



Zambia Association of Manufacturers
STRATEGIC PLAN
2021 - 2026
Theme: Accelerating Value Addition





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ACRONYMS

- 8NDP** Eighth National Development Plan
- CEEC** Citizens Economic Empowerment Commission
- COVID** Coronavirus Disease
- CTPD** Centre For Trade Policy and Development
- CUTS** Consumer Unity Trust Society
- IOT** Internet of Things
- KPIs** Key Performance Indicators
- MCTI** Ministry of Commerce, Trade and Industry
- MOU** Memorandum of Understanding
- NTBC** National Technology Business Council
- PMRC** Policy Monitoring Research Centre
- PZC** Proudly Zambian Campaign
- R&D** Research and Development
- ZABS** Zambia Bureau of Standards
- ZAM** Zambia Association of Manufacturers
- ZCSA** Zambia Compulsory Standards Agency
- ZEMA** Zambia Environmental Management Agency
- ZMA** Zambia Metrology Agency
- ZPPA** Zambia Public Procurement Authority

FOREWORD

MINISTER OF COMMERCE, TRADE & INDUSTRY

Since establishment of the Zambia Association of Manufacturers (ZAM) in 1985, the Association has grown to become an important representative of the manufacturing sector in Zambia. Over the years, ZAM has been an eminent partner working with the Ministry of Commerce, Trade and Industry (MCTI), to achieve significant progress in the drive towards Industrial development and effective Stakeholder engagement.

Zambia's quest is to become a **"Prosperous Middle-Income Country by the year 2030"** with the manufacturing sector envisioned to be contributing 36% to Gross Domestic Product. I excitedly note that through this Strategic Plan deliberate plans have been designed to fit into what Vision 2030 aspires for. Notably among the key areas of concentration in the Plan, are the development of a thriving, competitive manufacturing sector, and enhancement of evidence-based policy advocacy, ensuring that an enhanced business environment exists to ultimately lead to growth and expansion of enterprises. Further, the ZAM Strategic Plan extends to include actions and contributions towards meeting the global sustainable development goals, aimed at promoting sustainable production practices in the manufacturing sector in Zambia.

Industrialisation and job creation are key to the New Dawn Administration because of their catalytic nature promoting broad based socio-economic development. The two aspirations have the potential to significantly contribute to the country's growth and development. Nonetheless, in 2020, Zambia's development trajectory was shaken and not spared from the impacts of the Coronavirus disease of 2019 (COVID-19). Specifically, for the manufacturing sector, supply chain constraints remained one of the main challenges faced.

The pandemic presented several lessons and among them mainly relied on imported inputs because of underdeveloped value chains in the country, such as the textiles and garments sector, experienced serious economic contraction to the extent of 34%. The lockdowns initiated by trading partners such as South Africa and China affected production in the country, where several companies were at risk of closing down. Realisation that raw materials were either not produced locally or local suppliers had not built significant capacity to supply, was a lesson for the country to build sufficient local linkages and identify local raw material sources.

I am happy that such lessons have been carried in the ZAM Strategic Plan, with deliberate measures to grow local value chains and enhance local value addition. Amidst this the government issued a Statutory Instrument number 110 of 2020 to facilitate a waiver of manufacturing inputs for the goods which are not locally available to ease the cost of production for domestic players.

Additionally, another lesson was that dependency on foreign markets for inputs subjected the manufacturing sector to the volatility of the exchange rate. Where there were opportunities of making the manufacturing sector competitive due to the opening of local markets, the gains were offset by the high costs of raw materials induced by a weak currency.

To abate the situation of unavailable inputs, our Ministry put in place a number of measures to support the recovery of the manufacturing sector. Measures were not limited to negotiating with our South African counterparts but extended to resolving to not initiate a total lock down in the country. Mitigation of the adverse effects through these measures ensured that the manufacturing sector remained afloat. The resilience displayed throughout the tough times are a marvel. We pride in your wins as manufacturers, as they are also our wins, and we celebrate with you. Additionally, we look forward to your growth, as it equally implies our country's growth.



Hon. Chipoka Mulenga, MP
Minister of Commerce, Trade and Industry

FOREWORD

ZAM PRESIDENT



I am elated to present to you the Zambia Association of Manufacturers (ZAM) 2021-2026 Strategic Plan, outlining the strategic visions and direction which have been identified by the Association to help the Manufacturing Sector realise its anticipated growth potential and the Secretariat better fulfill its mission to serve the manufacturing sector.

The process of formulating the Strategic Plan has given ZAM an opportunity to take stock on past successes and failures, to determine visions and future goals and put forward strategies for augmentation of the sector and its expansion. In light of the challenges that the sector has faced before and on account of the pandemic, drafting of the Plan was not only in response to changing needs but a repositioning of the Association as an active participating agent to drive growth, competitiveness in the manufacturing sector and therefore increase contribution to Gross Domestic Product (GDP).

The espoused strategic themes attest to ZAM's commitment to help members strengthen local value addition and excellence through the Secretariat's core functions of research, policy advocacy and knowledge exchange with our strategic partners as well as business linkages, mentorship and enterprise development and capacity building in standards, labelling and quality. More specifically the Associations strategic themes will result into; membership growth and competitiveness, policy advisory competence, secretariat operational efficiency and partnerships for excellence and sustainability.

Growing the membership will be achieved through enhanced product and enterprise development, providing for business facilitation, local and export market access and an elevated Proudly Zambian Campaign. Value chain development will be supported by enhancing backward and forward linkages within the sector and with other sectors including Mining, Tourism etc. with the intention to make local companies competitive both in the external and domestic markets. Training for business development, technical advice on tax, policy and trade and research on sector investment opportunities.

To implement these strategic aims, ZAM will endeavor to ensure that the policy space is developed into an enabling environment with holistic policies geared towards supporting the development of a competitive local manufacturing industry by providing evidence based research and policy advocacy that results in quality policy decisions.

At the Secretariat, the Plan envisions that human, financial and physical resources will be appropriately allocated, motivated and deployed to help attain the growth of the manufacturing sector and its contribution to GDP. Similarly, the Association will develop appropriate infrastructure necessary for providing adequate office space, optimal, technological support, dynamic marketing and advertising, and the provision of adequate operational tools.

The finalisation of the strategic plan represents the concerted efforts of the Association stakeholders, whose valuable input has been incorporated in this document. Let me take this opportunity to thank all the stakeholders for the invaluable support in the development of this strategy. I would like to thank in particular the ZAM Board for approving the strategic plan and taking up the responsibility of overseeing and monitoring its implementation.

Finally, I am sure that with the combination between our talented staff, our members and our partners including Government, the goals we aspire to accomplish will in time translate into milestones of which we will be proud. We believe that by investing in the future of ZAM, we are investing in a better future for the manufacturing sector, as well as Zambia, the regional and global economy at large. I would like to invite you to join hands with us to help this vibrant and unique business association maintain contribution to the growth of the manufacturing sector whilst fostering its further developments. May I take this opportunity to thank you for taking interest in the future of ZAM and the manufacturing sector in Zambia.

Ezekiel Sekele
ZAM President (2019-2021)

INTRODUCTION



The Zambia Association of Manufacturers (ZAM) is recognised as the apex body of the manufacturing sector in Zambia. While established in 1985, the Association was registered under Section 7(2) of the Societies Act Cap 119 in 1996 and a Secretariat established in 2009 to run the affairs of the Association.

1.1 Background

1.1.1 Strategic and Organisational Mandate

ZAM is a member driven Association, whose mandate is to effectively represent the interests of the manufacturing sector in Zambia and lobby for measures supportive towards the manufacturing sector. The Association has enjoyed growth in terms of its membership and policy influence through its partnerships with various stakeholders including the Government, other private sector associations, civil society, think tanks, cooperating partners as well as regional and international organisations.

1.1.2 Objectives

The Zambia Association of Manufacturers was formed primarily for the following objectives:

- a. To promote and protect the interests of industrialists and manufacturers in Zambia.
- b. To initiate and encourage discussions amongst members of the Association on all problems concerning industries in Zambia.
- c. To advise the Zambian Government of any measures considered by the Association to be necessary from time to time for the establishment and support of industries in Zambia.
- d. To promote sales, both inside and outside Zambia of all products of industries in Zambia and the attainment and maintenance of proper standards of quality in relation to price.
- e. To collaborate with the Zambian Government on the prosecution of any measures agreed under object (c) above.
- f. To encourage market surveys and such other forms of economic and statistical research as may be valuable to the Association.
- g. To collaborate with any other organisation having objects altogether or in part similar to those of the Association.
- h. To enhance members' understanding of the implications of global trade and regional trade agreements.
- i. To promote fair trade and business practices, environmentally friendly manufacturing and socially responsible employment.
- j. To promote value addition to local raw materials and encourage the transfer of appropriate technology.
- k. To extend leadership by developing innovative interventions in support of small and medium manufacturing enterprises in areas that support mainstream participation of small enterprises in the provision of public services.

1.1.3 Governance and Management

ZAM is governed by a Board of Directors which is made up of six elected members and not more than 20 sector representatives, drawn from senior officers in different manufacturing companies. The Board of Directors provides strategic direction and leadership as well as oversees the affairs of the Associations Secretariat. The Board has four Sub-Committees, namely:

- i. **Membership Committee** - fulfills an oversight function over the Secretariat in responsibilities related to value added services as well as satisfying members and thus increasing membership numbers to ZAM.
- ii. **Policy Committee** - maintains an overall positive oversight of key policy pronouncements and maintains healthy networks with several notable institutions for the success of the Association.
- iii. **Investments Projects and Sustainability Committee** - oversees fund raising for capital campaigns, raises funds and ensures inclusive and sustainable industrialisation.
- iv. **Governance Audit and Risk Committee** - the Committee oversees corporate governance in the Association, internal and external audit of financial statements and ensures the mitigation of the Associations risks in line with the Board of Directors' long-term goals.

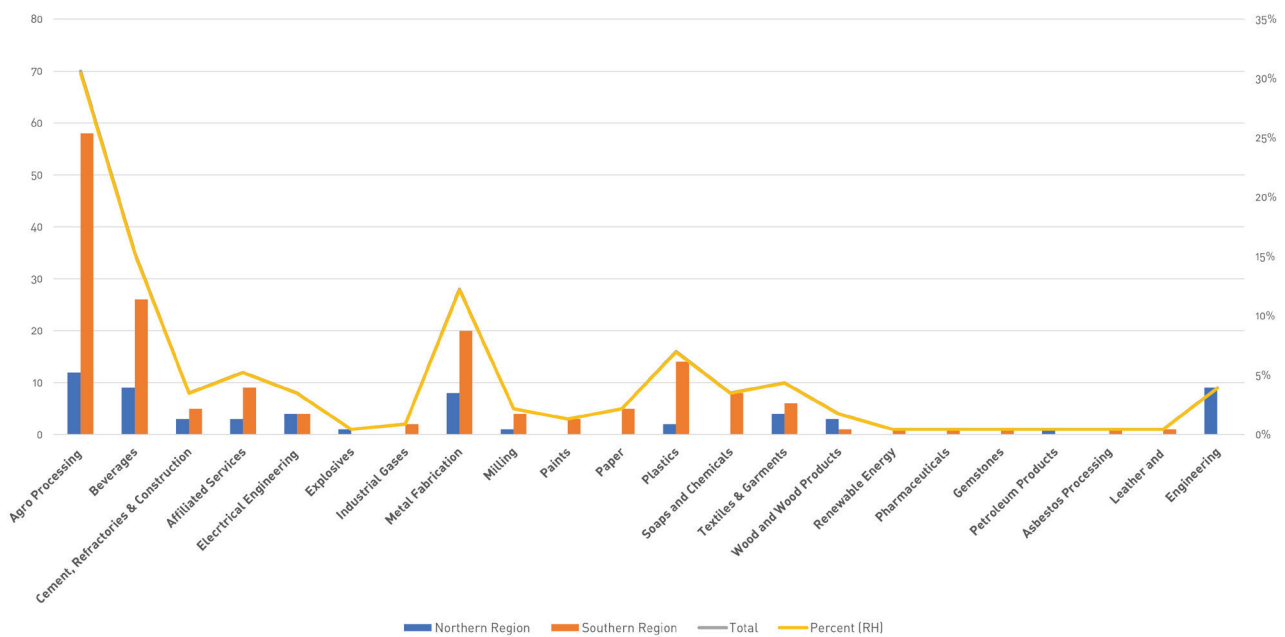
ZAM is headed by a Chief Executive Officer supported by Four (4) Unit Heads, who together form Management. The Management superintend over the day-to-day operations of the Association and execution of the mandate.

1.1.4 Strategic Partnerships

The main constituents - the Association's membership, is comprised of more than 350 companies, spanning across a broad range of manufacturers from over 20 manufacturing sub-sectors, as well as affiliate members that provide services to the manufacturers. The strength of ZAM is derived from the quality and quantity of its membership

Most ZAM members operate within the agro-processing subsector, depicting the general outlook of manufacturing in the country. ZAM is looking to grow the number of manufacturers in the other subsectors, especially those where huge imports of finished products are observed and where the country exports its raw materials and little value addition occurs. Clearly, investment opportunities abound in these subsectors, but there are only a few companies that are currently manufacturing in these subsectors.

Figure 1 1:ZAM Membership by Region and Sub Sector



Additionally, ZAM collaborates with both public and private entities to implement its mandate and has signed various Memorandum of Understandings (MOUs) to help achieve its mandate namely: The Confederation of Indian Industry (CII); Ministry of Commerce, Trade and Industry (MCTI); Zambia Federation of Associations of Women in Business (ZFAWIB); Financial Sector Deepening Zambia (FSDZ); the Zambia Institute for Policy Analysis and Research (ZIPAR); Zambia Bureau of Standards (ZABS); Zambia Metrology Agency (ZMA); The Patents and Companies Registration Agency (PACRA); Prospero Zambia and Ndola and District Chamber of Commerce and Industry (NDCCI).

Further, ZAM is currently negotiating strategic agreements with the Zambia Development Agency (ZDA), Lusaka South Multi-Facility Economic Zone (LSMFEZ), Citizens Economic Empowerment Commission (CEEC), Kansanshi Mines PLC and Public Universities.

ZAM also has good working relations with international organisations including UNIDO, GIZ, USAID, Oxfam and various embassies, Government ministries such as Ministry of Finance (MoF), Ministry of Labour, in addition to MCTI and with non-state actors such as Zambia Chamber of Commerce and Industry (ZACCI) and the Zambia National Farmers Union (ZNFU), the Zambia Chamber of Small and Medium Businesses Association (ZCSMBA). The Association also works well with Civil Society Organisations such as the Center for Trade Policy and Development (CTPD), Consumer Unity Trust Society (CUTS), and the Lusaka Water and Sewerage Initiative (LUWSI) among others.

1.2 Rationale

Formation of the 2021- 2026 ZAM Strategic Plan was compelled by the need to establish key priorities relating to the mandate of ZAM and develop guidelines for the operations of Secretariat for the next five years. ZAM has grown to be the apex body representing the manufacturing sector, but the need to augment the capacity of ZAM to effectively deliver on its mandate and become the body where all the manufacturing companies are registered and represented has grown more than ever.

“ The Strategic Plan actively determines a practical path that will guide ZAM to contribute to the realisation of the development outcomes of the manufacturing sector...”

Firstly, the COVID-19 pandemic with its challenges, has revealed the silver lining for manufacturing. Growth can be accelerated if the sector is strategically able to produce goods to not only meet local but also regional demand. Secondly, the inauguration of the new Government who among its focus has included investment into manufacturing has extended an olive branch to the sector and makes it imperative for the Association to utilise the good will as a springboard is to enhance growth in the manufacturing sector. Lastly, implementation of the Eighth National Development (8NDP) in which industrialisation and diversification are at the core, peremptorily implies that and the manufacturing sector should intensify its contribution to the Government’s efforts. The Strategic Plan actively determines a practical path that will guide ZAM to contribute to the realisation of the development outcomes of the manufacturing sector.

1.3 Plan Coverage

The ZAM 2021-2026 Strategic Plan runs from 1st October 2021 to 30th September 2026. The Strategy highlights the assumptions, the future outlook, the strategic direction; enabling factors; budget linkage; monitoring and evaluation mechanisms; and the structural implications for the Secretariat.

METHODOLOGY

2

The process of developing the strategic plan was spearheaded by the Board led by the President Mr. Ezekiel Sekele, the Sub-Committees and the members of staff. The process was undertaken by following the below procedural steps:

Meeting with Members – Secretariat sent out questionnaires to its membership and strategic partners such as the public sector and civil society organizations to understand their needs and what direction the Secretariat should pursue in the next five years. The findings on the challenges members face and how best to enhance the opportunities currently available were discussed in meeting with its membership. This also involved interactions with strategic partners such as the public sector and civil society organizations. Literature Review – Secretariat also engaged in a literature review to ascertain the best fit for ZAM’s strategic direction with respect to national policies and legal implications with implications on the manufacturing sectors operations. The literature review also investigated measures undertaken in other countries with more developed manufacturing sector associations such as the Kenya Association of Manufacturers.

i. Questionnaires with Members – Secretariat sent out questionnaires to its membership and strategic partners such as the public sector and civil society organizations to understand their needs and what direction the Secretariat should pursue in the next five years. The findings on the challenges members face and how best to enhance the opportunities currently available were discussed in meeting with its membership. This also involved interactions with strategic partners such as the public sector and civil society organizations.

ii. Literature Review – Secretariat also engaged in a literature review to ascertain the best fit for ZAM’s strategic direction with respect to national policies and regulatory

implications on the manufacturing sector’s operations. The literature review also investigated measures undertaken in other countries with more developed manufacturing sectors, reviews of associations such as the Kenya Association of Manufacturers (KAM) and the Manufacturing Circle in South Africa were thus undertaken.

iii. Institutional Assessment – The institutional assessment involved an internal and external analysis of internal capabilities and the environment in which the manufacturing sector operated. Feedback from the membership, staff and other partners, provided perspective of ZAM’s performance were obtained on the Association’s influence on policy advocacy, membership recruitment, value added services to membership, financial performance and staffing issues.

The external analysis was conducted using the PESTEL lens to scan the major developments that may have implications on the execution of ZAM’s mandate.

iv. Strategic Direction – determination of ZAMs strategic direction for the next five years was based on information gathered from the internal and external analysis. The outcomes were subjected to reviews from the membership, sub-committees, and various stakeholders in order to build consensus and secure the much-needed support for implementation. Finally, the plan was approved by the Board of Directors for implementation.



3

ENVIRONMENTAL ANALYSIS

Analysis of the operational environment in which ZAM operated in the past two years, was conducted from two broad perspectives, the external and the internal environments. Key issues with substantial effect on ZAM's operations for the strategic plan period were identified and their optimisation measures developed for successful implementation of the Plan.

3.1 External Environment

External environment analysis focused on major political/policy, economic, social, technological, and legal (PESTEL) developments that impacted on the performance of ZAM. Challenges faced, the opportunities or threats and the associated mitigating measures for the plan period are highlighted.

3.1.1 Political/Policy Aspects

On August 24th 2021, a new Government was ushered in with promise of a new dawn for investments and creation of business opportunities. Notwithstanding this, the manufacturing sector faced policy inconsistency in form of export bans, introduction of surprise taxes e.g. sales tax and non-commitment to policy pronouncements e.g. Removal of Tax Holiday in 2018 and non-implementation of Statutory Instrument 110 – Suspension of customs duties on imported raw materials. These factors contributed to the sector poor performing in 2020 and the first half of 2021 especially with the backdrop of the effects of the COVID-19 pandemic on the sector.

Industrialisation remains a top agenda for the Zambian Government. Zambia's development trajectory is guided by Vision 2030, implemented through the National Development Plans. In the Vision, Zambia envisions a technology based and export focused manufacturing sector, which is dynamic and competitive with effective entities that add value to the locally abundant natural resources by 2030. Other strategies to support the achievement of the Vision have been put in place such as the Export Strategy, Local Content Strategy and the National Industrialisation Policy.

Industrialisation has been a top agenda for successive Zambian Governments, with Zambia's development trajectory guided by Vision 2030 and implemented through different National Development Plans. In the Vision, Zambia envisions a technology based and export focused manufacturing sector, which is dynamic and competitive with effective entities that add value to the locally abundant natural resources by 2030. Manufacturing is primed as contributing 36.1% to GDP and providing over 70% of exports.

Notwithstanding this, the manufacturing sector faced policy inconsistency in form of export bans, introduction of surprise taxes

e.g. sales tax and goods and services surtax, non-commitment to policy pronouncements e.g. the removal of tax holidays in 2018 and non-implementation of policy pronouncements e.g., Statutory Instrument No. 110 of 2020 – Suspension of customs duties on imported raw materials, in the period before. These factors contributed to the sector's poor performance from 2019, into 2020 and the first half of 2021, especially with the backdrop of the effects of the COVID-19 pandemic on the sector.

On August 24th 2021, a new Government was ushered in with promise of a new dawn for investments and creation of business opportunities. Going forward, the Zambian political space provides several opportunities on account of the political stability experienced in the immediate past elections as well as the goodwill being shown by different stakeholders. Therefore, the manufacturing sector is a strategic sector to achieve the pronouncements made by the new Government. ZAM will continue to engage the Government for policy support to deliver on its mandate as well as to increase engagements on the uptake of evidence-based policy advice for sustainable manufacturing economic growth. Moreover, ZAM will play a key role in ensuring a diversified economy under the eighth national development plan period.

3.1.2 Economic Issues

Since the outset of the COVID-19 pandemic, Zambia's economic fundamentals have significantly deteriorated with Gross Domestic product (GDP) contracting by 2.7% in 2020 and the manufacturing sector recording no growth at all at -0.1% in the same year. Effects of mitigation measures of the outbreak of COVID-19, such as lockdowns in most countries, especially those supplying raw materials have negatively impacted the sector. Hitherto, the Zambian economy started recording economic declines as far back as 2015 when the economy grew by only 2.9%, on account of erratic power supply which affected manufacturing production, and an unpredictable policy environment.

During the past period, interest rates peaked at over 30%, while inflation had long breached the target range of 6 – 8 % and was above 20% for the greater part of the period. The exchange rate also depreciated by over 40% and with all macro fundamentals outside the targets, the business environment deteriorated with no readily available funds for investment. Moreover, the Government locked the liquidity businesses could have used, by owing suppliers of goods and services and not releasing VAT refunds. The end result was poor performance by an uncompetitive manufacturing sector, with domestic goods remained uncompetitive against imports on account of the highlighted challenges.

Turning the economic fortunes into the manufacturing sectors favour, will require a robust growth position with the macroeconomic fundamentals stabilised and consistent implementation of strategic decisions. To optimise on the space for policy reforms, ZAM shall actively engage Government and other stakeholders to influence the macroeconomic policy space.

3.1.3 Social Facets

Zambia continues to face a huge unemployment problem. While the youth in Zambia comprise more than half of the population, their unemployment rate in 2020 stood at 22.63% a tad higher than the overall unemployment rate at 12.17%. Several factors contribute to youth unemployment in the country, and they include: low absorptive capacity of the labour market for new entrants; high skills mismatch between the needs of industry and the trainings provided by academia; low levels of entrepreneurship coupled with limited access to appropriate finance, technology and markets; and the concentration of growth in highly capital-intensive and automated sectors like mining and construction. Moreover, the situation was not helped with the COVID-19 pandemic that affected employment in the economic sectors in 2020 and 2021 and actually worsened the levels of unemployment generally and much more among the young people.

For manufacturers to play a critical role in decent employment creation, interventions on skills mismatch will require training institutions and potential employers to be on the same page regarding the skills needed in industry and help align with the current technologies being used and the. The manufacturing sector will be required to take a keen interest in implementing the measures put in place in various national documents. Additionally, ZAM members could play a larger role in the creation of indirect jobs through supplier development programmes for the provision of raw materials. For ZAM the unemployment situation calls for a greater role in ensuring dialogue platforms for adapting skills to the needs of the labour market needed for employment and decent work, as well as promoting entrepreneurship by developing suppliers to manufacturers and contribute to Government's agenda of increased employment.

3.1.4 Technological Components

Zambia imports most of the technology used in the manufacturing sector because of the low Research and Development (R&D) levels in the country, with minimal manufacturing technology locally manufactured. With the industrial revolution anchored on the Internet of Things (IoT's), it is important that technology is integrated in the manufacturing sector in Zambia for ensured survival and growth of the sector. Access to and quality of ICT services is still relatively low in the sector and challenges of cyber-crime are on the rise. Affecting all manufacturers that would want to leverage on ICT advancements through higher costs in pursuit of reliable and secure services.

Zambia mostly imports most of the technology used in the manufacturing sector because of the low Research and Development (R&D) levels in the country, therefore there is minimal manufacturing technology manufactured locally. With the new industrial revolution anchored on the Internet of Things (IoT's),

it is important that technology is integrated in the manufacturing sector in Zambia for ensured survival and growth of the sector.

In spite of the above developments, access to and quality ICT services is still relatively low in the sector and challenges of cyber-crime are on the rise. This affects all manufacturers that would want to leverage on ICT advancement through higher cost of reliable and secure services. ZAM will work with relevant institutions to mitigate the challenges for its members to enhance digitalization through enhanced security and reliable ICT services.

Additionally, through partnerships with government agencies, such as the National Business and Technology Council (NTBC), the National Institute for Scientific and Industrial Research (NISIR) and the National Scientific and Technological Council (NSTC) promote, market and transfer technologies in the country, in order to enhance the utilisation and adoption of new technologies and innovations that contribute to industrialization, economic development and job creation.

3.1.5 Environmental Elements

Zambia is a land linked country which implies Zambia has an opportunity to trade with the neighbouring countries, these being Botswana, Congo DR, Angola, Zimbabwe, Malawi, Mozambique, Tanzania, and Namibia. However, underdeveloped logistics in most of the border towns remain a key challenge. Further, the environment is threatened by contamination, reclamation and water treatment at both national and company levels. To address the environmental hurdles, Government has put in place a number of measures such as the passing of Statutory Instrument Number 65 of 2018 (Extended Producer Responsibility). With the issuance of S.I 65 2018, by the Ministry of Water Development, Sanitation and Environmental Protection, the Zambia Environmental Management Agency (ZEMA) enforced a ban of carrier bags and flat bags below 30 microns.

Rising prominence of the environmental sustainability agenda both through global efforts in the Sustainable Development Goals (SDGs) and the national agenda through policies such as the National Policy on Climate Change established in 2016 and the issuance of Statutory Instrument Number 65 of 2018, that provides a framework for Extended Producer Responsibilities, entails that the manufacturing sector will require a coordinated response to environmental issues.

ZAM will promote a sustainable agenda through the creation of products using processes that minimize negative environmental impacts, conserve energy and natural resources, are safe for employees, communities and consumers. The sustainable manufacturing agenda will be aimed at responding to the rapidly growing need for adoption of principles of both social and environmental responsibility within manufacturing company's strategies, structures and management systems. Sustainable manufacturing will not only generate more sustainable products but will also improve manufacturing processes and ultimately increases manufacturing company's total, social and environmental benefits.



3.1.6 Legal/Institutional Factors

Several legal provisions were sought in favour of manufacturers during the period including enhancing the Public Procurement Act of 2008 and development Local Content Laws through Ministry of Mines and Mineral Development (MMMD) as well MCTI. While these legislations were not effected, ZAM looks to ensure that Government procurement from manufacturers and the local content laws could be put in place to ensure that high consuming sectors support manufacturers.

Additionally, the Association is registered under Societies Act, and its membership is therefore voluntary. ZAM will therefore be seeking a legal mandate through an Act of Parliament to regulate the manufacturing sector and help it achieve compliance with all regulatory requirements. ZAM will therefore be seeking a legal mandate through an Act of Parliament with the mandate to regulate the manufacturing sector and help it achieve compliance with all regulatory requirements.

Industrialisation remains a top agenda for the Zambian Government as observed through the various Government documents. Precisely, the Zambian economy is guided by the Vision 2030 and then implemented through the National Development Plans. Zambia envisions a technology based and export focused manufacturing sector, which is dynamic and competitive with effective entities that add value to the locally abundant natural resources by 2030. Other strategies have been put in place such as the Export strategy, local content strategy and the industrialization and job creation strategy among others. However, Government through Ministry of Mines and the Ministry of Commerce, Trade and Industry are in the process of development local content laws.

3.1.7 Future Outlook of the Manufacturing Sector

Given the PESTEL aspects that affected the manufacturing sector and the Secretariat, ZAM anticipates alleviating the challenges identified through continuous advocacy with the government that can ensure a business enabling environment, in which ZAM and its members could contribute sustainably to the social, technological and environmental respects through among many strategies including the institutionalization of ZAM into an Act of Parliament and the procurement of locally manufactured goods by government.

With this in place ZAM foresees moving the manufacturing sector from contributing an average of 8% to GDP in the last five years to over 20% contribution to GDP in the next five years.

3.2 Internal Environment

Internal environment analysis reviewed the manufacturing sectors performance in the past two years and highlighted strengths, weaknesses, opportunities, and threats, coupled with their alleviating measures. The section also focused on the Secretariats capabilities and highlighted key issues, which if not addressed, could lead to the Association failing to effectively execute its mandate.

3.2.1 Manufacturing Sector Performance

At the national level, the manufacturing sector is among the top five growth driving sectors and has been identified as one of the priority sectors to be the engine of economic growth and development for the country. The sector's gross value-added contribution GDP grew from 7.6% in 2010 to 8.1% in 2019 unlike sectors whose contribution to GDP dipped, including agriculture (9.4% – 5.9%) and mining (12.8% -10.7) in the same period. Zambia's manufacturing's performance essentially makes the sector strategic towards supporting Zambia's economic recovery (Zambia Association of Manufacturers, 2020).

Despite having a positive growing contribution to GDP and a good outlook over the years, the manufacturing sector's ability to add value to vast local raw materials remains extremely low. Most of the raw materials extracted or obtained from within the country are exported either in raw or intermediate form, therefore breaking the value chain at the first level. (The World Bank, 2013) shows that while a share of the raw materials are processed domestically at the middle stage of the value chain, the processing technology remains outdated, and the quality of outputs generally is inferior to the quality of imported products.

In the past two years, growth of the sector has been slow, from a positive growth of 2.4% in 2019, growth contracted by 0.1% entailing that no growth was experienced in 2020, in comparison with sectors that grew such as Mining (0.7%) and Agriculture (0.5%) even though minimally in the period.

Table 1-1: Manufacturing Quarterly Percentage Growth Rates, 2019 - 2020, Zambia

	2019					2020				
	Q1	Q2	Q3	Q4	Average	Q1	Q2	Q3	Q4	Average
Manufacturing	1.4	4.6	2.8	0.6	2.4	0.3	-4.6	0.2	-1.3	-1.3
Food, Beverages & Tobacco	-1.4	0.9	-1.5	1	-0.3	0.2	0.7	-1.1	-2.3	-0.6
Textile, Clothing & Leather	83.2	-51.9	19.8	-49	-1.2	-73	-6.7	-78.6	18.3	-34.9
Wood & Wood Products	1.2	2.8	-0.4	1.5	1.3	-0.2	-3.3	-0.2	0.0	-1.0
Paper & Paper Products	-0.3	1.2	-1.2	11.6	2.8	-0.2	-0.2	2.5	1.2	0.8
Chemicals, Rubbers & Plastics	2.1	1	18.6	5	6.7	1	-12.3	5.3	-10.1	-4.0
Non-metallic Mineral Products	6.3	8.3	-3.9	-0.2	2.6	-7.7	-28.1	6.5	-13.5	
Basic Metal Industries	1.9	11.1	3.1	0.6	4.2	6.7	1.1	0.7	10.3	4.7
Fabricated Metal Products	-7.1	-5.3	14.4	1.8	3.8	3.7	-4.7	-2.9	-6.3	-2.6

Source: ZamStats

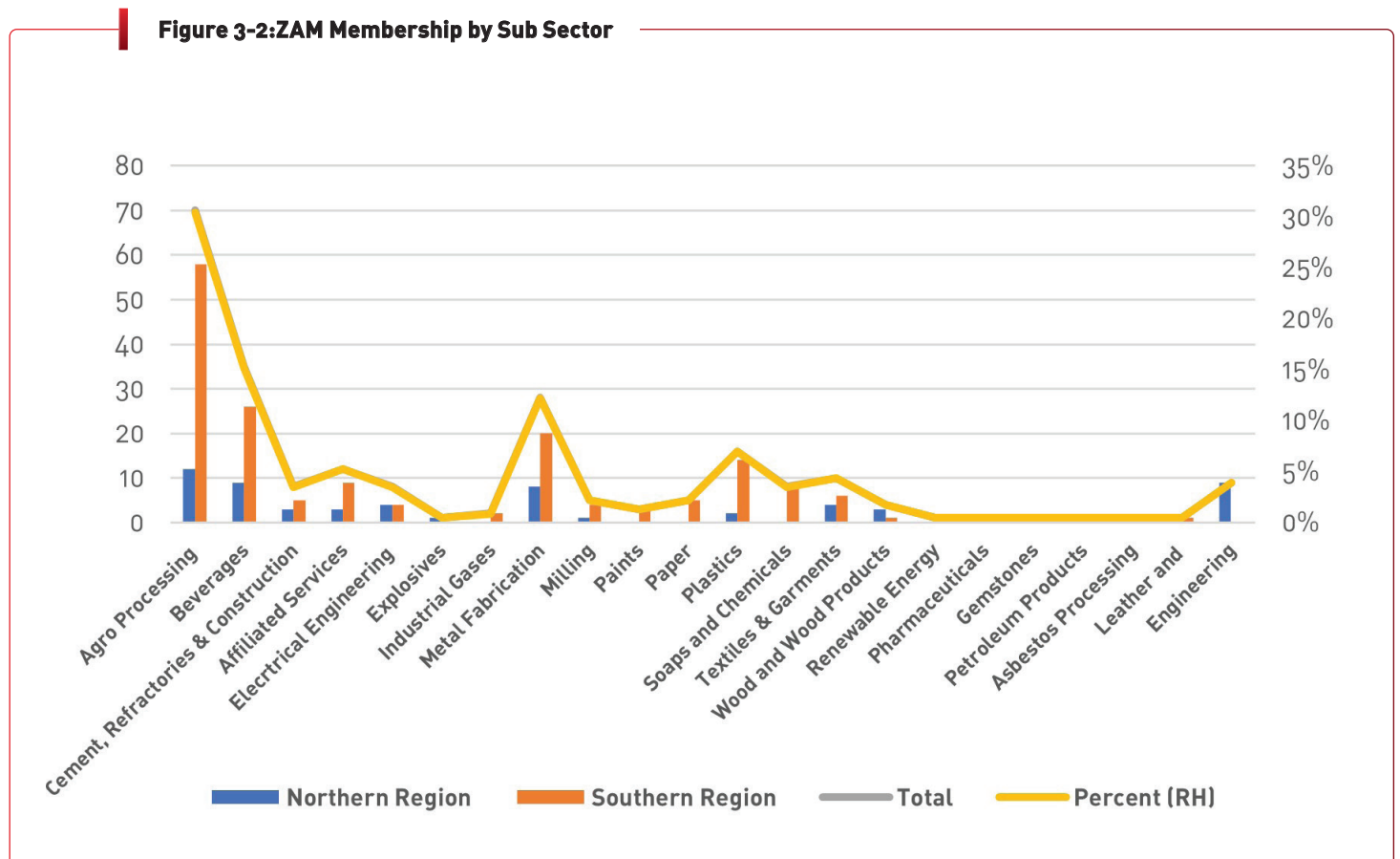
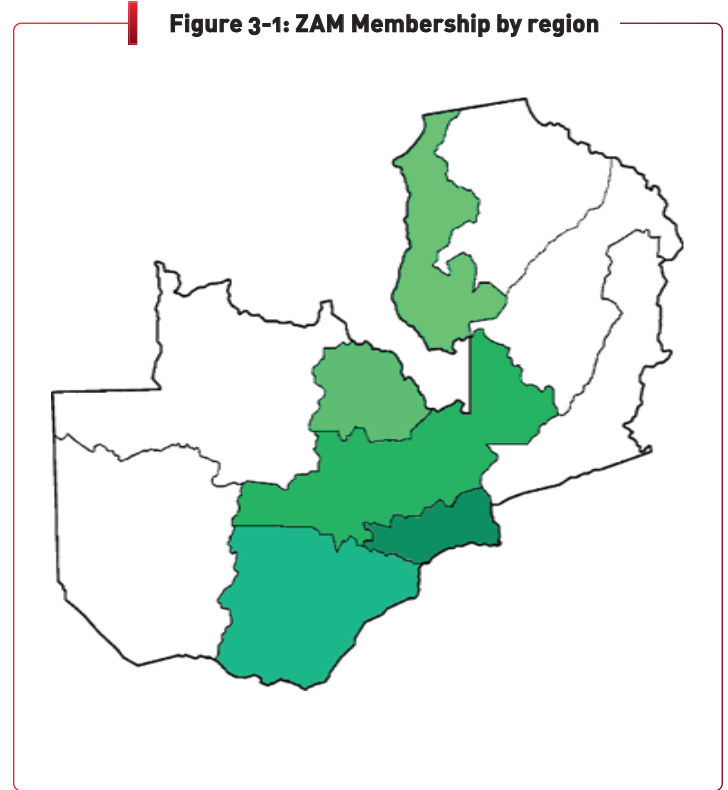
The COVID-19 pandemic showed that, manufacturing subsectors which seemingly use imported inputs not readily supplied in Zambia, were among the most affected by the effects of COVID-19 in 2020. As shown in Table 1-1, textiles, Clothing and Leather subsectors were highly affected and contracted by 34.9%. With Zambia being a landlocked developing country, closures of key borders meant that supply chains were disrupted, and key manufacturing inputs could not be delivered.

For the Strategy, ZAM has learnt that ignoring the key requirements for economic recovery such as local content utilisation for value addition, mitigating a costly business environment and lack of address of the incoherent policies currently occurring in the Zambian economy could maintain the status quo in manufacturing. Thus, for the strategic plan period, ZAM will target measures that will be consistent and coherent with other policy instruments and deliver responsive outcomes to industry challenges. The desired outcomes of the Eighth National Development Plan (ENDP) in a diversified and resilient economy for sustained growth and socio-economic transformation will be nurtured.

While ZAM's membership is made up of more than 350 members in over 20 subsectors mainly along the line of rail as depicted in the graphs below, the membership constitution is far less than the total manufacturing sector in the country. Majority of the member companies are in the Foods and Beverages subsector. Other sectors recording significant membership growth are the metal fabrication and engineering subsectors, mainly domiciled on the Copperbelt Province. Lusaka Province has the highest membership base, seconded by the Copperbelt Province, representing geographical concentration of the manufacturing sector along the line of rail.

However, the Association also has membership in Southern, Central and Luapula provinces. Membership was also recorded from Northwestern Province beginning from 2020.

ZAM will be looking to extend its membership base to closer mirror that of the nation and one of the strategies that the Association will pursue will be to make the Association's membership mandatory through an Act of Parliament. Mandatory membership will not only help the Association enlarge its numbers but will help improve compliance with regulatory requirements, aide data collection on investments, value addition and growth in the sector, increase formalisation in the manufacturing sector as well as improve adherence to standards.



3.2.2 Capability Assessments of the ZAM members – SWOT Analysis

Box 1: Capability Assessments of the ZAM Members – SWOT Analysis



STRENGTHS



- Abundance and availability of raw materials.
- Value addition is a government priority “opportunity for growth”.
- Presence of entrepreneurs.
- Wide range of manufacturing sub sectors.
- Abundant labour force.
- Manufacturing provides significant job creation opportunities.
- Plenty untapped manufacturing potential in different products and subsectors.
- Manufacturing is private sector controlled.
- Government will promote and encourage both domestic and foreign direct investment.
- Zambia linked to eight neighbouring countries who provide ready market.
- Zambia is a member of SADC, COMESA and AfCFTA and can supply competitive exports
- ZAM has members have a good reputation with MCTI, MoF, Media, civil society and cooperating partners for policy issues.
- ZAM uses its ability to well organize and members help industry come together by representing and being the representative issues as one voice offrom the sector.
- Several Stakeholders and members have confidence in ZAM.



WEAKNESSES



- Reliance on imported inputs making costs high and manufacturing less competitive.
- Cost of doing business is high.
- High tax rates for the manufacturing sector in the country.
- Zambia’s policies need to be more aligned to encourage value addition and discourage exportation of raw materials.
- Many small-scale manufacturers who don’t actively engage in advocacy and can’t scale for market.
- Lack of skilled labour resulting in an unproductive labour force.
- Lack of full consolidation of manufacturing sector, since industry is not coordinated.
- Lack of incomplete adherence to standards, compliance with regulatory requirements.
- Government institutions give preference to purchasing foreign products/services.
- Zambia’s interest rates are too high to promote investment in manufacturing.
- Lack of financial support from financial institutions
- No mandatory mother body for lobbying.



OPPORTUNITIES



- Identify sectors that need Government policy support for protection.
- Government Buy-In and focus on value addition.
- Identify raw materials that are locally abundantly available for use in production.
- SME enterprise growth and development.
- Innovation through product research and development.
- Ability to grow and enhance labour market.
- Widen the tax net - include informal and all of formal sector.
- Preferential procurement by large consumers such as Mines, Government, chain stores.
- Huge export market potential in neighboring countries, SADC/COMESA as well as AfCFTA.
- Nationwide marketing drive “Proudly Zambian Campaign”
- Sustainable manufacturing.
- Institute ZAM into an Act of Parliament.



THREATS



- Changes in government policies and incentives – policy inconsistency.
- Continued reliance on copper and copper price.
- High taxes, charges, license fees, interest rates, inflation and depreciating exchange rates.
- Lack of reciprocity in standards recognition.
- Inadequate skills and labour productivity.
- Electricity and fuel - cost and delivery. Lack of knowledge and experience (technical know-how).
- Unqualified competition (standards enforcement and corruption).
- Inadequate road and rail infrastructure – distribution inefficiencies.
- Growth of internet-based retail imports.
- Cheap imports.
- Influx of imported smuggled goods into the country.
- Counterfeits and illicit trade
- Industry dictated by individual large firms.
- Private Huge external private sector debt financing.

3.2.3 ZAM Secretariat Institutional Performance

The Secretariat has worked within itself and through various partnerships to deliver different projects and initiatives for its membership. ZAM has played a role to ensure that: business linkages are promoted among manufacturers; promoted match making and joint ventures between local and foreign investors; enhanced local sourcing partnerships; encouraged exports; profiled subsectors for increased value addition; promoted relationships between members and various regulatory bodies; provided machinery as working capital; undertook training in financial and product management; understood the impact of debt on manufacturing; represented members on various policy needs; hosted various conferences and seminars; promoted youth and women entrepreneurship; promoted the circular economy and sustainable and energy efficient manufacturing; provided COVID-19 support to manufacturers; provided digital marketing platforms; and hosted a manufacturers week in the last 10 years. Different units within the Secretariat work to ensure that the Secretariat meet its members and stakeholders needs. The units are designed to help the Association meet its objectives and mandate.

Membership and Business Development Unit

The Membership and Business Development Unit is often a new member's first interaction point with ZAM and is responsible for attending to the affairs of the members. The Unit recruits and retains membership of manufacturers to the Association and also handles tactical communication to members.

Working with other units within the Association and various stakeholders in the country, the Membership and Business Development Unit hosted and participated in several workshops and conferences that were beneficial to both the Membership as well as the Secretariat. Members were aided with growth opportunities in their businesses through business linkages and market access platforms. Capacity building services with regard to meeting the member's points of need and enhancing the capacities and capabilities of the manufacturers were also extended to the members.

Policy Unit

The Policy Unit is responsible for liaison and engagements with members and stakeholders. Concerns and applause from the membership is shared with stakeholders such as Government and vice versa. Over the years, the Unit has grown its influence. The manufacturing sector has been represented in the National Assembly, MCTI, MoF, MNDP, MoLSS, the Media, embassies and diplomatic missions, and many more. Further, through the Policy Unit, the Association has been able to represent the sector and forward its interests on various national bodies such as the Zambia Development Agency, National Trade Facilitation Committee and many more.

The Policy Unit has Central to the operations of the Secretariat, the Policy Advocacy and Research Unit exist to ensure that policies, legislation and programmes, formulated and implemented by the Government, for the local manufacturing sector, are geared towards supporting the development of a competitive local manufacturing industry.

The Policy Unit was responsible for liaison and engagements with members and stakeholders. Concerns and applause from the membership was shared with stakeholders such as Government and vice versa. Over the years, the manufacturing sector was represented in the National Assembly, MCTI, MoF, MNDP, MoLSS, the Media, embassies and diplomatic missions, and many more. Further, through the Policy Unit, the Association was able to represent the sector and forward its interests on various national bodies such as the Zambia Development Agency, National Trade Facilitation Committee and many more.

The Unit also enhanced its research and policy analysis capacity through the various activities undertaken by the Unit such as increased research and publications. ZAM is posed to becoming a major source of information on the manufacturing sector in Zambia and the region for the benefit of members, investors and the Government.

Proudly Zambian Campaign Unit

The Proudly Zambian Campaign (PZC) The Proudly Zambian Campaign (PZC) initiative is a government owned campaign whose purpose is to develop an efficient Public-Private Partnership, that promotes consumption of local goods and services through environmentally friendly quality processes, consumer attitude change, advocacy and networking, for employment and wealth creation. The campaign is being implemented by ZAM, the sole issuer of the Official Proudly Zambian Log, which houses the Secretariat of the Campaign and provides high level services in relation to the implementation of the PZC. The authority was given through the signing of a Memorandum of Understanding (MOU) between MCTI and ZAM which fully conveyed the implementation of the Campaign to the Association.

Since ZAM started to manage the PZC in February 2018. The Association has achieved several milestones in the Zambian Government project initiated by MCTI in 2004. In a bid to promote production and consumption of local goods and services, as well as encourage standardisation and promote economic development, ZAM has so far registered 44 members into the campaign.

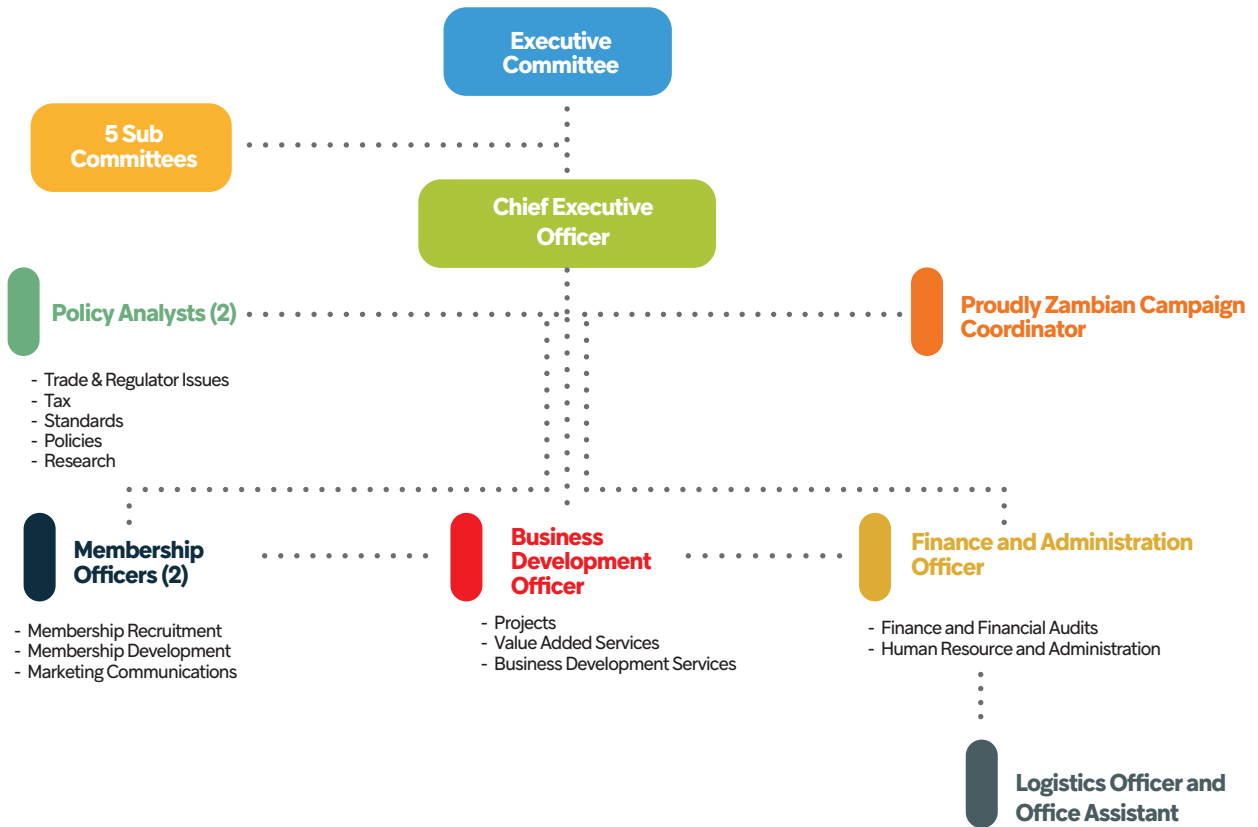
Finance and Administration Unit

Core responsibilities of the Finance and Administration Unit are to ensure that the goals and objectives of the Association are accomplished. Through various functions including but not limited to, financial management and administration, staff matters and budget development as well as budget execution, the Unit provided support services to undertake business of the Secretariat. Additionally, the Unit supported implementation of strategies and indicators put in place, to help achieve progress of the Secretariat in implementing the set programmes.

Structure

The organizational structure of the ZAM Secretariat as at September 2021 was inadequate, with lean policy and membership units and absence of an IT section as well as Monitoring and Evaluation (M&E) functions. The lean structure while functional, was limiting on the outcomes that the Secretariat could achieve. Realisation that a lean staff was not aiding the Association to achieve its different objectives led to some expansions. ZAM seeks to expand its structure further to extend its outreach over the strategic plan period. as presented in Annex A.

Figure 3: Zambia Association of Manufacturers Organizational Structure 2020



Strategy

While a vision, mission, objectives and value proposition were identified, ZAM operated without a strategy and thus the 2021 – 2026 strategy will be the inaugural strategy for the Association.

Systems

ZAM operated with several inadequate systems including: the human resource management systems; the; financial management system; the ; record management; and fleet management system; while other. Other systems were not in place including: the risk management system; and record management system; a monitoring & evaluation system; and enterprise resource planning system. . To assure controls and proper management of resources, the Association is looking to enhance its management control systems.

Staff

The ZAM Secretariat currently has two office locations with one regional office in the Copperbelt Province and the head office in Lusaka. The head office currently has 7 contractual staff while the regional office has 1 staff member. Staffing numbers have increased from an initial base of 5 staff members wherewith 4 members were based in Lusaka and there was only 1 in the Copperbelt. To ensure geographical growth the Association is looking to institute offices in other provinces as well.

Skills

Core skills for staff will require augmentation, including: membership recruitment and retention skills; marketing and promotion skills; policy analysis skills; and research skills; data capturecollection and data analysis skills; communication skills (writing, public speaking, media interviews, interpersonal skills);

leadership skills;financial management and reporting skills; leadership and governance skills; management and supervisory skills. The Association will take a proactive role in developing its board, management and staff in enhancing skills levels.

Shared values

Exhibition of ZAMs documented coreZAM shared values – Excellency, Honesty and Integrity, Equality and Diversity, Teamwork, Accountability, Transparency, Independence, Partnerships and Service, and Freedom of Expression among members of staff.

On exhibited as part of the Proudly Zambian Campaign exhibition of the core values remained limited includingincluded: Passion for Zambia; Patriotism; Quality; Pride; Fairness; Self-sustainability; Unity; and Accountability

Styles of Management/Leadership

ZAM has a visionary Board of Directors composed of members with diverse expertise and direction to move the Association and its members to growth levels. The Management team is committed to identifying and capitalising on strengths and opportunities presented to both the membership and Secretariat as well as recognising and resolving the challenges and threats to the Association. ZAM will reinforce its resolve to ensure good leadership over the strategy period.

3.2.4 Capability Assessments of the ZAM members and Secretariat– SWOT Analysis

Box 2: Capability Assessments of the ZAM Secretariat– SWOT Analysis



STRENGTHS

S

- Visionary Board to steer leadership in the sector.
- ZAM has good reputation with MCTI, MoF, Media, civil society and cooperating partners for policy issues.
- ZAM uses its ability to well organize and help industry come together by representing and being the voice of the sector.
- Several Stakeholders and members have confidence in ZAM.
- Secretariat Staff dedicated to the cause of ZAM.
- Good Board oversight to assure management practices.
- Secretariat provides several value adding services to its members.
- Managing the “Proudly Zambian Campaign”

W

WEAKNESSES



- Inadequate organisation structure to meet the various needs of members and stakeholders.
- Low number of staff and inadequate skills diversity in current staff.
- Limited financial resources to undertake required programmes.
- Office accommodation challenges.
- Transport constraints.
- Office furniture and equipment constraints.
- Inadequate linkages with like minded institutions
- No mandatory mother body for lobbying.
- Inadequate systems and procedures to assure confidence in management systems.



OPPORTUNITIES

O

- Government support for the sector.
- Growth of the Secretariat structure with key diverse skills.
- Various funding opportunities available from different stakeholders.
- Nationwide marketing drive “Proudly Zambian Campaign”
- Sustainable manufacturing brings with it opportunities for growth.
- Institute ZAM into an Act of Parliament for increased growth, compliance and formalisation in the manufacturing sector.

T

THREATS



- Non diversity of income sources.
- Inability to attract high quality staff.
- Staff turnover.
- Inadequate controls and management systems.
- Inadequate interest and participation of members in Secretariat and sector activities.
- Policy inconsistency by Government to affect manufacturing activities.
- Inability to build key reserves for liability liquidation.
- Inability to provide competitive conditions of service to staff.

3.2.5 Membership Needs Analysis

ZAM's members needs span representation on policy issues and value-added services that include business linkages, market access into various markets, networking opportunities, capacity building and growth opportunities. Members needs from ZAM also include technical expertise in research for market, policy as well as product development.

3.2.6 Stakeholder Needs

Various stakeholders including Government ministries and agencies, Civil Society Organisations (CSOs), other private sector organisation both local and regional, Cooperating Partners (CPs), other collaborative partners and the Media. Interests range from policy contributions from the manufacturing sector anchored on quality evidence-based research and policy analysis that informs policy decisions, implementation of different programmes and

activities with manufacturers such as trainings, compliance and regulatory checks as well as provision of information and policy stances.

3.2.7 Secretariat Needs

Management of the Secretariats resources will be cardinal, thus a good management team that is well vested with various skills will be necessary for the strategy period. Skilled and competent staff will remain key and they will require an operating environment that provides necessary tools of the trade, adequate office accommodation, transport availability, office furniture and equipment that will allow them to operate efficiently and effectively. Additionally, strengthened operational linkages will be required with other stakeholders, including regional associations and other like-minded institutions to effectively provide value added services to members.

4

STRATEGIC DIRECTION

4.1 Vision Statement

ZAM envisions: "A thriving sustainable manufacturing sector".

4.2 Mission Statement

"Accelerate manufacturing by facilitating enabling sector policies and connecting producers to value adding opportunities, for a competitive and sustainable manufacturing sector in Zambia."

4.2.1 Goal Statement

"To attain 20% contribution to gross domestic product (GDP) by 2030".

4.2.2 Working Tagline

"We add Value"

4.3 Strategic Themes and Results

ZAM will pursue four (4) key strategic themes and their corresponding strategic results to adequately address the strategic issues and realise its vision. The four strategic themes will guide ZAM in programming and decision making to maximise impact in the execution of its mandate.

The four strategic themes and the corresponding strategic results are: membership growth and competitiveness for increased manufacturing sector growth, value addition and a proudly Zambian image; policy advisory competence for evidence-based policy advocacy; Secretariat operational efficiency for quality service delivery and partnerships for sustainability and satisfied members.

4.3.1 Membership Growth and Competitiveness

ZAM dedicates to facilitating sustainable manufacturing sector growth through an innovative, diversified, and competitive industrial manufacturing base approach. Under the strategic theme membership growth and competitiveness, ZAM will work towards product and supplier development, promote local value chain development and investment as well as capacity building in the manufacturing sector.

ZAM will undertake initiatives that will stimulate and encourage product development and upscale enterprises. The Association will promote local value-chain development in different sub-sectors through value addition activities on primary commodities,

will also promote forward and backward business linkages for inclusive growth as well as promote local products by facilitating creation of new local and export markets in regional and international markets. ZAM will also enhance its capacity building role and its investment facilitation role for its members.

Ultimately this will improve efficiency in local supply value chains for more productive manufacturing, accelerate diversification in the manufacturing sector and grow exports as a means of increasing export earnings from the manufacturing sector and decent job creation in the country.

4.3.2 Policy Advisory Competence

Under this strategic theme, ZAM commits to influence public policy to the benefit of its members competently, by providing timely industrial policy advisory service. Various policies while in place will need to be enhanced to ensure that manufacturers can utilise them advantageously. Additionally, various policy issues arise in relation to the budget changes announces every year and ZAM will position itself to support evidence based industrial policy decisions with a focus on increasing the uptake of ZAM analysis and research in Government's policy decisions.

4.3.3 Secretariat Operational Efficiency

The strategic theme on secretariat operational efficiency devotes to addressing ZAM's key internal capability insufficiencies to improve the operational and management systems, communication, accountability and the association's work environment. Operational efficiency is key to facilitating timely service delivery to members in a cost effective and transparent manner.

4.3.4 Partnerships for Service Excellence and Sustainability

ZAM pledges to respond to the needs of various members and stakeholders in a timely manner. The Association will strengthen its relationships with various stakeholders to ensure enhanced optimal information sharing by enhancing mechanisms for dialogue, partnerships and engagements with various stakeholders to ensure effective implementation of ZAM programmes. ZAM will strengthen its technical advisory services for the benefit of its members to utilise bilateral, regional and or multilateral agreements for market penetration and enhance trade information accessibility.

4.4 Shared Values

ZAM shall be guided by a set of seven (7) core values in its operations. Members of the Association as well as staff will be expected to exhibit the values in their everyday life. The Core values are:

- i. Excellence** – Strive to continuously improve and innovate products, systems and processes with a focus on delivering the best standards and value to stakeholders.
- ii. Inclusivity** – Recognise the importance of working together in the sector to achieve the desired goal by embracing all stakeholders without discrimination. Recognise the importance of uplifting all, including women, youth, disabled and other minorities.
- iii. Neutrality** – Freely and impartially execute the mandate with decisions and advise based on rigorous analysis of evidence without undue influence and without bias.
- iv. Integrity** – Aspire to honesty and ethical conduct of business in managing resources beyond reproach.
- v. Accountability** – Responsibility for decisions made and actions taken with openness and submission to appropriate scrutiny.
- vi. Partnerships and Service** – Embrace partnerships that enhance the goal and provide service to all stakeholders.
- vii. Sustainability** – Ensure to make profit for the benefit of people including employees and communities, without harming the planet and or environment.

Our shared values take into account the essential virtues of business that aside from profit look to uphold people – our communities, employees and clients and protect the environment.

4.5 Strategic Objectives, Intended Results, Targets and KPI's

For ZAM to attain to vision, mission, strategic themes and results, the Association will pursue ... strategic objectives

4.5.1 Strategic Objective 1: Increased Manufacturing Growth and Competitiveness

Through this objective, ZAM will seek to address the hurdles and challenges that Zambian manufacturer's face to develop, grow and export. The intended results of this objective are:

- Enhanced product and enterprise development
- Increased business facilitation
- Improved company productivity and product quality
- Improved local and export market access
- Enhanced Proudly Zambian Campaign

4.5.2 Strategic Objective 2: Value Chain Development

ZAM will continue to create opportunities for members by creating appropriate local networking and business linkage platforms to achieve

- Increased utilisation of local raw materials and inputs
- Enhanced backward and forward business linkages
- Increased investment

4.5.3 Strategic Objective 3: Capacity Building and Technical Advice

ZAM will strengthen its technical advisory services and will pursue capacity building initiatives for the benefit of its members

- Training for business development
- Technical advice on tax, policy and trade
- Increased research on sector investment opportunities

4.5.4 Strategic Objective 4: Evidence-Based Policy Advocacy

ZAM will seek to address industrial policy related issues with evidence backing.

- Holistic policies geared towards supporting the development of a competitive local manufacturing industry
 - » Industrialisation policy
 - » Local content strategy
 - » Export strategy
 - » Trade policy
 - » Annual Budget
- Research and policy advocacy
- Quality policy decisions

4.5.5 Strategic Objective 5: Enhance Internal Business Processes

Under this strategic objective ZAM will enhance internal business processes to enhance operational efficiency. The intended results of this objective are:

- Timely service delivery to members and members
- Cost effective and transparent service delivery
- Positive Corporate Image

4.5.6 Strategic Objective 6: Enhance Human Capital

To achieve service excellence the Association will require adequate and competent staff. Thus, the intended results of this objective are

- Knowledgeable and skilled staff
- Motivated staff for improved staff performance
- Improved service provision
- Optimal staffing levels
- Improved organisational culture

4.5.7 Strategic Objective 7: Improve Institutional Capacity

In undertaking this objective ZAM aims at addressing issues concerning Sustainability. The intended results include:

- Dynamic marketing and advertising levels
- Adequate office accommodation,
- Optimal technological support, and
- Adequate operational tools.

4.5.8 Strategic Objective 8: Enhance Financial Sustainability

The Secretariat has been heavily dependent on membership subscriptions which have been insufficient to cover salaries and gratuities. In undertaking this objective ZAM will be ensuring to enhance the Secretariat's financial sustainability. The intended results are:

- Increased revenue.
- Diversified revenue sources.

STRATEGIC THEME: Membership Growth and Competitiveness

STRATEGIC RESULT: Increased Manufacturing Sector Growth

STRATEGIC OBJECTIVE 1: Accelerate Growth & Competitiveness

Intended Results	Units of Measurement	Strategies	Key Performance Indicators	Baseline
Product development	Number of products developed	<ul style="list-style-type: none"> Pursue product research and development. Improve working relationship with NSTC, NISIR, and Universities. Increase innovations. Increase patenting. Improve working relationship with PACRA. Seek partnerships with international funders. 	<ul style="list-style-type: none"> Increase diversity of Zambian manufactured products by 10% per year. 2 calls for proposals for product research funding conducted per year. 50% of funds for proposals for product development accessed by ZAM members. 100% of innovations patented. 	<ul style="list-style-type: none"> Baseline survey
Enterprise development	Number of enterprises developed	<ul style="list-style-type: none"> Increase membership recruitment. Business mentorship for recruits. Enterprise development in meeting Zambian company legal requirements. Improve working relationship with ZDA. 	<ul style="list-style-type: none"> Membership to ZAM increased by 30% per year. All new ZAM members mentored. 5 SME's grown to Medium-sized enterprises per year. 	<ul style="list-style-type: none"> 350 members
Business Facilitation	Number of business deals facilitated	<ul style="list-style-type: none"> Provide market briefs on different subsectors. Provide business networking platforms. Provide a market access portal on the ZAM website. Improved working relationship with CEEC. 	<ul style="list-style-type: none"> Market brief produced every quarter. Business networking platforms pursued every quarter. Market access portal established on website. 	<ul style="list-style-type: none"> 1 per quarter
Working Capital Facilitation	Number of Manufacturing companies accessing working capital	<ul style="list-style-type: none"> Facilitate access to working capital. Increase injection in working capital. Improve relationship with Banks and capital providers. Provide funding through UNIDO. 	<ul style="list-style-type: none"> Available working capital to manufacturers increased by 30% every year. Sources of capital diversified. Matching of manufacturers with like companies and joint ventures. 	<ul style="list-style-type: none"> Baseline survey
Reduce Cost of Business	Number of manufacturing business licenses and permits	<ul style="list-style-type: none"> Rationalise business permits. Reduce number of licenses. Reduce costs in regulatory fees at registration. Improve working relationship with BRR, and Councils. 	<ul style="list-style-type: none"> Business permits rationalised. Number of licenses reduced. Costs of regulatory fees rationalised 	<ul style="list-style-type: none"> Baseline survey
Increased company productivity & product quality	Number of products on the market Number of products with standards	<ul style="list-style-type: none"> Encourage standards compliance. Pursue standards development. Standards and labelling trainings. Improved working relationship with ZABS, ZMA, ZCSA 	<ul style="list-style-type: none"> Quantities of standardised products increased by 30% per year. Quantities of correctly labelled and packaged manufactured products increased by 30% per year. 	<ul style="list-style-type: none"> Baseline survey

Intended Results	Units of Measurement	Strategies	Key Performance Indicators	Baseline
Promote compliance, efficiency and sustainability	Number of manufacturing companies compliant with obligations Number of efficient manufacturers	<ul style="list-style-type: none"> • Improve Compliance with regulations. • Improve working relationship with ZRA. • Increased energy efficiency. • Increase working relationship with energy providers • Water sustainability. • Environmentally friendly manufacturing. • Improve working relationship with ZEMA 	<ul style="list-style-type: none"> • Compliance by manufacturers to regulatory requirements increased by 20% per year. • Improved energy efficient manufacturing by 10% per year. • Water sustainability embraced by 10% of manufacturers per year. 	<ul style="list-style-type: none"> • Baseline survey
Improved market access: Local markets; Export markets; Online Commerce;	New Markets penetrated:	<ul style="list-style-type: none"> • Local sourcing by government wings, chain stores, mining and other sectors. • New regional and international export markets. • Non-tariff barrier identification. • Train companies on utilization of digital platforms. • Establish a market portal. • Improve working relationship with ZPPA. 	<ul style="list-style-type: none"> • Number of manufacturers penetrating new markets increased by 20% per year. • 5 new regional markets entered per year. • 100% of NTB's identified resolved. • Number of companies utilising online commerce increased by 10% per year. • 10 members onboarded on ZAM portal per year. 	<ul style="list-style-type: none"> • Baseline survey
Positive Proudly Zambian image	Number of companies registered on the PZC	<ul style="list-style-type: none"> • Promote "think local first" in production and consumption. • Implement PZC effectively. • Market Zambian products through PZC. • Improved working relationship with MCTI. 	<ul style="list-style-type: none"> • Increase PZC membership by 25% per year. • Extend number of sectors utilising the PZC logo. • Increase consumer awareness of the PZC by 20% per year. 	<ul style="list-style-type: none"> • 44 members

STRATEGIC OBJECTIVE 2: Local Value Chain Development

Intended Results	Units of Measurement	Strategies	Key Performance Indicators (KPI's)	Baseline
Increased utilisation of local raw materials & inputs	Number of manufacturing sub-sectors utilising local raw materials	<ul style="list-style-type: none"> • Identification of subsectors utilising imported raw materials. • Identification of available local raw materials. • Promote the development of input industries. • Develop value chains not available to increase utilisation of local raw materials. • Reduce the over dependence of imports for raw materials. 	<ul style="list-style-type: none"> • Local raw material utilisation at 35% in 50% of subsectors. • Local raw material utilization increased by 20% per year in sectors with local materials. • Value chain linkages pursued in 3 sub sectors per year. • Number of imported imports reduced by 10% per year. 	<ul style="list-style-type: none"> • Baseline survey

Intended Results	Units of Measurement	Strategies	Key Performance Indicators	Baseline
Enhanced backward and forward business linkages	Number of companies and businesses matched & linked	<ul style="list-style-type: none"> Undertake value chain analysis to reveal gaps and identify likely investors Understand policy gaps to both domestic and foreign investment and advocate Facilitate supplier development within value chains 	<ul style="list-style-type: none"> Value chain analysis undertaken in five subsectors per year. Policy gaps in the studied valued chains identified and advocated for. 70% of identified missing value chains developed. 	
Increased investment	Number of companies that access investment opportunities	<ul style="list-style-type: none"> Create ZAM into a one stop investment shop. Aid equity and joint ventures Increase access to impact investment Undertake investment feasibility studies Improved working relationship with ZDA 	<ul style="list-style-type: none"> Investment queries identified addressed. Facilitate 5 equity and investment ventures per year. 80% of ZAM members seeking investment access investment. 	<ul style="list-style-type: none"> Investment data collected per month

STRATEGIC OBJECTIVE 3: Capacity Building and Technical Advice

Intended Results	Units of Measurement	Strategies	Key Performance Indicators (KPIs)	Baseline
Training for business development	Number of companies trained in business development	<ul style="list-style-type: none"> SME trainings. Youth-led business trainings. Women-led business trainings. Trainings on quality, standards and process management. Process efficiency training with Kaizen. 	<ul style="list-style-type: none"> 3 quality trainings conducted per year. 1 process training conducted per year. Quarter of the ZAM membership trained per year. 70% of the trained members report improvements in quality. 	
Technical Advice on tax, policy and trade	Number of companies receiving technical advice	<ul style="list-style-type: none"> Budget Proposals to Government. Sector industrial proposals. 	<ul style="list-style-type: none"> All companies requesting advice assisted technically. Companies report improvements after advice. 	<ul style="list-style-type: none"> 23% in 2021
Sector Investment Opportunities	Number of sector investment briefs produced	<ul style="list-style-type: none"> Strengthen stakeholder partnership to sponsor the briefs 	<ul style="list-style-type: none"> 1 investment brief produced per quarter. 	<ul style="list-style-type: none"> Investment brief per quarter

STRATEGIC THEME: Policy Advisory Competence

STRATEGIC RESULT: Evidence Based Policy Advocacy

STRATEGIC OBJECTIVE 4: Promote Evidence Based Policies

Intended Results	Units of Measurement	Strategies	Key Performance Indicators	Baseline
Holistic policies supporting a competitive local manufacturing sector	Improved industrialisation policy	<ul style="list-style-type: none"> Inputs to the Industrialisation Strategy. Local Content Strategy value chain studies. 	<ul style="list-style-type: none"> Enhancement of the Industrialisation Strategy. Local Content Strategy developed into Law. 	
	Trade Policy	<ul style="list-style-type: none"> Illicit trade studies undertaken. Export Strategy realigned to products and markets being pursued. Commercial and trade policies updated. 	<ul style="list-style-type: none"> Anti-Illicit Trade Policy implemented. Export Strategy realigned to support products being exported. Commercial policies updated 	
	Manufacturing Sector Development Policy	<ul style="list-style-type: none"> Eighth National Development Plan inputs align with ZAM strategic plan. Improved working relationship with Ministry of National Development Planning. 	<ul style="list-style-type: none"> 80% of ZAM inputs into the Eight National Development Plan adopted. 	
	Annual Budget Submissions	<ul style="list-style-type: none"> Early consultations with members and Government. Improved working relationship with Ministry of Finance 	<ul style="list-style-type: none"> Not less than 60% of submissions adopted every year. Companies report improvements. 	
Research and policy advocacy	% of outputs based on data based research	<ul style="list-style-type: none"> Undertake research on matters affecting the manufacturing sector in collaboration with different partners. 	<ul style="list-style-type: none"> 2 research projects undertaken every year. 80% of advocacy outputs data and evidence based. 	
Quality Policy Decisions	% of outputs adopted.	<ul style="list-style-type: none"> Strengthen stakeholder partnership 	<ul style="list-style-type: none"> 80% of policy outputs produced by ZAM adopted. 	

STRATEGIC THEME: Secretariat Operational Efficiency

STRATEGIC RESULT: Efficient and Quality Service Delivery

STRATEGIC OBJECTIVE 5: Enhance Internal Business Processes

Intended Results	Units of Measurement	Strategies	Key Performance Indicators	Baseline
Efficient service delivery	% of outputs delivered on time.	<ul style="list-style-type: none"> Strengthen the M&E framework. Strengthen the performance assessment system. 	<ul style="list-style-type: none"> 80% of outputs delivered on time. 80% of outputs are well delivered. 	
Cost effective service delivery	% of outputs delivered in a cost effective way	<ul style="list-style-type: none"> Automate and integrate business processes. Automate system for invoicing and receipting. Modernise document filing. 	<ul style="list-style-type: none"> 80% of outputs delivered cost effectively 	
Positive Corporate Image	Client satisfaction index	<ul style="list-style-type: none"> Strengthen the ZAM legal Framework 	<ul style="list-style-type: none"> ZAM turned into a regulatory body. 	
Improved service provision	Members satisfaction index	<ul style="list-style-type: none"> Membership Satisfaction Survey 	<ul style="list-style-type: none"> Quarterly surveys undertaken 85% Client's satisfied 	

STRATEGIC THEME: Secretariat Operation Efficiency
STRATEGIC RESULT: Efficient and Quality Service Delivery
STRATEGIC OBJECTIVE 6: Enhance Human Capital

Intended Results	Units of Measurement	Strategies	Key Performance Indicators	Baseline
Knowledgeable & skilled staff	% of identified skills gaps intervened	<ul style="list-style-type: none"> Conduct a Training Needs Analysis. Send staff on short courses Allow staff to pursue academic and competence advancements 	<ul style="list-style-type: none"> 80% of identified skills gaps intervened by December 2025. 40% of staff attend short courses. 30% of staff pursue academic advancement. 	
Motivated staff	Staff motivation index	<ul style="list-style-type: none"> Review and operationalize the conditions of service. Staff satisfaction survey 	<ul style="list-style-type: none"> 85% staff motivated. 85% retention rate. 	
Improved staff performance	% of staff meeting their targets	<ul style="list-style-type: none"> Strengthen the performance appraisal system. 	<ul style="list-style-type: none"> 80% of staff meeting their targets. 	
Optimal staffing levels	% of approved staff establishment filled.	<ul style="list-style-type: none"> Review and operationalize the organisational structure. 	<ul style="list-style-type: none"> Fill revised structure by an additional 33% every year. 95% of approved staff establishment filled by October 2025. 	
Improved organisational culture	Professional conduct index	<ul style="list-style-type: none"> Develop and implement a value-based work culture programme. Develop and implement a value champion. 	<ul style="list-style-type: none"> 0.9 Professional conduct index 	

STRATEGIC OBJECTIVE 7: Enhance Institutional capacity

Intended Results	Units of Measurement	Strategies	Key Performance Indicators	Baseline
Dynamic marketing and advertising		<ul style="list-style-type: none"> Advertise ZAM and PZC on tv and radio Advertise ZAM and PZC on social media Enhance website, newsletter and social media outreach. Manufacturers Week conducted in all regions. 	<ul style="list-style-type: none"> Increase ZAM and PZC awareness among manufacturers and consumers. Conduct radio and tv programmes to promote ZAM. Conduct social media campaigns to increase awareness. 	<ul style="list-style-type: none"> Manufacturer's awareness baseline Consumer awareness baseline
Adequate office accommodation	Staff Premises Constructed	<ul style="list-style-type: none"> Acquire land in the MFEZ Develop and implement an infrastructure development plan. Rally members to help build offices 	<ul style="list-style-type: none"> Develop at 33% of the building target every year for the next three years. Infrastructure development plan finalized by June 2022. 	

Intended Results	Units of Measurement	Strategies	Key Performance Indicators	Baseline
Optimal technological support	% uptime of vital systems all the time.	<ul style="list-style-type: none"> Strengthen the ICT function. Strengthen risk management of different processes and systems. 	<ul style="list-style-type: none"> 85% of approved procurement plan implemented annually. Risk management plan developed and implemented. 	
Adequate operational tools	% of approved procurement plan	<ul style="list-style-type: none"> Develop and implement a procurement plan. Computers Vehicles Liquid Assets Furniture 	<ul style="list-style-type: none"> At least 3.5 m2 office space per staff by June 2026 	

STRATEGIC OBJECTIVE 8: Enhance Financial Sustainability

Intended Results	Units of Measurement	Strategies	Key Performance Indicators	Baseline
Increased revenue	Rate of real growth in revenue.	<ul style="list-style-type: none"> Develop and implement a resource mobilisation strategy 	<ul style="list-style-type: none"> 50% annual average growth rate in revenue. 	<ul style="list-style-type: none"> K5,000,000
	% of approved budget funded.	<ul style="list-style-type: none"> Pro-actively engage members and other stakeholders. 	<ul style="list-style-type: none"> 90% of the approved budget funded 	
Improved funding diversification	Number of key funding sources.	<ul style="list-style-type: none"> Engage various other stakeholders 	<ul style="list-style-type: none"> Average of 6 key funding sources aside from membership by 2026. 	<ul style="list-style-type: none"> 2 sources

ENABLING FACTORS

MONITORING AND EVALUATION

CORE FUNCTIONAL STRUCTURE

5. Enabling Factors

Successful implementation of this Plan is premised on certain pre-conditions and assumptions:

5.1 Pre-conditions

Preconditions are identified as the key enabling factors within the control of ZAM that should be optimised for the fullest realisation of the vision of the Strategic Plan and they include: (i) Supportive leadership and an implementing management; (ii) Ownership of the Strategic Plan by staff; (iii) Availability of dedicated, sufficient and adequately qualified staff; and (iv) Comprehensive and well-coordinated annual implementation works plans.

5.2 Assumptions

Critical to the success of the plan implementation are assumptions perceived for the next five years which are external enabling factors outside the control of ZAM. The Association will require to constantly monitor these factors and put in place measures to mitigate any effects to effectively execute its mandate. The following are the assumptions: (i) Sound economic and business environment supportive to business; (ii) Policy consistency and government support to the sector; Stakeholder buy-in and support; (ii) Availability of adequate resources; (iii) Availability of adequate enabling legal framework; (iv) Continued political will and support from Government; and (iv) Implementation Plan and Budget

The Strategic Plan will effectively be operationalized through annual implementation plans, broken down into departmental and individual work plans and costed accordingly. The implementation plan and annual plans will have realistic targets and schedules of activities linked to the annual budget and the estimates provided below.

The Chief Executive Officer will facilitate the development and implementation of the annual work plans as well as submission of quarterly and annual progress reports to the Board of Directors for review and approval.

6. Monitoring and Evaluation

M&E of the Strategic Plan will be vital for effective implementation and ascertaining its impact throughout the period. ZAM will therefore, strengthen its M&E mechanism to effectively track progress and evaluate its performance against set targets quarterly and annually. Further, a mid-term review of the Strategic Plan will be conducted in March 2024 to assess progress made towards achieving the set intended results, strategic objectives, and strategic results. A terminal evaluation will then be conducted in 2026 to determine the full extent of implementation of the Plan and the overall impact, as well as inform the preparation of the 2026 -2031 Strategic Plan.

The M&E of the Strategic Plan will be conducted at individual, unit and institutional level. At individual level, a performance appraisal system will be used to monitor and evaluate the performance of staff. The M&E of the implementation of the unit plans will be undertaken at unit level, while institutional M&E will be carried out by an external evaluation through a client survey and stakeholder analysis to establish perception of the level and quality of service delivery carried out annually.

7. Core Functional Structure

The strategic planning process culminated into the development of an indicative core functional structure for the Association, underscoring the key areas where results will be expected to succeed in improving service delivery and influence manufacturing policy decisions. The indicative core functional structure for ZAM was arrived at by grouping the Eight (8) Strategic Objectives into specialized management functions using the following criteria:

- i. Similarity and uniqueness of the objectives;
- ii. Accountability for and coordination of the objectives.

The following management functions were identified with their corresponding strategic objectives to form the core functions:

a. Research and Policy Management

1. Promoting evidence-based policies ;
2. Investment profiling and matchmaking for companies;
3. Regulatory compliance; and
4. Improved Service Delivery

b. Business Development Management

1. Membership recruitment and retention;
2. Enterprise development and mentorship;
3. Capacity building; and
4. Regional expansion.

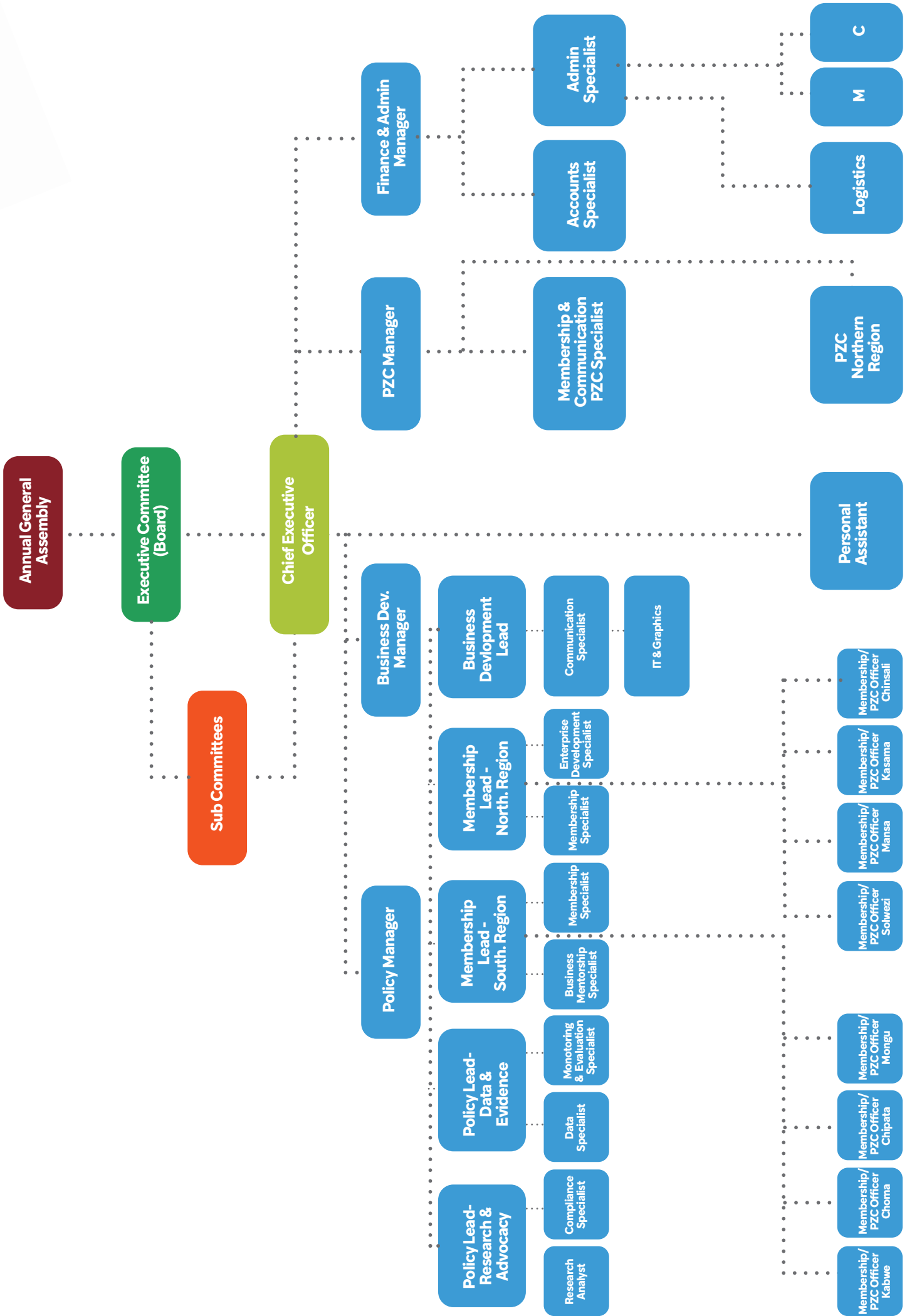
c. Proudly Zambian Campaign

1. Increase consumer awareness of Zambian products;
2. Business Linkages;
3. Access into local and regional markets; and
4. Improved standards and labeling.

d. Corporate and Financial Management

1. Improve Financial Sustainability;
2. Enhance internal business processes;
3. Enhance human capital; and
4. Improve institutional capacity.

The indicative Core Functional Structure is illustrated in Figure 1 on the next page:





What is ZAM?

ZAMBIA ASSOCIATION OF MANUFACTURERS (ZAM) a registered organization in the Republic of Zambia is a business association representing the interests of the entire manufacturing sector and other related economic and/or production sectors in Zambia. It was established in 1985 with the view to foster dialogue and relations between the Manufacturers and the Government so as to increase industrial intensity in Zambia.

ZAM's major objective is to promote the manufacturing sector through policy advocacy, dialogue, lobbying and technology upgrading of the production process as a way of improving productivity and competitiveness in industry.

Vision:

"To be the Association that will provide a forum for Manufacturers to network and dialogue with Government and other stakeholders in creating an enabling and conducive business environment"

Mission:

"To facilitate and promote the growth of an efficient and modern Manufacturing sector in Zambia.

Sectors Represented:

- Agro Processing
- Building Products
- Beverages (Alcoholic and Non-Alcoholic)
- Electrical Engineering
- Explosives
- Gemstones
- Industrial Gases
- Leather & Leather Products
- Metal Fabrication & Engineering
- Milling
- Paints
- Paper & Printing
- Petroleum Products
- Pharmaceuticals
- Plastics
- Refractory / Cement
- Rubber Products
- Soaps & Chemicals
- Textiles & Garments
- Wood & Wood Products

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