

# REPUBLIC OF ZAMBIA



## MINISTRY OF COMMERCE, TRADE AND INDUSTRY

### The Micro, Small and Medium Enterprise Development Policy

*(FINAL)*

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## LIST OF ACRONYMS

BAs	Business Association
COMET	Copper Mining Enterprises Trust Limited
CPI	Consumer Price Index
CTI	Commerce, Trade and Industry
CSO	Central Statistical Office
DBA	District Business Association
EBZ	Export Board of Zambia
FDI	Foreign Direct Investment
FNDP	Fifth National Development Plan
GDP	Domestic Gross Product
GIDD	Gender in Development Division
GRZ	Government of the Republic of Zambia
HIPC	Highly Indebted Poor Countries
HIV / AIDS	Human Immunodeficiency Virus Acquired Immunodeficiency Syndrome
IC	Incubators
ICs	Ignition Development Centres
ILO	International Labour Organization
IPR	Intellectual Capacity Rights
MCTI	Ministry of Commerce and Trade Industry
MGDs	Millennium Development Goals
MSBCs	Micro Sector Business Centres
MSME	Micro Small and Medium Enterprise
NAPSA	National Pensions Scheme Authority
NELMP	National Employment and Labour Market Policy
NCSR	National Council for Scientific Research
NCMSMEs	National Council for Micro, Small and Medium Enterprise
NISIR	National Institute of Scientific and Industrial Research
NGO	Non Governmental Organization
NTBC	National Technology Business Centre
PACRO	Patents and Companies Registration Office
PRSP	Poverty Reduction Strategy Paper
SEDB	Small Enterprises Development Board
SED ACT	Small Enterprises Development Act
SIDO	Small Industries Development Organization
SMEs	Small and Medium Enterprises
SSIAZ	Small Scale Industries Association of Zambia
TEVETA	Technical Vocational and Training
TDAU	Technology Development and Advisory Unit
TICs	Technology Innovation Centres
UNIDO	United Nations Industrial Development Organization
VIS	Village Industry Service
WEDAZ	Woman Entrepreneurship Development Association of Zambia
ZABS	Zambia Bureau of Standards
ZACSMBA	Zambia Chamber of Small and Medium Business Association
ZDA	Zambia Development Agency
ZEPZA	Zambia Export Processing Zambia Authority
ZNCB	Zambia National Commercial Bank
ZRA	Zambia Revenue Authority
ZVCF	Zambia Venture Capital Fund

## **FOREWORD**

Micro, Small and Medium Enterprises cut across all sectors of Zambia's economy and provide one of the most prolific sources of employment and wealth creation and are a breeding ground for industries.

The development of Micro, Small, and Medium Enterprises (MSMEs) is viewed as one of the sustainable ways of reducing the levels of poverty and improving the quality of life of households through wealth and job creation. The contribution of MSMEs to economic growth and sustainable development is now widely acknowledged. MSMEs are believed to deepen the manufacturing sector, foster competitiveness and help in achieving a more equitable distribution of the benefits of economic growth, thereby help in alleviating some of the problems associated with uneven income distribution. MSMEs achieve this by generating more employment for limited capital investment, acting as a 'seedbed' for the development of entrepreneurial talent, playing and supplying the lower income groups with inexpensive consumer goods and services. MSME also act as a buffer in times of economic recession.

Zambia recognised the need to diversify her economy and reduce over-dependency on mining exports. The preferred strategy was production of non traditional export products and creation of Micro, Small and Medium Enterprises. This approach encouraged firms to produce for the domestic market, however, the capacity to grow and to export was still very limited.

Through an Act of Parliament, Government established the Small Industries Development Organisation (SIDO) to promote the Micro, Small and Medium Enterprise sector. SIDO was established to cater for financing needs of small-scale companies as defined in the SID Act. In 1996, SIDO was transformed into Small Enterprises Development Board (SEDB) through the 1996 Small Enterprise Development (SED) Act and, in 2006 it was amalgamated into the Zambia Development Agency (ZDA Act No. 11 of 2006) as an MSE Division.

However, in the absence of an MSME Policy, development of the sector and coordination of development interventions has remained a major challenge in this country. It is anticipated that the challenges facing the MSME sector shall be resolved through strengthening of the capacity of MSE Division of the Zambia Development Agency, establishment of an independent National Council for Micro, Small and Medium Enterprise Development and the implementation of the provisions of the MSME Policy.

This Policy provides for the active support and participation of all key stakeholders in MSME development. The hallmark of this Policy is partnership and an enabling environment.

**Felix Mutati, M.P.**

**Minister**

**MINISTRY OF COMMERCE, TRADE AND INDUSTRY**

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**Davidson M. Chilipamushi**

**PERMANENT SECRETARY  
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## WORKING DEFINITIONS

### **Administrative Barriers**

Refers to the legislation that affects business entry and licensing, the tax and customs administration and company registration.

### **Business Development Services**

Facilitating the small enterprises' access to quality business development services and business information, at an affordable price

### **Proudly Zambian**

Refers to 'Buy Local Campaign' aimed at promoting the consumption of quality locally produced goods and services for wealth creation and employment generation.

### **Citizens Economic Empowerment**

Refers to Government initiative aimed at promoting the empowerment of targeted citizens and companies in order to increase their meaningful participation in the economy and reduce income inequalities.

### **Credit Reference Bureau**

Credit Bureaus Reference agencies act as central repositories for personal data. They compile and maintain credit reports for anyone who has a credit history.

### **Enabling Environment**

Enabling environment is the expression that encompasses government policies that focus on creating and maintaining an overall macroeconomic environment that brings together suppliers and consumers in an inter-firm co-operation manner.

### **Entrepreneurial Culture**

Refers to the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities.

### **Informal Sector**

Refers to economic activity that is neither taxed nor monitored by the government and is not included in the government's Gross National Product (GNP) as opposed to a formal economy.

### **Legal and Regulatory Framework**

Law and legislation that governs the operations of a business.

**Microfinance**

Microfinance typically refers to micro credit, savings, insurance, money transfers, and other financial products targeted at poor and low-income people.

**Micro Small Business Centre**

Refers to open sheds built in strategic locations in various parts of the urban centers with proper facilities (water, electricity, toilets). Each small business is given an appropriate space to do their business.

**Millennium Development Goals**

The Millennium Development Goals (MDGs) are eight goals to be achieved by 2015 that respond to the world's main development challenges.

**Multi Facility Economic Zones**

These are specific geographic areas or premises with the highest quality of physical and social infrastructure that attract investments in manufacturing and acts as engine for economic growth, wealth and job creation and increase foreign exchange earnings.

**Poverty**

Poverty is deprivation of access to those things which make a life of dignity possible, including not only food, shelter and safe drinking water, but also such as 'intangibles' as the opportunity to learn, to engage in meaningful employment

**Poverty Reduction Strategy Paper (PRSP)**

A poverty reduction strategy paper describes the macroeconomic, structural, and social policies and programmes that a country will pursue over a period of time.

**Private Sector Development Reform Programme (PSDRP)**

The PSD Reform Programme is Government Reform Programme aimed at having the foundation for faster, sustained and private sector led economic growth by implementing a comprehensive PSD Reform Action Plan for enhancing the business and investment climate and restore investor confidence.

**Small Aggregate Initiative**

Refers to the forming of joint ventures among small industrialists (existing) wishing to expand but hindered by the same constraints such as lack of funds/skilled personnel.

**Triangle of Hope Initiative**

Refers to the initiative by the Government of the Republic of Zambia with the support of the Japanese Government (JICA) aimed at accelerating economic growth and

development in Zambia's key economic sectors including trade, tourism, health and manufacturing, among others.

## **1.0 Historical Background of the MSMEs Sector in Zambia**

It is an internationally recognised fact that Micro Small and Medium Enterprises (MSMEs) play an important role in the economic development of many countries. The aggregate contribution of MSMEs to national development cannot be over looked. According to UNDP (2004), MSME have the highest capital: employment ratio and are a source of income for a broader layer of the population. The development of MSMEs is viewed as one sustainable way of reducing the levels of poverty and improving the quality of life of households through wealth and job creation. The contribution of MSMEs to employment, growth, and sustainable development is a widely acknowledged fact.

MSMEs are believed to deepen the manufacturing sector, foster competitiveness and help in achieving a more equitable distribution of the benefits of economic growth thereby helping in alleviating problems associated with uneven income distribution. MSMEs achieve this by generating more employment for limited capital investment, acting as ‘seed bed’ for the development of entrepreneurial talent, playing an important role of training citizens to run enterprise, supplying the lower income groups with affordable consumer goods and services. MSMEs also act as buffers in times of economic recession.

International experience has shown that MSME are becoming major contributors to economic growth. In India, MSMEs are said to contribute 70% towards Gross Domestic Product (GDP) and to account for over 90% of all industrial units. In Central Asia, Kyrgyzstan, there are 36 MSMEs for every 1000 citizens contributing 44% of GDP.

According to a 1996 Baseline Survey on micro and small enterprises in Zambia, the sector consists of approximately 97% of all enterprises in the country and employ 18% of the labour force of whom 47% are women (Parker, 1996).

As early as 1981, the Zambian government recognised the importance of the MSME sector and its contribution to economic development. At the same time, the government recognised the challenges that the sector was facing and through the Small Industries Development (SID) Act of 1981 made an attempt to enhance the effectiveness of the sector’s contribution to the national economy by establishing the Small Enterprise Development Organisation (SIDO). In support of the SID Act, provisions were made the Fourth National Development Plan of 1989 to provide infrastructure for operations of MSMEs, promote access to credit by MSMEs with growth potential and to improve production capacities of MSMEs with the view to increase incomes and employment.

The strategies to achieve the above-stated objectives included:-

- i) Provision of collective services, infrastructure, and specialized tools and equipment for common use by MSMEs with growth potential.
- ii) Establishment of innovative institutionalised credit facilities tailored to meet the needs of MSMEs.
- iii) Promotion use of appropriate technology and of available local resources;
- iv) Encourage the formation of small cooperatives
- v) Promote the upgrading of skills through formalized training schemes in terms of extension advisory services.

The resources to the MSME sector were made available through the Small Industries Development Organisation (SIDO), the Development Bank of Zambia (DBZ) and the Village Industries Services (VIS), which were the primary source of small enterprises support.

However, the above mentioned strategies did not quite succeed in facilitating growth and development of the MSME sector partly because:-

- a) Specified targets to be achieved were not set and strategies to be employed to achieve those targets were not well defined.
- b) These MSME support institutions suffered from inadequate funding and poor management resulting in their inability to effectively and meaningfully service the sector.
- c) Private enterprise to which the MSME sector belongs was not proactively encouraged by the State.

After 1991, the economy was liberalised and private enterprise was encouraged as evidenced by the establishment of the Industrial, Commercial and Trade Policy in December 1994 with pronouncements that government would:-

- a) Devise a strategy, with the participation of the private sector, to encourage the growth of small enterprises;
- b) Encourage local governments to review their infrastructure services and licensing regulations so as to support small enterprises;
- c) Provide legislation and incentives that promote rapid growth of the MSME sector;
- d) Decentralize business registration to enable the MSME sector to operate efficiently and have access to incentives; and
- e) Review and harmonize all existing laws and regulations with a view to identifying and removing impediments to the operations of the MSME sector.

In 1996, in recognition of the challenges still facing the MSME sector and with the view to the enhance the further development of the MSME sector, government revised the SID Act and replaced it with the Small Enterprises Development (SED) Act. Among the

salient features of the SED Act were the incentives provisions which included the following:-

- a) Exemption from payment of tax on income for the first three to five years;
- b) Operating a manufacturing enterprise for the first five years without a manufacturing licence required for such an enterprise under any law;
- c) Exemption from the payment of licensing fees required for such an enterprise under any law;
- d) Exemption from Trading Licence for an enterprise registered under the SED Act;
- e) Exemption from payment of tax on income received from rentals on buildings or premises for use by micro and small enterprises;
- f) Exemption from the payment of rates on factory premises;
- g) Exemption from payment of tax on income or interest payable by any financial institution providing loan, or other financial relief or facilities to registered micro and small enterprises carrying on manufacturing activities;
- h) Such institutions shall be allowed to maintain concessionary core liquid assets ratios and reserve requirements.
- i) Expenditure incurred on training staff that specialise in micro and small-scale enterprise financing shall be treated as tax deductible for purposes.

Most of these incentives were however never implemented partly because the systems for their implementation were never put in place.

The development of the MSME sector is critical to the achievement of broader national development goals outlined in the Fifth National Development Plan (FNDP) and in the Vision 2030.

These include:-

- To reduce unemployment levels
- To increase participation of citizens in economic development
- To create avenues for equitable wealth distribution
- To increase utilisation and value addition of local raw materials

## **1.2 Situation Analysis**

The MSMEs sector in Zambia is characterised by business activities of enterprises engaged in traditional industrial sectors, primarily in the production of goods and services for domestic consumption. The primary objective of most of the enterprise owners is to generate employment and income for personal requirements. Business activities among

most MSMEs are further by characterised by the use of low level technology and are oriented towards local and less affluent market segments.

Since the introduction of structural economic reforms and the country's transition to a liberalised economy in 1991, there has been increased activity in the MSMEs sector. The existence of a large MSMEs sector, of which over 90% are informal, has serious implications on the functioning of the economy. There is however limited documented information regarding the business activities of MSME sector and its contribution towards the national development and economic growth. As a result, it is difficult to estimate the total size of the private sector in Zambia as data from the Central Statistics Office (CSO) do not disaggregate national output in relation to enterprise size.

The 1996 baseline survey on MSMEs further revealed that the Zambian MSME Sector was dominated by enterprises with a workforce of less than 10 employees and that 52% of all MSME business activities are based in rural areas. Within the MSME sector, manufacturing activities account for 41% while trading account for 49%. Services accounted for only 10%.

MSME business activities are largely in trading, simple manufacturing, and service provision. Manufactured products in the MSME sector include textile products, wood products, light engineering and metal fabrication, food processing, leather products, handicrafts and ceramics to mention a few. The service sector include restaurants, hair salons and barbershops, passenger and goods transport, simple building construction, telecommunication services, business centre services and cleaning services. The trading sector is concentrated in consumable products, industrial products, and agricultural inputs and produce.

The current economic situation presents opportunities which if taken advantage of, can lead to a vibrant MSME sector. These opportunities include implementation of macro-economic reforms by Government which have resulted in substantial reduction in inflation rates, a competitiveness private sector, liberalized trade policies and removal of foreign exchange restrictions.

In addition, there are abundant natural resources which can be exploited through various value addition activities to give Zambia competitive advantage.

However, although the MSME sector in Zambia has such great potential for economic development, equitable wealth redistribution and poverty alleviation, it faces many business constraints and challenges which hinder growth and limit its ability to contribute effectively to national economic development. According to the Ministry of Commerce Trade and Industry (MCTI) (2006), these challenges and constraints include:-

- Limited access to markets,

- Limited access to appropriate technology, machinery and equipment
- Limited access to suitable business financing solutions
- Inadequate business infrastructure such as roads and telecommunication facilities

In addition to the constraints identified by MCTI, the MSME sector also faces the following constraints;

- Limited technical and management skills
- Inadequate and unsuitable operating premises that can facilitate enterprise growth.
- Inadequate regulatory systems
- Excessive competition from unregulated importation of cheap products

All these business constraints and challenges manifest themselves in the failure by the sector to grow into a viable bottom up development tool and an effective contributor to national development as is the case with MSMEs in economies such as India, Central Asia, and South Africa.

Government's efforts to develop the MSME sector have continued and in 2006 through the ZDA Act, the Small Enterprise Development Board was dissolved and its activities were incorporated into the Zambia Development Agency (ZDA) under the SME Division.

It is against this background that a need for a strategic and focused development of the MSME sector in Zambia has arisen. This MSME Development Policy will provide much needed guidance and direction on all activities and development efforts related to MSMEs. This has been developed after various consultations with stakeholders.

## **2.0 Vision and Rationale**

This MSME Policy outlines the goal, objectives, strategies, and implementation framework for all MSME development efforts in Zambia.

### **2.1 Rationale**

The rationale for this Policy is to create a national vision and leadership for deliberate development of the MSME sector and to facilitate creation and implementation of relevant and effective sector legislation and regulatory framework. The Policy further aims to define the sector, its actors, their roles, and responsibilities and to ensure coordination and synergy in the implementation of MSME support activities.

### **2.2 Policy Goal**

The goal of the Micro, Small, and Medium Enterprise Policy is to create a vibrant, dynamic sector that contributes 20% of Gross Domestic Product and 30% annually to creation of decent employment by the year 2015.

### **2.3 Guiding Principles**

The pursuit of the goal of the MSME Policy shall be guided by the following principles.

- The policy will operate within the national socio-economic development agenda and shall be aligned to the national development objectives outlined in the Fifth National Development Plan, the Poverty Reduction Strategy Paper and the Vision 2030.
- Provisions of the policy shall be supported by appropriate legal, financial institutional and national development frameworks;
- Implementation of the policy shall take into account regional and global best practices in MSMEs development in order to ensure that the sector is current with global development trends.
- Government shall collaborate with private sector, cooperating partners non governmental organisations, and other stakeholders to implement the MSME Policy.
- The Policy shall promote equality in opportunities and gender equity in its pursuit of outcomes and will give emphasis on the role of women as economic actors in MSME development.
- Vulnerable and disadvantaged persons will receive special attention under the provision of the Policy.

- The Policy shall uphold workers rights including promotion of safe working conditions and prevention/mitigation of HIV/AIDS.

## **2.4 Policy objectives**

The MSME Policy aims at achieving the following development objectives:-

- i) To facilitate creation and development of viable Micro Small and Medium Enterprises that contributes 30% towards annual employment creation and 20% towards Gross Domestic Product by the year 2018.
- ii) To facilitate an increase of 10% towards utilisation and value addition of local raw materials in identified regional areas by the year 2018.
- iii) To strengthening forward linkages between MSMEs and large scale companies by facilitating an annual increase of 10% in subcontracting of MSME by large scale companies.
- vi) To improve productivity in the MSME sector by 10% by the year 2018.
- v) To enhance Local Economic Development thereby stimulating broad based economic growth by establishing five (5) Business Incubators and five (5) Industrial Parks in identified locations by the year 2018.

## **2.5 Definition of Micro Small and Medium Enterprises (MSMEs)**

The topology of Zambian MSMEs has changed over time thereby creating the need for redefinition of the different categories of enterprises in the sector. Proper classification of enterprises is a prerequisite for successful targeting of support programmes and incentives provision. In this regard, MSMEs in Zambia shall be defined based on the following business variables:-

- Total fixed Investments
- Sales Turnover
- Number of employees.
- Legal status

Below is the official Zambian definition of Enterprises in the MSME sector.

### **2.5.1 Micro Enterprises**

A micro enterprise shall be any business enterprise registered with the Registrar of Companies;

- i) Whose total investment excluding land and buildings shall be up to Eighty Million Kwacha (K80, 000,000).
- ii) Whose annual turnover shall be up to One hundred and Fifty Million Kwacha (K150,000,000).
- iii) Employing up to ten (10) persons.

### **2.5.2. Small Enterprises**

A small enterprise shall be any business enterprise registered with the Registrar of Companies;

- i) Whose total investment, excluding land and building
  - In the case of manufacturing and processing enterprises, shall be between Eighty Million and Two Hundred Million Kwacha (K80,000,000 – K200, 000,000) in plant and machinery;
  - In the case of trading and service providing enterprises shall be up to One Hundred and Million (K150,000, 000) Kwacha.
- ii) Whose annual turnover shall be between One Hundred and fifty Million and Two Hundred and Fifty Million (K151,000- K300,000,000) Kwacha.
- iii) Employing between eleven and forty nine (11- 50) persons.

### **2.5.3 Medium Enterprises**

A medium enterprise shall be any business enterprise larger than a small enterprise registered with the Registrar of companies;

- i) Whose total investment, excluding land and building;
  - In the case of manufacturing and processing enterprises, shall be between Two Hundred Million and Five Hundred Million (K201,000,000 –K500, 000, 000) Kwacha in plant and machinery,
  - In the case of trading and service providing shall be between One Hundred and Fifty One Million and three Hundred Mullion (K151, 000,000 – K300,000,000) Kwacha.

(ii) Whose annual turnover shall be between Three Hundred Million and eight Hundred Million) (K300,000 ,000 - K800,000,00).

(iii) Employing between Fifty One and One Hundred (51 -100) persons.

#### **2.5.4 Informal Enterprise**

An informal enterprise shall be any business enterprise **not** registered with the Registrar of Companies;

i) Whose total investments excluding Land and Building shall be up to Fifty Million (K50, 000,000) Kwacha.

ii) Employing less than Ten (10) persons.

To qualify as micro, small or medium enterprise under the above mentioned categories, the legal status and total investment criteria must be met together with at least one other criterion.

### **3.0 Policy Focus Areas and Strategies**

A number of focus areas have been identified in to order to concentrate MSME development efforts and maximise utilisation of resources and to ensure that resources are not spread thinly over a very broad area of development activities.

#### **3.1 Focus Areas**

The following are the areas on which MSME development efforts will be focused during the ten year implementation period of this Policy. The focus areas have been categorised into three development pillars of Capacity, Access and Operating Environment.

##### **A. Capacity**

- 1) Entrepreneurship development
- 2) Innovation and technological capacity of MSME

##### **C. Access**

- 3) MSMEs access to market opportunities
- 4) MSMEs access to business development services
- 5) MSMEs access to appropriate business finance
- 6) Access to appropriate operating premises and business Infrastructure

##### **C. Operating environment**

- 7) Local Economic Development
- 8) Representation of MSMEs interests
- 9) Cross cutting issues (HIV/AIDS and Gender)

## **3.2 Policy Statements and Strategies**

In pursuing the policy provisions it is important that policy strategies are clearly outlined in order to address the challenges and constraints faced by MSMEs whilst at the same achieving the policy goal and short term development objectives indicated above.

Effective development of the MSME sector will require well articulated strategies, existence of a conducive environment including appropriate legal and regulatory framework, a well defined implementation framework, and an efficient and effective information and feed back system. Below are the intervention strategies for the identified focus areas.

### **3.2.1 Entrepreneurship Development**

#### **3.2.1.1 Context**

The culture of Entrepreneurship and business practice still is not well developed among Zambian citizens. This could be related to a cultural mind set of dependency and a low propensity for risk taking. This has resulted in low levels of entrepreneurial ability and business management competency among most MSMEs. These low levels of entrepreneurial skill and management competency have limited the ability of most MSMEs to grow beyond establishment phase. Therefore, for MSMEs in the sector to achieve sustainable qualitative growth and for citizens to be oriented towards business there is need to build entrepreneurial capacity through a deliberate entrepreneurship development system.

#### **3.2.1.2 Policy statement**

Government shall advocate for a culture of Entrepreneurship among citizens and shall facilitate development of market demand driven training in entrepreneurship and business management.

#### **3.2.1.3 Objective**

The objectives of interventions under this focus area are:-

- To inculcate a culture of entrepreneurship among citizens and facilitate development of entrepreneurship and enterprise management skills critical to the growth of MSMEs.

#### **3.2.1.4 Policy Strategies**

- i) In conjunction with TEVETA and Ministry of Education facilitate entrepreneurship training at all levels of the education system.
- ii) Through Schools and Institutes of higher education develop different entrepreneurial schemes to inculcate a culture of entrepreneurship among young citizens.
- iii) Organise national and regional entrepreneurship fairs and competitions to stimulate entrepreneurial thinking and action among citizens.
- iv) In liaison with TEVETA design market demand led entrepreneurship and business management training for different levels of MSMEs.
- v) Develop the capacity of Business Development Service (BDS) Providers in rural and urban areas to offer high quality entrepreneurship and business management training and other required BDS Services.
- vi) Establish Institutes of Micro, Small and Medium Enterprises and Entrepreneurship in selected business schools to spearhead MSME research, entrepreneurship, and enterprise management training.
- vii) Develop youth enterprise development programmes that promote establishment of MSMEs among the youth.

## **3.2.2 Innovation and technological capacity of MSME**

### **3.2.2.1 Context**

Innovation is essential for maintaining competitiveness of an enterprise and of its products/services. Most MSMEs however have limitations in this area and have no access to new innovative production processes. In additions, innovations among MSMEs are not well documented and protected. Further, MSMEs have limitations in accessing new technologies which can help improve product quality and productivity

### **3.2.2.2 Policy statement**

Government shall through appropriate agencies promote innovation among MSMEs and shall facilitate access by MSMEs to modern and appropriate technology.

### **3.2.2.3 Objective**

To improve innovation and level of technology and technical know-how among MSMEs.

### **3.2.2.4 Policy Strategies**

- i) Establish within the Business Incubation Centres, Technology Innovation Centres (TICs) offering common facility, technology upgrading and Research and Development related services to MSME sector.
- ii) Promote creativity and innovation in the MSME sector through establishment of annual award schemes that recognize innovations and technology development within the sector.
- iii) Develop and implement technology upgrade projects in major MSME Clusters, Business Incubators and Industrial Parks.
- iii) Build the capacity of existing technology Service Providers (e.g TDAU and National Institute for Industrial and Scientific Research) to effectively deliver support to MSME.
- iv) Enter into bilateral and multilateral agreements with international organisations involved in technology transfer and upgrading in order to improve access by MSMEs.
- v) Through appropriate government agencies, regulate and maintain a register of imported technologies to discourage dumping of obsolete and dangerous technologies.
- vi) Develop a system for promotion, diffusion, and commercialisation of indigenously developed technologies.
- vii) Establish links among universities, technical institutions and MSME Incubation Centres to facilitate research and effective utilization of new technologies.
- viii) Improve MSMEs access to and effective use of the existing intellectual property system to enhance their creativity and innovate capacity and to enable them derive the full benefits of their innovations in the market place.
- ix) In collaboration with TEVETA, build the capacity of Technical Training Institutions to provide technology management training and to develop partnerships with MSME Associations.
- x) Improve women's access to modern and appropriate technology.
- xi) Upgrade National Productivity Centres within MLSS to develop productivity benchmarks and to monitor productivity in the MSME sector.
- xii) In collaboration with the Ministry of Science, Technology, and Vocational Training, National Technology Business Centre (NTBC), the University of Zambia Technology Development and Advisory Unit, and the National Institute for Scientific and Industrial Research, develop programmes that assist MSMEs with equipment, processes, and product development.

### **3.2.3 Access to Marketing Opportunities**

#### **3.2.3.1 Context**

MSMEs have limited capacity to identify and effectively reach both local and export markets. This is due in part to limited access to information on what market opportunities are available, and limited knowledge and skills on how to reach these markets.

#### **3.2.3.2 Policy Statement**

Government shall through designated agencies and in collaboration with identified stakeholders facilitate MSMEs access to local and export markets.

#### **3.2.3.3 Objective**

To broaden MSMEs access to more lucrative local and export markets.

#### **3.2.3.4 Policy Strategies**

- i) Conduct market studies to identify viable market niches which MSMEs can target with their goods and services and disseminate information to MSME representative organisations.
- ii) Develop and implement value chain analysis and development programmes for specific sub-sectors. e.g. Food Processing sector.
- iii) Develop and implement a programme on preferential access by MSMEs to government contracts through the CEEC Act.
- iv) Develop and implement Business brokering and subcontracting programmes that facilitate access by MSMEs to sub-contracting services with large-scale businesses.
- v) Initiate discussions and sign trade agreements with neighbouring countries (particularly DRC, Namibia, Angola, Mozambique and Zambia) to open up export market opportunities for MSMEs.
- vi) Facilitate implementation of MSME Trade Shows and Exhibitions with the view to showcase MSME capacities, products and services.
- vii) Facilitate participation of MSMEs in International Fairs and in Trade Missions.
- viii) Facilitate training of MSMEs in marketing skills and export marketing procedures and requirements, particularly in association with Z.I.M.

- ix) In cooperation with the Zambia Bureau of Standards promote adherence to prescribed product standards as a means to enhance the competitiveness of MSME on the local and export market.

### **3.2.4 MSMEs access to Business Development Services**

#### **3.2.4.1 Context**

Most MSMEs require guidance and hand holding to grow into independent established business entities. This support is more effective when delivered in a well-coordinated holistic manner that can create positive impact on enterprise performance. Currently however, the Sector has limited access to comprehensive integrated business development support.

#### **3.2.4.2 Policy Statement**

Government shall through designated agencies and in cooperation with Development Organisations, facilitate MSMEs access to comprehensive business development support.

#### **3.2.4.3 Objective**

To improve access by MSMEs in rural and urban areas to business development support in key business areas that facilitate enterprise stability and growth.

#### **3.2.4.4 Policy Strategies**

- i) Through research, develop a thorough understanding of the demand and supply side of Business Development Services in Zambia.
- ii) Develop a data base and a system for managing MSME sector information and literature including data collection, system operations and maintenance, and information dissemination mechanisms.
- iii) Conduct MSME surveys and baseline studies to establish the size and status of the sector in Zambia
- iv) Maintain an electronic register of the various categories of MSMEs
- v) Develop and implement pilot model business development support programmes in two urban and two rural provinces of Zambia
- vi) Build the capacity of existing Business Development Services Providers in different provinces to effectively deliver support services to MSMEs in the area of business registration, advisory and mentoring services, business planning, marketing, Business linkages and brokering.

- vii) In collaboration with the Registrar of Companies, facilitate formalization of Enterprises in the MSME sector by promoting the benefits of formalisation, decentralising registration procedures and reducing the cost and time for registration.
- viii) Develop and implement incentives that make it attractive for MSMEs to operate registered businesses and raise awareness of the benefits of operating a formal business.
- ix) Conduct mobile business clinics to popularize MSMEs use of business development support services.
- x) In collaboration with private sector Accounting and Auditing Firms, facilitate provision of tailor-made accounting, auditing and taxation services to MSMEs.
- xi) Strengthen the capacity of standards and quality assurance organisations (e.g. ZABS and Food and Drug Board) to deliver support services to the MSME sector.
- xii) Develop and implement cost-effective business development programmes tailor-made to specific needs of MSME at different levels of growth.
- xiii) Establish an MSME Capacity Building Fund to be administered by the Zambia Development Agency
- xiv) Facilitate establishment of an umbrella Association of Business Development Service Providers to promote self-regulation and systematic use of existing government systems in the provinces.

### **3.2.5 MSMEs access to appropriate Business Finance**

#### **3.2.5.1 Context**

Business Finance is a critical input in the creation, development and expansion any enterprise. MSMEs have difficulties in accessing appropriate business finance to suit their growth requirements. In addition, the cost of finance is relatively high and is sometimes beyond the reach of most MSMEs. The terms and conditions for accessing business finance are also very demanding. The problems of MSMEs access to finance are on both the supply side and the demand side.

#### **3.2.5.2 Policy statement**

Government shall collaborate with relevant stakeholders to facilitate development of financing programmes and schemes to enhance MSMEs access to appropriate business financing.

#### **3.2.5.3 Objectives**

To improve MSMEs' access to appropriate business financing that effectively facilitates enterprise establishment, growth and expansion.

#### **3.2.5.4 Policy Strategies**

- i) Establish part of the CEE Development Fund as a graduated financing vehicle for developing the MSME Sector with a view to transform it into an economic stronghold.
- ii) Through relevant government agencies, engage financial institutions into developing suitable business financing products for MSMEs. These should include equity, leasing, hire purchase, trade finance, and investment financing.
- iii) Strengthen the capacity of development banks to provide growth-oriented financing solutions to MSMEs.
- iv) In collaboration with the Credit Reference Bureau, provide referral to confirm credit worthiness of specific MSMEs.
- v) In collaboration with the Lusaka Stock Exchange, operationalise the secondary market for MSMEs on the Stock Exchange to create alternative sources of business financing.
- vi) Provide incentives to Financial Institutions in order to encourage lending to MSMEs.
- vii) Establish Credit Guarantee Schemes to improve access and minimise collateral constraints among MSMEs.

#### **3.2.6 Access to appropriate operating premises and business infrastructure**

##### **3.2.6.1 Context**

The MSME sector lacks systematically structured and developed business premises and infrastructure that can facilitate the growth of individual enterprises and of the sector as a whole. Inadequate operating premises and infrastructure impacts negatively on enterprises at all levels and raises the cost of doing businesses. To MSMEs, poor business infrastructure, especially in the rural areas, poses a great challenge to doing business.

##### **3.2.6.2 Policy Statement**

Government shall in collaboration with private sector facilitate development of suitable operating premises for MSMEs in rural and urban areas of the country.

### **3.2.6.3 Objective**

To improve MSMEs' access to appropriate and affordable business infrastructure and operating premises in order to enhance progression and growth of individual Enterprises.

### **3.2.6.4 Policy Strategies**

- i) Facilitate development of Business Incubators and Industrial Parks in at least three provinces in the next five years.
- ii) Enter into strategic alliances with local industrial estate developers to facilitate development of designated MSME Industrial Parks and Incubators in different parts of Zambia.
- vi) Designate land and establish Multi Facility Economic Zones with a focus on developing suitable Infrastructure for MSMEs in different parts of the country.
- v) Develop guidelines on management and operation of Business Incubators and Industrial Parks.

## **3.2.7 Local Economic Development**

### **3.2.7.1 Context**

Local Economic development plays a critical role in the development of urban and peri-urban areas. Local economic development contributes to the growth of the local economies in terms of absorbing local labour force, slowing urban migration, contributing to national income growth, effective and efficient utilization of local resources through value addition, and promoting a more equitable distribution of income. In addition, Local Economic Development facilitates development of local infrastructure. Local Economic development is a regional development strategy that places emphasis on development of local competitive advantage.

### **3.2.7.2 Policy Statement**

Government is committed to a bottom-up development approach and shall facilitate development of local business infrastructure in localized areas in both urban and peri-urban areas.

### **3.2.7.3 Objective**

To stimulate localised economic activity and develop appropriate MSME business infrastructure in both urban and rural areas.

### **3.2.7.4 Policy Strategies**

- i) Develop the capacity of local authorities to establish and management Multi Facility Economic Zones targeted at MSMEs in order to stimulate local economic development.
- ii) Collaborate with private sector real estate developers to construct Business Industrial parks in selected parts of the country to facilitate access by MSMEs to appropriate operating premises.
- iii) Provide guidelines and incentives for business premises development programmes such as build-operate-transfer or build-own-operate schemes.
- iv) Development value chain and cluster development programmes to jump start local economic development and enhance utilisation and value addition of local resources.
- v) Facilitate development of rural business infrastructure to improve the competitiveness of identified business areas.
- vi) Promote establishment of business linkages between agricultural farming blocks, large Companies and MSMEs in order to establish enhance marketing channels.
- vii) Provide tax incentives to stimulate development of MSMEs in rural and peri-urban areas.
- viii) Develop Industrial Clusters in localities where there is competitive advantage in producing particular products and services.
- ix) In collaboration with private sector service providers, improve MSMEs access to telecommunication, internet, and banking services.
- x) In collaboration with Road Development Agency and Local Municipal Councils improve access roads to central business premises and Industrial Parks.
- xi) In collaboration with MULG, local councils and market associations/cooperatives, improve local markets and access to BDS and appropriate financing
- xii) Strengthen the operations and delivery of member services to associations of local marketers, and improve their prospects for formalisation.

## **3.2.8 Representation of MSMEs Interests**

### **3.2.8.1 Context**

Business associations and other MSMEs grouping have an important role to play in lobbying and advocating for the interests of MSMEs with government and other stakeholders and for mobilising MSMEs into a formidable force for national development. In Zambia most existing MSME business associations are weak and have with limited capacity to effectively play their role. There is therefore need for measures for institutional strengthening of associations at various levels to be put in place in order to promote the growth and stability of the MSME sector.

### **3.2.8.2 Policy statement**

Government shall encourage effective representation of MSME interests at various fora through support towards systematic development of MSME representative bodies.

### **3.2.8.3 Objective**

To strengthen the capacity of MSME representative organisations to articulate MSMEs needs and interests, and to mobilise MSMEs for active participation in economic development.

### **3.2.8.4 Policy Strategies**

- i) Establish strategic partnerships with key MSME apex representative organisations.
- ii) Implement joint baseline studies on the population and status of MSMEs in Zambia.
- iii) Build the capacity of the apex MSME representative bodies to successfully provide support to members.
- iv) Broaden the outreach of existing MSME representative bodies to effectively include the various MSME sub-sectors.
- v) Promote vertical and horizontal networking linkages between different MSME representative bodies.
- vi) Strengthen the capacity of the various MSME representative bodies to articulate their needs and coordinate their views.
- vii) Facilitate peer learning for small business associations through exchange visits and study tours to countries with best MSME practices

### **3.2.9 Cross Cutting Issues**

#### **a) HIV/AIDS**

##### **3.2.9.1a Context**

Zambia is one of the Sub-Saharan African countries worst affected by the HIV/ AIDS pandemic. It is estimated that about one million Zambians are infected with HIV. HIV/AIDS has a negative impact on families, communities and business establishments and can result in lowered productivity in an enterprise.

##### **3.2.9.2a Policy Statement**

Government shall promote development of HIV and AIDS prevention and mitigation programmes in order to minimise their negative effects on work places and productivity.

##### **3.2.9.3a Objective**

To strengthen the capacity of MSMEs to mitigate the negative effects of HIV/AIDS on their businesses.

##### **3.2.9.4a Policy Strategies**

- i) Create increased awareness on the negative impact of HIV/AIDS on business operations.
- ii) Conduct training for MSMEs on strategies for mitigation of HIV/AIDS negative impact and development of HIV/AIDS workplace programmes.
- iii) Develop capacity in advocacy, management, eradication and monitoring of MSMEs response at all levels.

#### **b) Gender**

##### **3.2.9.1b Context**

It is recognised that gender plays a significant role in national development. However, more often there exist gender disparities and imbalances in access to economic and business opportunities resulting from gender insensitive legislation and administrative systems. There is therefore need to take deliberate steps to eliminate all forms of discrimination in access to opportunities.

### **3.2.9.2b Policy Statement**

Government shall ensure equity in participation of both men and women in all initiatives pertaining to MSMEs development

### **3.2.9.3b Objective**

To facilitate equitable access and effective participation of men and women all MSME developmental programmes.

### **3.2.9.4b Policy Strategies**

- i) Identify factors that inhibit men and women, from effectively participating in various MSME development programmes and develop strategies to overcome these hindrances.
- ii) Build the capacity of MSMEs development organisations including associations of women entrepreneurs, to design programmes that take into account the specific needs and challenges that women entrepreneurs face.
- iii) Develop special programmes that specifically target vulnerable members of local communities such as women, youth and other people with disabilities

## **4.0 Implementation Framework**

Facilitation of the smooth implementation of the policy strategy will depend on clarity of who are the actors and their corresponding roles and responsibilities. While MSMEs development activities cut across institutional mandates of various government Ministries, Agencies, Local Authorities, NGOs and development partners, there is need for a clear demarcation of responsibilities and accountabilities. The implementation framework shall operate at four main levels as follows:-

### **4.1 Main Actors, their roles and responsibilities**

The current institutional framework for MSME support in Zambia is highly fragmented and requires restructuring to ensure better coordination among various agencies or players. Below is the new Institutional and implementation framework for MSME Development.

#### **4.1.1 Ministry of Commerce Trade and Industry**

The Ministry of Commerce Trade and Industry (MCTI) shall be lead government body on matters relating to MSME development. In pursuance of the goal of the MSME Development Policy, MCTI shall have the ultimate responsibility of providing an enabling economic environment conducive for growth of the MSME sector by putting in place the requisite Institutional framework.

The main role of MCTI shall be to develop relevant policies of MSME development and to provide policy level direction on all matters related to MSME development. MCTI will be responsible for providing and maintaining government's goodwill and commitment to the development of the MSME sector and will oversee the implementation of the MSME policy provisions.

#### **4.1.2 The Enterprise Development Council**

Although, in principle, it is the Ministry of Commerce, Trade and Industry which takes the lead in matters relating to the MSME sector, it is important that there is an independent National Enterprise Development Council (NEDC) that can help build national consensus on matters relating to MSME development.

The National Enterprise Development Council shall be the apex advisory body on MSME development and shall comprise eleven (11) members drawn from government and government agencies, private sector and MSME Associations. The recommended representation shall be three (3) from MSME Apex Associations, three (3) from private sector and two (2) government ministries and three (3) from relevant government agencies.

The role of the National Enterprise Development Council shall be to coordinate views of various stakeholders involved in MSME development to oversee the overall implementation of the MSME Policy, and to provide advice and guidance during the process of implementation.

#### **4.1.3 Zambia Development Agency - MSE Division**

The MSE Division of the Zambia Development Agency shall be responsible for operationalising this government policy through various focused programmes on MSME development. The ZDA, MSE Division shall be responsible for establishing strategic partnerships with various MSME Development Organisations and for building the capacity of these organisations to effectively deliver services to MSMEs. The MSE Division shall be responsible for developing, coordinating and monitoring and documenting all MSME development interventions.

In addition, ZDA MSE Division shall be responsible for regulating the MSME sector and its various implementing organisations and structures and ensuring that all MSME development activities create synergy and are directed at achieving set national goals and objectives. ZDA shall also be responsible for liaising with other government programmes and agencies involved in programmes and support activities related to MSME Development. Further, ZDA shall be responsible for conducting research and surveys on any aspects related to MSME development and for coordinating and monitoring the quality of MSME interventions by intermediary organisations.

#### **4.1.4 MSME Development Organisations**

The MSME Development Organisation shall be all intermediary organisations actively involved in delivery of various support services to the MSME sector. These intermediary organisations shall be responsible for the actual delivery of services to MSMEs in different parts of the country. The intermediary implementing organisations will include MSME development Organisations, Donor projects, Private Sector organisations and Non Governmental Organisations (NGOs) and MSME Umbrella Associations.

#### **4.1.5 Micro Small and Medium Enterprises and MSME Associations**

The various individual MSMEs and their local or sectoral Associations in different parts of Zambia will be the target beneficiaries of all MSME development support interventions. The local MSME Associations will be responsible for mobilising their members and positioning them strategically to benefit from the various support activities that will be put in place.

## **4.2 Inter-ministerial Cooperation and Collaboration**

The Ministry of Commerce Trade and Industry will collaborate with other government institutions and departments, local authorities and other stakeholders involved in the development of the MSME sector. In particular, the Ministry shall liaise with and maintain close working relationship with the following institutions:

- i) Ministry of Agriculture and Cooperatives in order to promote the development of agro-processing industries and related agri-business activities
- ii) Ministry of Lands to facilitate allocation of land for development into Business Incubators and industrial Parks.
- iii) Ministry of Science, Technology and Vocational Training to support efforts in improving research and the development (R&D), technology adaptation and technical skills training.
- iv) Ministry of Tourism, Environment and Natural Resources, and the Environmental Council of Zambia on environment safety and protection issues.
- v) Ministry of Labour and Social Security and Ministry of Sport, Youth and Child Development to promote good labour practices in the MSME sector, to monitor issues of child labour and to ensure decent work practices.
- vi) Ministry of Housing and Local Government and Local Authorities to ensure adequate support to MSME development activities at local level and to ensure effective decentralization of government services to the MSME sector such as the provision of different business licenses.

## **4.3 Time Frame for Implementation**

The MSME Development Policy will be implemented over a period of ten (10) years beginning in 2008. Government ensure alignment of the various other policies and development initiatives that have a bearing on implementation of the provision of this policy. This policy will also be closely aligned with other government initiatives outlined in the Fifth National Development Plan (NDP).

## **5.0 Legal Frame work**

An appropriate and facilitative regulatory framework is a prerequisite to the successful implementation of the MSME Policy. The Zambia Development Agency (ZDA) Act of 2006 is the main legal provision for development of the MSME sector in Zambia and is the principle legislation under which the MSME Development Policy shall operate.

However, other pieces of legislation have a bearing on the successful implementation of the MSME Development Policy. These include:-

- The Companies Act, Cap 388 which provides for legalisation of business operations in Zambia through registration of companies, trade marks, industrial designs and patents.
- The CEE Act of 2006 which provides for economic empowerment of citizens through the practice of enterprise and provision of the empowerment fund.
- The Banking and Financial Services Act, Cap 287 which regulates provision of banking and financials services
- The Income Tax Act, Cap 323 which governs taxation of profits of limited companies and incomes of enterprises under the Business Name Registration set up.

There is therefore need to ensure that these laws are synchronised to ensure harmonised implementation of interventions and incentives provisions.

The implementations of the various strategies of the MSME Development Policy may involve programmes which are beyond the mandate of the Ministry of Commerce Trade and Industry In the event that certain legislation impedes effective implementation of the MSME Policy, the Ministry of Commerce Trade and Industry shall work proactively to remove any such impediments by collaborating closely with relevant Institutions to ensure that appropriate reforms are made to the legislation in question.

## **6.0 Resource Mobilization**

Successful implementation of the MSME Policy will depend on timely availability of financial resources for implementation of recommended interventions strategies. The government through the Ministry of Commerce Trade and Industry shall be ultimately responsible for mobilising necessary resources for development of the MSME sector.

The Government will endeavour to identify both internal and external sources of finances for development of the MSME sector. In this regard, the Ministry of Commerce Trade and Industry shall involve the private sector through Private Public Partnerships, Cooperating Partners and other stakeholders to mobile resources for developing the MSME sector.

In particular, financial resources for implementation of strategies recommended in this Policy shall be mobilised from:-

- National budgetary allocations
- Contributions and investments from private sector
- Contributions from multilateral and bilateral cooperating Partners
- Allocations to MSMEs from the Empowerment Fund of the Citizens Economic Empowerment Commission.
- User fees for various services rendered to MSMEs

The National Enterprise Development Council shall be responsible for ensuring that mobilised resources are redistributed equitably among the various MSME development interventions and that they effectively utilised and transparently accounted for.

## 7.0 Monitoring and Evaluation

The Ministry of Commerce Trade and Industry shall be ultimately responsible for monitoring and evaluating the implementation of the provision of this Policy. The Ministry shall conduct period monitoring exercises to assess adherence to the provisions of the policy and to determine whether interventions activities are contributing towards achievement of the policy goal and identified development objectives. The Ministry shall conduct at least one monitoring exercise per year.

More regular monitoring activities shall be conducted by the MSE Division of the Zambia Development Agency to examine effectiveness of intervention activities being delivered by intermediary organisations and to assess the overall impact of MSME support activities on the performance of the sector. The ZDA will conduct at least two monitoring visits per year and will conduct an impact assessment exercise every two years. ZDA will prepare and disseminate to stakeholders bi-annual progress reports and an impact assessment report every two years.

The ZDA will in turn ensure that registered intermediary organisations have put in place monitoring and evaluation systems for the interventions that they will be involved in. MSME intermediary development organisations will conduct monitoring exercise once every quarter and shall be will required to prepare quarterly monitoring reports.

The focus of monitoring and evaluation efforts will be in three key areas of:-

- **Technical performance** to assess quality, effectiveness, and relevancy of intervention activities in achieving set objectives.
- **Time performance** to ensure that programmes and projects are implemented on schedule and that they are being implemented within stipulated time frames.
- **Cost performance** to review the relationship between projected cost of interventions, actual expenditure, and the resulting outputs.

## **Annexes**

### **Annex i: THEMATIC ISSUES**

In addition to the proposed government strategies presented in the MSME Development Policy, there are issues which are crosscutting in nature. This section presents a number of thematic issues which are vital for the successful implementation of the MSME Development Policy. They include:-

#### **1) The relevance, effectiveness, and sustainability of the proposed policy**

The effectiveness of this policy will depend to some extent on the provisions of ZDA Act of 2006. This Act has been recommended for revision in order to enhance its relevance to national development.

Recommendations for amendment of relevance to the MSME Development Policy include inclusion of the Triangle of Hope provision of incentives to cater for MSMEs and rural enterprises and harmonisation with the CEE Act.

This Policy has been prepared as a living document with flexibility for adjustment and amendment to suit the operating environment and to respond to external factors that impact on MSME development.

#### **2) Consistency of Policy with existing legislation that impacts on operations of MSME sector**

This Policy is consistent with the provisions of the TEVET Act which advocates for promotion of a culture of entrepreneurship among citizens through entrepreneurship training for TEVET trainees, informal sector operators and the micro, small and medium enterprises.

It is also consistent with the provisions of the CEE Act which promotes active participation of citizens in the economy and which encourages scaling up of investments in regional areas.

This Policy is also consistent with:-

- Section 12 of the ZDA Act on Trade and Industrial Development which recommends strategies such as development of the capacity of business enterprises to trade in an international competitive market and facilitating protection of infant industries.
- Section 17 of the ZDA Act on Investment Promotion and Guarantee which advocates for capacity building strategies for national investors.

### 3) Policy documents having a bearing on the MSME sector

Existing Policy document which have a bearing on the MSME Sector include:-

- **The Technical Vocational and Entrepreneurship (TEVET) Policy**, which aims at among other things to act as a vehicle for improved productivity and income generation and as an instrument for minimising inequalities among people.
- **The National Employment and Labour Market Policy** whose focus is on providing an enabling environment for all Zambia at work places.

### 4) Implication of policies under line ministries on MSMEs

The Ministries of Youth, Sport and Child Development, Science, Technology and Vocational Training, Labour and Social Security, Local Government and Housing, Agriculture and Cooperatives and Community Development Social Services have bearing on the activities of the MSME sector. Each Ministry has a component on employment creation.

- The Ministry of Youth, Sport and Child Development and Agriculture and Cooperatives provide training in the fields of entrepreneurship, management and production.
- The Ministry of Science, Technology and Vocational Training, provide training in entrepreneurship, accounting and managerial skills.
- Ministry of Labour, responsible for implementing the National Employment and Labour Market Policy and Zambia Decent Work Country Programme
- The Ministry of Agriculture and Cooperatives provide skills training for small scale farmers to develop and improve their productivity and create employment;
- Ministry of Local Government and Housing provide land, infrastructure and licensing, are also responsible for district administration and are in charge of decentralization and have a unit that constructs houses and provide credit for the poor communities.
- The Ministry of Community Development and Social Services provides material and monetary assistance to the aged, people with disabilities, disadvantaged, poor families and women's groups.
- Gender in Development Division and Ministry of Women and Gender in Development responsible for implementing the Joint Gender Support Programme.

Currently, the policies in the line ministries identified above are parallel to this MSME Policy because collaboration structures have not yet been established. There will therefore be need to establish collaboration with the identified Ministries in order to create cohesion in the delivery of support activities.

## **Annex ii: List of people interviewed**

- 1) Mr. John Paton, Team Leader, Capacity Building for Private Sector Development, MCTI
- 2) Mr. S. Siakalenge, Director Planning, MCTI
- 3) Ms Viola Chipere, Chief Economist, Industry, MCTI
- 4) Mr. Mandesi C. Kaumba, MSME Technical Advisor, MCTI
- 5) Mr. John A. Mulongoti, Acting Chief Economist, Industrial Monitoring and Evaluator, MCTI
- 6) Mr. Solomon Simutowe, Economist, MCTI
- 7) Mr. Timothy Siakazila, Chairperson, Zambia Chamber of Small and Medium Business Association (ZCSMBA)
- 8) Ms. A. M. Banda Bobo, Registrar, Patents and Companies Registration Office (PACRO)
- 9) Mr. Mutale Ng'andu, Director Planning, PACRO
- 10) Mr. Maxwell D. Sichula, Executive Secretary, Zambia Chamber of Small and Medium Business Associations (ZCSMBA)
- 11) Ms. Edina M. Mudenda, Director, Non-Bank Financial Institutions Supervision
- 12) Mr. Mukuka W.B. Nuukwe, National President, Small Scale Industries Association of Zambia (SSIAZ).
- 13) Mr. Efreda Chulu, Director, Census and Statistics Organisation.
- 14) Mr. Nteema Muzandu, Acting Inspector, Zambia Bureau of Standards
- 15) Dr. Tambatamba, TDAU, University of Zambia
- 16) Mr. Gerry Finnegan, ILO Regional Director, ( Zambia, Malawi and Mozambique)
- 17) Ms. M.M. Hampango, Director of Planning, Ministry of Youth and Sport and Child Development
- 18) Ms. Maderine Bbalo Mbuta, Director of Planning, Ministry of Labour and Social Services

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