and regional MEAs as well as domestication of treaties or commitments into national policies and legislation.

4.3.40 However, various factors have been noted affecting the effective implementation of action plans for compliance with MEAs as well as full domestication of these commitments into legislation frameworks considering turnaround periods taken to come up with legislation. Some of the challenges include capacity and resource constraints, as well as lack of systematic integration of environmental management plans and programmes into national developmental planning and budgetary frameworks. The inadequate resource mobilization largely hampers the efforts to fulfil MEAs commitments.

4.3.41 Figure 41 shows Zimbabwe's level of environmental treaties that are enforceable against its comparator countries.

Figure 41: Percentage of Environmental Treaties Enforceable Scores, 2024



Source: WEF

4.3.42 Out of the 29 existing international environmental treaties, 69% of them are enforceable in Zimbabwe, 86.2% in South Africa, and 82.8% in Mauritius. When compared, Zimbabwe's performance is satisfactory, hence improved institutional resilience. However, various factors

have been noted affecting the effective implementation of action plans for compliance with MEAs.

4.4 Zimbabwe's Strategic Sectors' Resilience and External Shocks

Agricultural Sector

4.4.1 Zimbabwe is an agro-based economy and was once the breadbasket of Africa. Approximately 80% of the rural population livelihoods are dependent on subsistence farming making them highly vulnerable to climate change-induced weather extremes and variabilities. In an endeavour to make agriculture more productive and sustainable, Government is implementing measures to increase resilience through the following strategies:

- Investment in agriculture insurance for small scale holder farmers to mitigate against drought;
- Subscribing to African Risk Capacity (ARC) Drought Insurance Policy;
- Setting up an agriculture fund to subsidize climate resilient inputs;
- Crop diversification and targeted irrigation investments;
- Promoting, in collaboration with seed companies and national and international research organizations, research into the development of high-yielding and drought-tolerant crop varieties;
- Promoting research into integrated crop management practices;
- Promote sustainable agricultural production including conservation agriculture techniques;
- Promote greater adoption and use of improved hybrid seed varieties for different crops;
- Promote the construction of cost-effective storage technologies by all classes of farmers and increase crop diversification;
- Improve animal health and welfare; and
- Develop new irrigation infrastructures and resourcing agricultural research.

4.4.2 Zimbabwe is also implementing the Resilience Building through Agro-ecological Intensification in Zimbabwe (RAIZ). To promote sustainable and climate-smart agriculture,

Zimbabwe developed a 10-year framework (2018-2028) that emphasizes the adoption of climate-smart agriculture (CSA). However, the adoption of CSA practices remains limited in the country.

Manufacturing Sector

4.4.3 Government has undertaken several measures to improve resilience in the country's manufacturing sector and these include and not limited to the following:

- *Import Substitution Strategies* - Government has a current transitional ZIRGP that focuses on growth opportunities in the industrial and commercial sectors, aimed at reducing the import bill and facilitating local production. Potential Sectors targeted for import substitution during the plan period include fertiliser, pharmaceutical, cement, leather, oilseeds, iron and steel, lithium value addition bus and truck. In addition, strategies such as the Pharmaceutical Manufacturing Strategy (2021-2025) and the Engineering Iron and Steel Strategy (2022-2026) to encourage local production of goods that were previously imported, among others, are also being implemented. This reduces the sector's dependence on imports and exposure to global supply chain disruptions. The Local Content Strategy also aims to localize supply chains through strengthening linkages between local manufacturers and domestic suppliers of raw materials and intermediate inputs to improve supply chain resilience;
- *Industrial Modernization and Retooling* - The Government is providing financial support to help manufacturing firms upgrade their equipment and production processes through the Industrial Development Corporation of Zimbabwe (IDCZ) and provision of duty rebates and the deferment of payment of VAT on the importation of capital equipment. These initiatives are contributing to manufacturing efficiency and competitiveness;
- *Energy Security Initiatives* - The Government is promoting investments in renewable energy projects by the private sector through the provision of duty-free importation of materials for solar projects. Policies are also in place to attract investment in renewable energy such as tax exemption on solar equipment and implementation of IPP schemes;
- *Export Promotion Schemes* – support is provided to help manufacturing firms access regional and international markets through access to international exhibitions and

bilateral trade agreements, hence diversifying their revenue streams. ZimTrade is implementing the Next She Exporter Programme to empower women owned businesses in exports by providing them with technical and financial capacity, from local and international experts. Through this training and development initiative, the programme has helped women entrepreneurs to build their capacity to produce goods and services that meet international standards; and

- *Cluster Development* - The Government is facilitating the establishment of industry-specific clusters to foster collaboration, knowledge-sharing, and collective resilience among manufacturers, for example the Leather Clusters in Bulawayo and Harare and the proposed Engineering Iron and Steel industry cluster earmarked for Manhize.

4.4.4 The main goal for the implementation of all these measures is to make the manufacturing sector more self-reliant, efficient, and adaptable to internal and external shocks, thereby enhancing its overall resilience and competitiveness.

Mining Sector

4.4.5 Zimbabwe is naturally endowed with minerals. To improve the resilience of Zimbabwe's mining sector, several strategies are key and chief among them is diversification and beneficiation, which alleviates risks associated with global commodity price fluctuations. Zimbabwe banned the export of raw chrome in 2011, and this witnessed investment in chrome processing to ferrochrome. The same was applied to lithium in 2022 and this also encouraged investment in the processing of lithium. The goal is to have Zimbabwe being a manufacturer and exporter of finished products, hence improving the country’s resilience to external shocks and enhancing competitiveness of exports.

4.4.6 Government has been encouraging modernization and technological adoption in the mining industry on the backdrop of USD12 billion mining industry revenue target by the NDS1. Adoption of more efficient and environmentally friendly technologies mining practices are emphasized to mitigate negative impacts of climate change and improve resilience. This can improve productivity, reduce operating costs, and enhance environmental sustainability.

4.4.7 Other critical areas that the Government is encouraged to improve resilience of the mining sector include infrastructure development, regulatory reforms such as simplifying licensing procedures, improving transparency, and enforcing environmental regulations. Local participation by local communities and small-scale miners should be strengthened to foster inclusivity. Skills development and training in specialized institutions like the Zimbabwe School of Mines is also critical. The marketing net should be cast wider as well through diversification of export markets to hedge against country or region-specific vulnerabilities:

4.4.8 Implementing these strategies, among others help strengthen the resilience of Zimbabwe's mining sector, making it better equipped to withstand economic, environmental, and social challenges and enhance the competitiveness of the sector.

4.5 Disaster Preparedness Strategy to Improve Resilience, Productivity and Competitiveness

4.5.1 Investing in long-term resilience building measures may be difficult for developing countries as Governments face serious short-term pressure to fund public services, often leaving little room for resilience building measures. This is especially so, where building resilience requires high upfront costs, making investments in climate adaptation or clean energy grids hard to establish, given their higher borrowing costs and often conditional debt burdens.

4.5.2 Disaster preparedness is a proactive strategy for improving the ability to withstand and recover from disruptive events, hence maintaining the smooth flow of operations, enhancing competitiveness. To mitigate and prepare for hazards, the Government enacted the Civil Protection Act Chapter 10:06 as its national disaster legislation and created the Department of Civil Protection, housed under the Ministry of Local Government and Public Works, which is charged with the coordination and management of disasters and hazards from community to national level. Key elements of disaster preparedness include risk assessment, emergency planning, building resilience infrastructure, community engagement, stockpiling and training among others.

4.5.3 Risk assessment helps to identify the types of disasters that are most likely to occur in Zimbabwe, such as floods, droughts, cyclones, disease outbreaks, fires, transport accidents among others. This also helps to identify the most vulnerable areas and imply mitigatory measures beforehand. This eliminates or minimizes the negative impacts, hence improving the country's competitiveness.

4.5.4 Development and implementation of effective early warning systems to alert communities helps the vulnerable to take necessary precautions such as evacuation for cyclones and floods, vaccination for disease outbreaks and stockpiling for disruption of supply chains and droughts. This also encourages investment in latest mitigatory technologies, thereby improving productivity and competitiveness.

4.5.5 Community education is equally important in disaster preparedness to ensure a participatory approach by all. However, an individual's emergency preparedness and related behaviour is affected by perceived risk, disaster preparedness knowledge, prior disaster experiences, and certain socio-demographic characteristics such as gender, age and level of education. For example, the devastating effects of Cyclone Idai could have been minimized had the individual perceived risk was in harmony with Government education about early warning signs, disaster preparedness and response strategies such as pre-emptive evacuation procedures and how to stay safe during the disaster.

4.5.6 Preparedness involves the mobilization of resources to alleviate the risk. Zimbabwe established the Zimbabwe Resilience Building Fund (ZRBF) in 2015 with the assistance from UNDP to enhance the adaptive, absorptive and transformative capacities of communities. Implementation of the Fund during the first phase (May 2015 - March 2023), the following achievements were witnessed:

- Development of the Zimbabwe Resilience Building Strategic Framework (ZRBSF) that laid the foundation and key principles of resilience and facilitated a common understanding among all Zimbabweans;

- Reduction of the proportion ZRBSF targeted households experiencing severe forms of food insecurity by 8% from 22% in 2015 to 14% in 2023 based on the household hunger scale;
- 1 115 326 (426 719M, 688 607F) beneficiaries were supported to cope with the effects of climate change. Of these beneficiaries, 95.86% adopted climate smart agricultural production technologies with 84.9% adopting value chain activities; and
- Development of national strategies and policies such as Agriculture Policy Framework, Traditional grains Strategy, Sunflower and Legume Value Chain Strategy/Plan, among others.

4.5.7 These achievements contributed the country's resilience building, while improving productivity as the country invests in new technologies to mitigate negative effects, thereby improving competitiveness.

4.6 Conclusion

4.6.1 Zimbabwe's economy faces multifaceted resilience challenges across all sectors. The impact of natural and human induced disasters, global economic shocks, and health challenges revealed significant vulnerabilities that must be addressed to safeguard productivity and competitiveness. Furthermore, the findings also illustrate that without substantial improvements in institutional strength, disaster preparedness, and community engagement, Zimbabwe risks remaining less competitive compared to its regional peers.

4.6.2 Despite progress that has been made through various policies and initiatives such as the HRF, agricultural strategies, and advancements in the technological ecosystem, there is need to accelerate and expand these efforts to build a more robust framework for resilience and competitiveness.

4.7 Key Findings and Proposed Recommendations

4.7.1 Limited Enforcement of Environmental Treaties

Recommendation:

Create robust systems to expedite the implementation of the ratified environmental treaties and improve reporting on progress.

4.7.2 Low Healthcare Capacity and Workforce Shortages

Recommendation:

- *Increase the number of health workers per 10 000 patients from 3.5 to 23 in line with the WHO threshold.*
- *Retain skilled personnel by improving remuneration and working conditions to improve resilience and competitiveness of the health system.*
- *Government to implement a small tax on luxury goods, alcohol, or similar products to generate additional revenue specifically for healthcare workforce expansion and retention.*

4.7.3 Limited Energy Source Diversification

Recommendation:

Outsource green financing from international financial institutions such as the Green Climate Fund (GCF), and incentivise private sector investment through tax credits, grants and PPPs.

4.7.4 High Export Product Concentration

Recommendations:

- *Expand support for climate smart agricultural practices, including funding for research on drought resistant crops and technologies for efficient water use.*
- *Implement incentives for local sourcing and the development of local supply chains to minimise import dependence and improve resilience.*
- *Strengthen investment in the value addition of minerals locally to reduce vulnerability to global commodity price fluctuations.*

4.7.5 Impoverished Infrastructure Quality

Recommendation:

Continued investment in road, rail, air, housing electricity, water and digital infrastructure to promote equitable access to key economic enablers.

4.7.6 Low Technological Resilience

Recommendations:

- *Continued investment in new technological equipment and training programmes for Civil Protection Organisations to enhance their skills in managing crisis, adapting to changes and implementing technology effectively.*
- *Develop and deploy advanced early warning systems for natural and human induced disasters, utilizing technology for better communication and community preparedness.*

4.7.7 Limited Financial Sector Resilience

Recommendation:

- *Create measurable indicators to assess progress in resilience building efforts, allowing for adjustments and improvements based on data-driven insights.*
- *Government to continue reviewing and enforcing laws and regulations to protect consumers.*
- *Government to implement policies that maintain macroeconomic stability and promote growth.*

4.7.8 Insufficient Green Patents

Recommendation:

Establish University-Led Green Tech Incubators with Industry Linkages to transform academia into hubs for commercializable eco-innovation, bridging research and market needs.

4.7.9 Resilience-Building Funds and Frameworks

Recommendation:

Expand support for climate-smart agricultural practices, including funding for research on drought-resistant crops and technologies for efficient water use.

CHAPTER FIVE: MANUFACTURING SECTOR PERFORMANCE

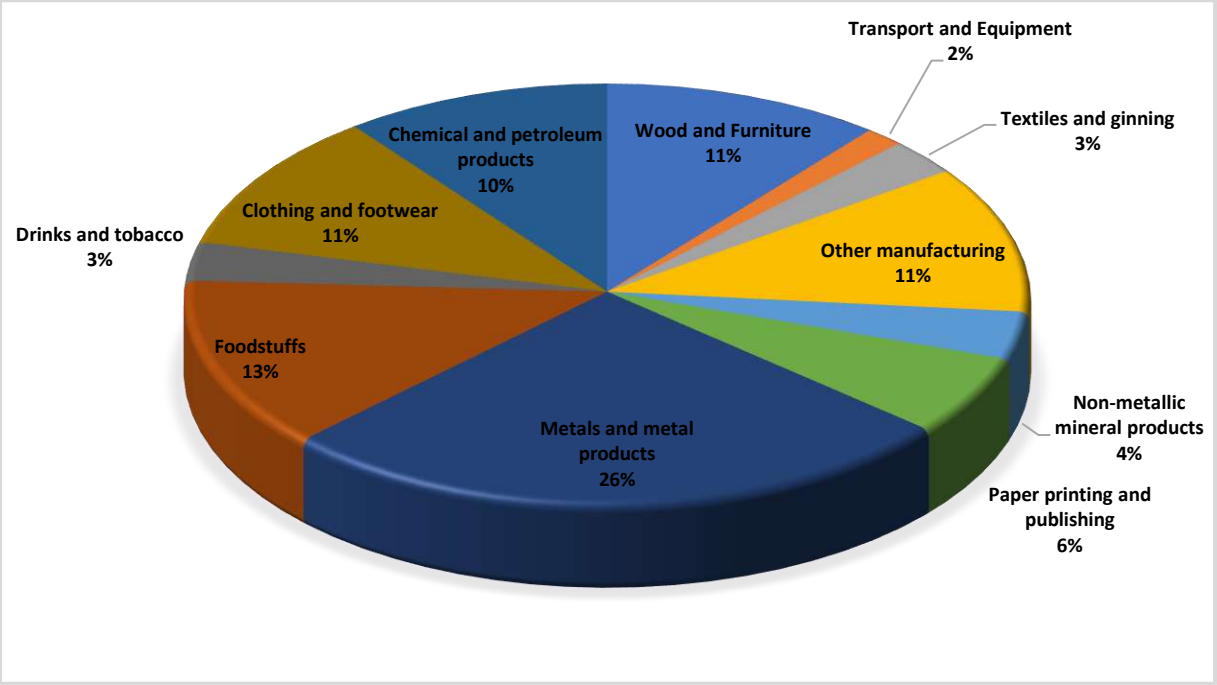
5.1 Introduction

5.1.1 The manufacturing sector is a critical anchor for national competitiveness, as it is through the competitiveness of the manufacturing sector that the capacity of a country to utilize its resources to gain competitive advantage over its peers is reflected. Economies, which have a strong manufacturing sector, characterised by strong innovation, high-capacity utilisation and strong forward and backward linkages with the rest of the economy generally tend to be more competitive at national level. This Chapter examines the performance of the manufacturing sector in relation to competitiveness and benchmarks it against regional peers.

5.2 Overview of the Manufacturing Sector

5.2.1 Zimbabwe has a well-diversified manufacturing sector, which has potentially strong linkages with the primary sectors, especially agriculture and mining, which have been registered growth over the past five years. In 2021, there were about 4552 manufacturing sector establishments in Zimbabwe with a minimum of 10 employees (CZI, 2022). These manufacturing sector establishments are spread across 11 subsectors, with the bulk of the firms in the 'metals and metal products' category, which accounts for about 26 % of all the manufacturing sector firms in number (Figure 42). The foodstuffs sector is the second largest manufacturing subsector in terms of number of firms, at about 13% of all the manufacturing sector firms.

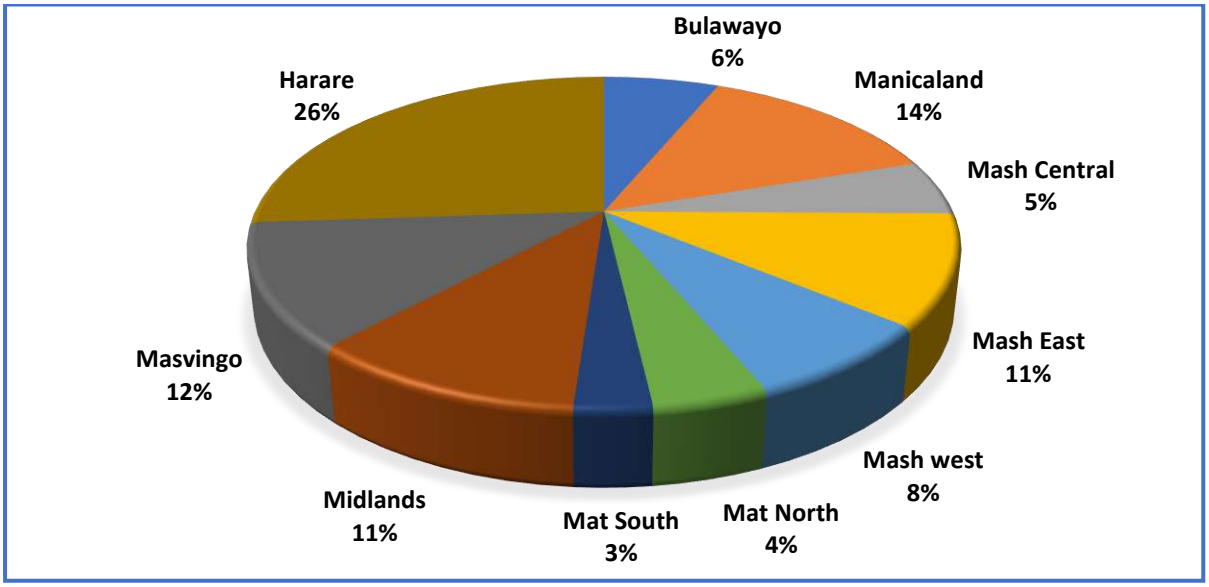
Figure 42: Number of Registered Firms by Sector, 2022



Source: CZI

5.2.2 The Zimbabwe manufacturing sector is also geographically spread across all the provinces of the country, although about a quarter (26%) are in Harare province (Figure 43). Manicaland province is the second largest manufacturing hub, accounting for about 14% of all the manufacturing sector firms in the country in number.

Figure 43: Estimated Distribution of Manufacturing Sector Establishments by Province, 2022



Source: CZI

5.2.3 With the primary mining and agriculture products dominating Zimbabwe's export basket, the manufacturing sector contributed about 6% of total to exports during the first half of 2024 (RBZ, 2024). The top 10 manufactured products in terms of export value[13] include:

- Sugar and sugar confectionaries (US$50 million per annum);
- Cotton lint exports (US$50 million per annum);
- Coffee and tea exports (US$22 million per annum);
- Paper and paperboard (US$12 million per annum);
- Articles of iron and steel (US$11 million per year);
- Ceramic products (US$11 million per annum);
- Articles of apparel and clothing accessories (US$10 million per annum);

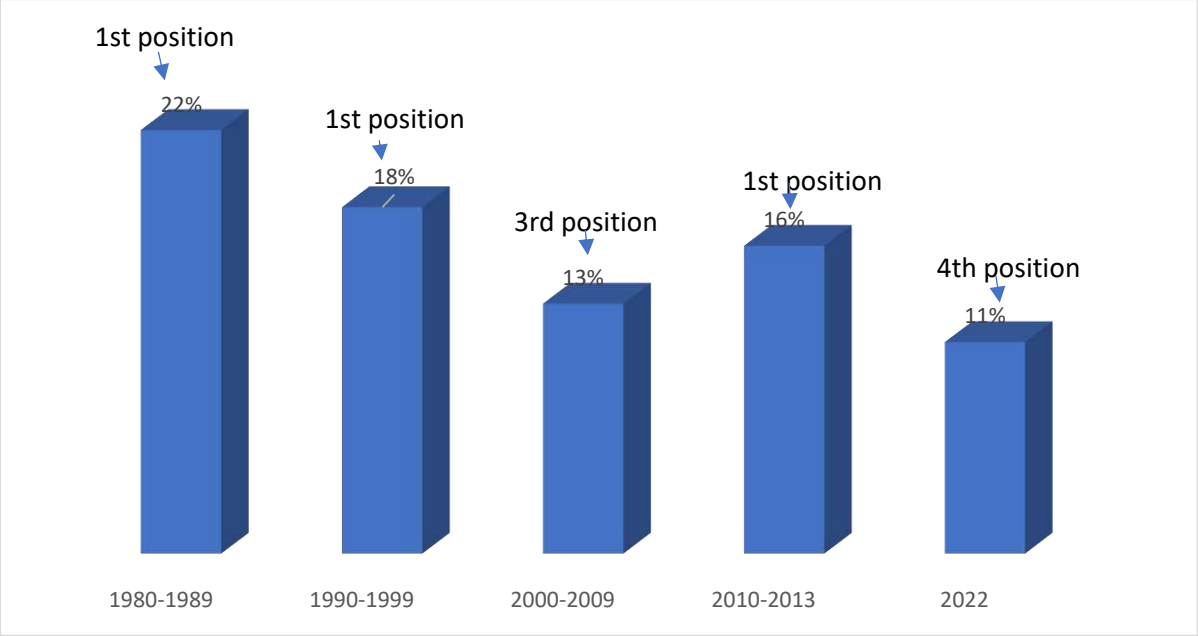
[13] Statistics from Trademap based on a five year average

- Plastics and articles of plastics (US$9 million per annum);
- Preparations of cereals, flour, starch or milk (US$8 million per annum); and
- Beverages, spirits and vinegar (US$5 million per annum).

5.3 Manufacturing Sector Performance

5.3.1 The manufacturing sector is currently at its lowest in terms of overall contribution to real GDP since independence. The sector used to be at the top in terms of contribution to real GDP, contributing about 22% in the 1980s. In 2022, the contribution to real GDP was about 50% of its 1980 levels, with the sector having dropped to 4th in terms of importance (Figure 44). The wholesale and retail, mining and agriculture sectors now contribute more towards GDP compared to manufacturing. The fall in importance relative to other sectors in GDP contribution largely reflect competitiveness challenges of the sector.

Figure 44: Zimbabwe Manufacturing Sector Contribution to Real GDP, 1980 – 2022

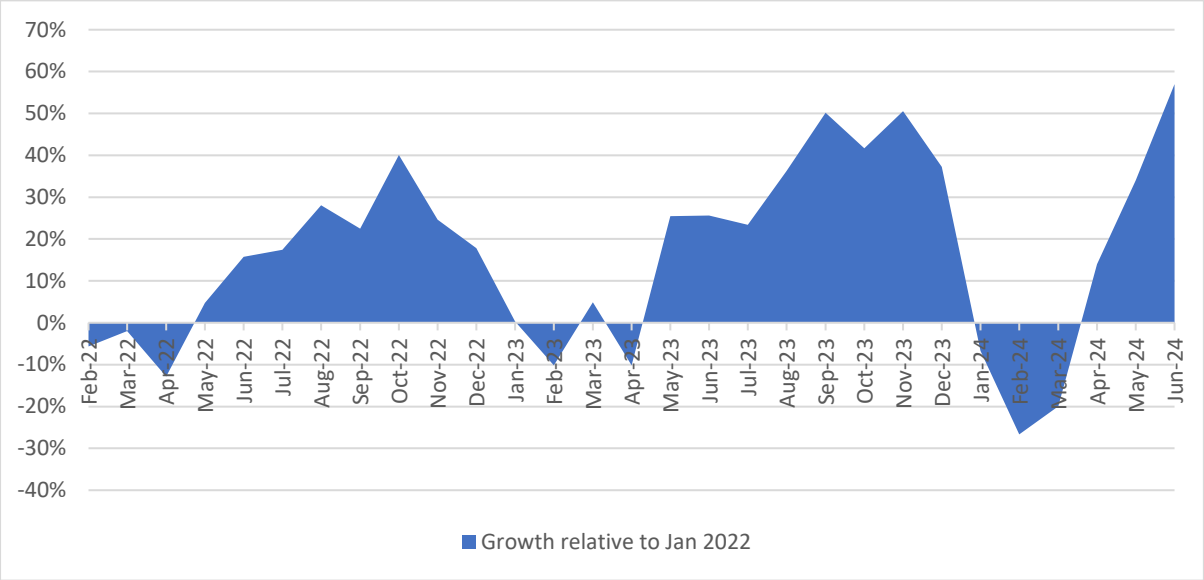


Sources: ZIMSTAT statistics

5.3.2 The growth in manufacturing sector output over time is a critical indicator of manufacturing sector performance. The Volume of Manufacturing Index (VMI) measures the volume of

output in the manufacturing sector over time, with January 2022 as the base. The VMI generally shows that the manufacturing sector output had declined by about 20% in March 2024 compared to the volume of output in January 2022 (Figure 45). This generally reflects a sector that is struggling to be competitive against import competition.

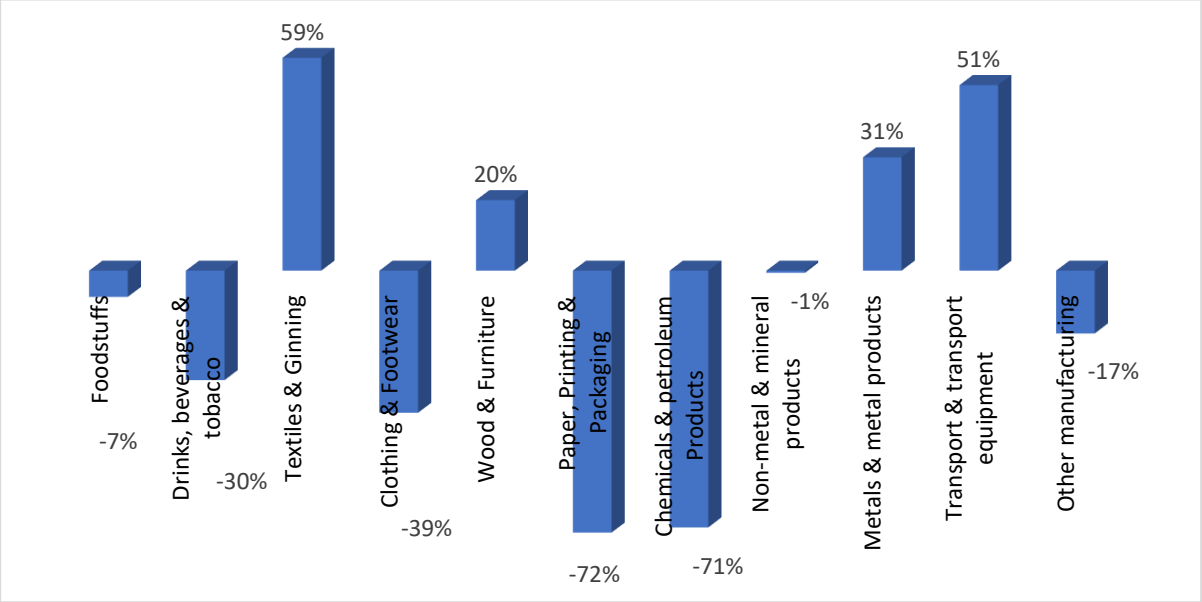
Figure 45: Growth in Manufacturing Sector Output by Month Relative to January 2022



Source: Author's construction using Zimstat data

5.3.3 Overall, the sector seems to be gaining competitiveness. Output volume in June 2024 was about 57% higher than the volume of output recorded in January 2022. There were also variations in terms of sector performance. For instance, the textiles & ginning subsector output was 36% lower than the level of output recorded in January 2022 while the metal and metal products was 54% higher than the January 2022 level, as shown in Figure 46. Thus, while the overall sector can be seen to be resilient and gaining competitively against import competition, there are some subsectors struggling to meet external competition.

Figure 46: Manufacturing Sectoral Output Growth (March 2024 relative to January 2022)

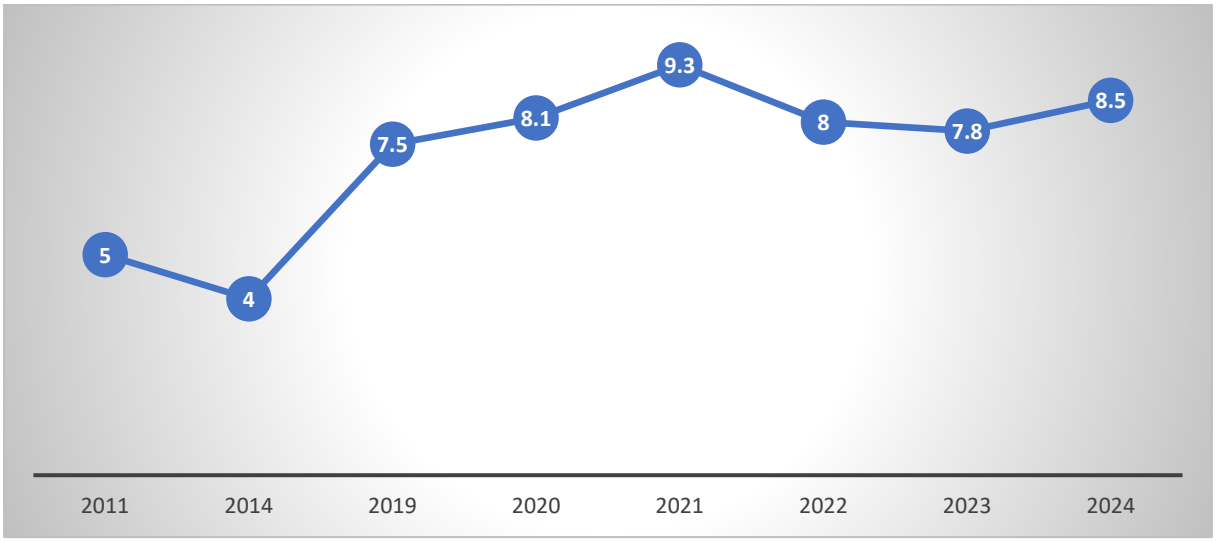


Source: Author's construction using ZIMSTAT data

5.3.4 The performance of the manufacturing sector can also be measured relative to its contribution to total employment. In 2023, the manufacturing sector contributed about 7.8% to total employment, which is still relatively closer to a peak contribution of about 9.3% recorded in 2021 (Figure 47) over a 12-year horizon. However, over the two-year period to 2023, there is a noticeable decline in the share of manufacturing sector to total employment, implying that other sectors were performing better in attracting employment.

5.3.5 World Bank data shows that over this same period (2011 to 2023) the population of the country was growing by an annual average of about 2%. Thus, the manufacturing sector has not been able to help absorb the pressure on employment arising from a growing population. The declining share of employment relative to the rest of the sectors of the economy shows that the manufacturing sector is relatively less competitive compared to the rest of the sectors of the economy.

Figure 47: Zimbabwe Manufacturing Sectoral Share in Total Employment Trends, 2024



Source: Zimstat Labour Force Surveys

5.4 Assessing the Productivity and Efficiency of Manufacturing Processes

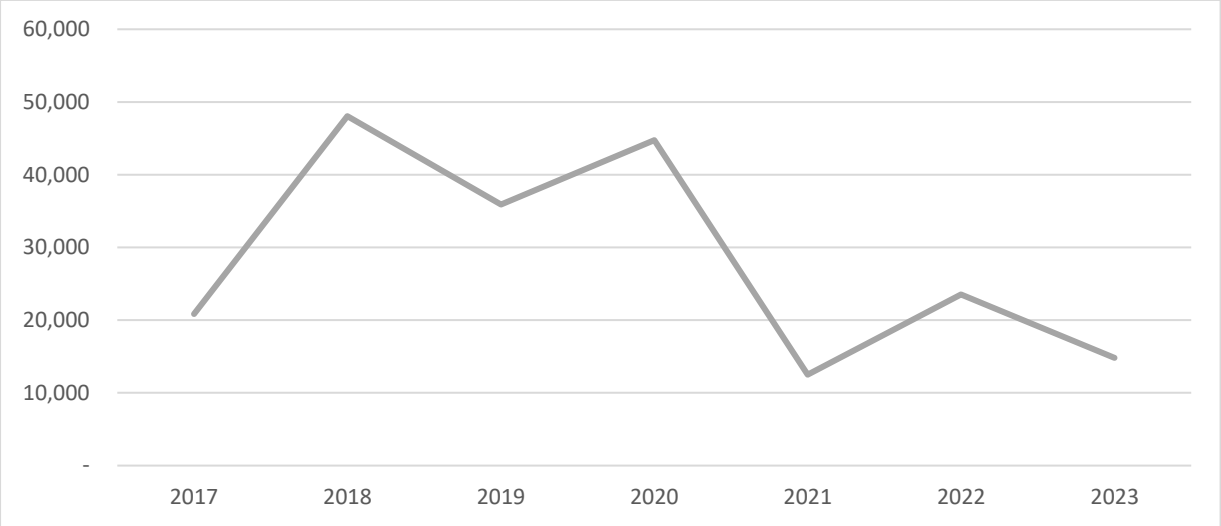
5.4.1 There are several indicators that can be used to assess the productivity and efficiency of the manufacturing sector processes, which would also be useful indicators of competitiveness. These include the following indicators:

Manufacturing Value Added Per Worker

5.4.2 Manufacturing sector productivity is a measure of output per unit of input used in the manufacturing process, normally labour or capital. Labour productivity data for the manufacturing sector is subject to data challenges. However, dividing annual manufacturing value added by the estimated number of workers in the sector results in value added per worker, which is a good proxy for labour productivity in the sector. The trends for manufacturing value added per worker for Zimbabwe reflect a generally declining pattern, with a worker's contribution towards overall manufacturing value added having declined by 220% from a peak of more than US$48,000 in 2018 to only about US$15,000 in 2023 (Figure 48). This generally shows that the general productivity levels of workers in the Zimbabwe manufacturing sector have been declining as the total manufacturing value added is not growing relative to the size

of the total labour employed in the sector. This generally reflects some competitiveness challenges for the sector, which is struggling to generate maximum value from its labour force.

Figure 48: Declining Manufacturing Value Added Per Worker (US$) in Zimbabwe, 2023



Sources: Zimstat[14] (number of employees) and World Bank 2015

Energy Efficiency

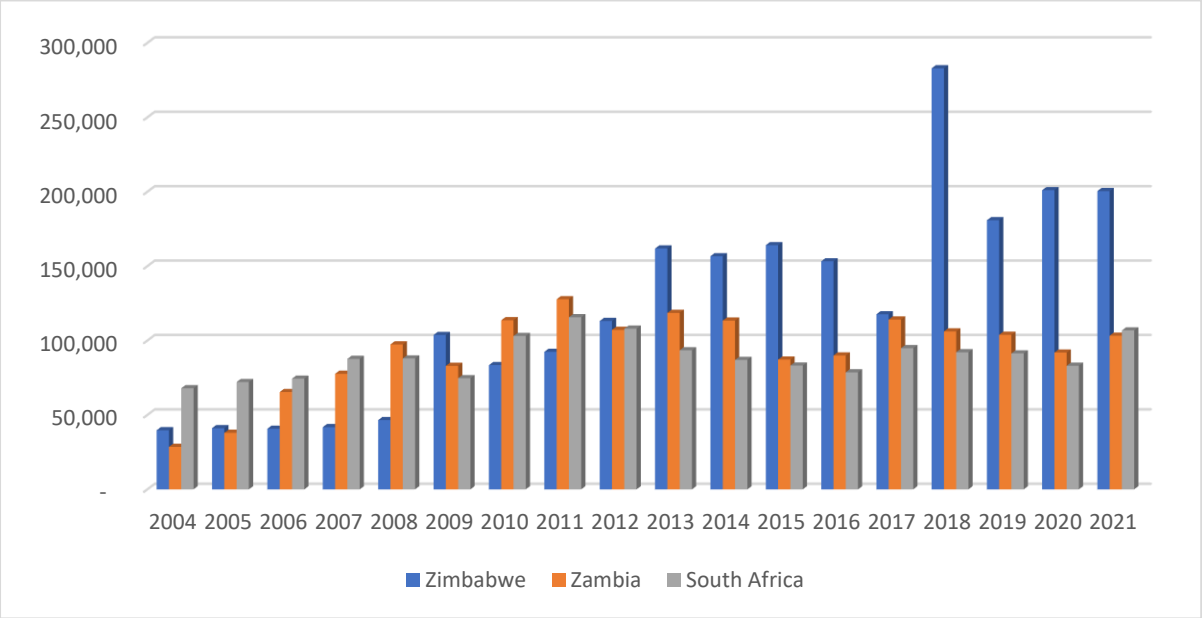
5.4.3 Energy efficiency is a measure of whether the same level of output across countries can be produced using low units of energy. A country that is more energy efficient is likely to be more competitive than the one which is inefficient.

5.4.4 Despite a general low efficiency for the country, Zimbabwe performs better when it comes to manufacturing sector energy efficiency. One measure of manufacturing sector energy efficiency is to estimate the total value added per unit of energy consumed. Three SADC countries appear in the International Energy Agency Database on energy consumed by industry. By considering trends up to 2021, it can be established that Zimbabwe industry is more energy efficient compared to South Africa and Zambia industries, as the Zimbabwe

[14] The number of employees in the manufacturing sector was extracted from the Quarterly Labour Force Surveys
[15] Manufacturing value added as extracted from World Bank Indicators

industry produced more than US$200,000 worth of value-added output using one terajoule of energy. This was almost two times what Zambia and South Africa could produce using the same level of energy (Figure 49). The implication from this is that based on energy consumption, the Zimbabwe manufacturing industry could have some competitive urge over their counterparts elsewhere. However, given that there was more intensive load shedding in Zimbabwe than in Zambia and South Africa during the period under review, the low energy consumption level could be misleading as it does not fully account for the investment into more expensive alternative sources (for example diesel), which Zimbabwe industry also uses.

Figure 49: Total Value Added (US$) by Industry per one Terajoule of Energy Consumed, 2004 - 2021



Source: International Energy Agency (energy consumed) and World Bank (Industry value added)

Utilisation Rates of Machinery

5.4.5 Efficiency of the manufacturing sector can also be reflected by capacity utilization levels. Economies of scale advantages can be easily enjoyed by optimal utilisation of machinery. High-capacity utilisation levels helps enhance competitiveness as a firm with high-capacity utilisation levels is likely to be more price competitive as it can price lower due to economies

of scale advantages. The Zimbabwe manufacturing sector had generally invested heavily into the manufacturing processes, but most of the capacity is not being utilized.

5.4.6 The capacity utilization trend had generally been an upward one since 2020, only to plateau in 2022. In 2024, capacity utilization dropped 0.9 percentage points from 53.2% in 2023 to 52.1% (Figure 50). The capacity utilisation trends generally mean that close to half of the existing investment in plant capacity is currently lying idle, which also makes it difficult to become competitive against competition from more established firms elsewhere who enjoy economies of scale.

Figure 50: Capacity Utilization Trend, 2009 – 2024

Source: CZI Surveys

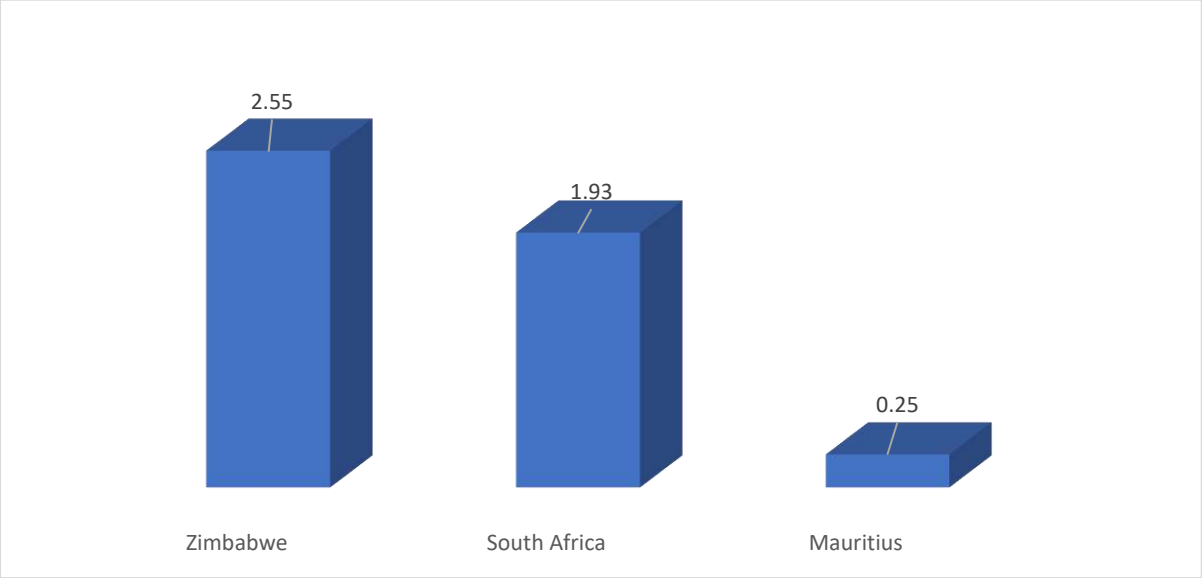
5.5 Analyzing the Cost Competitiveness

Labour Costs

5.5.1 Having a dollarized environment together with exchange rate management challenges has seen USD inflation in the Zimbabwe economy, resulting in costs for all factors of production increasing in USD terms. Labour has also not been an exception as workers have been calling for adjustments to their USD salaries. The International Labour Organisation (ILO) reports the

mean nominal hourly labour cost per employee in manufacturing sector in local currencies. By comparing Zimbabwe with SADC countries that appear in the database, at about US$2.55, the country's mean nominal hourly labour cost per employee was well ahead of South Africa and Mauritius, which are more developed (Figure 51). This compromises competitiveness.

Figure 51: Mean Nominal Hourly Labour Cost per Employee (US$), 2022



Source: ILOSTAT

Energy Prices

5.5.2 The cost and availability of electricity also plays a role in determining manufacturing sector competitiveness. Loadshedding in Zimbabwe is done outside the provision of any scheduling, which imposes inefficiencies into production. A loadshedding schedule remains an essential tool to plan to mitigate the effects of power cuts for business. Zimbabwe moved to a cost reflective tariff with the justification that this would provide a pathway to a consistent supply of competitively priced electricity. However, this has not translated into a consistent supply of electricity.

5.5.3 Manufacturers are also being subjected into a maximum demand user tariff of about US$9.43 per unit. which is intended to discourage consumption. However, in most cases this becomes

inevitable. Some machineries require that they be switched-on hours before operations can begin and that cost represents a sunk cost if power is disconnected before production begins, as the electricity consumed would be charged at the maximum demand charge. Applying maximum demand charges, even though it is common across some jurisdictions, is not suitable for the Zimbabwe context when production period is curtailed by power cuts. A system where manufacturers do not have to pay maximum demand tariffs in any period of production that is interrupted by load shedding would go a long way in enhancing competitiveness. In addition, the gaps between non-peak, standard and peak tariffs is excessive, at a time when the reality is that many manufacturers cannot possibly operate in off-peak periods.

5.5.4 The regulatory authorities quote the standard tariff rate of about US$0.13 as the tariff rate for businesses. However, this standard rate is among the highest in the region and is well above that charged in Zambia even though close to South Africa and Eswatini (Table 1). While the off-peak rate of about US$0.06 is comparable to what is charged in South Africa and Eswatini, it is higher than what is charged in Zambia.

Table 1: Electricity Tariff Comparison in US$, 2024

Country	Standard	Peak	Off peak
Zimbabwe	0.13	0.23	0.06
Zambia	0.04	0.05	0.03
South Africa (Amahlati)	0.10	0.25	0.06
Mauritius	0.13	0.15	0.10
Eswatini	0.10	0.32	0.06

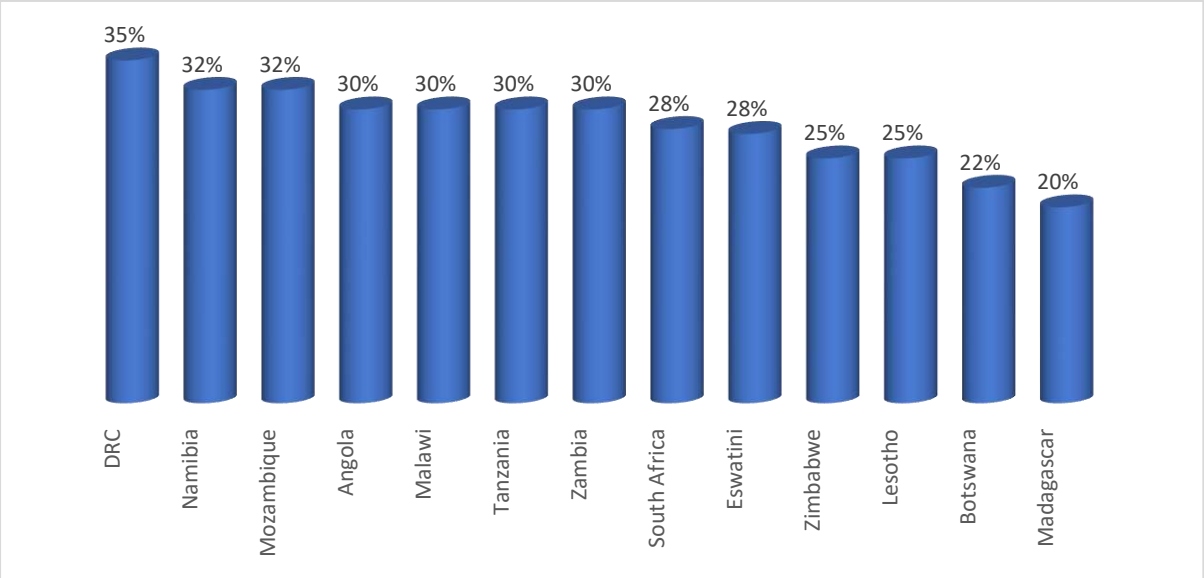
Sources: Respective regulatory authorities tariff schedules and actual bill for Zimbabwean firm

Tax Burden

5.5.5 The tax burden also affects manufacturing sector competitiveness, as a highly taxing environment does not only reduce the reward for investment, as it also creates cost build ups and limits the ability to adjust prices downwards to meet competition. One source of tax

competitiveness is the actual margin of tax payable by businesses, especially corporate tax. A comparison of corporate tax rates across 13 SADC countries shows that at an average of 25%, the corporate tax rate for Zimbabwe is the joint third lowest with Lesotho after Madagascar, Botswana (Figure 52). This generally shows that corporate tax margins do not make Zimbabwe uncompetitive compared to other SADC countries.

Figure 52: Corporate Tax Rate Comparisons among SADC Countries, 2023

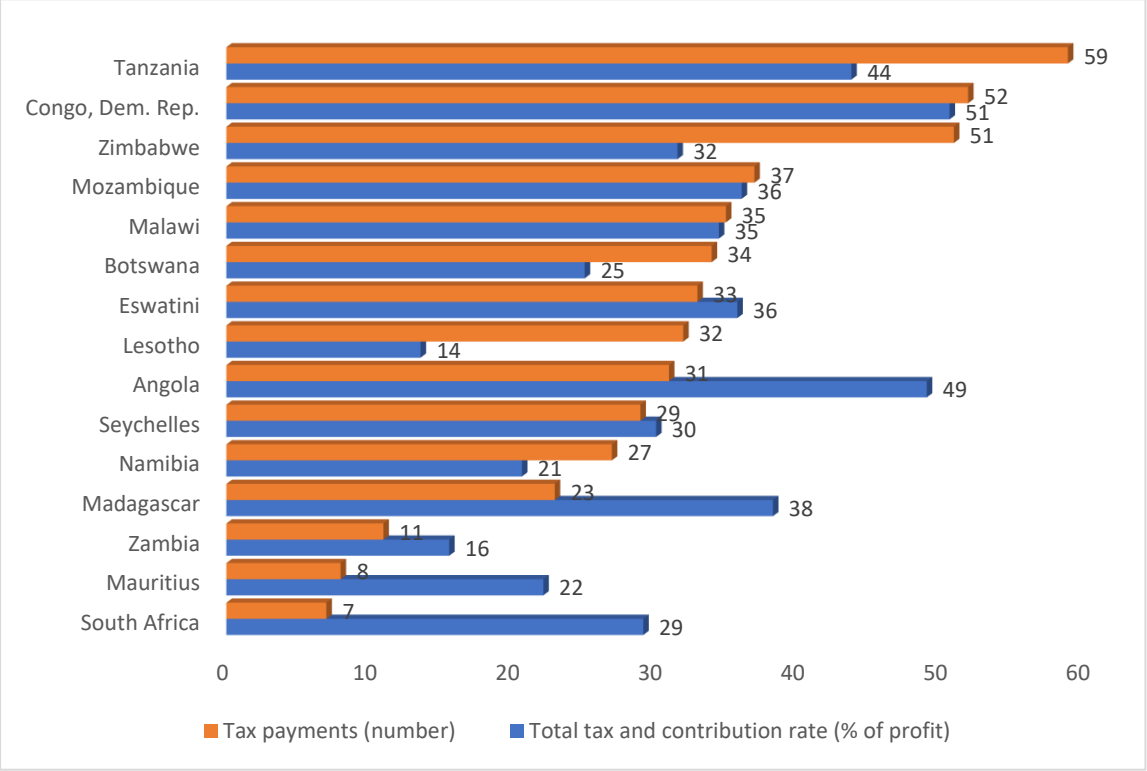


Source: The Tax Foundation Statistics

5.5.6 However, there are many other tax heads that manufacturers must comply with besides corporate tax, which could also compromise their competitiveness. The total tax contribution rate as a percentage of profit, which measures total amount of taxes and mandatory contributions payable by businesses reflects better the total burden to business. A comparison of Zimbabwe and SADC countries shows that about 32% of profits are taken up in taxes for Zimbabwe businesses, at a time when seven other countries take less, with Lesotho taking only 14% (Figure 53).

5.5.7 The tax burden is also reflected in the total number of taxes paid by businesses, including electronic filing. Zimbabwe businesses pay a total of 51 taxes[16], and in this respect, Zimbabwe is the third most cumbersome compared to other SADC countries. This generally shows that the tax burden could also be an issue compromising competitiveness of Zimbabwe businesses as firms located elsewhere have a lesser burden.

Figure 53: Tax Burden Comparison among SADC Countries



Source: World Bank

5.6 Regulatory Compliance and Manufacturing Sector's Performance

5.6.1 The manufacturing industry must comply with numerous rules and licenses, which significantly impacts the manufacturing sector's performance.

[16] Corporate tax, VAT, customs and excise duty, Capital Gains Tax and IMTT, among others.

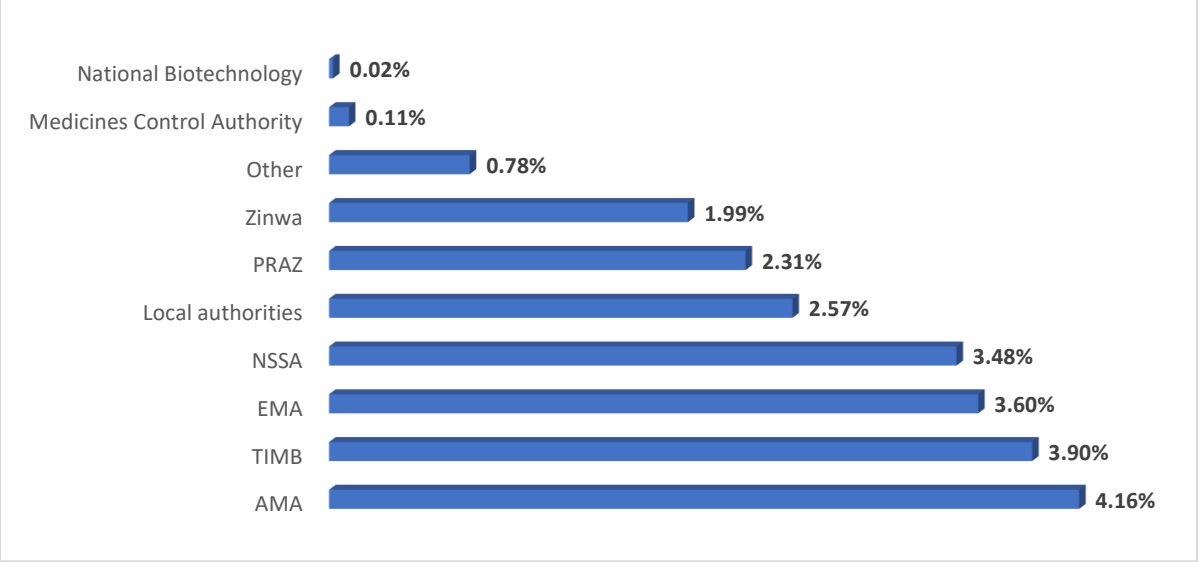
The total regulation costs are very significant for the manufacturing sector. In 2022 on average, regulatory costs constituted about 17.8% as a percentage of total overheads[17]. This cost is spread among the various regulatory bodies; a compliant organisation pays at least 9 licences for different regulatory bodies.

17.8% is regulatory costs to total overhead costs

9 is the **minimum** number of regulatory bodies for a manufacturing firm

5.6.2 A look at the distribution across the various regulators shows that the Agriculture Marketing Authority (AMA), the Tobacco Industry and Marketing Board (TIMB), the National Social Security Authority (NSSA), and the Environmental Management Agency (EMA) are among the regulatory bodies that impose significant compliance burden on manufacturing sector firms (Figure 54). This generally is reflected in the prices, which manufacturers must charge, thereby compromising competitiveness.

Figure 54: Regulatory Cost Burden (% of total overhead costs) among Regulators, 2023



Source: IFC and CZI survey

[17] IFC and CZI survey, 2023

5.6.3 The time taken by industry in processing the regulatory issues can also hinder the manufacturing sector from reaching its full potential. In one month, manufacturing companies are taking an average of 10 days in processing or following up on all the regulatory requirements[18]. About 33% of all raw materials need import permits to enter the country, while about 73% of the manufacturing sector export products need an export permit[19].

5.6.4 Businesses face an increasingly complex framework of established and evolving legislation and regulations concerning how businesses should operate. Companies employ personnel that are dedicated to deal with regulatory requirements. On average, a manufacturing sector firm needs to employ about 3 full time employees to deal with regulatory issues[20]. This also becomes necessary because imports into Zimbabwe are subject to physical examination at any port of entry to prevent the inflow of substandard goods, hence this requires chasing up. On average, about 44% of the manufacturing firms' consignments are delayed at the border as the physical examination process takes place[21]. These factors also militate against competitiveness.

5.7 Trade Policy and Measures in Manufacturing Sector Competitiveness

Trade Policy

5.7.1 The Zimbabwe National Trade Policy and Export Promotion Strategy (2019 – 2023) expired in 2023. This means that a new trade policy is required to set priorities on how trade is to be promoted. The expired policy sought to facilitate trade and generate a culture of producing for export in local productive and services sectors. The main thrust of the policy was to transform Zimbabwe from an exporter of raw commodities and semi-processed products to an exporter of internationally competitive high value products. An implementing strategy of the policy, the National Export Strategy (2019 – 2023), had also been put in place to develop, promote and grow exports of goods and services.

[18] Ibid
[19] Ibid
[20] Ibid
[21] Ibid

5.7.2 With a policy gap, this generally means that the manufacturing sector is not benefiting from any deliberate strategies, which might have helped enhance manufacturing sector exports. However, since the National Development Strategy 1, set to expire at the end of 2025, the most prudent course of action could be to develop a transitional plan or wait until its expiry before enacting a new trade policy. Having a trade policy that is not an implementation tool to the priorities and aspirations of the economic blueprint might not be ideal. Thus, it is expected that the manufacturing sector will be operating without a trade policy until the end of 2025, which might see the sector's competitiveness not being aided.

5.7.3 The policy gap with respect to trade policy can be attributed to the transfer of the trade portfolio from the Ministry of Industry and Commerce to the Ministry of Foreign Affairs and International Trade, which resulted in the former not having direct control on trade issues.

Tariffs and their Role in Zimbabwe's Manufacturing Sector Competitiveness

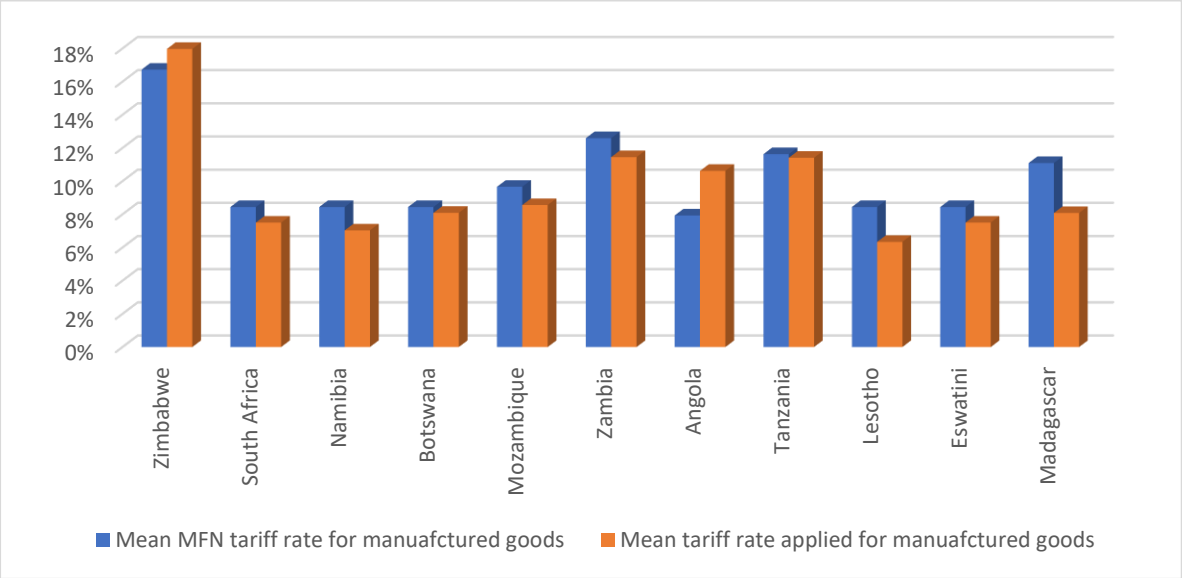
5.7.4 The level of tariffs applied to manufactured goods also go a long way in determining the competitiveness of locally manufactured goods. Higher tariffs generally imply that the manufacturing sector is generally protected compared to neighbouring countries, which allows the local manufacturers some room to increase their prices beyond what similar products could retail if they are imported and customs duty is applied.

5.7.5 There are two possible ways of assessing the tariffs that Zimbabwe imposes on manufactured goods. The first is to consider a simple mean applied tariff for the manufacturing sector, which is the unweighted average of effectively applied rates for all products subject to tariffs. Alternatively, the simple mean for the most favoured nation (MFN) tariff rate can be used, which is the unweighted average of MFN rates for all manufactured products subject to tariffs.

5.7.6 A look at both measures shows that Zimbabwe manufacturing sector is highly protected by tariffs (Figure 55) as Zimbabwe has the highest tariff rate for manufacturing goods, including both the average tariff applied and the MFN rate. In general, a high level of protection encourages inefficiencies, as firms that are subject to competition are more likely to be

innovative and operate competitively. However, given that the AfCFTA implementation is now imminent, the extent to which the use of tariffs as protection tools will remain effective is now questionable.

Figure 55: Tariff Rate Applied for Manufactured Goods



Source: WB

5.7.7 While the country has a high tariff regime, Zimbabwe has several trade agreements, which makes several products from member countries not subject to these high tariffs. Zimbabwe is a member of the SADC as well as COMESA, both which seeks greater economic and trade cooperation and regional economic integration.

5.7.8 In addition, Zimbabwe has bilateral trade agreements with Namibia, Botswana, and South Africa, and signed the interim Economic Partnership Agreement (EPA) under the Eastern and Southern African (ESA) bloc with the European Commission in 2009. The EPA offers duty-free and quota-free market access to all exports from ESA countries who are signatories to the EPA. Furthermore, Zimbabwe officially joined the African Continental Free Trade Area (AfCFTA) in February 2020, which aims to create a single continental market for goods and services, eventually leading to the establishment of a Customs Union (Tralac, 2020). While

trade agreements can open new markets, they also expose domestic manufacturers to competition from lower-cost imports, which can undermine local industries considering the macroeconomic challenges undermining the conducive economic business environment in the country.

5.8 Assessing Supply Chain Performance

5.8.1 Manufacturing sector performance and competitiveness is highly dependent on the quality of supportive supply infrastructure. Although innovation is largely within the control of the manufacturer, supply chain performance is largely exogenous as it is affected by other issues outside the control of the manufacturer. One measure of the quality of the supply chain is the logistics performance index (LPI). The LPI is a measure of countries' ability to move goods across borders with speed and reliability by focusing on the ease of establishing reliable supply chain connections and the structural factors that make it possible (World Bank, 2023). Focus areas include the quality of logistics services, trade and transport-related infrastructure, as well as border controls.

5.8.2 The LPI score ranges from 1 to 5, with 5 being the highest possible score for quality logistics. In terms of overall logistics performance, Zimbabwe scored 2.5 in 2023, which is about 50% of the maximum possible (Table 20). Only eight SADC countries are captured by the World Bank in the LPI 2023 scores and at 2.5 Zimbabwe performed better than Madagascar and Angola and performed poorly against South Africa, Botswana and Namibia.

5.8.3 A further disaggregation reveals that Zimbabwe's lowest score in logistics is with respect to customs clearance, where the country has a score of 2.2 or 44%, which is only ahead of Madagascar and Angola. Zimbabwe also scores less favourably in infrastructure and logistics competence & quality, although having an average to above average score in international shipments and timeliness of handling logistics. This means that the current status and quality of logistics does not generally favour Zimbabwe in terms of competitiveness.

5.8.4 The poor performance on LPI also captures the multiplicity of Government agencies at the border posts, each with its own mandate and are physically stationed at Zimbabwe's borders. The Chirundu One Stop Border Post, which is intended to operate as a seamless and efficient border crossing point provides a clear example as there are about twenty-five (25) Government agencies on the Zimbabwean side. On the Zambian side, there are only six (6) agencies, thus creating an imbalance in the number of border agencies. This contributes to delays in clearance processes and consequently leading to an increase in the cost of doing business. As a result, Zimbabwe's competitiveness in regional and international trade has been negatively affected.

Table 2: Logistics Performance Index Comparison, Zimbabwe against Comparator Countries, 2023

Economy	South Africa	Botswana	Namibia	Congo, Dem. Rep.	Mauritius	Zimbabwe	Madagascar	Angola
LPI Score	3.7	3.1	2.9	2.5	2.5	2.5	2.3	2.1
Customs Score	3.3	3	2.8	2.3	2.4	2.2	1.8	1.7
Infrastructure Score	3.6	3.1	2.8	2.3	2.5	2.4	1.8	2.1
International Shipments Score	3.6	3	3	2.5	1.9	2.5	2.9	2.4
Logistics Competence and Quality Score	3.8	3.4	2.9	2.4	2.5	2.3	2.2	2.3
Timeliness Score	3.8	3.3	2.9	2.8	3.1	2.8	2.6	2.1

Source: World Bank

5.9 Conclusion

5.9.1 The review of the manufacturing sector performance has generally shown that the manufacturing sector is finding itself under a challenging operating environment. As a result, this makes it difficult for the sector to be competitive, especially against imports, that are attracted by a dollarized environment. The sector has generally been performing poorly, with

output remaining low, the utilisation of existing capacity being low, while productivity is also low.

5.9.2 A review of the inhibiting factors shows that there are a number of factors that are currently preventing the manufacturing sector from fully realising its potential. High labour costs, high energy prices, the high regulatory cost burden as well as absence of enabling infrastructure all mitigate against manufacturing sector competitiveness.

5.10 Key Findings and Proposed Recommendations

5.10.1 Well-Diversified Sector with Growth Opportunities

Recommendations:

- *Establish Agro-Industrial Clusters: Create localized hubs where agricultural producers (e.g., sugarcane, cotton) directly supply manufacturers (e.g., food processors, textiles) to reduce input costs and waste.*
- *Incentivize Value-Addition: Offer tax holidays or grants for manufacturers investing in processing equipment (e.g., converting raw tobacco into cigarettes or maize into breakfast cereals).*
- *Local Beneficiation Policies: Mandate minimum local processing of minerals (e.g., lithium, platinum) before export to spur domestic smelting, refining, and machinery production.*
- *Joint Ventures: Facilitate partnerships between mining firms and local manufacturers to produce mining consumables (e.g., explosives, drill bits).*

5.10.2 Energy Efficiency Advantages

Recommendation:

Continued investment in energy and transportation infrastructure to enhance manufacturing sector competitiveness.

5.10.3 Declining Contribution to GDP and Employment

Recommendation:

Continued implementation of tight fiscal and monetary policies to ensure macroeconomic and currency stability. This reduces pressure on regular adjustment of input costs, including frequent wage adjustments, which compromise competitiveness.

5.10.4 Underutilized Machinery Capacity

Recommendations:

- *Government to continue review monetary and financial conditions in line with the in collaboration with the RBZ to review the current interest rate for the current manufacturing targeted credit facilities and also consider its accessibility in both currency forms including the USD.*
- *Government, through ZIMRA need to review the way of charging penalty fees such that it takes into account the obtaining macroeconomic environment. ZIMRA should not immediately imposes charges once the tax is due but should first consider if there are any government departments owing the specific company. Thereafter, the option of setting off is recommended before charging a penalty fee.*

5.10.5 Declining Labour Productivity

Recommendations:

- *Government to continue review monetary and financial conditions in line with the in collaboration with the RBZ to review the current interest rate for the current manufacturing targeted credit facilities and also consider its accessibility in both currency forms including the USD.*
- *Government, through ZIMRA need to review the way of charging penalty fees such that it takes into account the obtaining macroeconomic environment. ZIMRA should not immediately imposes charges once the tax is due but should first consider if there are any government departments owing the specific company. Thereafter, the option of setting off is recommended before charging a penalty fee.*

5.10.6 Strategic Trade Agreements

Recommendation:

Expedite the review of the Zimbabwe National Trade Policy and Strategy. Given the policy gap from 2023, the review provides policy direction on strategies aimed at enhancing manufacturing sector exports competitiveness.

5.10.7 High Labour and Utility Costs

Recommendations:

- *Government to continue review monetary and financial conditions in line with the in collaboration with the RBZ to review the current interest rate for the current manufacturing targeted credit facilities and also consider its accessibility in both currency forms including the USD.*
- *Government, through ZIMRA need to review the way of charging penalty fees such that it takes into account the obtaining macroeconomic environment. ZIMRA should not immediately imposes charges once the tax is due but should first consider if there are any government departments owing the specific company. Thereafter, the option of setting off is recommended before charging a penalty fee.*

5.10.8 Business Regulatory Environment

Recommendations:

- *Adopt and institutionalize the Regulatory Impact Assessment (RIA) framework to review both existing and proposed business regulations that hinder competitiveness. This minimises the burden of regulation on the manufacturing sector, which compromises competitiveness.*
- *Upscale and expand the Electronic Single Window System to the remaining border posts and streamline Government border agencies to reduce delays and other inefficiencies at the border posts.*
- *Review all the licences and examine if there are no duplications and overlapping and minimise these license requirements both in terms of numbers and the amounts being charged.*
- *Fixed Fees with a cap as opposed to Open Ended Regulatory Charges as a Percentage of Turnover as this is deemed to be most cost effective for business.*

Annexure I: Regional Comparison of Zimbabwe's Regulatory Costs

1. ELECTRICITY TARIFFS

Zimbabwe (US$ cents/kWh)	Mauritius (US$ cents/kWh)	Rwanda (US$)	Botswana (US$ cents/kWh)	Zambia (US$ cents/kWh)	South Africa (US$ cents/kWh)	Namibia (US$ cents/kWh)
16.08	16	7.4	10.7	7.34	9.36	15.37

Source: NCC Compilation

2. INDUSTRIAL CLEAR WATER

Zimbabwe (US$)	Mauritius (US$)	Rwanda (US$)	Botswana (US$)	Zambia (US$)	South Africa (US$)	Namibia (US$)
2.77*	0.39 to 1.01 tiered	0.51 to .90 tiered	0.68 to 4.66 tiered	0.44 to 1.17 tiered	1.96 to 2.00 tiered	1.52 to 2.58 tiered

Source: NCC Compilation

**non-tiered, making Zim water more expensive to SMEs that use less water.*

3. DIESEL PRICES

Zimbabwe (US$)	Mauritius (US$)	Rwanda (US$)	Botswana (US$)	Zambia (US$)	South Africa (US$)	Namibia (US$)
1.50	1.29	1.13	1.15	1.18	1.24	1.23

Source: ZERA and NCC Compilation

4. COMMON LICENSES FOR STARTING BUSINESS IN A LOCAL AUTHORITY PURVEYOR

Service Charge	Zimbabwe (US$)	Mauritius (US$)	Rwanda (US$)	Botswana (US$)	Zambia (US$)	South Africa (US$)	Duration
Shop Licence	564	45 up to 350 on a tiered basis	42 up to 1387 on a tiered basis	20	8.68	200	Annual
Application Fee for Shop Licence	72	11	0	8	0	50	Annual
Renewal	72	45 up to 350 on a tiered basis	50% of license fee	8	8.68	200	Annual

Source: NCC Compilation

5. VARIOUS LICENSE FEES BY LOCAL AUTHORITIES

Service Charge	Zimbabwe (US$)	Mauritius (US$)	Rwanda (US$)	Botswana (US$)	Zambia (US$)	South Africa (US$)	Duration
Bakery	703	65	55	11			Annual
Butchery	649	45 - 218	70	55	10	45	Annual
Food Purveyors	649	50 - 218	70	11	10	30	Annual
Restaurant	649	50	70	11	10		Annual
Bottle Store	504	875	693	55	10	200	Annual
Restaurant Liquor	504	875	693	55	10	200	Annual
Wholesale	504	327	104	110	12		Annual

Source: NCC Compilation

6. TAX BURDEN (NUMBER OF TAXES)

Zimbabwe	Botswana	Zambia	South Africa	Namibia
51	34	11	7	27

Source: World Bank

7. INVESTMENT LICENCE FEES

Service Charge	Zimbabwe (US$)	Mauritius (US$)	Rwanda (US$)	Botswana (US$)	Zambia (US$)	South Africa (US$)
Application fee	500	54	0	0	75	0
License Fee	4500	984 - 6338	500	180	445	6000

Source: NCC compilation

8. BORDER ACCESS FEES

Border Access Fees	Zimbabwe (US$)	Mauritius (US$)	Rwanda (US$)	Botswana (US$)	South Africa (US$)
Rigid Light Commercial Trucks with axle	122	n/a	152	85	75
Heavy Commercial Trucks Border Access Fees	213	n/a	152	100	140

Source: NCC Compilation

9. TIME TO TRADE

Country	Time to Export Documentary Compliance (Hrs)	Time to Export Border Compliance (Hrs)	Time to Import Documentary Compliance (Hrs)	Time to Import Border Compliance (Hrs)
Botswana	18	5	3.3	3.5
South Africa	68	92	36	87
Zambia	96	120	72	120
Zimbabwe	**99**	**88.3**	**81**	**227.7**

Source: World Bank

10. ENVIRONMENTAL IMPACT ASSESSMENT (MINIMUM AND MAXIMUM FEES)

Fee	Zimbabwe (US$)	Mauritius (US$)	Rwanda (US$)	South Africa (US$)	Botswana (US$)	Namibia (US$)	Zambia (US$)
Min Fee	$210	0.75%	55	110	10	20	85
Maximum Fee	1.2 % of the cost of project	1.5% of the cost of project	1.5% of the cost of project	8 250	110	1.5% of the cost of project	0.1% of the cost of project

Source: NCC Compilation

11. AVERAGE LENDING RATES

Zimbabwe	Mauritius	Rwanda	South Africa	Botswana	Namibia	Zambia
35%	9.5%	16%	11.5%	6.74%	10.5%	29.12%

Source: RBZ and NCC Compilation

12. DATA TARRIFF

Country	Operator	Voice (US cents)	SMS (US cents)	Data/mb
Botswana	Mascom	8.78	1.46	7.25
	BTC	9.66	2.20	7.25
	Orange	9.88	1.83	7.25
Namibia	MTC	7.89	2.10	4.73
	TN Mobile	7.62	1.84	4.73
South Africa	MTN	10.46	4.21	0.79
	Vodacom	10.25	4.21	0.79
Zambia	MTN	6.57	1.12	5.25
Zimbabwe	Econet/Netone/Telecel	3.35	0.69	0.53

Source: POTRAZ

13. MEAN NOMINAL HOURLY LABOUR COSTS

Zimbabwe	Botswana	Mauritius	Rwanda	South Africa	Zambia
2.55	0.66	0.25	0.31	1.93	0.47

Source: NCC Compilation

14. INTELLECTUAL PROPERTY APPLICATION AND REGISTARTION FEES (US$)

IP Type	Zimbabwe	Botswana	Mauritius	Rwanda	South Africa	Zambia
Patent	220	70	223	110	105	219
Trademark	320	121	135	110	92	219
Industrial Design	250 – 630	50	223	110	105	258
Plant Breeders Rights	1075	75	223	85		289
Geographical Indications	320	100	223	85		
Integrated Circuit Layout	380	63		85		150

Source: NCC Compilation

15. ELECTRICITY APPLICATION AND LICENSE FEES (USD)

Fee	Zimbabwe	Mauritius	Rwanda	Namibia	Zambia
Generation licenses					
Application fees:					
- **Green field**	2 500	670	500	515	230
- **Brown field**	2 000	670	500	515	230
Generation license fees:					
- **Above 100kW up to 10MW**	10 000	460 p.a. per MW installed	5 000 – 25 000	$2 165 plus $2 165 annual service fee	0.1 percent of cost of establishing an enterprise or net worth of an enterprise with a minimum of $570 fee units
- **Above 10MW**	20 000 fixed plus 10 000	460 p.a. per MW installed	30 000 – 50 000	$2 165 plus $2 165 annual service fee	0.1 percent of cost of establishing an

Fee	Zimbabwe	Mauritius	Rwanda	Namibia	Zambia
	per 25 MW or part thereof				enterprise or net worth of an enterprise with a minimum of $570 fee units

Annexure II: Implementation Matrix on Proposed Recommendations

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
R&D Funding	Zimbabwe's R&D expenditure as a percentage of GDP remains low, far below the 1% target under the UNESCO (2017) declaration. This underinvestment curtails the nation's ability to innovate, thereby impacting both productivity and long-term competitiveness.	- Increase budgetary allocation towards funding for Research and Development (R&D) to at least 1% of GDP, in line with UNESCO (2017) declaration. - Government, through the Research Council of Zimbabwe (RCZ) to continue supporting R&D institutions with both financial and non-financial assistance, promoting collaboration	MoFEDIP MoHTEISTD RCZ	Dec 2025	- Limited Fiscal space - Limited funding

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
		among research entities, industry, and quasi-Government entities to facilitate knowledge transfer and the commercialization of research outcomes. - Government to offer incentives such as tax breaks or subsidies to stimulate investment in R&D, especially in high-potential industries like technology, agriculture, and manufacturing. In addition.			
Strengthened Partnerships	Zimbabwe scored 29.7 out of 100 in innovativeness, above the average for low-income countries (26.8) but significantly lower than upper-middle-income countries (39.3). This lag indicates limited capacity for technological advancement and product development, which impedes the country's ability to remain competitive in regional and global markets.	- Strengthen collaboration between industry and Innovation Hubs to ensure demand driven innovations. - Promote public-private partnerships (PPPs) to drive innovation and enhance productivity across various sectors. - Strengthen partnership linkages with the international community to enhance the quality of tertiary education on research and innovation through university exchanges.	MoHTEISTD	Dec 2025	- Resistance to change - Stakeholder cooperation

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
Innovation and Tax Incentives		- Provide incentives for the private sector to fund innovation activities such as provision for researchers to retain intellectual property rights including patents and publications for research funded by the Government and free access to the research findings. - Continued provision of incentives such as tax exemptions, holidays and duty free on importation of technological equipment. - Create a National Innovation Fund which will provide seed capital, grants, or low-interest loans to researchers, startups, and entrepreneurs working on commercially viable projects. - Allocate funds for review and enforcement of the IP laws. In addition, Government will support education programs to raise	MoFEDIP	Dec 2025	

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
		awareness about IP rights, helping businesses and researchers navigate the IP system.			
Streamlining Regulations	Zimbabwe's regulatory quality and policy vision scores are low, indicating a challenging environment for business and innovation. The unpredictability and multiplicity of regulations deter investment in innovative projects, which hampers productivity improvements and competitiveness.	Expedite the streamlining of the multiplicity regulations that impact on competitiveness under the Inter-Ministerial Committee on Ease of Doing Business (EoDB).	Inter-Ministerial Committee on Ease of Doing Business MIC	Dec 2025	- Resistance to change - Stakeholder cooperation
Business Regulatory Environment	Zimbabwe's overall Logistics Performance Index (LPI) score is low (2.5), and customs processes are among the most cumbersome in the region, compounded by the presence of 25 Government agencies at border posts like Chirundu. Additionally, manufacturers face excessive regulatory costs (17.8% of overheads) and time	- Adopt and institutionalize the Regulatory Impact Assessment (RIA) framework to review both existing and proposed business regulations that hinder competitiveness. This minimises the burden of regulation on the manufacturing sector, which compromises competitiveness. - Upscale and expand the Electronic Single Window System to the remaining border	Inter-Ministerial Committee on Ease of Doing Business MIC NCC	Dec 2025	- Resistance to change - Stakeholder cooperation - Limited funding

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
	delays. Inefficient logistics and complex regulatory environments hinder supply chain performance, raise production costs and delay market access, which undermines the competitiveness of Zimbabwe's manufacturing sector.	posts and streamline Government border agencies to reduce delays and other production costs. - Review all the licences and examine if there are no duplications and overlapping and minimise these license requirements both in terms of numbers and the amounts being charged. - Fixed Fees with a cap as opposed to Open Ended Regulatory Charges as a Percentage of Turnover as this is deemed to be most cost effective for business.	ZIDA		
Digitalization	Zimbabwe's ICT capital per capita, standing at USD32, is among the lowest performing countries that include Malawi (USD10) and Rwanda (USD36) compared to Botswana (USD511), South Africa (USD120) and Mauritius (USD113). Limited access to ICT	Scale up efforts towards embracing e-commerce within public and private sector operations	MIC MoICTPCS	Ongoing	- Resistance to change - Stakeholder cooperation

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
	resources stifles technological adoption and innovation, restricting the country's productivity and reducing its competitiveness.				
Venture Capital Fund	Zimbabwe has a low value of 2.7 (out of 7) and score of 27.9 (out of 100) on availability of long term, venture capital and finance for SME's which one of the lowest against comparator countries. The low availability of long term, venture capital and finance for SME`s impinge on Zimbabwe's ability to embrace innovation which negatively impacts on productivity and competitiveness.	- Expedite the operationalization of the venture capital fund to boost the availability of long-term capital and finance for Small to Medium Enterprises (SMEs) to promote innovation and enhance competitiveness. - Capacitate the National Venture Capital Company of Zimbabwe (NVCCZ), to the tune of ZiG108 million to support upcoming start-ups and MSMEs in order to promote innovation and generate new employment opportunities. - Introduce tax credits or reduced tax rates for angel investors, private equity firms, and banks that provide long-term financing to SMEs.	MoFEDIP MoWGCSMED	Dec 2025	- Limited Fiscal space

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
		- Foster partnerships with commercial banks, and international financial institutions in order to pool resources and expertise to support SME growth. - Government to facilitate the development of digital financing solutions, including crowdfunding platforms and fintech lending, which can offer alternative channels for SMEs to secure long-term capital.			
Education and Training	The proportion of the country's working population actively engaged in the labour market stood at 47.0% in the third quarter of 2024. This rate effectively means that the larger proportion of the working age population is excluded from the labour market thereby weakening Zimbabwe's human capital base.	- Increase access to quality education and training, particularly for marginalized groups, to address educational inequalities and build a more skilled and inclusive workforce	MoPSLSW Public Service Commission	Dec 2025	- Resistance to change - Stakeholder cooperation - Limited funding

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
Internet Access	Only 34.8% of Zimbabwe's population has internet access, which is lower than countries like Botswana (73.5%), South Africa (72.3%) and Mauritius (67.6%). Limited internet access restricts the flow of information, business opportunities, and integration into the global digital economy and competitiveness.	- **Infrastructure Sharing:** Mandate telecom operators (Econet, TelOne) to share tower infrastructure in exchange for tax breaks, reducing rollout costs. - **Subsidized Last-Mile Solutions:** Deploy low-cost satellite internet (e.g., Starlink partnerships) for remote areas. - Expand community Wi-Fi hotspots (e.g., schools, clinics) with zero-rated access to essential services (e-health, e-learning). - **Universal Access Fund**: Redirect a portion of telecom license fees to subsidize broadband for SMEs and farmers. - **Digital Hubs:** Establish rural digital kiosks (via ZimPost or NGOs) that offer free basic digital skills training (e.g., online marketing, mobile money) and curated local-language content (farming tips, SME templates).	MoICTPCS POTRAZ	Dec 2025	- Resistance to change - Limited funding

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
Budget Allocation on Health	Zimbabwe 's access to universal health has hamstrung by limited funding with heavy reliance on Development Partners. The share of the health budget allocation has been persistently below the 15% stipulated under the Abuja Declaration for the delivery of quality health services.	- Government to adopt a phased approach by gradually increasing the health budget allocation over several years. For example, increase the allocation to 14% in 2026 and further increase to reach the targeted 15% by 2027 in line with the Abuja Declaration. This allows for better financial planning, reduces fiscal shocks to other critical sectors, and ensures that additional funds are effectively absorbed into the healthcare system without wastage or inefficiencies. - Government to introduce dedicated revenue streams specifically for the health sector that include taxes or levies on products such as alcohol and tobacco, which not only generate revenue but also promote public health by discouraging unhealthy consumption patterns.	MoHCC MoFEDIP	2025 - 2027	- Limited fiscal space

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
		- Government to leverage on the Public-Private Partnerships (PPPs) to mobilize private sector investment in healthcare infrastructure, medical equipment, and service delivery, reducing the burden on the national budget. - Government to implement robust monitoring and evaluation mechanisms such as regular audits, transparent procurement processes, and digital financial tracking systems will improve efficiency, minimize corruption and waste.			
Building Confidence in the Banking Sector	Zimbabwe scored 36.8 out of 100 on access to financial services, with marginalized groups like women (7.76%) and SMEs (4.96%) having limited access to loans. Limited access to finance stifles entrepreneurship, business growth, and diversification,	- Government and Monetary Authorities to work closely to restore public confidence in the local currency and in the banking sector. - Monetary Authorities to review downwards bank charges in line with the objectives for expanding financial inclusion. - Government to expand financial products such as savings wallets, microinsurance, and	RBZ MoFEDIP	Ongoing	- Stakeholder cooperation - Resistance to change

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
	thereby compromising productivity and competitiveness.	microcredit, along with increasing financial literacy and maintaining a supportive regulatory environment. - Government to actively engage the banking and non-banking sectors to develop tailored financial products and services that enhance the accessibility and usage of financial services across all segments of society.			
Infrastructure Rehabilitation and Upgrading	Zimbabwe scored 34.4 out of 100 for access to transport and housing, lagging countries like Botswana (81.9), Mauritius (60.3), Rwanda (57), Tanzania (53.8) and South Africa (38.9). Insufficient infrastructure hinders trade, reduces productivity, and makes Zimbabwe less competitive globally;	- Government to strengthen and clarify PPP regulations in order to attract more private investment and expertise, allowing Zimbabwe to leverage private sector efficiencies for projects like road rehabilitation, energy generation, and water and sanitation improvements. - Government to issue long-term infrastructure bonds thus tap into both domestic and international capital markets.	MoTID MoFEDIP MoLGPW MNH MoICTPCS MoFEDIP	Ongoing	- Limited funding - Limited Fiscal space

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
		- Government to recycle its Assets, sell or lease underutilized public assets to release needed resources without adding to the national debt burden. - Continued tax policies reform to broaden the revenue base such as adjusting or introducing targeted taxes and reducing inefficiencies in revenue collection. - Government to prioritize projects with high multiplier effects for example, the regional energy projects like solar farms. - Government to implement strict Monitoring and Evaluation exercise to ensure efficiency in utilization of the allocated resources.			
Renewable Energy and Energy Efficiency Regulations	Zimbabwe scored 27 out of 100 on energy efficiency regulations, which is very low compared to Malawi (37.6), Rwanda (54.6) and South Africa (74.5). Weak regulations result in higher energy	- Government to continue supporting renewable energy IPPs through Government Implementation Agreements to facilitate financial closure.	MoEPD MoFEDIP	Ongoing	- Resistance to change - Stakeholder cooperation

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
	wastage, thereby increasing production costs and reducing competitiveness	- Government to leverage on the Mutapa Investment Fund, invest in strategic sector investments to create long-term sustainable value in sectors which include mining, energy and manufacturing. - Government to continue with the extended VAT deferment facility to the energy sector. - Government to continue assessing and outsourcing green financing from international institutions such as the Green Climate Fund (GCF) and incentivising private sector participation through tax credits, grants, and promoting public–private partnerships (PPPs). - Government to introduce Energy Efficiency Loan Schemes, where low interest loans or credit guarantees can be offered to businesses and households looking to upgrade industrial processes with energy-efficient solutions.			

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
		- Government to stablish an Integrated Energy Efficiency Fund which will provide a structured financial mechanism to support large-scale energy efficiency projects. This fund is envisaged to pool resources from international donors, local investors, and government contributions, ensuring a steady flow of capital for both infrastructure upgrades and community level initiatives.			
Review of Educational Curricula	Zimbabwe's performance on buyer sophistication on environmental products indicates limited demand for sustainable products. Limited consumer demand for green products restricts market growth for environmentally friendly industries, affecting overall competitiveness.	- Align the country's education system with the growing demand for green skills. This involves incorporating sustainable energy and climate change courses across all educational levels particularly in technical fields, ensure a skilled workforce capable of supporting a green transition. - Collaborate with international organisations, universities and the private sector to develop training programmes for renewable energy	MoPSE MoHTEISTD MoECW EMA	Dec 2025	- Resistance to change - Stakeholder cooperation - Limited funding

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
		sectors to ensure that workers have the relevant skills to meet global sustainability standards.			
Health Sector Resilience	Zimbabwe's healthcare system is critically under-resourced, with only 3.5 health workers per 10,000 population compared to the WHO threshold of 23 and significantly below comparator countries like Mauritius (48.5). Weak healthcare capacity undermines human capital, reducing workforce productivity and resilience to economic shocks.	- Increase the number of health workers per 10 000 patients from 3.5 to 23 in line with the WHO threshold. - Retain skilled personnel by improving remuneration and working conditions to improve resilience and competitiveness of the health system. - Government to implement a small tax on luxury goods, alcohol, or similar products to generate additional revenue specifically for healthcare workforce expansion and retention.	MoHCC MoFEDIP	Dec 2025	- Limited funding
Enforcement of Environmental Treaties	Out of the 29 existing international environmental treaties, 69% are enforceable in Zimbabwe compared to South Africa (86.2%) and Mauritius	Create robust systems to expedite the implementation of the ratified environmental treaties and improve reporting on progress	MoECW EMA	Dec 2025	- Resistance to change - Stakeholder cooperation

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
	(82.8%). However, delays in domesticating these commitments into legislation and implementing action plans hinder full compliance with Multilateral Environmental Agreements (MEAs).		Mo JLPA MoFAIT		
Export Product Concentration	Zimbabwe scored 57.4 out of 100 against Mauritius (84.4) and South Africa (82.1). This signifies that the country has limited diversification in its export basket and is relying heavily on primary commodities with minimal value addition. This over-reliance increases vulnerability to sector-specific shocks and reduces overall economic competitiveness;	- Expand support for climate smart agricultural practices, including funding for research on drougt resistant crops and technologies for efficient water use. - Implement incentives for local sourcing and the development of local supply chains to minimise import dependence and improve resilience. - Strengthen investment in the value addition of minerals locally to reduce vulnerability to global commodity price fluctuations	MoLAFWRD MIC MoMMD	Dec 2025	- Limited Funding - Prolonged timeframe - Resistance to change
Technological Resilience	Zimbabwe is among countries with low technological resilience. Weak	- Continued investment in new technological equipment and training programmes for Civil	MoICTPCS	Ongoing	- Resistance to change

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
	technological resilience limits the economy's capacity to adopt and integrate digital solutions, hindering innovation and productivity	Protection Organisations to enhance their skills in managing crisis, adapting to changes and implementing technology effectively. - Develop and deploy advanced early warning systems for natural and human induced disasters, utilizing technology for better communication and community preparedness	MoLGPW		- Stakeholder cooperation - Limited funding
Financial sector Resilience	Zimbabwe's financial system is less resilient to withstand economic shocks as indicated by a score of 37.8 compared to 68.1 for Mauritius, and 62 for South Africa and Rwanda.	- Create measurable indicators to assess progress in resilience building efforts, allowing for adjustments and improvements based on data-driven insights. - Government to continue reviewing and enforcing laws and regulations to protect consumers. - Government to implement policies that maintain macroeconomic stability and promote growth.	MoFEDIP RBZ	Dec 2025	- Macroeconomic instability - Resistance to change - Stakeholder cooperation
Manufacturing Sector	Manufacturing sector contribution to overall real GDP is the lowest when	- Government to continue review monetary and financial conditions in line with the in	MoFEDIP	Ongoing	- Resistance to change

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
Contribution to GDP	compared with other economic sectors. Its contribution has declined from 22% in the 1980s, being the 1st, to the 4th place in 2022 (11%), with a significant drop in employment share. This Low sectoral growth limits job creation and GDP contribution, thereby weakening Zimbabwe's ability to compete regionally in manufacturing-led economic development	collaboration with the RBZ to review the current interest rate for the current manufacturing targeted credit facilities and also consider its accessibility in both currency forms including the USD. - Government, through ZIMRA need to review the way of charging penalty fees such that it takes into account the obtaining macroeconomic environment. ZIMRA should not immediately imposes charges once the tax is due but should first consider if there are any government departments owing the specific company. Thereafter, the option of setting off is recommended before charging a penalty fee. - Adopt the Regulatory Impact Assessment (RIA) framework to review both existing and proposed business regulations that hinder competitiveness. This minimises the burden	RBZ MIC NCC MoEPD MoTID	Dec 2025 Ongoing	- Stakeholder cooperation - Limited funding

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
		of regulation on the manufacturing sector, which compromises competitiveness. - Continued investment in energy and transportation infrastructure to enhance manufacturing sector competitiveness.			
Trade Policy and Export Promotion Strategy	The Zimbabwe National Trade Policy and Export Promotion Strategy (2019-2023) expired in 2023. This means that a new trade policy is required to set priorities on how trade is to be promoted. With a policy gap, this generally means that the manufacturing sector is not benefiting from any deliberate strategies which might have helped enhance manufacturing sector export.	- Expedite the review of the Zimbabwe National Trade Policy and Strategy. Given the policy gap from 2023, the review provides policy direction on strategies aimed at enhancing manufacturing sector exports competitiveness. - Upscale and expand the Electronic Single Window System to the remaining border posts and streamline Government border agencies to reduce delays and other inefficiencies at the border posts.	MoFAIT MIC OPC MoFEDIP ZIMRA	Dec 2025 Ongoing	- Resistance to change - Stakeholder cooperation - Prolonged timeframe
Manufacturing Sector Diversification	The manufacturing sector has strong linkages with agriculture and mining, which have shown growth. This	- **Establish Agro-Industrial Clusters:** Create localized hubs where agricultural producers (e.g., sugarcane, cotton) directly supply	MIC MoLAFWRD MoFEDIP	Dec 2025	- Stakeholder cooperation

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
	diversification and integration stimulate productivity by leveraging synergies across sectors.	manufacturers (e.g., food processors, textiles) to reduce input costs and waste. - **Incentivize Value-Addition:** Offer tax holidays or grants for manufacturers investing in processing equipment (e.g., converting raw tobacco into cigarettes or maize into breakfast cereals). - **Local Beneficiation Policies:** Mandate minimum local processing of minerals (e.g., lithium, platinum) before export to spur domestic smelting, refining, and machinery production. - **Joint Ventures:** Facilitate partnerships between mining firms and local manufacturers to produce mining consumables (e.g., explosives, drill bits).	MoMMD		
Insufficient Green Patents	Zimbabwe has no green patents, limiting innovation in environmental technologies. Lack of innovation	- Establish University-Led Green Tech Incubators with Industry Linkages to transform academia into hubs for	MoHTEISTD ZIPO	Dec 2025	- Resistance to change - Stakeholder cooperation

Issue	ZCR Findings	Proposed Intervention	Responsibility	Timeline	Risk/ Assumption
	reduces opportunities to improve productivity and transition to a green economy.	commercializable eco-innovation, bridging research and market needs.			

NATIONAL COMPETITIVENESS COMMISSION

"Enhancing Zimbabwe's Global Competitiveness"

National Competitiveness Commission

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