



Concept Note

VALIDATION OF THE REPORT ON THE DEVELOPMENT OF LOCAL CONTENT THRESHOLDS FOR THE PHARMACEUTICAL, FERTILISER AND PACKAGING SUB SECTORS

Harare, Zimbabwe

24th February 2023



United Nations
Economic Commission for Africa

1. Background

The Ministry of Industry and Commerce is currently coordinating the development of local content thresholds (LCTs) across all national economic sectors as part of supporting industrialization and industrial growth and development in line with the Zimbabwe National Industrial Development Policy (ZNIDP) 2019-2023. The local content thresholds, once established, will allow national stakeholders to tap into inherent economic potential across various sectors thereby boosting investment, beneficiation, value addition and value chains development in line with the National Development Strategy (NDS) 1 (2021-2025), the national development blue print. By emphasizing the procurement of local inputs and products along the commodity value chains based on specified metrics, local content thresholds support industrial development and the intensification of linkages.

The pharmaceutical, fertilizer and packaging sub-sectors have been selected as the premier targets in the endeavour to develop local content thresholds across all sectors. The recommendations from these investigations will help refocus the strategy as it is implemented across other sectors. The three sectors were selected because of their unique contribution to the welfare of the Zimbabwean people.

The **Pharmaceutical sector** contributes only 12% of local medicines consumed in the country with the rest being imported. This presents huge opportunities for substantial import substitution as well as reducing risks of supply chain disruptions for essential medicines more so in these periods of pandemics like COVID 19 and geopolitical tensions. It is thus prudent for Zimbabwe to be self-sufficient in these products.

The backbone of the Zimbabwean economy is the agricultural sector and hence a robust **Fertiliser sector** is needed to support the farming activities. Furthermore, the geopolitical tensions in Eastern Europe have necessitated the aggressive domestication of most supply chains to ensure supply reliability and price stability in line with the country's aspirations towards food security hence the need to explore how domestic production can be enhanced.

The **Packaging sector** cuts across all facets of the economy as most products require packaging of some sort and is one area that has potential to drive local content if most supply chains are localised. The sector thus has immense potential to create linkages with the local industrial sector.

In order to develop local content thresholds for the three subsectors, the Ministry of Industry and Commerce, requested for technical support from the United Nations Economic Commission for Africa (UNECA) Sub-Regional Office for Southern Africa (SRO-SA) to engage a consultant to anchor the process and draft the thresholds in a fully consultative manner which captures the

views of various stakeholders along the value chains. The consultant undertook desk research on the matter and administered a questionnaire to elicit views from the stakeholders specifically recommended by the Ministry of Industry and Commerce (MIC). The findings have been synthesized and compiled on the draft report on *Development of Local Content Thresholds for the Pharmaceuticals, Fertilizer and Packaging sub sectors in Zimbabwe*. The draft local content thresholds report will be validated by stakeholders at a meeting to be organized by MIC in collaboration with SRO-SA on February 24th, 2023 in Harare.

2. Objectives

The overall objective of the meeting will be to review and validate the findings and recommendations of the local content thresholds study for completeness and amenability to implementation.

Specifically, the meeting will;

- (i) Review the report in terms of the comprehensiveness of the methodology used and the adequacy of the coverage of issues pertinent to local content and local content thresholds with specific focus on the three sub sectors – pharmaceuticals, fertilizer and packaging;
- (ii) Review the alignment of these thresholds with the overall thrust of NDS1 and other frameworks supporting industrialization and local content in Zimbabwe;
- (iii) Assess the feasibility of the recommendations and the proposed thresholds in the three sectors, re-calibrate them as practically feasible as possible to guarantee implementability;
- (iv) Discuss the proposed framework for the implementation of the thresholds focusing on practicality of the proposals, reasonableness of the metrics as well as the sustainability of the proposal;
- (v) Address any gaps and misrepresentations in the report, its findings and recommendations;
- (vi) Finalize the report and the thresholds for the Ministry to take forward for implementation including developing the required supporting soft and hard infrastructure.

In addition, the meeting will be an opportune platform for stakeholders who were missed in the questionnaire-based data collection to provide inputs into the thresholds. The process will ensure and enhance collective ownership of the thresholds and this will further soften the ground for implementation of the same.

3. Format

The meeting will be hybrid in nature with facilitated face to face participation in Harare and other the participants will join virtually. Deliberations will include plenary presentations of the

draft report and the proposed thresholds followed by discussions and reviews by the stakeholders from the three subsectors - pharmaceutical, fertiliser and packaging.

To facilitate in-depth contribution to the review by all stakeholders, the draft report will be circulated before the validation meeting and sector players guided to review and prepare inputs. The sector groups will present findings at plenary for further discussion, elaboration and adoption.

4. Participation

The participants will be drawn from Government, the private sector and academic and research organizations. The Ministries of Industry and Commerce, Finance, Agriculture, Mines and Women, Gender and Small and Medium Enterprises will be invited to participate. The private sector will be drawn from Business Member Organizations (BMOs) including Chamber of Commerce, SMEs Association, Buy Zimbabwe, UN Agencies (UNIDO, ILO)etc, and companies from the three sectors.

5. Date and Venue

The validation meeting will be organized on February 24th 2023 at the Holiday Inn in Harare.

6. Expected Outcomes

The expected outcomes of the workshop will include;

- i) Enhanced appreciation by stakeholders of the purpose and scope of work towards development of local content thresholds for the three subsectors
- ii) Enhanced understanding of the purpose of the local content thresholds as part of supporting the development of industry, linkages and job creation; and
- iii) Enhanced ownership of the thresholds development process thus strengthening implementation of findings by the private sector through close involvement in the drafting of thresholds in the selected sectors.

7. Expected Outputs

The expected outputs of the workshop will include:

- (i) Recommendations from the stakeholders on the local content thresholds for the three subsector and on how these could be implemented including what the Government needs to do to facilitate implementation; and
- (ii) A report of the outcomes proceedings to be produced after the meeting

8. Contacts

Confirmation of participation and the request for additional information and all other communication on the Validation Meeting should be addressed to:

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Draft Programme of Work

Validation of the Report on the Development of Local Content Thresholds For Pharmaceutical, Fertiliser and Packaging Sub Sectors.

24th February 2023, Harare

Time	Activity
0730-0800	Registration-MIC/UNECA
0800-0810	Prayer and Introductions-MIC
0810-0900	Opening Session (i) Remarks by ECA/UN Resident Coordinator (ii) Remarks by the private sector (iii) Official Opening by the Minister of Industry and Commerce
09:00 – 09:30	Health Break/Tea/Coffee and Media Briefing by Minister/ECA
0930-10:30	(i) Objectives and Overview (Ministry/ECA) (ii) Presentation of the Draft Report on the Development of Local Content Thresholds for the Pharmaceuticals, Fertilizer and Packaging subsectors – <i>Prof. Albert Makoche Kanwa</i>
10:30 – 10:45	Discussant Intervention – Buy Zimbabwe
10:45 – 11:00	Plenary Discussions
11:00 to 13:00	Group Work: Consolidation of Sector Inputs
13:00 – 14:00	Lunch Break
14:00 – 14:30	Group Presentation and discussions - Fertilizer
14:30 – 15:00	Group Presentation and discussions – Pharmaceuticals
15:00 – 15:30	Group Presentation and discussions – Packaging
15:30 – 16:30	Consolidation of recommendations, plenary discussions and way forward
16:30 – 16:45	Closing Session (i) Remarks by ECA (ii) Remarks by the private sector (iii) Remarks by Ministry of Industry and Commerce

