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An evaluation of Zambia's 2010 Micro, Small and Medium Sized Enterprises (MSMEs) Development policy: Challenges and recommendations to the Ministry of Commerce, Trade, and Industry towards the enhancement of Entrepreneurship

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Abstract

The role Micro, Small and Medium Enterprises play in every economy including Zambia is evident in every economy and are a driver towards the attainment of the Sustainable Development Goals (SDGs) (UN, 2020). The MSMEs have helped countries developed and developing in job creation, reducing the gaps in income and creating a more sustainable growth of economies. This development in this sector needs the country's development policy towards MSMEs to be efficiently and effectively promoted in order to maximize its impact. Zambia implemented the MSMEs development policy in 2010 which expired in 2019. The main purpose of this policy was the provision of direction and guidance with regards to the efforts in relation to MSMEs sector in Zambia to foster growth that is sustainable which is the sole purpose of Zambia as it strides towards achieving its Vision 2030 of becoming "A prosperous middle-income nation" by 2030 (GRZ, 2006). The MSMEs development policy was support by the 6th and 7th National Development Plan which are well aligned towards creating sustainable growth and accelerating developmental growth.

This paper will evaluate the MSMEs development policy implementation, its challenges and a global benchmark will be conducted to see how successful some countries have managed to prosper in this sector. The research finding will be submitted to the newly established ministry of Small and Medium Enterprise.

Keywords: policy, micro, small and medium enterprises, implementation, benchmark entrepreneurship, innovation

Introduction

One of the most important dialogues issues among economies around the world is the issue of the micro, small and medium Enterprises (MSMEs). The most contribution to economies is made by the MSMEs sector (World Bank, 2020) ^[23]. This is the key focus around the world for policy makers towards developing the MSMEs sector. One of the major drivers towards this promotion is realized through innovation which helps to transform national development from one stage to another. Zambia is no exception to this dialogue and indeed the government through the ministry of Commerce, Trade and Industry is fostering the implementation of the MSMEs Development policy.

Even with a lack of an acceptable universal definition, Micro, Small and Medium Enterprises (MSMEs) are recognized widely due to their contributions towards sustainable development especially towards economic growth, the provision of public services and goods, job creation, alleviating poverty and indeed in the inequality reduction in countries worldwide (OECD, 2017) ^[13].

In Zambia, a micro enterprise is a Registrar of companies registered business, with a total investment of K80, 000 excluding buildings and land with K150, 000 annual turnover with utmost 10 people employed. (GRZ, 2017) ^[17].

A Small enterprise is a Registrar of companies registered business, with a total investment of between K80, 000 – K200, 000 in the case of processing and manufacturing enterprise, excluding buildings and land with K151, 000 – K300, 000 annual turnover, employing between 11-50 people. (GRZ, 2017) ^[17].

A Medium enterprise is a Registrar of companies registered business, with a total investment of between K201, 000 – K500, 000 in the case of processing and manufacturing enterprise, excluding buildings and land. In the case of services and trading, have a total investment of between K151, 000 – K300, 000 with K301, 000 – K800, 000 annual turnover, employing between 50 - 100 people. (GRZ, 2017) ^[17].

Zambia's economic history as dated from its independence in 1964, has been dominated and characterized by the mining of copper and exporting it. This made the economy of Zambia to be reliant on the extraction sector which was mainly the mining of copper. This was boosted by the high metal prices worldwide and an increased copper extraction output in the 1960s. This was not long until in the 1970 when the oil prices crushed and caused a world crisis which adversely affected the copper prices worldwide. Zambia was not spared on this one, its economy suffered terribly and the reliance on copper mining was seen as a danger to the country and ways to diversify the economy was now top of the agenda by the UNIP government. Due to the turn of events, this radical change by government was tabled and vividly well elaborated in the National Development Plans the country was following. To be specific, the 1969-1983 Third Development Plan had the diversification of the Zambian economy on top of its to-do list, this meant moving away from the heavy reliance on copper mining into a manufacturing economy. This radical move meant that the government made manufacturing a cornerstone towards economic recovery by creating a strategy which put the enacting and promotion of rural industries and small-scale industries. The promotion of the small industries gained momentum as it was seen as a good driver towards entrepreneurial development of the Zambian citizenry locally. It was also believed that the small industries would generate more employment as this sector was had a lot of indirect impacts towards employment as it used more of the local resources as compared to the larger firms that would rely on mainly importing raw materials which didn't empower the locals more than the small industries.

The government from as way back as the 1980s, has used multiple instruments in order to boost the Micro, Small and Medium Enterprises (MSMEs) like creating legal instruments like the Small-Scale Industries Development Organization act (SIDO) in 1981 which was tasked to promote the MSMEs on financial, procurement, marketing and consultancy services. The Zambian government has continued including the MSMEs policy in the national budgets and indeed implementing policy statements like the current 2010 Micro, Small and Medium Enterprises (MSMEs) development policy which this paper is focusing on, in order to evaluate its implementation and its outcomes since 2010.

This paper will outline the successes, challenges the policy has suffered since its implementation, followed by a well-documented benchmark from five (5) countries around the world which has successfully managed to make breakthrough in MSMEs sector.

Recommendations will be made on the way forward to the ministry of Trade, Commerce, and Industry and more now that the new government that was sworn in this year in August has specifically put more emphasis on this sector by creating a very instrumental ministry, the Ministry of Small and Medium enterprises.

Literature review

Both developing and developed countries all over the world have seen the importance the Micro, Small and Medium enterprises (MSMEs) contribute towards the total growth output and job creation and a global attainment of the Sustainable Development Goals (SDGs) (UN, 2020). The expansion of these enterprises from micro, to small and eventually to medium when they make the most tangible contribution towards job creation and economic growth. A competitive edge is created by these medium sized firms in most countries by being venture firms and leading subcontractors to big firms. However, in most developing and least developed countries, this middle-sized enterprise is missing which is attributed to the not well formulated and implemented policies which impede the organic and gradual growth of these enterprises. With this lack or hidden developmental policies towards these MSMEs, the startup, survival and growth which are the dimensions of enterprise growth and their different needs as these evolve through this growth period tend to be overlooked.

Zambia had no framework legally promoting Micro and Small Enterprises from 1964 to 1981. It only had the Pioneer Industries Act created in 1965 which was giving income tax relief and promoting the substition of imports for the light industries. This import substitution initiative continued being amended as seen in the 1977 act called the Industrial Development Act. Zambia continued striving towards improving the Zambian economy towards diversifying the economy (Nkole *et al*, 1993) ^[10]. In 1981, parliament passed the Small Industry Development Organization (SIDO) act which promoted the SMEs. The SIDO act failed to flourish due to its limiting scope of concentrating mainly on manufacturing industries mainly in the formal sector, hence neglecting the informal sector, other sectors in the economy. This was replaced by the Small Enterprise Development Board (SED) in 1996. With this act, an enterprise was well defined but this act didn't cover the mining sector for it was well represented in the minerals and mine Act which was passed the same year. The largest segment in every economy is the MSMEs sector which accounts to more than 80% of the country employment and about 20% contribution towards GDP. This is further elaborated in Zambia that enterprises that employ less than 50 employees constitutes 80% of the private sector in the Zambian business environment (The World Bank, 2010) ^[18] which employs 73 percent in total in the labor force in Zambia. A lot of debate to date still exists in Zambia over the informal sector. It has been estimated that the informal sector accounts to 90% in employing the labor force in Zambia (Shah, 2012) ^[27] though very little data exists in Zambia towards which enterprises are constituted in this sector. For this reason, prior to the launch of the 2010 MSMEs development policy, the Zambia Business Survey (ZBS) was launched to assist the donors, training institutions, policy makers, government and financial institutes with information on MSMEs in Zambia so that they develop products and design sustainable programs so that the growth and productivity of MSMEs is improved ZBS, 2010). This

was the first time Zambia launched such kind of a program in order to fill this information gap a lot of analysis reports were produced by the ZBS (Shah, 2010; Pearson, 2010; Botha *et al.*, 2010; Clarke *et al.*, 2010) [28, 3, 15, 2]. The ministry of Commerce, Trade and Industry too partnered towards the same investment initiative with the NEPAD-OECD Africa to help with reviewing the Zambian investment policy using the policy framework OECD has towards investment (OECD, 2011) [11]. This was comprised in collaboration with four partners namely: the Zambian Business Forum, the Private sector Development reform program, the world Bank, FinMark Trust and the Zambian government (The World Bank, 2010) [18]. From this survey, it was noted that the Zambian economy was divided into business worlds which comprised of large businesses and on the other hand a wide span of MSMEs which were informal, being operated by the owners. From this survey by ZBS, home-based type of

enterprises which had no paid employees constituted more enterprises than businesses that were well structured. Of these, 81% operated from the rural environment, with 70 % involved in agricultural activities and about 21% in the retail/wholesale trade. It was noted that very few of these MSMEs were registered in Zambia with any agencies connected to the government. From the report by ZBS, the ministry of Commerce, launched the 2010 Micro, Small and Medium Enterprise development policy. The policy was formulated to guide the acceleration of economic development through the promotion of the MSMEs sector in Zambia.

This mandate by the ministry of Commerce was driven through government institutions and statutory bodies like the Zambia Development Agency (ZDA) which was mandated with intervention measures like building capacity towards entrepreneurship development as shown in the table below.

Table 1: MSMEs intervention measures towards developing the sector

S/N	Interventions	Outputs
Entrepreneurship Development Services		
1	Entrepreneurship Training	1,284 MSMEs, that included women and youths, benefited from trainings conducted in Entrepreneurship skills development, Cooperatives Management and "EMPRETEC" among others.
2	Technical Skills Support	4 training workshops in product development, business plan development, record management, and packaging, branding and marketing of products. A total of 87 MSMEs benefited from this support.
3	Business Advisory Services	Business plan development and financial management trainings were conducted. A total of 325 Smallholder Farmers and MSMEs benefited from the programmes.
4	Business Formalization	Six awareness and sensitization programmes were undertaken. A total number of One Hundred and Thirty-Nine (139) MSMEs benefited.
Enterprise Development Support Services		
1	Business Incubation	96 MSMEs were supported with business incubation and acceleration.
2	Product Development	49 MSMEs were provided with product development support, in Agro-processing like Honey, Cassava, Cooking Oil and Peanut products as well as trainings in bar-coding, packaging and branding, respectively.
3	Business Linkage	727 MSMEs were supported with business linkages through access to finance and markets.
4	Business Intelligence and Market Information (BIMI)	496 MSMEs accessed Business Intelligence and Market Information (BIMI) in the Agriculture, Agro-Processing, Manufacturing, Construction, Transport, Trading, Tourism, Mining, Real estate, ICT and Service sectors, through the Information Resources Centre (IRC).

And also able to business advisory services, Business Development Services (BDS), business incubation towards enterprise development as shown in the table below.

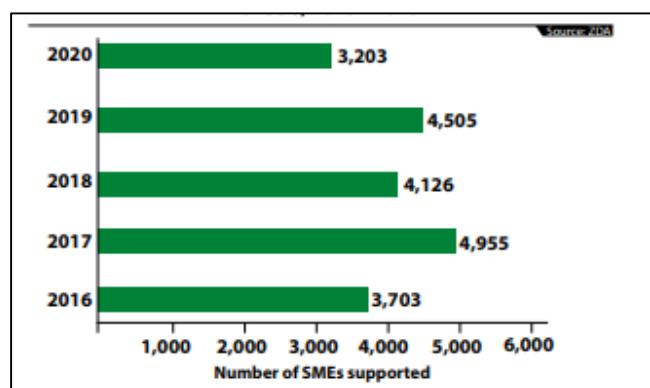
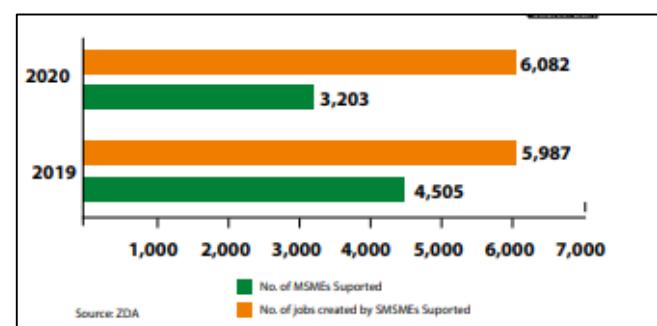


Fig 1: MSMEs that were supported by the BDS in trends from 2016-2020

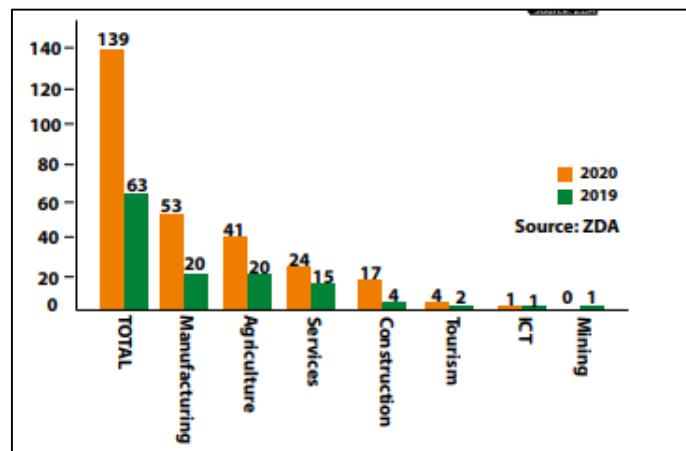
Which helped to create employment in the long run.



Source: (ZDA, 2020)

Fig 2: Employment created by MSMEs and support given in the period 2019-2020

The Patents and Companies Registration Agency (PACRA) is also another government institution mandated by the ministry to overlook the registration of MSMEs, cooperatives and societies towards the attainment of an economy with a sustainable growth.



Source: (ZDA, 2020)

Fig 3: 2019-2020 number of MSMES by sector that where formalized

In summary, the ZDA witnessed especially in the reporting period 2018 to 2020 an increase in Foreign Direct Investment (FDI) and local investment, especially in the mining area due to the policy of encouraging diversification and most investors

were seen coming to invest in the gold. And other precious metal mining sector which encouraged a lot of small-scale mining companies as shown in the table.

Table 2: 2020 projects registered among the high value top 10

No.	Company	Country of Origin	Sector	Projected Investment (USD, million)
1	Migodi Auric	Zambia	Mining	3,660
2	BL and D Plant Hire Limited	Zambia	Service	1,142
3	Maamba Collieries Limited	Singapore	Energy	848
4	Mobe Sugar Limited	Zambia	Manufacturing	579
5	Tsidkenu Air Limited	Nigeria	Transport	520
6	Universal Mining and Chemical Industries Limited	Zambia	Manufacturing	500
7	Lumwana Mining Company Limited – Renewal	Australia	Mining	417
8	Mopani Copper Mines Plc	Switzerland	Manufacturing	281
9	Ultra-Green Corporation Zambia Limited	USA	Energy	216
10	Zhonghui Mining Group Limited	China	Manufacturing	200

Also, the Zambia Bureau of Standards (ZABS), Citizenship Economic Empowerment Commission to mention just a few are among the other institutions which were and are still working to see to it that the MSMEs sector is promoted in Zambia.

These statutory bodies helped with the implementing of the MSMEs development policy over the period 2010-2020. This policy was also supported by the concurrent 6th National Development Plan (SNDP) of 2011 – 2015 which emphasized poverty reduction and creating a sustainable economic growth together with the 7th National Development Plan of 2017-2021 (GRZ, 2017) ^[17] which too focuses on the acceleration of economic development by moving away from a sectorial approach towards an approach aimed at integrating the nation and be able to achieve the status of a middle-income nation by 2030 as stated in the first ever written long term plan Zambia has ever developed the Vision 2030. Zambia indeed has been an investment destination the past 5 years as eluded from the doing business report (The world Bank group, 2020) ^[23]. This was also witnessed from 2009 with Zambia improving as witnessed by the doing business index conducted by world bank that saw the country move from number seventy-six (76) in 2009 to position seventy-six in 2010 which was a measure among one hundred and eighty-three (183) countries (OECD, 2011) ^[11]. The implementation

of the 2010 MSMES development policy by the ministry of Commerce as done hand in hand with government institutions that were mandated to help with the implementation of the MSMEs development policy. The most of the MSMEs implementation was mandated to ZDA. From the annual ZDA reports from 2010 to date, all efforts have been put across to implement and make the MSMEs sector in Zambia attain a sustainable growth level. The ZDA helped to create a conducive environment and managed to put across several measures like intervention measures for the existing MSMEs by offering business development services to MSMEs over the last 10 years. The ZDA has been monitoring investment projects as shown in table 2. The agency has managed to implement and construct with the partnerships of the Chinese government, the Multi-Facility Economic Zones (MFEZs) and Industrial Parks (IPs) which acts as industrial development platforms and also to be used as chains in the value creation circle. These facilities are to be part of the domestic economy as the integration was to make the local company have the privilege to see how the model is done from the originator, which is China. These zones help in the attraction of FDI (Mwenda et al., 2016) [9]. The table below shows the IPs and MFEZs that have been implemented up to now in Zambia.

Table 3: IPs/MFEZs Developers status report on operation 2019-2020

NAME	Pledged Investment at Inception by Developer (s) (USD, million)	Pledged Employment at Inception by Developer (s)	Number of Operational Companies		Jobs Created by companies operating in MFEZ / IP		Actualized Investment by Investors operating in MFEZ / IP (USD, million)		Invested amount by Developer (s) (USD, million)	
			2019	2020	2019	2020	2019	2020	2019	2020
Chambeshi MFEZ	800	12,897	49	51	8630	8959	1,880	2,170	167	192
Lusaka East MFEZ	500	10,432	13	15	474	1190	48.1	252.4	20	25.2
Lusaka South MFEZ	100	2,249	41	41	4875	5686	354.5	355	60	60.3
Sub-Sahara Industrial Park	N/A	191	3	5	130	150	30.0	N/A	N/A	N/A
Roma Park	100	25	17	20	666	691	24.6	120	20	20

Source: ZDA

Other notable success attempts by the government to support the MSMEs sector is by improved access to regional markets by creating one-stop border posts that increase efficiency towards time management. The long queues transporters used to experience at the border posts is now a thing of the past with notable developments like the Kazungula/Kasane one stop border post, Katima Mulilo/ Werela one-stop border post and the Tunduma/Nakonde one stop border posts. This will increase the efficiency towards the running of the supply chains in and out of the country.

Challenges in implementing the 2010 MSMEs Development policy

The implementation of the 2010 MSMEs Development policy was done by the ministry of Commerce, Trade and Industry. The mode of the ministry of implementing the policy was through ten (10) institutions and statutory bodies of the government. The institutes where all mandated to carry specific roles towards the successful implementation of the policy. Across all the institutions, from their respective annual reports from 2010, the following were the general challenges observed towards the smooth implementation. Diversifying the nation was very difficult to achieve due to the instability in the macroeconomic environment in Zambia. With the volatility of the copper prices, revenue from the sale of copper needed a tighter management as it creates the Dutch disease syndrome which downplays the diversification as imports in Zambia become more attractive.

Weak policy formulation and regulation systems which has no or less involvement of stakeholders created a lot of challenges for the Business regulation Review Agency. Information and Communication Technology has been one of the greatest challenges in harnessing effectively process licensing issue and also getting up to date information from the Central Statistics Office (CSO) which is Zambia's national data official source. This caused a lot of bureaucratic, inefficient, cumbersome and costly processes towards the process of registration.

Inadequate funding from the government to the ministry of Commerce. This has caused a lot of delays towards implementation of some Programmes which eventually affects the overall implementation of the MSMEs Development policy.

Too much political interference especially with the operation of the ZDA, making the agency to work in an environment where the implementation of ethical practices was very difficult.

Covid-19 outbreak affected the implementation of the policy especially the beginning of 2019. Services like the business development services saw a huge reduction of about 30% between 2019 and 2020 which affected the MSMEs greatly (ZDA, 2020).

Follow up towards the implemented project by the ministry was not well coordinated. Programmes like the MFEZs and IPs have not gotten the best public awareness.

Lack of good linkage between MNC which operate in Zambia and local MSMEs has been very poor. This challenge hinders our local MSMEs to grow, learn and be part of the value chain and contribute well in the supply chain.

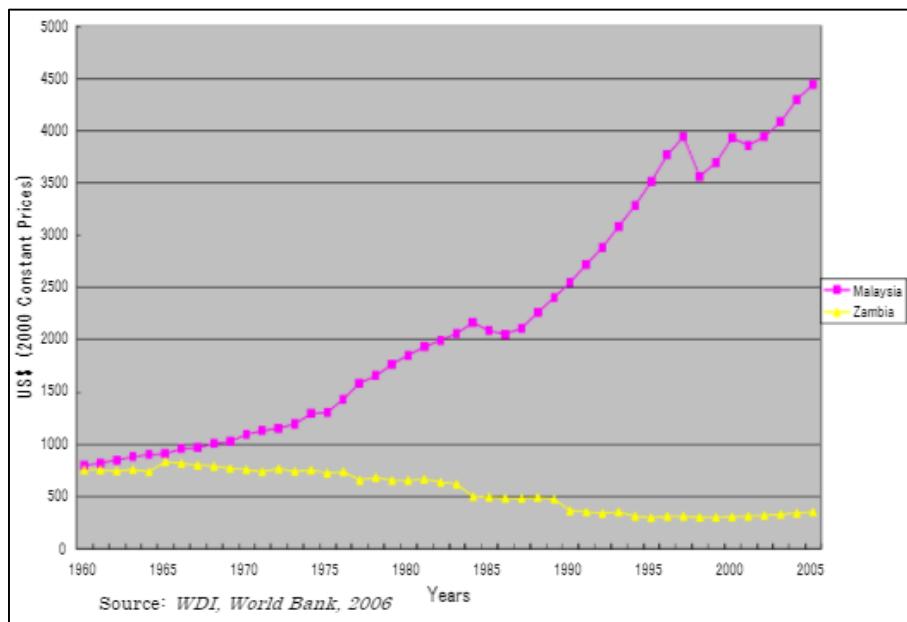
On the part of the government, coordination has been fragmented, weak, unclear between the agencies tasked by the government to promote the MSME policy like the Zambia Development Agency (ZDA), the Citizens Economic Empowerment Commission (CEEC), Patents and Companies Registration Agency (PACRA) and the Business Regulation Agency (BRA). This was also noticed in 2017 during the report given by the committee on national economy, trade and labour matters to parliament on 20th September 2017(GRZ, 2017) [17].

Benchmarking with other regional and global countries towards the promotion of MSMEs sector

Analysis was done with countries around the globe and with the region to benchmark and learn from them. South Asia countries implemented policies and Programmes towards their process of industrialization. One such country to be used in this reference is Malaysia. Japan, Canada, Rwanda and South Africa were also reviewed and used as a benchmark for Zambia to follow. Below is the analysis.

Malaysia

Malaysia has similar past history like Zambia, as dated back to the 1960's when they had similar per capita incomes as seen in figure 4 below.



Source: World Bank, WDI. 2006 [29]

Fig 4: Comparison between Zambia and Malaysia on the Per capital income 1960-2006

Both countries Malaysia and Zambia each had natural endowments such as minerals like copper for Zambia and Tin and Rubber for Malaysia. Zambia has remained far below Malaysia to date when it comes to industrialization as Malaysia is now in its upper middle-income country with Zambia still struggling just to reach the middle-income mark as elaborated in the Zambia Vision 2030. Malaysia attracted a lot of FDIs, multi-national corporations set up industries in Malaysia, but the country made a very robust system to support the local SMEs to work in collaboration with these MNCs. This was witnessed by other South Asia countries like South Korea, China and Japan towards this integration and local support initiatives. For a long time, the Malaysian government has been coordination their MSMEs promotion Programmes according to SME Corporation Malaysia (2020) which is the central agency coordinating the implementation of developmental Programmes in the MSMEs sector under the ministry of Entrepreneur Development and Cooperatives. The Malaysian government has supported its SMEs towards Marketing, training, financial assistance and infrastructure development (Othman and Ismail, 2014). Malaysia, like other countries have emphasized the element of putting correct financing options to responsible SMEs (Durst and Gerstlberger, 2021) Malaysia for a long time has focused on being innovative by fully implementing their policy on innovation. This policy is complex and requires an integration approach with all ministries involved in technology, innovation and science related activities being put in the loop (OECD, 2016c) [12].

Rwanda

Rwanda has done so well especially towards the improvement of the MSMEs sector. It has adhered to its commitment towards its vision 2020 which emphasizes growth through total engagement of all stakeholders. Even in the Covid-19 era, the country has remained resilient, positive and focused with a lot of government supports to its MSMEs who lost a lot during this period (Rwigema, 2020). This focus has now been shifted towards their Vision 2050 which ambitiously focuses on achieving the status of being an upper

middle-income country by 2035 and by 2050, reaching the status of being a high-income country (Republic of Rwanda, 2020) [26]. They have notable policies like clustering. This is a collaborative way of encouraging MSMEs by collective actions in clusters like registration, capacity building and financing. This has also been useful towards monitoring and evaluating the progress of these MSMEs. Rwanda with this initiative has managed to reduce to overall cost of doing business and managed to work in line with being a middle-income country by 2020. Rwanda is among the most competitive countries in Africa when it comes to structural and policy reforms according to the doing business report. (The World Bank, 2015) [20] Rwanda managed this due to its accountable and transparent system of governance. The Rwandese government was ranked 7th for the most effective and efficiently leadership according to the World Economic Forum. Rwanda embarked on its Economic Development and Poverty Reduction Strategy by fully being in possession of the entire strategy by creating a responsive ownership to it, by creating initiatives that are home-grown including solutions which are based on community level. The government also centered its developmental agenda on the development of ICT infrastructure (The Republic of Rwanda, 2018) [17].

South Africa

One of South Africa's opportunities towards the development of economy is through the construction and supporting of the small businesses (The World Bank, 2018) [21]. In order to promote the MSME environment, the government has put a lot of efforts on the startup stage and the growth stages in the life cycle of the MSMEs. In order to this, the South African government has focused on creating better access to information, policy sharpening on all the policies that are implemented towards this sector which needs a lot of coordination. The government has also increased the level of formalization of the businesses in this sector to enhance increase revenue collection for the government in terms of revenue collection through the collection of tax. The biggest move the government has done is to expand the access

towards markets locally, within the region and internationally, and an increase to finance for the MSMEs.

Japan

One of the strategies employed by Japan was the creation of local public centres or *Public Industrial Technology research* centres aimed at driving the technology agenda. These centres are called *Kohsetsushi* in local Japanese. These initiates help with the development of regional industries in the SME sector in Japan. These centres are engaged in consultations on technical issues, creating a hub for communication, prototyping, testing and demonstration of machinery using new technology for SMEs to try and incorporate. These centres are operated under the Ministry of Economy, Industry and Trade. These centres may be general, or sector oriented. Emerging technology is introduced through these centres and SMEs are able to get training and be able to use the technology.

Canada

Canada has pushed its agenda towards supporting SMEs through the technology advancement. The Industrial Research Assistance Program has managed to stimulate innovation and technological advancement among SMEs. Canada also used a framework towards performance measurement which was aimed at supporting companies in the incubation and Acceleration stages. These policies help these startups with assistance towards expertise and linking them to international markets.

Methodology

A Desk research method to conduct this research is has been seen appropriate for this comparative study (Adom *et al.*, 2020). The analysis of secondary data using published articles, journal, working papers and document analysis was employed using the internet for searching. A scholarly collaboration was employed with the theories existing in the reviewed literature.

Research Findings and Analysis

For a country like Zambia to prosper in the job creation, the most important driver towards this is the development of the manufacturing sector of the SMEs. A competitive and robust manufacturing orientation is what has made all the countries prosper and drive chain in the MSME sector. Without a healthy manufacturing sector, balancing the trade account is very difficult. It has also been noticed from all the countries the research researched from that the manufacturing sector is very key in the job creation for both the middle class, skilled and unskilled citizens. With a well-developed manufacturing sector, the country has a good security backup. Innovation and research and development is driven more when the economy is having a manufacturing outlook. Every government's service and manufacturing sectors cannot be separated due to their complementary nature. Despite the hard work put by the Ministry of Commerce, Trade and Industry, it was observed that the MSMEs sector continued to have among other challenges like

The access to markets was still limited, lack of financing which could range from medium to long term that was affordable was still limited. The MSMEs sector still suffered from the regulation barriers posed by the government itself such as inspections, registration with other procedures concerning compliance which become burdens to the sector

and ended up being a breeding ground for corrupt practices. Innovation, management and technical support continues to be a big hinderance. The government needs to learn from Japan, China and Canada from the way they are driving innovation which is locally coordinated, giving the sector help on prototyping etc. despite trying to develop the MFEZs and the IPs, these facilities are not affordable to most MSME, hence infrastructure for business such as telecommunication, roads, warehouses still remain a challenge in Zambia. The MSMEs still struggled to compete with cheap imports coming the country making the local industry suffer. Many MSMEs missed out the opportunity to get funds from the government through government funds due to their affiliation towards certain political parties. The researcher also noted that among the incentives the government created for this sector, only bigger companies benefited. The sector still suffered from lack of proper guidance in terms of mentorship on issues like where to get finance which is cheaper, business registration procedures, practices to do with labour laws, tax. This created a further draw back towards growth for the MSMEs. The MSMEs sector continued to be sideline, even with laid up policies like the twenty percent (20%) policy on local participation towards contracts in construction. There was no proper reinforcement and most foreign contractors got most of the contracts especially Chinese owned firms. All the countries researched have implemented their development policies just like Zambia, but they have consistently followed and used government initiatives to promote the sector.

Research Conclusion and Research recommendations.

Conclusion

Despite all these policies Zambia is pursing like the MSME Development policy under review in this paper, the country continues to struggle with the concept of diversifying the economy. The promotion of the sector is a big driver towards economy diversification. Diversifying the economy helps in the alleviating of poverty, growing the private sector and creating jobs. The struggle in creating a diversified economy through the promotion of the MSME sector is attributed to the administrative procedures in government that are cumbersome, unaligned and uncoordinated, changes in regulations, legal unpredictability, high business costs due to poor infrastructure, high cost of sourcing loans, inadequate in human resources, poor transparency towards contracts awards in government and unreliable supply of electricity, corruption, with a corruption index of 113/175 according to Transparency international (2021). This was compounded by the appointing of party aliened Chief Executive Officer (CEO) who were aligned to a particular party who put party interest more than national interests. The government with the help of the Ministry of Commerce, Trade and Industry would have seen this episode of boozing the MSME sector a success story only if there were well coordinated linkages between ministries through the mandated government institutions like the ZDA, CEEC etc.

The government of Zambia needs to realize the importance of the MSMEs sector and its contribution and learn from countries like Rwanda, which rose against all odds from the genocide-stricken country, which lost a lot of its skilled manpower either to death or fleeing to other countries.

The government of Zambia could have done far much better than what they have done so far towards the promotion of MSMEs in Zambia. With the covid-19 pandemic, the

macroeconomic situation worsened and the MSMEs were too greatly affected country wide.

Zambia needs to revisit the policy, redefine it and amend it to be reintroduced in the new dawn government which promises transparency and minimal to no corruption.

Recommendations

From the research findings and analysis, this research has the following recommendations.

The policy needed a lot of review over its lifespan, it became misaligned especially with the seventh National development Plan (7NDP) and the CEEC. This created a problem as the policy could not responsively respond to challenges the sector experienced.

The government of Zambia needs to improve on the governance, coordination and duplication of duties being noticed especially in the past government. All other successful economies like Malaysia also embarked on a radical implementation of developmental policies that they followed consistently and effectively by making government institutions the way ZDA and other statutory institutions under the ministry of Commerce, trade and industry are doing.

The development of MSMEs must not only be left to the Ministry of commerce alone. An integrated system needs to be devised to all ministries who are involved in Science, Education, innovation and green economy. Every ministry should have a department to deal with this collaborative nature of integration to make a development of MSMEs a country wide campaign and an agenda for every ministry. MSMEs when well supported will increase productivity, increased employment and overall uplifted standard of living when the ministry of Commerce is aiming at cost reduction towards doing business, other government departments try to see how they can maximize revenues through levy collection like councils etc. harmonizing the policies is needed in order to create an environment that is conducive for MSMEs.

A lot of contradictions with the ministry of Commerce needs to be addressed towards the MSMEs and its implementation. The Zambia Bureau of Standards (ZBS) mostly discourages the upcoming MSME by declaring their products not to meeting standards basically. More effort is needed by the ZBS to see where the sector is lacking and see how proactively they can come up to assist them to do the right thing. All those products not meeting standards need to be certified in a different bracket as work in progress and let them compete on entry level standards.

Government thresholds need to be upheld towards products and services the government procures from the local MSMEs. This should be made mandatory to support local MSMEs.

The mining industry in Zambia, being the main contributor to the Zambian economy, could be the greatest sector to help uplifting these MSMEs. The mining giants, who are foreign conglomerates still import most of their supplies. Let the MSMEs do that role and promote localization. An active desk needs to be created in every mining company to help with the training of skills locally subsidized by the government.

With declining levels of inflation, the lending rates by banks towards MSMEs need to be reduced. The government need to also set up zero percent loans to MSMEs that have managed to transform through stages. A proper layout needs to be formulated to show the benefits at every level. Also, the government must be made aware that those foreign MSMEs get a lot of funding from their governments to come to

Zambia, hence care needs to be taken especially when sourcing finance. Banks would prefer them due to their good payback which crowds out our local MSMEs.

The government must promote pooling of resources by youths to come up with cooperatives, community projects and then the government comes in to assist after they have reached a certain level of the targeted capital.

The government needs to create an entrepreneurial culture by embedding it in the national curriculum. **ALL** learners, should be given the privilege to skills training in schools. For instance, when the learners are waiting for the grade 9 and 12 results, Zambia National Service (ZNS) could engage with learners and impart the entrepreneurial skills and knowledge from childhood.

The government needs to look at the big gap between the lending and borrowing rates the commercial banks offer. This inhibits both desires to borrow or save by MSMEs. This is one area if well done can create growth to the sector.

The ministry of education needs to be well aligned, as a well productive education system will help in the development of human capital. Business education needs to be put on the agenda as this would create a competitive advantage.

The government of Zambia need to create a competition framework responsible for checking the improvement on the processes towards services and products across the MSMEs sector and the entire economy.

The MSMEs framework needs to be enhanced for it to take into account the aspects that involves the entry into the sector of new firms. This could be done by ensuring that processes are reduced towards registration, financing etc. also well formulated exit regulations need to be formulated so that MSMEs that fail into issues of bankruptcy could be helped like restructuring the bank debts, setting clear exit procedures and also enabling settling MSMEs issues out of courts especially simple ones.

The government need to improve the road network so that accessibility to markets is enhanced.

The new government need to learn from the past and reduce totally any political interference into the operations of these government depart and ensure that the ruling party (UPND) has a clear line on how it is being funded and run. Not using government funds using tax payers' money. This is what encourages corruption among the ruling government.

Business associations on district level needs to be encouraged to decentralize the operation of MSMEs policy monitoring and implementation.

Zambia needs to push the agenda of creating an African umbrella organization to investigate the welfare of MSMEs as a continent to encourage collaboration.

Zambia needs to work towards creating a growth centered towards productivity. Rural integration and taking back development to the rural areas so that the government invests in its citizenry.

The wellbeing of citizens is very important. The government needs to invest heavily in the health sector so that as we are meting the MDGs. With the Covid-19 pandemic and other diseases like HIV/AIDS, Malaria. If the poorest citizens in rural areas have access to good healthy facilities, this will help in increasing productivity as they engage in their Micro enterprises which will eventually transform to medium.

The formation of cooperatives must be well coordinated as this is a good effort especially in rural areas. These cooperatives must be given incentives towards their survival by the government.

Cross cutting issues during the supporting and implementing of these MSMEs needs to well-coordinated.

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