

ZIMBABWE NATIONAL REPORT ON THE IMPLEMENTATION OF THE VIENNA PROGRAMME OF ACTION (VPoA) FOR LANDLOCKED DEVELOPING COUNTRIES (LLDCs) 2023

1.0 EXECUTIVE SUMMARY

- 1.1 The Government pronounced Zimbabwe's Vision 2030 statement which aims to move the country, "Towards a Prosperous and Empowered Upper Middle-Income Society by 2030." The Vision represents an overarching framework to achieve the 2030 Agenda for Sustainable Development and the African Union (AU) Agenda 2063.

- 1.2 In line with the National Vision 2030, the country has also mainstreamed the Vienna Programme of Action (VPoA) for Landlocked Developing Countries (LLDCs) in its developmental trajectory. Zimbabwe focused on the six (6) priority areas enshrined in the VPoA, and the National Report follows that same format in its presentation of data and information. This report will highlight Zimbabwe's experience in the implementation of the Vienna Program of Action for Landlocked Developing Countries (LLDCs).

- 1.3 In 2017, the Second Republic pronounced Zimbabwe's Vision 2030, which aims to move the country, "Towards a Prosperous and Empowered Upper Middle-Income Society by 2030." The Vision represents an overarching framework to achieve the 2030 Agenda for Sustainable Development and the African

Union (AU) Agenda 2063. Zimbabwe is in the third year of implementing its 5-Year Medium Term Plan, the National Development Strategy 1 (NDS1 2021 to 2025) to drive sustainable development which leaves no one and no place behind. The NDS1 is aimed at propelling the economy towards an upper middle-income economy by 2030, while at the same time addressing the global aspirations of Sustainable Development Goals (SDGs) and the Implementation of the Vienna Programme of Action.

1.4 In mainstreaming the Vienna Programme of Action, the Government of Zimbabwe is pursuing an export-oriented industrialisation agenda with robust export development and promotion strategies. The Government has come up with concessionary policies that have greatly assisted and contributed to the maintenance and infrastructure development and maintenance in the industry and commerce subsector. These policies include: the Zimbabwe National Industrialisation Strategy, the Zimbabwe National Trade Policy as well as the National Export Strategy.

1.5 In assessing the key economic, social and environmental developments trends, it is important to note that the devastating effects of sanctions, worsened by the impact of COVID-19, the economy's estimated growth was revised downward to 4% in 2022, from an initial projection of 5.5% and in 2023 the economy is projected to grow by 3.8%. The

economy is projected to derive growth from mining, construction, accommodation and food services and Information and Communication Technology (ICT).

1.6 Zimbabwe is committed to industrialising and modernising the economy as well as transforming infrastructure in order to improve incomes and the livelihoods of its citizens. The remains focused on exploring strategies that would assist LLDCs to meet the Sustainable Development Goals and respond to contemporary emerging challenges and socio-economic developments.

1.7 In its implementation of the Vienna Programme of Action, Zimbabwe has registered great progress in the implementation of the six priority areas of the Vienna Programme of Action (VPoA), as follows:

1.8 **Priority Area 1: Fundamental Transit Policy Issues**

Zimbabwe has demonstrated a strong commitment to facilitating transit traffic, aligning its policies with international and regional agreements, including the World Trade Organisation (WTO) Trade Facilitation Agreement, Common Market for Eastern and Southern Africa (COMESA), and Southern African Development Community (SADC) protocols. The adoption of the COMESA Yellow Card Insurance Scheme, the COMESA Carrier License, and the harmonization of road transit charges, axle load limits, and vehicle

dimensions with SADC and COMESA standards have created a conducive environment for trade. The implementation of the electronic cargo tracking system, participation in corridor management institutions, and the reduction of police roadblocks have further streamlined transit processes.

1.9 **Priority Area 2: Infrastructure Development and Maintenance**

The development and maintenance of transportation infrastructure are pivotal to Zimbabwe's regional connectivity. Major transport corridors, such as the North-South Corridor, Beira Corridor, and Trans-Kalahari Corridor, have been prioritized for upgrades and expansion. Zimbabwe's investment in Information and Communication Technology (ICT) solutions, including Automated System for Customs Data (ASYCUDA) World and the National Electronic Single Window System, has improved customs procedures. The Simplified Trade Regime (STR) has benefitted micro, small, and medium enterprises, by promoting cross-border trade and reducing inequalities.

1.10 **Priority Area 3: International Trade and Trade Facilitation**

Zimbabwe's focus on export-oriented industrialization aligns with the National Trade Policy (NTP) and National Export Strategy (NES). These strategies aim to enhance the country's export capabilities, contributing to economic growth and increased national income. The objectives are ambitious,

targeting USD 7 billion by 2023 and USD 14 billion by 2030 in export earnings. Further, the trade policy regime balances trade development, export promotion, and safeguarding domestic industries from unfair trade practices.

1.11 **Priority Area 4: Regional Integration and Cooperation**

Zimbabwe has actively participated in various multilateral and regional trade agreements, including the World Trade Organization (WTO), African Continental Free Trade Area (AfCTA), Southern African Development Community (SADC), and Common Market for Eastern and Southern Africa (COMESA). These agreements promote economic cooperation, bilateral trade, and cross-border investments, fostering regional integration. Memoranda of Understanding (MoU) with key partner countries support enhanced economic collaboration.

1.12 **Priority Area 5: Structural Economic Transformation**

The country has shown progress in increasing value addition, particularly in the manufacturing sector, leading to higher capacity utilization and greater contributions of total exports to value-added exports. An upcoming New Industrial Development Policy will focus on improving productivity, transformation, and competitiveness, further enhancing Zimbabwe's economic prospects.

1.13 **Priority Area 6: Means and Implementation**

Zimbabwe has diversified funding sources for trade facilitation and infrastructure development, including development partners, public-private partnerships, and the Programme on Infrastructure Development in Africa (PIDA). The country is actively seeking domestic resource mobilization, foreign direct investment (FDI), and South-South cooperation to support its economic growth.

1.14 The National Report concludes by providing a way forward and gives recommendations which may prove paramount in improving trade competitiveness of LLDCs and therefore should be considered in the strategic planning and trade policy reform of the next Programme of Action for LLDCs.

1.15 Important to note, is the fact that there is a need for deliberate policy intervention to make trade more inclusive and its gains shared by allowing participation of various societal groups in both urban and rural areas. Transport connectivity and trade facilitation interventions, by virtue of their characteristics of being public or quasi-public good and non-reciprocal, are critical in making trade inclusive to achieve Sustainable Development.

2.0 INTRODUCTION

- 2.1 The Under-Secretary-General and High Representative for the Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS), Secretary General of the Third UN Conference on LLDCs, Ms. Rabab Fatima, has urged countries to prepare for the 3rd UN Conference on Land Locked Developing Countries (LLDC3) scheduled to be held in Kigali, Rwanda in June 2024. She has underscored that the theme of the preparations is, “Beyond Building Back Better, Finding Tangible Solutions for LLDCs in the next Decade”.
- 2.2 Against that backdrop, this National Report aims at exploring strategies that would assist LLDCs to meet the Sustainable Development Goals and respond to emerging challenges.
- 2.3 It reviews Zimbabwe’s progress achieved so far, in the implementation of the Vienna Programme of Action (VPoA), identify the challenges and bottlenecks faced by the LLDCs in achieving the set goals and objectives of the VPoA and the SDGs, as well as other relevant global development agendas.
- 2.4 The National Report shares national, regional and global level experiences and best practices for achieving the SDGs. Further, the report makes contributions that consider the new and emerging issues and their implications on LLDCs,

identifying innovative and tangible solutions to LLDCs challenges.

2.5 Taken into consideration, was input from various stakeholders through consultations and engagements with regards to the LLDCs implementation of the VPoA. The relevant UN agencies and other international organizations, as well as development partners inclusive of various stakeholders participated in the formulation of the National Report and provided valuable contributions towards the next PoA for LLDCs.

2.6 Most importantly, the National Report discusses possible priorities and initiatives which may be considered in the next Programme of Action (PoA) for LLDCs. Zimbabwe recognizes the significance of the next Programme of Action for LLDCs and acknowledges the need for targeted strategies to overcome the challenges faced as a landlocked nation. It is important to prioritize transportation infrastructure, trade facilitation, regional cooperation, economic diversification, digitalization, and sustainable development, to pave the way for a brighter future for Zimbabwe and other landlocked developing countries (LLDCs).

3.0 MAINSTREAMING OF THE VIENNA PROGRAMME OF ACTION IN ZIMBABWE'S NATIONAL DEVELOPMENT PROCESS AND COHERENCE WITH THE 2030 AGENDA AND OTHER GLOBAL PROCESSES

- 3.1 In 2017, the Second Republic pronounced Zimbabwe's Vision 2030, which aims to move the country, "Towards a Prosperous and Empowered Upper Middle-Income Society by 2030." The Vision represents an overarching framework to achieve the 2030 Agenda for Sustainable Development and the African Union (AU) Agenda 2063. Zimbabwe is in the third year of implementing its 5-Year Medium Term Plan, the National Development Strategy 1 (NDS1 2021 to 2025) to drive sustainable development which leaves no one and no place behind. The NDS1 is aimed at propelling the economy towards an upper middle-income economy by 2030, while at the same time addressing the global aspirations of Sustainable Development Goals (SDGs).
- 3.2 The Government of Zimbabwe is pursuing an export-oriented industrialisation agenda with robust export development and promotion strategies. The Government has come up with concessionary policies that have greatly assisted and contributed to the maintenance and infrastructure development and maintenance in the industry and commerce subsector. These policies include, the Zimbabwe National

Industrialisation Strategy, the Zimbabwe National Trade Policy as well as the National Export Strategy.

- 3.3 The Government of Zimbabwe has also demonstrated political will in promoting the trade facilitation agenda. On 17 October 2018, the country deposited with the World Trade Organisation (WTO) Secretariat, the instrument of ratification of the WTO Trade Facilitation Agreement (TFA), becoming the 139th (and 31st African) WTO Member State to ratify the Agreement. The country also set up the National Trade Facilitation Committee and notified the WTO Secretariat of its Category A designations of the WTO TFA.
- 3.4 Zimbabwe has so far implemented a number of trade facilitation reforms as enshrined in the WTO TFA and which included rolling out of the Authorised Economic Operators programme to promote self-regulation and expedite clearance and release of cargo, as well as implementation of the COMESA Simplified Trade Regime (STR) for SME cross border traders and the establishment of One Stop Border Posts (OSBP) to improve border facilities and streamline border crossing procedures and formalities. The country has one operational OSBP at Chirundu Border Post between Zambia and Zimbabwe while the implementation of three more OSBPs is underway and these would include, Victoria Falls OSBP between Zimbabwe and Zambia, Beitbridge OSBP between

Zimbabwe and South Africa and Plumtree OSBP between Botswana and Zimbabwe.

- 3.5 This raft of trade facilitation measures has significantly reduced the costs and time to trade. On average, commercial traffic reduced border crossing time from over 120hrs in 2009 to about 25hrs in 2016, buses reduced border crossing time from 2hrs to 1hr between 2009 and 2016, and passenger cars reduced border crossing time from 1-2hrs to 20min between 2009 and 2016 at Chirundu OSBP. The time savings are valued at US\$600 000 a day for heavy traffic. Trade flows also responded to these trade facilitation reforms. The establishment of Chirundu OSBP induced between US\$ 2.2 and US\$3.1 million of Zimbabwe's annual exports to Zambia.
- 3.6 The country adopted a systematic approach to implement trade facilitation reforms through developing a 4-year trade facilitation implementation road map through the assistance of UNCTAD. The Government of Zimbabwe ensured that all international trade related policies are harmonised and these include Industrial Development Policy, National Trade Policy and the Export Promotion Strategy.
- 3.7 The harmonisation of trade related policies is underpinned in the National Development Strategy 1 (NDS1), which is in line with African Union Agenda 2063, and the United Nations 2030

Agenda of achieving the Sustainable Development Goals (SDGs).

- 3.8 Zimbabwe, through the above-mentioned strategies and policies, mainstreams the VPoA into national development planning process and coherence with the 2030 Agenda towards global sustainable development leaving no one and no place behind.

4.0 ASSESSMENT OF KEY ECONOMIC, SOCIAL AND ENVIRONMENTAL DEVELOPMENT TRENDS

- 4.1 Due to the devastating effects of sanctions, worsened by the impact of COVID-19, the economy's estimated growth was revised downward to 4% in 2022, from an initial projection of 5.5% and in 2023 the economy is projected to grow by 3.8%. The economy is projected to derive growth from mining, construction, accommodation and food services and ICT sectors.
- 4.2 In 2023 the economy was projected to grow by 3.8% but the Ukraine war dampened economic activity in 2022. Other headwinds facing the economy include debt overhang, tight public finances and lack of Balance of Payment support (implying heavy reliance on domestic resources) and climate change effects. On the inflation front, the year 2022 started off with annual inflation at 60.6%, which persistently rose to a

peak of 285% in August 2022, before declining to 243.8% by December the same year.

- 4.3 Between 2020 and 2032, the country's population (two thirds of whom live in rural areas) is expected to grow from 15.6 to 19.3 million, leading to a large, youthful population with a demographic dividend estimated to last until 2060. The country is currently a lower middle-income country with a population estimated at 14.8 million people in 2020, the majority of whom live in rural areas. Progress remains uneven across several sectors, including health and education.
- 4.4 In Zimbabwe there are 1.3 million people living with HIV, and 9 percent of the population is living with at least one disability. Zimbabwe's literacy rate, however, ranks among the highest in Africa, at 92.1 percent, notwithstanding the threat posed by an increase in the number of children dropping out of school. Gender inequality remains high, with women lagging in almost every metric of development progress. Fortunately, there has been progress in the political-sphere, with the Government convening High-level Intergenerational Dialogue on Women's Political Participation. This High-level dialogue was in collaboration with the African Women Leaders Network, the United Nations Country Team and other development partners. It was held under the theme: Stimulating Inter-Generational Dialogue and Solidarity between Generations: Shared Responsibility.

- 4.5 Cyclone Idai in 2019, coupled with years of successive drought and the COVID-19 pandemic in 2020, have had severe impact, which has left more than half the population food insecure. These disruptive shocks and crises have impeded the country's progress towards achieving the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals. These also threaten to reverse fragile but important development gains of the past few years.
- 4.6 However, the economy has been on an upward trajectory, recording positive growth rates across all sectors. The robust measures put in place by Government to enhance and guarantee agricultural productivity, including irrigation development and climate-proofing, has resulted in improved national food security. Zimbabwe is now wheat self-sufficient.
- 4.7 The Second Republic has begun the drilling of 35 000 boreholes and establishing Village Agro-Business Units. This is set to consolidate national agriculture productivity and food self-sufficiency.
- 4.8 The mining sector, grew from US\$2.8 billion in 2017 to the present US\$12 billion, and is propelling socioeconomic development and growth. To enhance the participation of small-scale and artisanal miners, Government established the

US\$10 million Mining Industry Loan Fund, while the rolling out of more gold centres will be prioritised.

4.9 The Second Republic has increased resources disbursed towards the Devolution and Decentralisation Programme. Priority is being given to projects which improve access and quality of education, health, roads, water and sanitation.

4.10 Zimbabwe is committed to industrialising and modernising the economy as well as transforming our infrastructure in order to improve incomes and the livelihoods of our citizens. Power supply has significantly improved following the commissioning of Hwange Power Station Units 7 and 8, while arrangements have been made to guarantee stable supply from existing power stations. Deliberate investments are ongoing for increased power generation capacity, including removing entry barriers for Independent Power Producers.

4.11 To enhance connectivity, Zimbabwe continue to upgrade the road network across the country through domestic resources. Similar initiatives are being implemented with regards to rail infrastructure, with focus on recapitalisation, rehabilitation and refurbishment.

4.12 The tourism sector is on a growth trajectory, registering an increase of 62% in international tourist arrivals during the first half of 2023.

- 4.13 The Government continues to accelerate implementation of the Heritage Based Education 5.0 Model, aimed at producing goods and services for our country's socio-economic needs. This Science, Technology and Innovation thrust has scaled up science-based education from the primary level up to institutions of higher education. More of our young talented boys and girls are registering patents and running viable start-ups.
- 4.14 The fiscal consolidation measures and reforms have ensured positive fiscal outcomes that are critical for budget sustainability and lasting macro-economic stability. Complementary fiscal and monetary policies have positively impacted the attainment of the prevailing stable macro-economic environment. Zimbabwe remains resolute in implementing measures that ensure confidence in our domestic currency.
- 4.15 Regarding to environmental issues, to give impetus to matters related to climate change adaptation and resilience, the Tenth Parliament is reviewing the Water Act; the Zimbabwe National Water Authority Act and the Plant Breeders Act. The much-anticipated Climate Change Bill seeking to regulate greenhouse gas emissions and facilitate low carbon development technologies is being thoroughly debated towards strengthening appropriate institutions and funding

mechanisms. The Parks and Wildlife Act is being amended whilst a Human Wildlife Conflict Relief Fund is being set up to offer monetary benefits to victims of human wildlife conflict in communities.

4.16 Given the above assessment, Zimbabwe remains focused on exploring strategies that would assist LLDCs to meet the Sustainable Development Goals and respond to contemporary emerging challenges and socio-economic developments.

5.0 ZIMBABWE'S IMPLEMENTATION OF THE VPoA

5.1 Zimbabwe has registered great progress in the implementation of the six priority areas of the Vienna Programme of Action (VPoA), as follows:

5.2 FUNDAMENTAL TRANSIT POLICY ISSUES

5.2.1 Zimbabwe is a landlocked country that depends on neighbouring states¹ with coastal links to access offshore markets. Its central location in the southern part of Africa, makes the country a transit hub linking southern Africa to the great lakes in central and eastern Africa. Three major transport corridors traverse the Zimbabwean territory and these are North-South Corridor (NSC), Beira Corridor and Trans-Kalahari Corridor.

5.2.2 The NSC extends from Durban in South Africa to Kolwezi in the Democratic Republic of Congo (DRC). It serves as the main trade corridor for the SADC region and Southern and Central African countries that are in COMESA and EAC regions. The corridor is served by both road and rail. The Beira Corridor links Zimbabwe through road, rail and pipeline to the port of Beira in Mozambique. It also provides the shortest road distance to any port from the DRC and Zambian copper belts. Trans-Kalahari Corridor links the Zimbabwe's industrial hub of Bulawayo to Botswana, Namibia and Angola through Plumtree and Kazungula Border Posts.

5.2.3 Zimbabwe has undertaken a number of initiatives to ensure seamless flow of transit traffic. The country harmonised transit policies in compliance with the WTO Trade Facilitation Agreement, COMESA and SADC protocols on transit trade, transit facilities, and the COMESA third party motor vehicle insurance schemes. Policy initiatives implemented to facilitate transit traffic include the following:

- i. Adopted the COMESA Yellow Card Insurance Scheme;
- ii. Adopted the COMESA Carrier License;
- iii. Harmonized road transit charges with SADC;
- iv. Standardised Axle load limits with SADC and COMESA requirements;
- v. Standardised Vehicle (truck) dimensions with SADC and COMESA;

- vi. Implemented the electronic cargo tracking system;
- vii. Zimbabwe is part of the corridor management institutions of Beira and North-South-Corridors;
- viii. Significantly reduced the number of police road blocks and checkout points;
- ix. Use the regional NTB online reporting portal.
- x. Adopted the COMESA Regional Customs Bond Guarantee Scheme (RCTG); and
- xi. Implemented the Electronic Temporary Import Permit system (e-TIP).

5.3 INFRASTRUCTURE DEVELOPMENT AND MAINTENANCE

Transport

5.3.1 The country is in the process of developing its road infrastructure along major trade corridors that serve the East and Southern Africa. The major roads include Harare – Nyamapanda, Harare-Bulawayo, Bulawayo – Beitbridge, Bulawayo – Victoria Falls, Harare – Beitbridge and Harare – Chirundu. Zimbabwe has completed rehabilitation of the Mutare-Harare-Bulawayo-Plumtree highway which connects the Beira Development Corridor to the North-South Corridor and Trans-Kalahari Corridor.

5.3.2 According to the Costs-Time-Distance study done by Zimbabwe’s Ministry of Transport and Infrastructural Development in 2017, the rehabilitation of the Mutare-Harare-Bulawayo- Plumtree road have increased the average

speed by heavy trucks to 48km/h from 33km/h between Harare and Mutare road section. This does not only reduce transit time and costs, but also improves competitiveness. The Government has also embarked on dualisation of the Beitbridge-Harare-Chirundu road which lies along the busiest North-South-Corridor. The project is expected to significantly reduce transit times and costs.

5.3.3 Although about 29 percent of the rail network in the country is still in good condition and due to the serious shortage of operating locomotives, wagons and coaches, the rail network is still operating at 15 percent of its 18 million tonne capacity. These challenges have been exacerbated by the long distances encountered in ferrying commodities to ports en-route to international markets. In that vein, the Diaspora Infrastructure Development Group (DIDG)/ Transnet Consortium is partnering the National Railways of Zimbabwe (NRZ) in a US\$400 million recapitalisation project.

5.3.4 The project will involve the rehabilitation and renewal of plant, equipment, rolling stock, signalling and telecommunications infrastructure and the supporting information technology systems. The project would also include repairing and rehabilitation of infrastructure such as locomotives, wagons and coaches and a phased modernisation of the train control system. It was expected that the National Railways of Zimbabwe would move 4

million tonnes of freight in 2018, up 25 percent from 2017 figures.

Energy and ICT

5.3.5 The Government of Zimbabwe has made considerable progress in the application of Information Communication Technology (ICT) solutions to facilitate trade. The Zimbabwe Revenue Authority (customs) implemented the use of the latest version of ASYCUDA World 4.0.32 upgraded in 2018. The system enables electronic risk management, electronic pre-lodgement of customs declarations and supporting documents and e-payment. Non-intrusive inspection equipment has been deployed at major border post and airports. Efforts are underway to implement the National Electronic Single Window System, a system that would bring deeper integration and coordination of government border agencies and other trade stakeholders.

5.3.6 In 2018, the Government, launched the e-licensing systems for imports and exports licenses further reducing the cost and processing time. In order to share trade information, the government implemented the Trade Information Portal (TIP). TIP provides comprehensive, single-point access to market intelligence, current trade news and information on trade regulations, duties, taxes, and other services that facilitate trade.

5.3.7 Zimbabwe implemented the Simplified Trade Regime (STR), a policy initiative targeting micro, small and medium enterprises (MSME), cross border traders and these comprise of vulnerable groups that include women and youth in rural and urban areas. The STR policy facilitates the said category of traders to engage in trade with COMESA member states increasing their income and reducing inequality and poverty incidences.

5.4 **INTERNATIONAL TRADE AND TRADE FACILITATION**

i. Review of the export structure and external trade performance

5.4.1 The Government of Zimbabwe is pursuing an export-oriented industrialisation agenda with robust export development and promotion strategies. In October 2019, His Excellency, President Emmerson Dambudzo Mnangagwa officially launched the National Trade Policy (NTP) (2019-2023) and National Export Strategy (NES) (2019-2023). The NTP and NES are anchored on the National Industrial Development Policy (2019-2023) whose main thrust is advancing Zimbabwe's export-led Industrialisation agenda. The country is currently implementing the Zimbabwe National Trade Policy Vision and Export Promotion Strategy towards the National Vision 2030 which seeks to achieve export earnings

targets of USD \$7 billion by 2023 and USD \$14 billion by 2030. During the period 2018-2021, Zimbabwe's export sector contributed about 60% to the country's foreign currency earnings ahead of diaspora remittances (27%), loan proceeds (8%) and Foreign Direct Investment (4%).

ii. Zimbabwe exports, imports and Trade balance in US\$bn

Year	Exports	Imports	Trade Balance
2014	3,871,574	6,069,848	(2,198,274)
2015	2,704,096	6,002,587	(3,298,491)
2016	3,341,151	5,335,637	(1,994,486)
2017	3,480,382	4,962,103	(1,481,721)
2018	4,037,945	6,801,946	(2,764,001)
2019	4,279,384	4,793,889	(514,505)
2020	4,394,831	5,643,095	(1,248,264)
2021	6,036,173	7,577,619	(1,541,446)

Table 1.1: Zimbabwe exports, imports and Trade balance in US\$bn

Source: Zimstat

5.4.2 During the period 2019-2021 Zimbabwe's exports experienced significant growth of about 69.4% from a total of US\$ 3.56 billion in 2019 to US\$6.03 billion in 2021. The US\$6.03 billion export earnings recorded in 2021 can be buttressed to sustain the economic development trajectory that is envisaged towards achieving Vision 2030. The country needs to continue to focus on increasing value-added exports and

diversifying the export products and markets in order to further grow the export base.

5.4.3 Zimbabwe`s major export destinations for 2021 were as follows: South Africa (49%), UAE (29%), Mozambique (8%), China (5%) and Unspecified Countries (5%). Zimbabwe`s exports composition has mainly been dominated by primary commodities. The products with greatest export potential from Zimbabwe to the World are gold, flue-cured tobacco, diamonds and chromium ores and concentrates. Zimbabwe has the highest supply capacity in raw hides & skins of reptiles while gold is the product that faces the strongest demand potential in the World.

iii. Progress in Increasing Value addition of the country`s exports

5.4.4 Traditionally, Zimbabwe`s export earnings have been dominated by raw commodities from primary industries such as mining and agriculture. Although primary commodities still dominate Zimbabwe`s export basket, value-added products and services have made major strides growing by 27.99% in 2020-2021.

5.4.5 The agricultural sector has taken a leading role in value addition through the value addition of fruits, vegetables, dairy and meat products. For the past two years, the textile and

footwear industry improved on value addition of leather and processing of leather products making a remarkable recovery on the export market as buyers are looking to source protective clothing from Zimbabwe on account of superior quality. In 2021, processed food sector recorded an 18% export growth although the value of processed food exports dropped in the same year due to the Covid-19 pandemic.

5.4.6 In the mining sector, the Government is encouraging mining companies to establish processing plants. ZIMPLATS has established processing plants in Selous and Ngezi and expansion plans are on course for the smelter. Arcadia Lithium Mining Company also headed the call for value addition through the construction of the Arcadia Lithium Processing Plant which is almost complete. It is clear that there is nascent progress towards value addition and still more needs to be done.

iv. Zimbabwe National Trade Strategy

5.4.7 Trade has been integral to the development of the Zimbabwean economy and has continued to serve as a driver of increased employment, economic growth and upsurge in national income in the post-independence era. Zimbabwe adopted its first National Trade Policy (NTP) in 2012 and the trade policy regime focused, on one hand, facilitating trade development, export promotion, and compliance with regional and multilateral trade commitments. On the other hand, the trade policy aimed at protecting the domestic industry against

unfair trade practices and the structural factors that impact on industry`s competitiveness.

5.4.8A number of bilateral trade agreements have been signed encompassing Preferential Trade Agreements (PTAs) and Most Favoured Nations (MFN) agreements. These agreements are aimed at broadening market access and facilitating trade on the basis of reciprocity. The government signed Memoranda of Understanding on Economic, Trade and Investment Cooperation with key partner countries as general frameworks to promote and facilitate enhanced economic cooperation, bilateral trade and cross-border investments.

v. Progress made to promote a better business environment

5.4.9 To improve the Ease of Doing Business, the Government formed the Zimbabwe Investment Development Agency (ZIDA) in 2020 intended as a One – Stop Shop to facilitate and promote both domestic and foreign investment in Zimbabwe. This signalled the Government`s adoption and commitment to critical best practices and standards in the lifecycle of an investment, that is, market-entry, investor protection, dispute resolution, and business linkages with key policy considerations that would guide interactions with both old and new investors.

5.4.10 The establishment of ZIDA has resulted in improvements in time taken to set up a business and invest in Zimbabwe. The Government has undertaken to continue implementing

measures under the Ease of Doing Business initiative that will go a long way in transforming the domestic investment environment so as to make Zimbabwe an investment destination of choice.

vi. Progress made to promote national firms especially small and medium-sized enterprises to participate fully in international trade

5.4.11 The Government of Zimbabwe has formulated sound policies that have been deliberately crafted to improve the performance of small and medium-sized enterprises (SMEs).

5.4.12 Through the National Trade Promotion Agency, a number of trade promotion and trade development programs have been implemented. These have included the Eagles' Nest Youth Exporter Incubator, NEXT She exporter programme, technical skills transfer with development partners such as Senior Experts Service (SES) a Germany volunteer organization for retired experts that provides technical assistance to SMEs and PUM a Netherlands business support organization that provides factory floor interventions as well as expert advice to small and medium scale farmers in the horticulture sector.

5.5 REGIONAL INTEGRATION AND COOPERATION

5.5.1 Zimbabwe is a signatory to several multilateral and regional trade agreements. These include; the World Trade

Organisation (WTO) Trade Protocol, the African Continental Free Trade Area (AfCTA), the Southern African Development Community (SADC) Trade Protocol, the Common Market for Eastern and Southern Africa (COMESA) Free Trade Area, COMESA-EAC-SADC Tripartite Initiative and the Interim Economic Partnership Agreements (IEPA) that is, European Union (EU) - Eastern and Southern Africa States (ESA) and United Kingdom (UK) – ESA.

5.5.2 Zimbabwe as a member of African Continental Free Trade Area (AfCFTA) signed the Protocol on Investment to the Agreement with the objective to:

- a) promote, facilitate and protect investments that foster sustainable development of State Parties;
- b) create a level playing field for African Investors;
- c) provide security and predictability in the prevention and management of investment disputes; and
- d) promote and enhance common positions and cooperation on matters related to investment promotion, facilitation and protection.

5.5.3 The AfCFTA Protocol on Investment will go a long way in improving the Ease of Doing Business in our region and the rest of the world.

5.5.4 Zimbabwe has been a member of the World Trade Organization (WTO) since March 1995, having been a General

Agreement on Tariffs and Trade (GATT) contracting party since July 1948 and has demonstrated political will in the furtherance of the trade facilitation agenda by ratifying the WTO Trade Facilitation Agreement (TFA) on 17 October 2018.

5.5.5 The Government also prioritises regional integration and therefore has entered into regional initiatives that have resulted in the establishment of regional industrial parks with neighbouring countries such as Zambia. Under this scheme, agro -industrial parks are currently under construction and are expected to benefit citizens within these areas through these infrastructural development and industrial capacitation initiatives.

5.6 **STRUCTURAL ECONOMIC TRANSFORMATION**

5.6.1 Government has managed to increase innovative and industrialization learning opportunities through the reconfiguration of education to Education 5.0. This has also been supported by the setting up of appropriate infrastructure especially in institutions of higher learning which has seen the setting up of innovation hubs, industrial parks and technology hubs in those institutions. Furthermore, Government has also made progress in increasing number of skills workers candidates assessed and certified which has increased from 2,729 in 2021 to 6,493 in 2022. In addition, Government has also managed to increase

the number of students taking up science, technology, engineering and mathematics (STEM) increasing which has the number also increasing in 2022.

5.6.2 The country has made significant progress in increasing value addition as evidenced by activities in the manufacturing sector which has seen capacity utilization increasing to 66% in 2022 from 36.4% in 2020. Further, the contribution of total exports to value added exports has also increased from 4.8% in 2021 to 5.2% in 2022. Meanwhile, Government is now working on developing the New Industrial Development Policy which will run from 2024 to 2030 replacing the old policy whose tenure ends this year. The new policy will focus on improving productivity, transformation and competitiveness.

5.6.3 Foreign direct investment has increased by 38.1% 1 to US\$327.9 million in 2022 from US\$237.5 million in 2021. The investment includes US\$ 70 million in high technology industrial plants in soft drinks, sorghum and larger beers. There has also been massive investment in tourism facilities which has seen investment increasing from US\$280 million in 2021 to US\$4312.5 million in 2022.

5.6.4 Government has continued to prioritise small and medium sized enterprises development through a number of programmes. Workspace provision has been one of the key

priorities for Government which has seen the development of workspace in various districts of the country namely, Gwanda, Gweru, Chikomba and Chirundu among others. Furthermore, Government is also providing training to SMEs in business management, entrepreneurship and technical skills courses. Government also continues to facilitate market access to SMEs through promoting participation at local, regional and international trade fairs.

5.7 MEANS OF IMPLEMENTATION

5.7.1 In the recent years, besides funding from Treasury, Zimbabwe has been able to unlock funding for various trade facilitation and infrastructure development programmes from various sources that include development partners, public-private partnerships, Programme on Infrastructure Development in Africa (PIDA), among others.

5.7.2 In 2009, Zimbabwe benefited from Official Development Assistance (ODA) through the Chirundu One stop Boarder Post (OSBP), a pilot trade facilitation project under the North South Corridor (NSC) a Pilot Aid for Trade Programme initiated by COMESA-EAC-SADC Tripartite. The OSBP was launched in December 2009 through a Bilateral Agreement between Zimbabwe and Zambia was the first functioning OSBP in Africa where the region could draw practical lessons for future initiatives as it catered for one of the busiest inland

parts in the region, with between 300 to 400 vehicles crossing the border daily.

5.7.3 It was established with the main objective to facilitate trade by reducing the processing time at the border and hence reduce cross-border transactions which will enhance the region's competitiveness. The project successfully managed to achieve efficiency and effectiveness in border operations.

Foreign Direct Investment

5.7.4 In 2021 Zimbabwe received US\$0,17 billion which was a 10.4% increase 2020. The Government of Zimbabwe seeks to attract FDI and through ZIDA, which is the country's investment promotion body set up to promote and facilitate both Foreign Direct Investment. In recent years Zimbabwe has made it easier to obtain building permits, obtaining loans and resolving insolvency.

5.7.5 The country has a very rich resource natural potential such as the second largest reserve of platinum and chrome, diamonds, coal, gold, platinum, copper nickel and tin and an adequate infrastructure, save for recurrent power cuts, which represent genuine assets to foreign investors.

5.7.6 Zimbabwe's incentives to attract FDI include agricultural wealth, potential for tourism development and normalisation of relations with the international community. This also

includes provision of tax breaks for new investment by FDI companies and allowing capital expenditures on new factories, machinery and improvements to be fully tax deductible. The Government also waives import taxes and surtaxes on capital equipment. Tax incentives may also obtain in certain sectors such as pharmaceuticals, energy, construction, and agriculture.

5.7.7 Zimbabwe has not been receiving assistance to support economic growth and development since the year 2000 hence it has not significantly benefitted from Aid for Trade. The latest value of Net Official Development assistance and official Development Aid received in Zimbabwe was US\$ 988 040 000 million as of mid-2019.

6.0 CONCLUSION AND WAY FORWARD

6.1 The Government of Zimbabwe is committed to the effective implementation of the Vienna Programme of Action, despite various challenges faced by the country such as, the unilateral coercive measures, the impacts of climate change and the COVID-19 pandemic as well as limited access to development financing at affordable repayment rate, to enable effective infrastructure development which is a prerequisite for effective trade.

- 6.2 The array of trade and transport policies implemented during the period under review, have gone a long way towards facilitating international trade and the movement of goods and services across the region.
- 6.3 Whilst the WTO TFA provides for aid for trade facilitation, the provisions are not mandatory thus not all countries are guaranteed to access support. Further, development partners have higher affinity of funding soft infrastructure relative to hard infrastructure while Zimbabwe's border posts require both types of infrastructure. Financing border infrastructure with private capital has resulted in high user access fees which may defeat the trade facilitation agenda.
- 6.4 It is critical to note that growth of trade also creates winners and losers within and across countries. A case in point is the recent break down of political consensus on free trade and economic integration in states that are traditional supporters of global liberalism which creates dilemma in the future of trade policy.
- 6.5 There is a need for deliberate policy intervention to make trade more inclusive and its gains shared by allowing participation of various societal groups in both urban and rural areas. Transport connectivity and trade facilitation interventions, by virtue of their characteristics of being public or quasi-public good and non-reciprocal, are critical in making trade inclusive

and amenable to achieving Sustainable Development Goals (SDGs).

6.6 Further, due to lack of adequate financing our industry has not been able to bring all the equipment necessary for the re-tooling purposes, hence the need for more accessible LLDC funding to be easily and quickly realised.

6.7 In conclusion, Zimbabwe, as part of the Preparatory Committee for the LLDC3 will continue to actively participate in the negotiation and development of the next Programme of Action.

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