



The future of Innovation in Zimbabwe's Manufacturing Sector

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Small & Medium Sized Enterprise Association of Zimbabwe

Unite Nations Economics Commission for Africa, CSIR, South Africa
November 22 – 23, 2012

“History should be our guide. The United States led the world’s economies in the 20th century because we led the world in innovation. Today, the competition is keener; the challenge is tougher; and that is why innovation is more important than ever.”

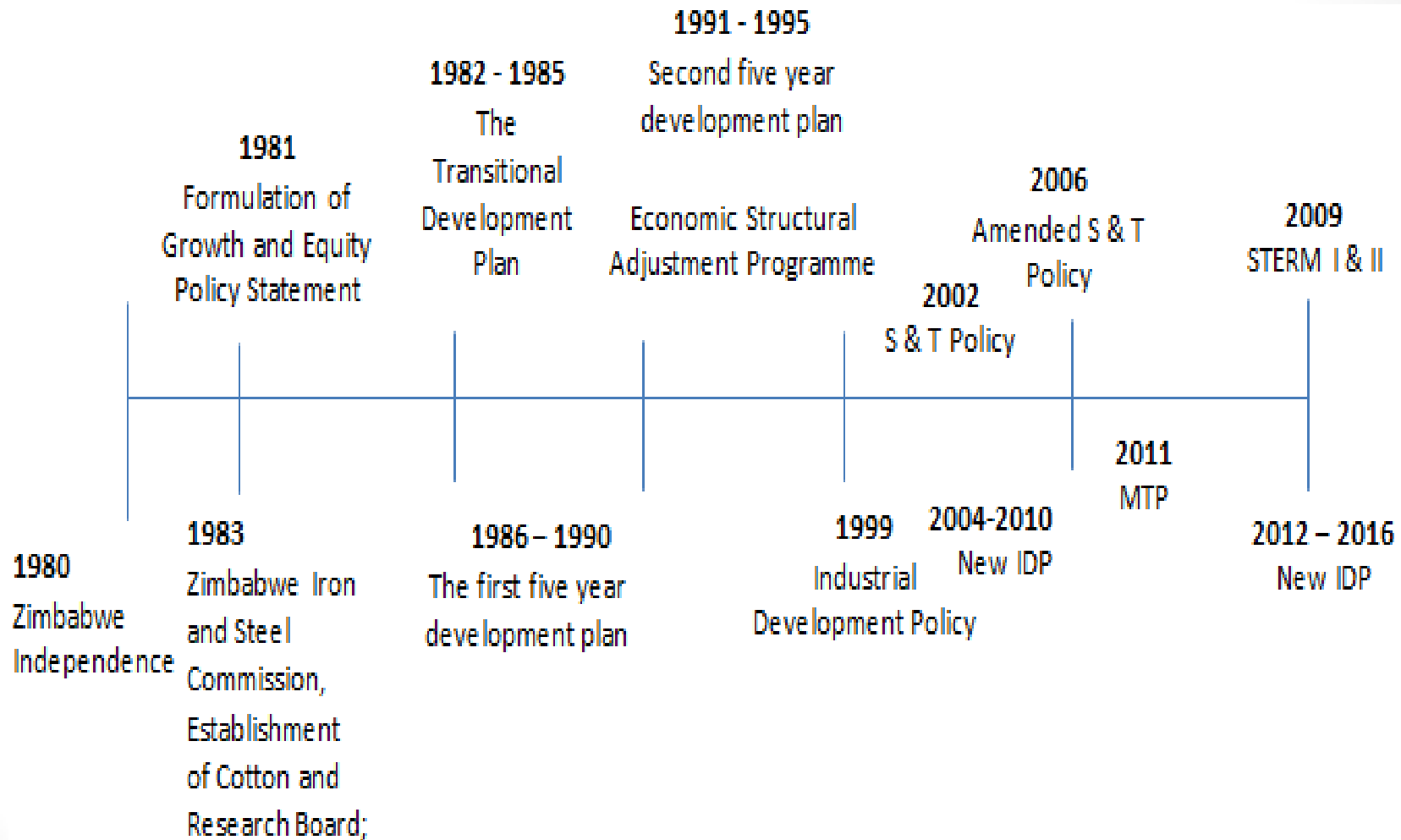
President Barack Obama (2009)



Agenda

- ✓ IDP Trend in Zimbabwe
- ✓ Market Overview of M-Sector
- ✓ The role SME Association of Zimbabwe plays

The Industrial Development Policy Trend



Market Overview Manufacturing Sector I

Total Utilization of the Manufacturing Sector	2011	2012
Capacity Utilization	57%	44%

Average Capacity Utilization by Sub-Sectors	Best	Worst
Battery	76,5%	-
Leather & Allied products	-	27,5%

Source: Confederation of Zimbabwe Industry (2012)

Average Capacity Utilization by Sub-sector

Manufacturing Subsector	Average Capacity Utilisation (%)
Bakers	40.0
Battery	76.5
Building (construction and related)	59.5
Car Assemblers	30.3
Electric Appliances Manufacturers	43.8
Engineering Iron and Steel	36.7
Food, Dairy and Beverages	58.2
Grain Millers	30.0
Chemical	41.6
Leather and Allied	27.5
Paints and Inks	30.5
Pharmaceuticals	58.0
Plastic, Packaging and Rubber	46.1
Paper, Printing and publishing	58.3
Textiles and Clothing	34.4
Timber Processors	53.8

Source: Confederation of Zimbabwe Industry (2012)

Market Overview Manufacturing Sector II

Country for Exports	Market Share
Zambia	30%
Malawi	17%
Mozambique	13%
South Africa	12%
Botswana	11%
Rest of Africa	9%
Europe	5%

Factors affecting local companies from exporting as per survey 2012:

1. Access to trade Finance
2. Identifying potential markets and buyers
3. Access to imported inputs at competitive prices
4. Difficulties in meeting quality and quantity requirements
5. Cost of delays caused by domestic transportation

Source: Confederation of Zimbabwe Industry (2012)

Top 10 Zimbabwe Exports in 2011

ANALYSIS OF EXPORTS:	USD
Line Item	2011
Tobacco and manufactured tobacco substitutes	717,989,263
Natural or cultured pearls; precious or semi-precious stones; precious metals; metals clad with precious metal and articles thereof; imitation jewellery; coin	717,268,758
Nickel and articles thereof	528,630,541
Printed books; newspapers; pictures and other products of the printing industry; manuscripts; typescripts and plans	393,228,651
Ores; slag and ash	363,572,400
Cotton	269,080,370
Iron and steel	117,460,961
Sugar and sugar confectionery	52,846,537
Salt; sulphur; earths and stone; plastering materials; lime and cement	48,055,223
Raw hides and skins (other than fur skins) and leather	28,957,609

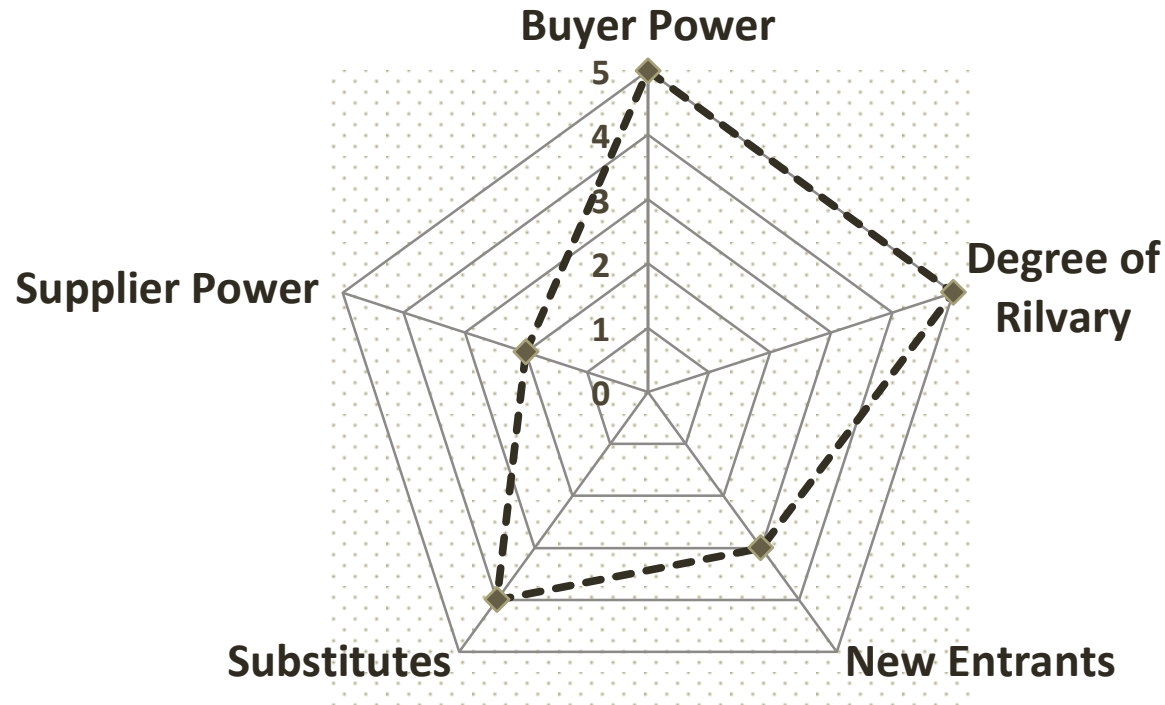
Source: Zimstats

Top 10 Zimbabwe Imports in 2011

Analysis of Imports:	USD
Line Item	2011
Fertilisers	2,031,438,819
Mineral fuels; mineral oils and products of their distillation; bituminous substances; mineral waxes	1,250,040,368
Vehicles others than railway or tramway rolling-stock; and parts and accessories thereof	1,068,000,984
Nuclear reactors; boilers; machinery and mechanical appliances; parts thereof	581,710,910
Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers; and parts and accessories of such articles	411,283,133
Cereals	352,034,359
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes.	222,190,384
Plastics and articles thereof	202,057,704
Articles of iron or steel	134,307,772
Paper or paperboard; articles of paper pulp; of paper or paperboard	128,684,179

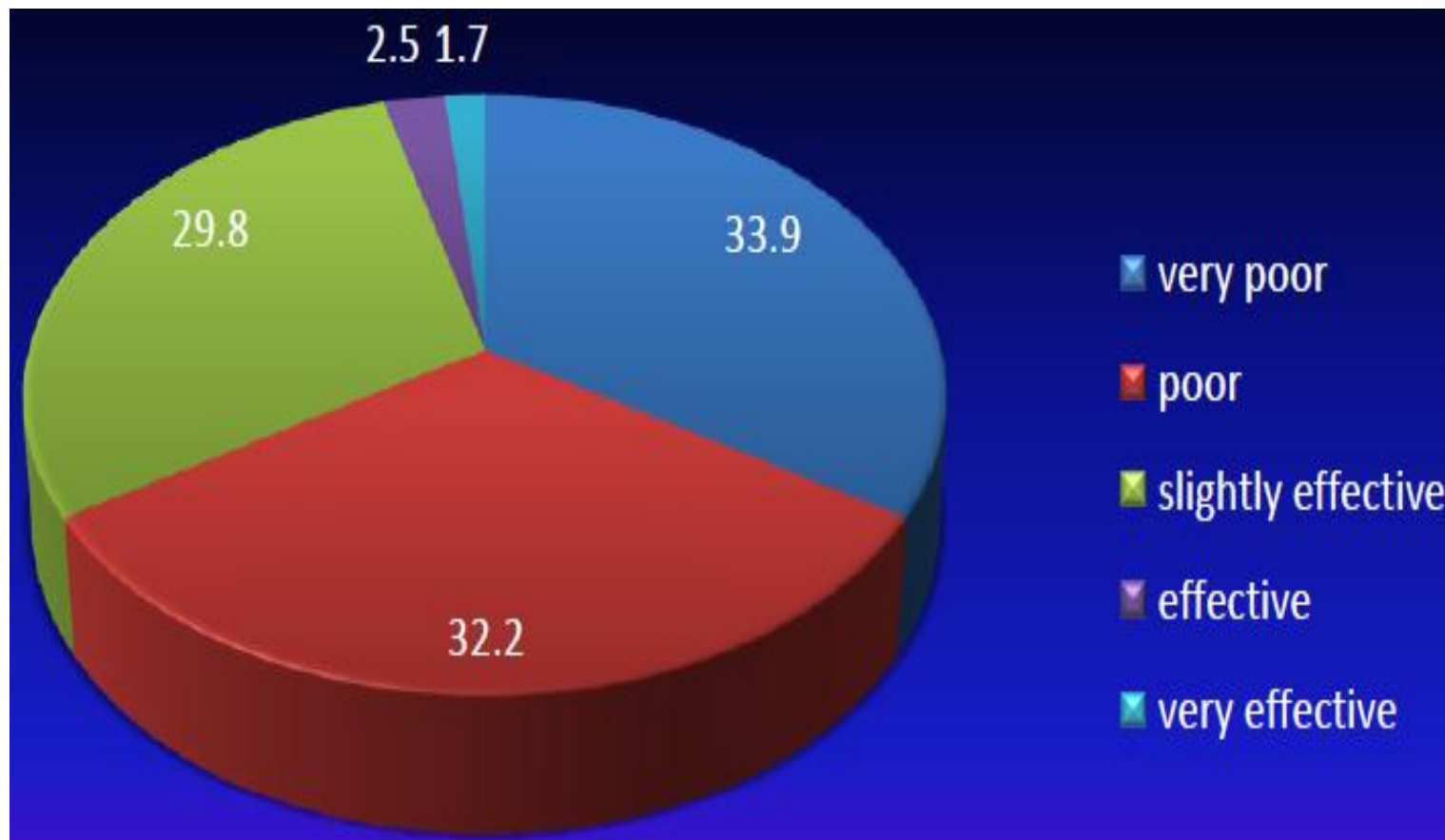
Source: Zimstats

Forces Driving Competition in Manufacturing Sector



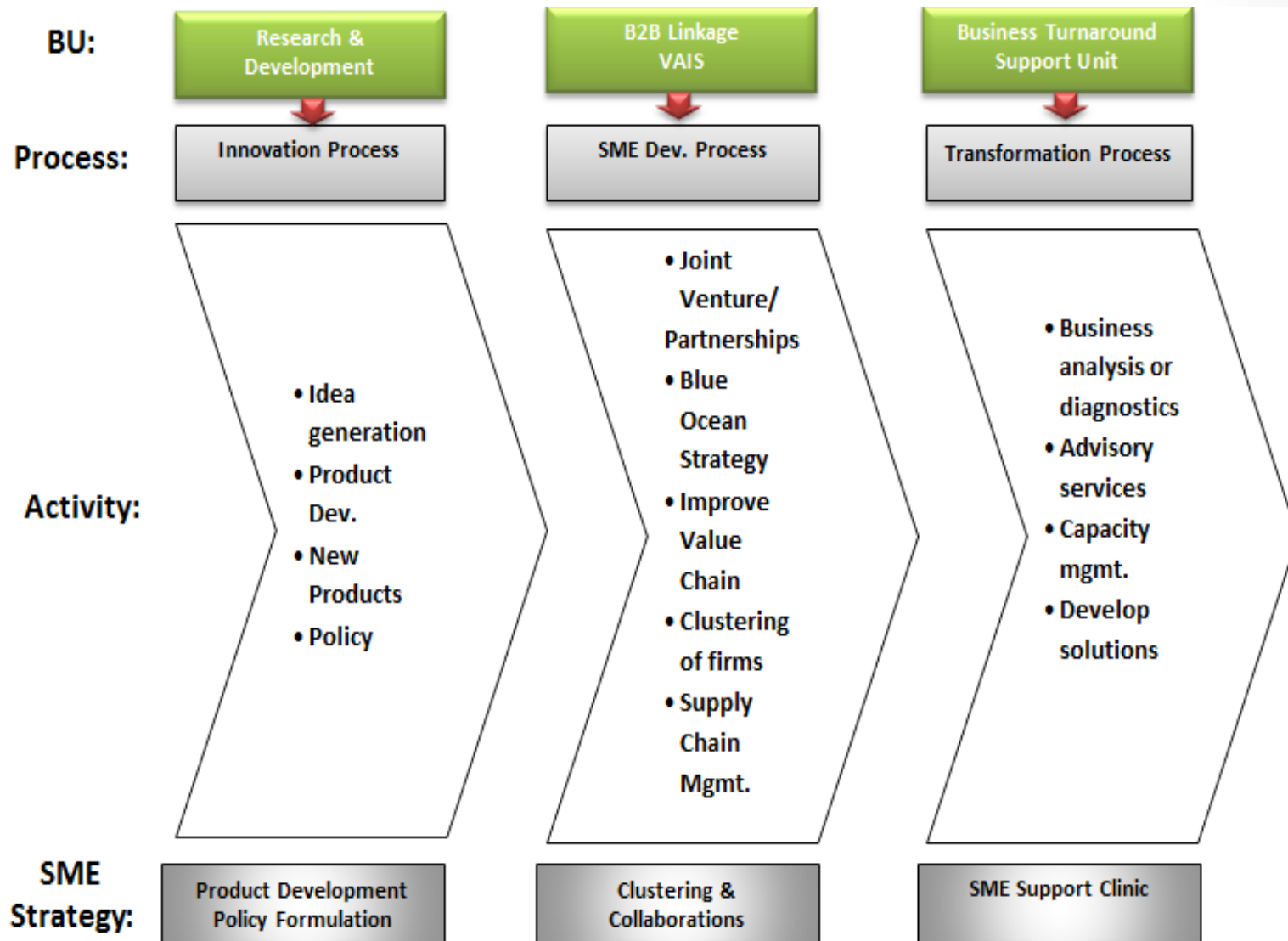
Source: Data extrapolated from Confederation of Zimbabwe Industry (2012); developed by Hanga Consulting (Pvt) Ltd ©2012

Effectiveness of R & D in the M-Sector



Source: Confederation of Zimbabwe Industry (2012)

SME Association of Zimbabwe Approach



Source: Extrapolated from SMEAZ Business Plan Brochures. Model developed by Hanga Consulting (Pvt) Ltd ©2012

Meet The Team

Walker Ntini,
Treasurer



Farai Clement
Mutambanengwe,
Founding
Chairman



Patrick
Munyaradzi,
Secretary- General



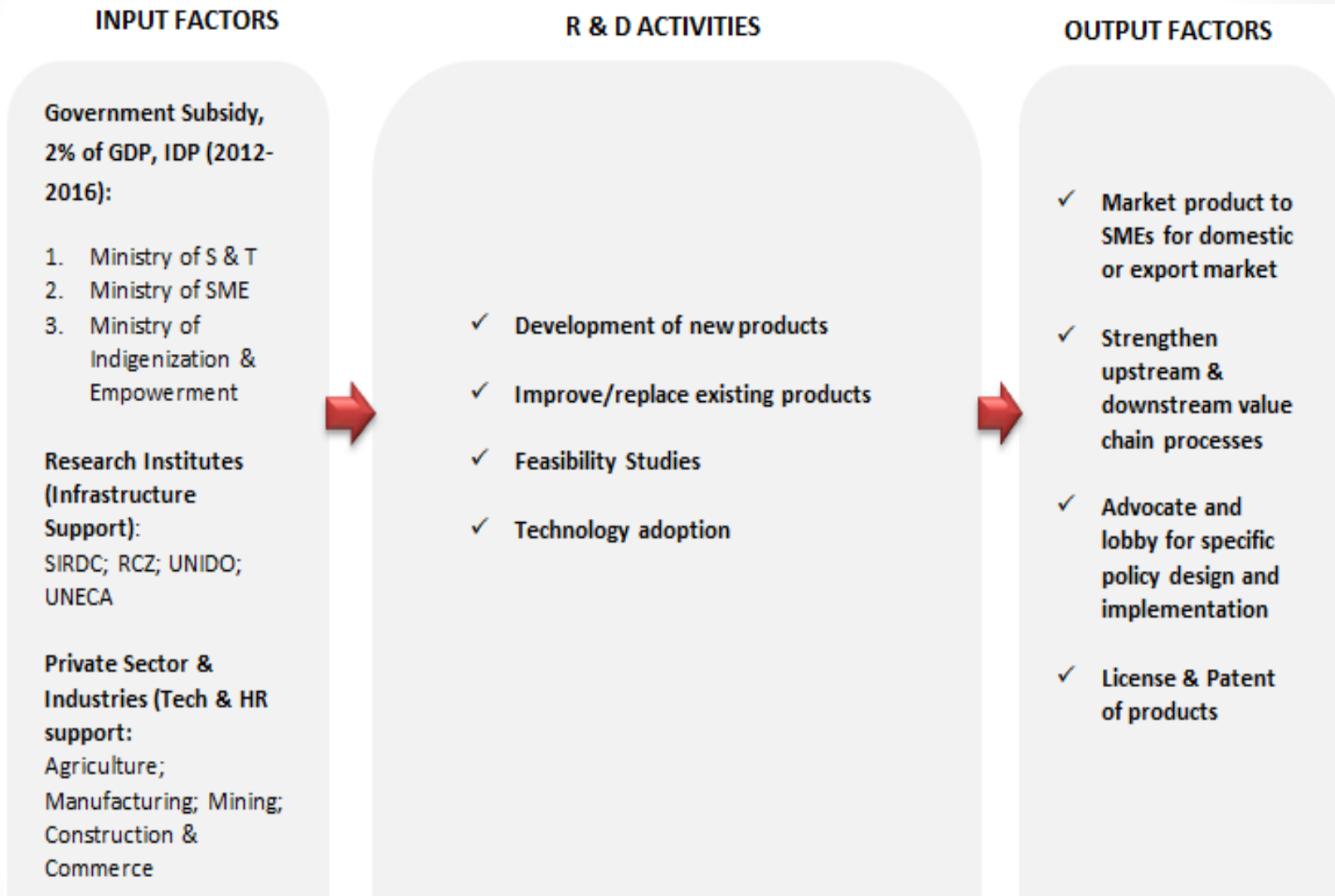
Tambu Ndoro
R & D Chairman



Vincent
Machona,
Vice Chairman



R & D model



Source: Model developed by Hanga Consulting (Pvt) Ltd ©2012

Conclusion

- ✓ SMEs can leverage from commercializing R & D outputs
- ✓ SMEs need to partner with R & D institutions in Zimbabwe
- ✓ SMEs require entrepreneurial capabilities to be able to identify and harness the opportunities
- ✓ SMEs need strong policy interventions to support the sustainability of their enterprises
- ✓ SME Development are the growth engines of their home countries

THE END