

Policy Dialogue

Improving Trade and Industrial Policy Coordination between Government and Private Sector



INASP & ZeipNET

July 2014

Introduction

The VakaYiko consortium led by the International Network for the Availability of Scientific Publications (INASP) involves five organizations working primarily in Ghana, South Africa, and Zimbabwe to develop the capacity of policy makers to use research evidence. Funded by the United Kingdom's Department for International Development (DFID) under the Building Capacity for Use of Research Evidence (BCURE) programme, the project operates on the assumption that the routine use of research evidence to inform policy requires at least three factors to be in place: individuals with the skills to access, evaluate and use research evidence; processes for handling research evidence in policy making departments; and a facilitating environment that identifies and responds appropriately to research uptake needs.

Policy Dialogues

The Zimbabwe Evidence Informed Policy Network (ZeipNET) and its VakaYiko partners will conduct policy dialogues (PDs) in cooperation with Ministry of Industry and Commerce and the Ministry of Youth, Indigenisation and Economic Empowerment. These enable a wider range of voices (including the media, civil society, academia and think tanks) to contribute to the policy-making process.

PDs are facilitated discussions and balanced engagement between the public sector and other relevant stakeholders, such as media, private sector and civil society organizations around a specific policy issue. The PD takes a participatory approach with presentations and facilitated plenary discussions to enable experience sharing and maximum participation from the participants.

On the 7th of July 2014, ZeipNET partnered both, with the Ministry of Industry and Commerce and the National Economic Consultative Forum in convening a PD aimed at discussing the Trade and Industrial policies with particular focus on improving coordination and dialogue between the government and the private sector.

Improving Trade and Industrial Policy Coordination between Government and Private Sector

The Ministry of Industry and Commerce in Zimbabwe is mandated to formulate, implement and review industrial and trade policies and strategies so as to create an enabling environment for industrial and commercial growth. The Ministry has formulated the Industrial Development Policy (2012-2016) and the National Trade Policy (2012-2016) that were launched in March 2012. These twin policies provide the framework for industrialization in Zimbabwe and aim at boosting industrial capacity utilization, promotion of appreciation value and boosting exports of domestic goods and services.

The two policies are further aligned to the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset), an economic blueprint spanning 2014-2018 that seeks to unlock policy implementation barriers for the betterment of the nation at large. The responsibility of making ZimASSET a success does not rest solely with the Government but it is a nationally concerted effort. The Government is only a vehicle through which policies can be implemented and monitored on their progress in line with the socio-economic plan.

Zimbabwe is currently experiencing a “competitiveness gap where total imports are expected to grow to US\$8.321 billion in 2014 from US\$6.6 billion in October 2013”. In other words, 67.5% of the products consumed locally imported from abroad.¹ Such negatively skewed trends in trade are detrimental to the revival of the local industry and provide a barrier to employment creation. They also contribute to the liquidity crunch that the nation is currently experiencing.

In that view, the myriad of such economic challenges can be addressed through a constructive public-private dialogue on the implementation of Industrial Development and National Trade Policies. When these policy reforms are refined through a participatory process that engages Government and Private Sector, results are more likely to be considered legitimate and will be more sustainable and effective for the national economy.

The Ministry of Industry and Commerce is therefore calling for routine inclusive engagements such as Public Private Dialogues as they help foster closer cooperation among economic players, which are necessary in policy implementation, as well as the monitoring and evaluation process. It is in this context that ZeipNET partnered with the Ministry of Industry and Commerce to convene a PD aimed at discussing the National Trade and Industrial Development Policies with particular focus on improving coordination and dialogue between the government and the private sector.

¹ Dr A. Makochehanwa, University of Zimbabwe, presentation at the policy dialogue 7th July 2014

Objectives

By discussing the National Trade and Industrial Development Policies, this PD seeks to (a) deepen the dialogue and coordination between government and private sector and (b) increase the use of evidence in trade and industrial policy formulation.

a) To deepen dialogue and coordination between the Government and the Private Sector on all Industrial Development and National Trade Policy issues

The deepened dialogue and coordination between public and private sectors should lead to improved information dissemination and raised awareness for industry and trade issues for both sides. Further, government's actions should become more transparent and can be accounted for, enabling an environment to build mutual trust and understanding.

b) Increased routine use of evidence in trade and industrial policy formulation, implementation and reform through stakeholder engagement

Engaging the private sector in the industrial and trade policy formulation, implementation and reform processes creates a demand for evidence. Especially objective and rigorous research evidence can facilitate such a debate, create arguments and inform subsequent trade and industrial policies.

Both objectives (a + b) can lead to better policies and later on contribute to an increased international competitiveness of local industries by transforming Zimbabwe from being an exporter of primary commodities to an exporter of value added and high quality processed goods and services. This would enhance employment opportunities and foster economic growth and development.

Results

The one-day PD attracted 50 delegates and these included industrialists, trade unionists, bankers, Government ministries and departments with a stake in industry and commerce, including business people, members of the public and the media. As such, the director of research and domestic trade from the Ministry of Industry and Commerce, Charles Mujajati, and University of Zimbabwe senior lecturer, Dr Albert Makochehanwa, were present. A newspaper article was informed by the PD.²

31 delegates out of the 50 participated in the post dialogue evaluation. Most participants confirmed that the topic of discussion was relevant to key issues currently affecting Zimbabwe (74% strongly agreed whilst 23% just agreed). A larger number also felt that presenters clearly linked arguments to research information and that discussions did not revolve around opinion or ideology (61% agreed and 20% strongly agreed).

Interaction during the PD

According to the observational rubric³, delegates were very engaged and there were very relevant questions and contributions. Participants from different backgrounds asked interesting and challenging questions. People were free to be critical and sometimes even raised controversial issues thereby stimulating debate. Women and minorities in the audience actively participated in the discussions through asking questions and taking the lead in group presentations and discussions. Although there were participants who were more dominant than others in certain instances, the facilitator managed to control the discussion through questions and probes.

The 50 participants discussed challenges emanating from insufficient coordination between public and private sector, proposed possible solutions resulting in concrete action points and proposed new topics for similar future events:

Challenges emanating from limited/lack of coordination

- Policies tend to set unrealistic targets as they are not anchored on sound evidence and realities on the ground. They are also based on unrealistic assumptions about the situation on the ground as well as the situation which would prevail during the planning period
- Absence of clear monitoring and evaluation mechanisms of the implemented policies which could identify progress and strategies to ensure adherence to set targets
- Inconsistencies between the various sectorial policies which should complement each other
- Poor resource allocation for critical issues and duplication of resources, resulting in failure to meet higher level goals and objectives

Solutions revolved around the following

- Need for effective monitoring and evaluation of policy implementation, e.g. a Trade and Economic Review Committee, that is provided for under the National Trade Policy should be established to ensure that the implementation of the two policies proceeds as envisaged

² L. Murahwa, "Govt engages private sector on industrial, trade policies coordination", BH24, 7.07.2014

³ An observational rubric is a table which contains different observable indicators in the rows and categories of judgement in the columns, eg how often reference was made to evidence and empirical research – never, 1-2 times, 3-4 times etc.

- Increased stakeholder engagement and inclusivity in policy formulation, implementation and review through public private dialogues
- Establishment of a National Policy Centre that can oversee the implementation of the policies, address any inconsistencies of policies as well as ensure adherence to set targets by demanding accountability during implementation
- Basing policy-making processes on evidence, e.g. by providing accurate cluster based trade and industrial data
- Media participation to articulate and promote a shared national vision
- Systematic Stakeholder mapping for an inclusive policy formulation and implementation
- Consistent evaluation and alignment of policies in order to re-align with current trends e.g. alignment of policies with new constitution
- There is a need to identify niche products to add value, beneficiate and export in line with the country's comparative advantage including availing necessary incentives to
- Back policies with enabling legislation by taking advantage that government is currently aligning various laws to the new constitution

Action points

- There is a need for a mid-term evaluation of the two policies as they are already mid-way in being implemented. The Ministry of Industry and Commerce was thus tasked to ensure that logistics are in place for conducting the evaluation. It was voiced that this can be done within the context of ZimAsset.
- There is a need for similar policy dialogues on the implementation side, as a way to address challenges and evaluate progress
- The implementation matrices for the two policies need to be improved, to have clear time frames by which targets are expected to be achieved

Suggested topics for future policy dialogues

- Linking Zim-Asset to policies for critical sectors
- Evidence gathering for policy making
- Value addition and beneficiation with specific reference to the mining industry
- Repositioning Zimbabwean Economy on a global level: Improving new value chains in Zimbabwe
- Monitoring & Evaluation of policies
- SADC/ COMESA membership and relevance to Zimbabwe
- How to improve foreign direct investment in Zimbabwe
- How educational manpower development policies feed into attainment of policy objectives
- Implementation of the indigenisation and economic empowerment

Facilitation

The facilitator was very engaging and used effective participant-centred facilitation techniques. He was also very good at handling controversial statements and potentially volatile contributions. The facilitator's presentation was however too long and contained too much information. 96% of the participants indicated in the feedback form that the facilitator engaged well with the audience.

Discussion and Conclusion

Overall, the PD on improving trade and industrial policy coordination between government and the private sector attracted a wide range of different and relevant stakeholders. On the one hand, this was driven by the fact that ZeipNET has a standing Memorandum of Understanding with the Ministry of Industry and Commerce that includes PDs as one of the programme strands in implementing the BCURE programme. This meant that there was unwavering support from the ministry. On the other hand, involving the National Economic Consultative Forum which is the National Policy Dialogue Convener in the Office of the President resulted in high level participation and buy-in from relevant government departments. However, there was still a lack of meaningful representation from business membership organizations, which could have been valuable for official positions from the private sector. These business membership organizations but also media will have to be invited more explicitly for similar future events and follow-ups need to be done after sending invitations either by email or telephone. Personal relationships with media representatives would further help to communicate the results of the event to a broader audience in the future and increase also ZeipNET's visibility. Overall, the invitation and planning process would benefit from a more systematic stakeholder mapping prior to the event.

The participatory approach used to select the topic of the PD led not only to a high perceived relevance but also generated a lot of interest from both the public and private sectors. The topic, drawn from the ministry's strategic plan, also dovetailed well with the national economic blueprint, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset). However, the identified topic was too broad to focus the pre-set objectives of the PD. It is a lesson learnt to specify discussion topics beforehand and to likewise keep objectives for the PD on a realistic level. For this it is planned to develop a PD strategy that outlines the objectives and methodology for future events. Furthermore, it would be helpful to distribute concept notes and other supporting evidence well before the policy dialogue so that participants familiarize themselves with the topic, enabling them to participate in the PD more effectively.

Despite the broad topic, the PD stimulated a lively and informative debate which was enhanced especially by the participatory nature of the facilitation, such as the layout of the tables and seats. This free and open dialogue ultimately led to concrete recommendations for the Industrial Development and National Trade Policies as well as concrete topics for similar future events.