



ANNUAL REPORT

2020-2021

ZNCC National Office
www.zncc.co.zw

1. President's Remarks

From the first wave in early 2020 to the second wave at the beginning of 2021, leaving a trail of human and economic destruction, the Covid-19 pandemic moves on with a much-feared third wave beckoning. Never in recent history has the resolve of humankind been put to the test as by this callous monster. However, amidst the pandemonium, the 'Voice of Business' continues to speak, rallying Chamber members and the wider business community to swim against the tide.



The period under review has not been an easy one for business, with the Covid-19 pandemic on one side and a challenging policy environment, complicated by a plethora of statutory instruments (SIs), on another. Currently, the market is saddled with debate on the latest offering, SI 127 of 2021. Indeed, business is stuck between a rock and a hard surface. The beginning of this Chamber year coincided with yet another market development, the re-introduction of the foreign currency auction by the central bank in June 2020. While it was received with scepticism, given its yester-year dismal failure, there was slight warming up to the intervention midway. However, to date, as business we realise that the auction-rate is rather superficial and divorced from economic fundamentals. The ever-growing parallel market premium bears testimony to this assertion. A more sustainable policy direction is the adoption of a market-determined exchange rate. In this and many other issues, the Chamber continues to engage policymakers and proffer advice in a bid to create a conducive business environment for member businesses to thrive. Notably, the Chamber made submissions to the Ministry of Finance for the 2021 National Budget and also presented to the Portfolio Committees on Budget, Finance and Economic Development and Industry and Commerce in June 2021, where we reiterated the need for market determined foreign exchange rate. We commend our policymakers for the audience that they continue to afford us. Not only do we approach them, but on many an occasion, they initiate dialogue, seeking our opinion on matters of interest to business. As the 'Voice of Business', we rise to the occasion, never taking any opportunity to dialogue for granted. The power of a voice lies in being heard.

As the Chamber, we continue to seek ways to deliver value to our members. To this end, over the year, we have forged strategic relationships with both local and international players under various initiative. Thanks to these partnerships, our Training Centre, launched at the flagship 6th Business Review Conference (BRC) in December 2020, has made a phenomenal impact on the market. Memoranda of Understanding have been entered into with other chambers of commerce from countries such as Algeria, Canada and India for mutual member benefits. Exciting times lie ahead. Strategic positioning and collaboration are critical success factors in a world that has since transitioned from a 'global village' to a 'global household'. Indeed, this is especially true with the launch of trading on the AfCFTA on the 1st of January 2021. It is the Chamber's goal that members take advantage of the benefits arising from the AfCFTA. In this regard, capacity building initiatives such as the ZNCC/UNDP training sessions on 'Unpacking the AfCFTA for Zimbabwean Business' shall remain a priority. In line with the

global demands for transformation and self-renewal, the month of December saw the Chamber's new logo launch. Image is everything!

Against all odds, the Chamber has maintained momentum both at the national and branch level as it strives to deliver value to members. The report details the highlights of the period under review, thanks to members and partners. Your continued and unwavering support is greatly cherished. Together we achieve more. Thank you.

2. CEO's Remarks



Sipping tea in the corner of a chic café at Sam Levy Village in Borrowdale, the leafy suburb north of Harare, Thembani Mugadza seems like another yuppie on his lunch break. With a disarming smile, he chats about his job as an insurance agent. Before long, however, the 38-year-old warns that the government may impose a total lockdown as Covid-19 cases continue surging. The clock is ticking for Thembani as he has to rush back to the office and attend an urgent meeting on ways to implement new Covid 19 regulations at his workplace. This literary defines how an average day has been

for business in the period 2020 to 2021. The novel coronavirus continued ravaging both lives and livelihoods, with the Zimbabwe National Chamber of Commerce survey conducted last year estimating job losses for the 2020 calendar year at 25%.

The industry continues to face a myriad of challenges ranging from forex shortages, hard lockdowns, smuggling goods competing with locally manufactured products, and unfavourable legislation which negatively impact profitability. As the Chamber of Commerce, we have consistently lobbied for a predictable business environment. The catatonic uncertainty posed by policy flip flops remains the biggest 'tax' to our prospects, worse than the fiscal tax or even sanctions imposed upon our nation. We can no longer afford hard lockdowns regardless of an imminent third wave which we expect to last until the last quarter of this year. The solution lies in adhering to Covid-19 regulations and achieving national herd immunity of at least 45%, not the largely touted 60%. The argument is that over 40% of Zimbabwe's population is under 15 years, making 45% vaccination rate an impressive number by our standards.

The Chamber of Commerce continues advocating for a free market economy, where the government's hand is limited and where markets are not perceived as failing, every time pressures simmering from prices or exchange rate are experienced. The recent SI 127 OF 2021 remains an eyesore to our vision for a liberalised economy. We shall continue engaging the government for its total repeal, knowing fully well the unintended consequences this piece of legislation will pose as it attempts to amend the parent or enabling act, that is, the Exchange Control Act. The solution lies in promoting a forex auction system that promotes competitive bidding, an auction that is not a forex rationing mechanism but rather a price discovery platform, an auction that is progressive and aims to ultimately scrap the priority list, not to consolidate it. These are clear policy recommendations we shall continue presenting to the authorities as we march towards a business-friendly environment.

We are grateful to our membership for taking heed of our advice not to overcharge their products and shun abusing forex accessed through the auction. The fact that not a single ZNCC member was exposed for abusing forex from the auction continues to send the right signals that we are a law-abiding business member organisation whose commitment to nation-building remains unquestionable.

Equally on the policy front, we urge authorities to religiously and timeously release monthly data, notably monetary variables. The knee-jerk approach to data release creates mistrust between the private sector and the government, worse still at this stage when the alternative market rate continues behaving stubbornly. We recently witnessed the dearth of Reserve Bank of Zimbabwe monthly data since December 2020, with the February 2021 data released four months later, in June. What is unattractive about the trend is the massive 490% growth in money supply, with reserve money rising 139%. This literary means the printing press is still on, taking advantage of cheap forex given the stationary exchange rate.

At a strategic level, the reporting period was a busy one for the Chamber as it was involved in several initiatives. The institution rebranded, coming up with a new logo whilst retaining the corporate colours that define who we are. A training school was also launched and has already begun making strides, with solid partnerships having been forged. We managed to engage institutions such as UNDP, Zimbabwe Stock Exchange and Procurement Authority of Zimbabwe, with many training programs and partners lined up on this exciting journey.

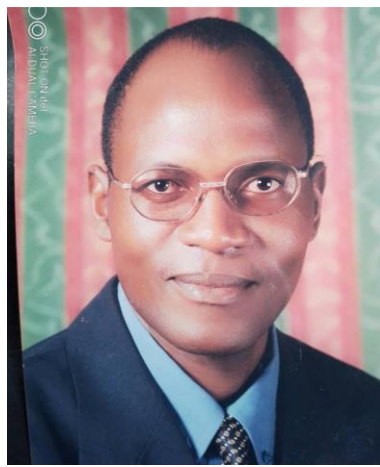
An exciting product is also on the offing. As the Chamber of Commerce, we are to launch the inaugural State of Industry and Commerce Survey Report. It shall be our flagship product for reference in policy advocacy. As the name implies, the survey shall be the premier source of up-to-date information on industry performance, the number of companies operating in the country, company closures and business confidence levels within the economy. The release of the first issue is scheduled for the last quarter of the year.

It is my fervent belief that you will enjoy reading our Annual Report issue. If you are not yet a member of the Chamber of Commerce, take this opportunity to become part of the bigger ZNCC family and make your business grow and glow. Thank you.

National Executive Council



Tinashe Manzungu
President



Tamuka Macheke
Immediate Past President



Golden Muoni
Deputy National President



Mike Kamungeremu
Vice President Mashonaland



Wellington T. Chinembiri
Vice President Matebeleland



Michael Phiri
Vice President Midlands



Charlton Chimbira
Vice President Manicaland



Bernard Chimanga
Mutare Branch Chairperson



Itai Zaba
Gweru Branch Chairperson



Josephine Takundwa
Harare Branch Chairperson



Andrew Chekani
Masvingo (Interim) Branch
Chairperson



Alois Masamba
Victoria Falls Branch Chairperson



Gilson Chakauya
Kwekwe Branch Chairperson



Louis Herbst
Bulawayo Branch Chairperson



Eldrette Shereni
Public Relations, Branding and
Membership



Herbert Mazonde
Macroeconomics



Lucy Marowa
Women's Desk



Tamuka Chihota
Enterprise Development &
Business Growth



Emmah Mungoni
Audit and Governance



Peter Kadzere
Trade and Advocacy



Lynn Mukonoweshuro
Alternative Dispute
Resolution (ADR) and Legal



Tapiwa Karoro
1st Vice Chairperson Harare



Wendy Madzura
Agribusiness & Value Chains



Christopher Mugaga
CEO (*ex officio*)

Management



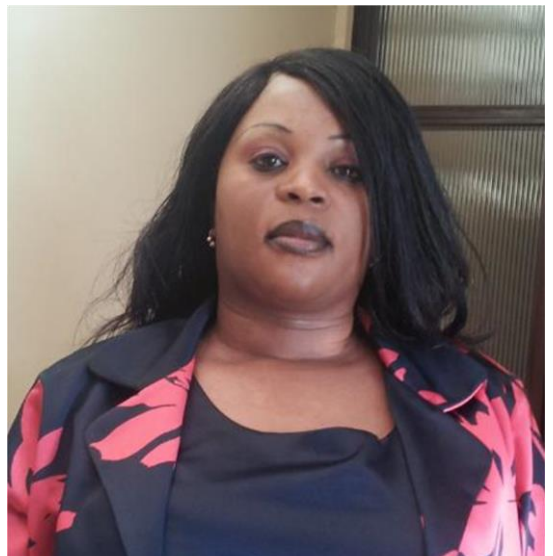
Melody Kaingidza
Public Relations



Mduduzi Ncube
Bulawayo Branch Manager



Sikhanyisiwe Sibanda
Gweru Branch Manager



Perpetua Guwila
Mutare Branch Manager



Linda Chapoto
Harare Branch Manager

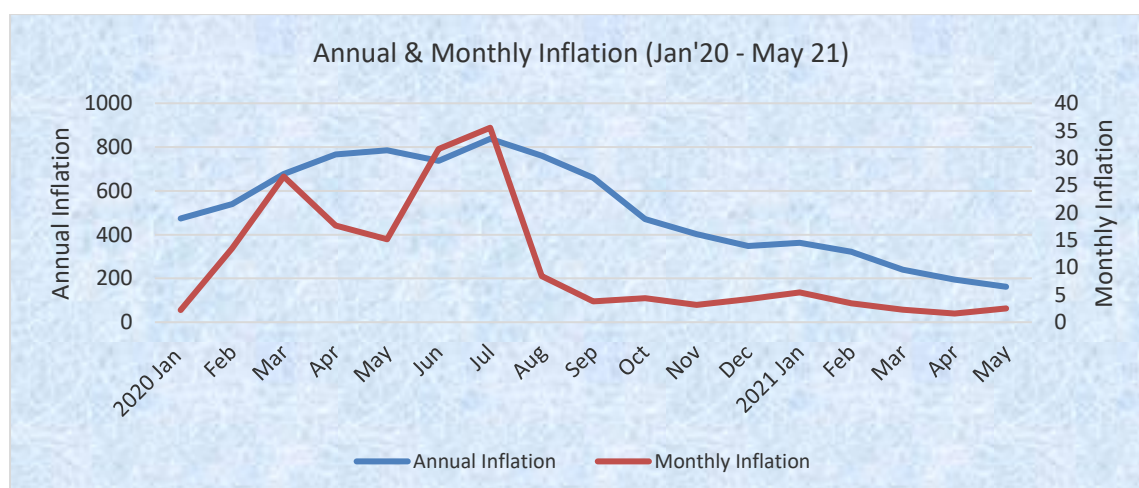


Sabina Baut
Admin Manager

3. Economic Overview

Amid the ravaging effects of the Covid-19 pandemic, the Zimbabwean economy has demonstrated remarkable resilience, with Bretton Woods institutions revising their growth forecast for 2021. The IMF adjusted its estimates from 3.1% upwards to 6%, while the World Bank, in its Zimbabwe Economic Update, projected a 3.9% growth which may further rise to 5.9% in 2022. The Ministry of Finance forecasts for 2021 put economic growth at 7.4%. These favourable figures come on the back of a highly successful agricultural season, improvement in power supply and increase in manufacturing and construction. However, the significant threat to sustained economic recovery remains the uncertainty caused by Covid-19 pandemic and its associated restrictions; and the plethora of statutory instruments churned out by the government.

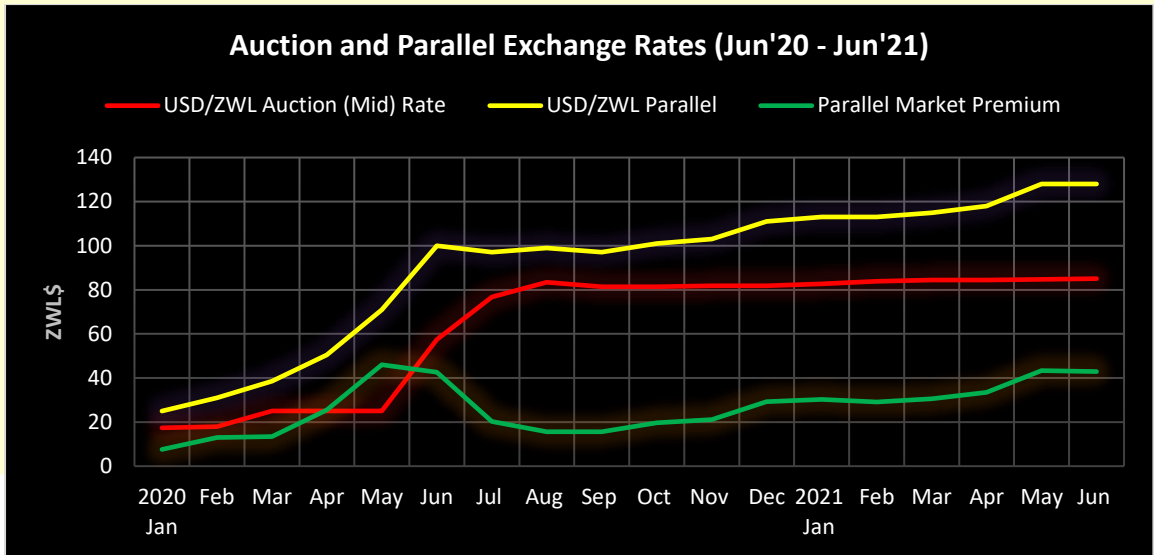
On the monetary front, since its peak of 837.5% (annual) and 35.5% (monthly) in July 2020, official inflation has been on a downward spiral, reaching 362.6% and 5.4% by January, further declining to 161.9% annual and 2.5% monthly in May 2021 (Fig 1). Food inflation continues to dominate non-food annual inflation.



Source: Reserve Bank of Zimbabwe (RBZ)

Fig 1: Annual and Monthly Inflation (Jan'20 – May'21)

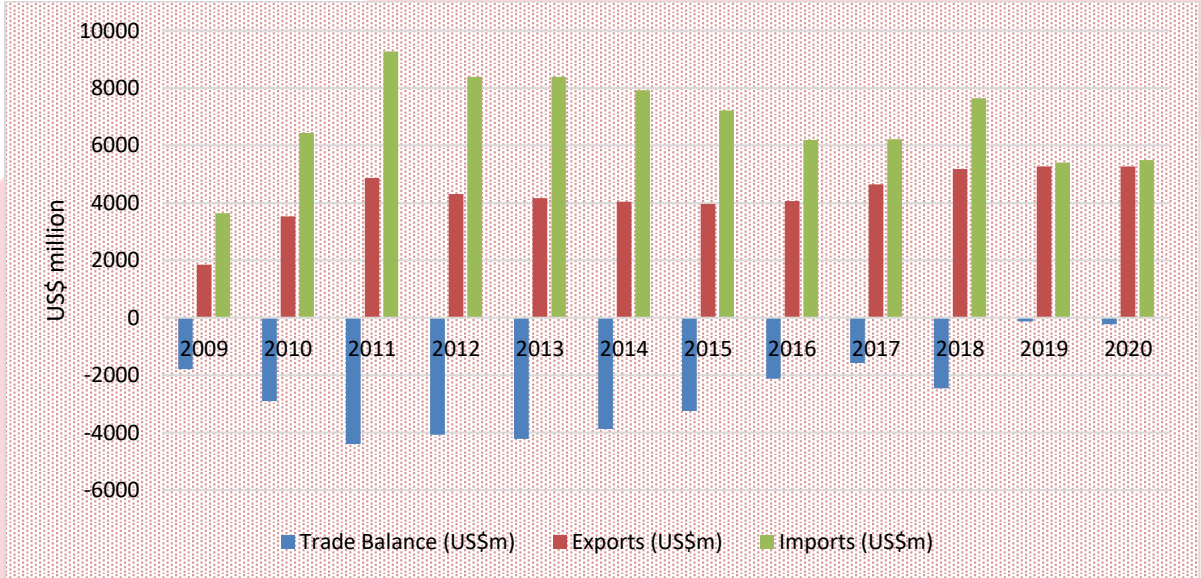
Of major concern to business has been the exchange rate debate, particularly the effectiveness of the foreign currency auction introduced by the Reserve Bank of Zimbabwe in June 2020. With an initial rate of US\$1:ZWL57.35 in June, the auction quickly approached the higher parallel market rate, which largely stabilised at US\$1:ZWL100 for the greater part of the second half of 2020 (Fig. 2). The auction-rate then stabilised around US\$1:ZWL82 to date, while the parallel market rate steadily increased to the current levels of around US\$1:ZWL130. In effect, the parallel market premium has been steadily rising back to the same peak levels of June 2020. Multiple exchange rates, and hence multiple pricing, has continued unabated. This scenario is evidence of the superficial nature of the auction rate, and business has been calling for the adoption of a market-determined exchange rate. The exchange rate debate rages on, with the monetary authorities digging in.



Source: Reserve Bank of Zimbabwe (RBZ) and zimrates.com

Fig 2: Auction and Parallel Exchange Rates (Jun '20 - Jun '21)

Nevertheless, positives have been registered on the balance of payments position, the hope being that it is not a Covid-19 induced transitory development. Zimbabwe’s trade deficit declined from US\$2.4 billion to US\$131 million between 2018 and 2019, induced by a marked decline in imports and a slight improvement in export figures (Fig. 3). However, imports seem to be slowly growing, with the deficit experiencing a 72% increase to US\$226 million in 2020. In 2020, sectoral export shares comprised mining (74%), agriculture (18%) and manufacturing (8%), the major contributors being platinum-group minerals (PGMs), gold and tobacco. While non-food imports, notably energy (fuel and electricity), machinery, crude materials, dominated the import bill, there was a 205% increase in food imports from US\$194 million in 2019 to US\$592 million in 2020 induced by the poor 2019/20 agricultural season. The 2020/21 season bumper harvest is likely to reverse this trend.



Source: Reserve Bank of Zimbabwe (RBZ)

Figure 3: Zimbabwe Trade Balance (2009 – 2020)

The Real Sector

On a sectoral level, the agriculture sector experienced a massive rebound in the 2020/21 agricultural season against a background of good rains and the government-led Pfumvudza input programme. According to the Second Round Crop and Livestock Assessment Report estimates, output growth for most food crops was above 100%, though that for cash crops was below the 100% mark but still positive, with tobacco experiencing the least, 8% (Table 1). The 189% overall growth in food crops positively affects both food security and the country's trade balance through an anticipated decline in food imports (mainly maize, wheat and rice), which accounted for almost USD600 million worth of imports in 2020.

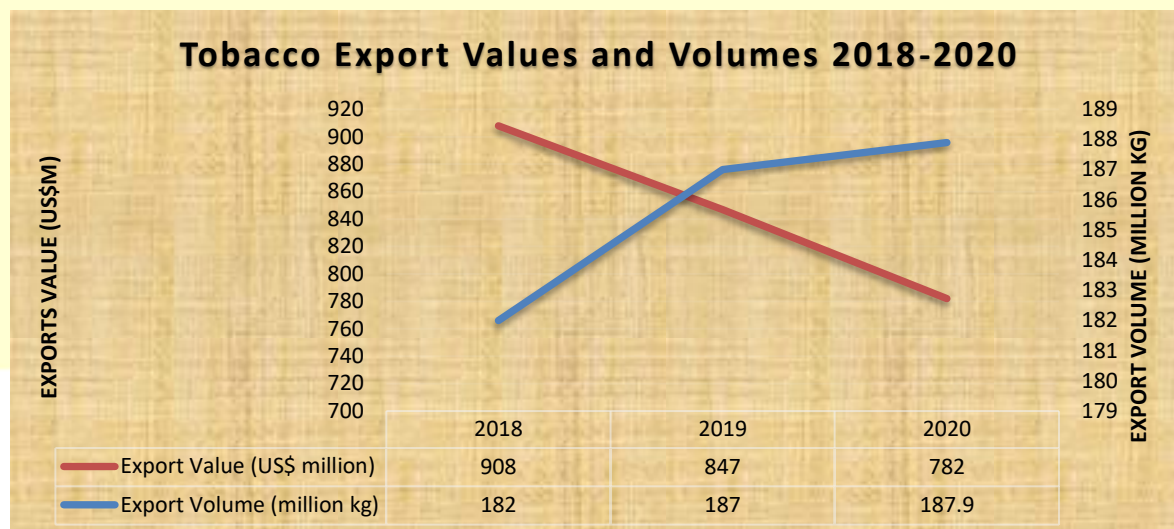
Table 1: Output and Growth Estimates for Food & Cash Crops (2020/21 Season)

Crop	2020/2021	2019/2020	Growth (%)
Food Crops			
Maize	2 717 171	907 629	199%
Sorghum	244 063	103 684	135%
Groundnut	208 864	87 479	139%
Sweet Potato	422 613	114 558	269%
Sugar Beans	30 613	12 650	142%
Cash Crops			
Tobacco	200 245	184 042	8%
Cotton	195 991	101 000	94%
Soya bean	71 290	47 088	51%

Source: Second Round Crop and Livestock Assessment Report 2020/21 Season

Marginal growth in the country's leading agricultural export crop, tobacco, is attributed to a decline in the number of growers from 166,957 in the 2019/2020 season to about 145,625 for the 2020/21 season and excessive rains in some areas. In the 2020 marketing season, the 50% forex retention rate coupled with a low exchange rate pegged at USD1:ZWL25 is blamed for disincentivising the farmers. By the time the foreign currency auction was introduced with a better rate, the bulk of the farmers had already sold their crop. For the 2020/21 season, the RBZ reviewed forex retention from 50% to 60% with no compulsory liquidation of the retained forex. While farmers were pushing for at least 70%, citing foreign currency-denominated input prices and debts, they were advised to supplement their forex requirements through the auction system. As of Day 45 of the marketing season (the 11th of June 2021), a total of 148.8 million kg of tobacco worth US\$404.74 million had been traded on both contract and auction floors. This represented an increase of 25.8% (volume) and 44.34% (value) compared to the same period last year. Prices ranged from US\$0.10 to US\$6.70/kg, the average being US\$2.72. The highest price for contract floors was US\$6.70, whilst that for auction floors was US\$4.99. The Far East (mainly China) (44%) remains the major export destination for Zimbabwean tobacco, followed by Africa (24%) and the European Union (14%) according to TIMB 2020 season figures. Unfortunately, while export volumes have been increasing, export values have been consistently declining since 2018 (Fig. 4) due to declining pricing (2018 – US\$4.96, 2019 –

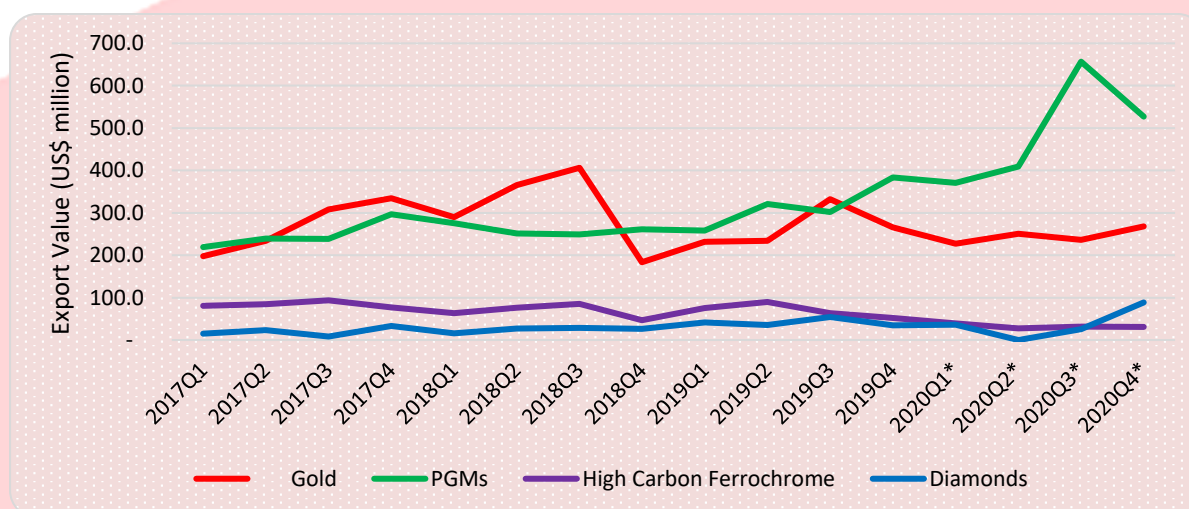
US\$4.51 and US\$4.06 for 2020). This negatively impacts overall export figures for the country, given the significant contribution of the golden leaf.



Source: TIMB Annual Reports (2018 – 2020)

Figure 4: Tobacco Export Values and Volumes 2018-2020

In mining, despite the Covid-19 pandemic, which triggered subdued activity, the sector continues to be the country’s top export revenue generator ahead of agriculture and manufacturing. Top performers have been gold and PGMs (particularly platinum and palladium, with the latter enjoying favourable prices on the international market of late) (Fig. 5). With the vision of becoming a USD12 billion industry by 2023, the sector’s Mining Business Confidence Index (MBCI) improved to 3.1/100 for 2021 from 2.2/100 in 2020 on the back of positive growth, profitability and commodity market outlook (State of the Mining Industry Report: Prospects for 2021). Nevertheless, other vital components were negative, particularly access and cost of capital (expected to remain a challenge), investment environment (anticipated to remain uncompetitive), policy environment (to remain uncertain) and country risk (to remain high), thus explaining the low, though positive MBCI. The 2021 growth projections show the perceived impact of improved access to capital (Table 2).



Source: Reserve Bank of Zimbabwe (RBZ)

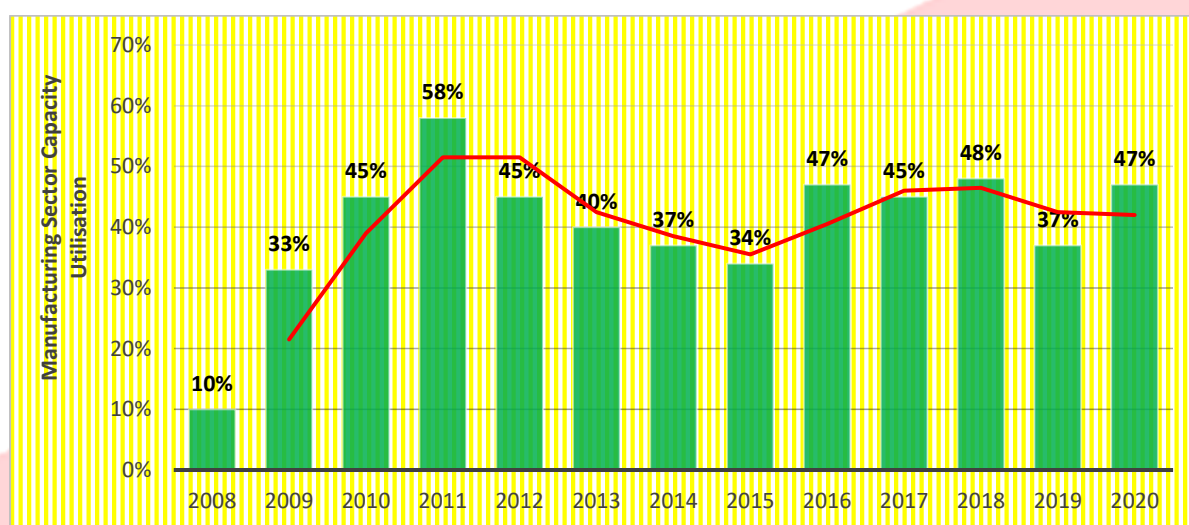
Figure 5: Quarterly Mining Export Values for Selected Minerals (2017 to 2020)

Table 2: Mining Output and Growth Projections for 2021

	2020	2021 Projections		2021 Projections	
	Output	Output	Growth (%)	With Improved Access to Capital	Growth (%)
Gold (kg)	25,000	33,000	32%	35,000	40%
Platinum (kg)	14,600	15,000	3%	15,200	4%
Palladium (kg)	12,300	12,600	3%	1,200	4%
Chrome (MT)	1,200,000	1,600,000	33%	2,300,000	92%
Nickel (MT)	1,400	15,500	5%	15,800	7%
Coal (MT)	2,400,000	3,000,000	25%	3,800,000	58%
Diamonds (carats)	2,100,000	2,500,000	19%	3,500,000	67%

Source: State of the Mining Industry Report: Prospects for 2021

Manufacturing experienced a resurgence in 2020, with capacity utilisation increasing from 36.4% in 2019 to 47% in 2020, according to the CZI Manufacturing Sector Survey (Fig. 6). While the sector had been reeling under challenges such as foreign currency, raw material and fuel shortages, the Covid-19 pandemic came as a double-edged sword. On one end, the closure of borders created an opportunity for finished local manufactured products while worsening the shortage of imported raw materials. Generally, manufacturers who use local raw materials benefited more. Nevertheless, the sustainability of the recovery remains uncertain under a protracted Covid-19 environment, with a third wave beckoning.



Source: CZI Manufacturing Sector Surveys

Fig 6: Manufacturing Sector Capacity Utilisation (2008-2020)

Major vulnerabilities in the economy are arising from the Covid-19 pandemic and policy inconsistency on the government side. Regarding the pandemic, vaccination is a perceived potential solution, but issues of scepticism by the population and government capacity remain a challenge. The aspect of the incessant statutory instruments has worsened an already bad situation as far as policy predictability is concerned. Engagement with the government on the administrative aspect of SIs is needful, as there is a lack of consultation and prior research in most cases.

4. President's Report

Notwithstanding the Covid-19 restrictions, which saw economy-wide subdued activity, the Chamber, against all odds, continued with its policy advocacy and lobbying agenda. Chamber icons were honoured, policymakers engaged, strategic partnerships forged, and significant milestones achieved as we swam against the tide. Highlights of Chamber activities over the period under review are detailed below.

i. Appointment of Honorary Life Members

In recognition of immense contribution and dedication to duty, and in keeping with the ZNCC Constitution Item 8.1.5, which provides for the appointment of honorary life members, the Chamber conferred this honour on the following past presidents:

1. Mr James Sanders
2. Mr Luxon Zembe
3. Mrs Mara Hativagone
4. Mr O J Z Sibanda

ii. 6th Annual Business Review Conference

The 17th of December 2020 saw the 6th edition of the Annual Business Review Conference themed “Managing Disruptive Change” thrust into the spotlight. Its main objective was to lay out a sustainable path towards recovery from the effects of the Covid-19 pandemic. The conference provided an opportunity to review business performance in 2020 and formally submit business concerns to policymakers. The Minister of Industry and Commerce, Hon Dr Sekai Nzenza, was the guest of honour. Dr John Mangudya, the Reserve Bank of Zimbabwe Governor, was among the speakers and presented on “Current Economic Fundamentals Underpinning Macroeconomic Stability”. The presentation focused on reserve money developments, exchange rate developments, distribution of foreign currency on the auction market and annual inflation outlook. The panel discussion topic for the conference was “Covid-19 Response Best Practise: Other Countries response to the pandemic and lessons for Zimbabwe”.



Hon Sekai Nzenza & Mr Chris Mugaga

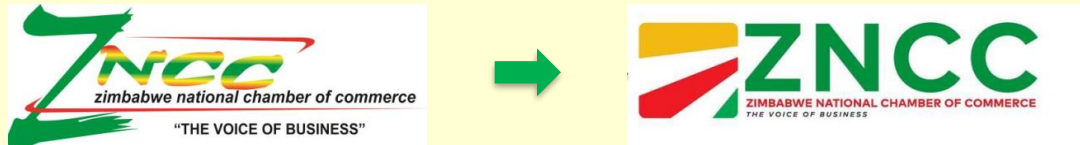


RBZ Governor Dr. John P. Mangudya



From left; ZNCC CEO Christopher Mugaga, CZI President – Mr Henry Ruzvidzo, ZNCC Macroeconomics Subcommittee Member – Mr Moses Chundu, Norton Member of Parliament – Hon Temba Mliswa, World Bank Senior Economist – Stella Illieva, Tanzania Ambassador to Zimbabwe – H.E Prof Emmanuel DML Mbennah, ZNCC Macroeconomics Subcommittee Chairperson – Mr Herbert Mazonde, Mr Andy Hodges, ZNCC President – Dr Tinashe Manzungu: 2020 Business Review Conference

iii. ZNCC Rebranding



A milestone was achieved with the Chamber's rebranding during the 2020 Annual Business Review Conference, in line with modern trends. While retaining our corporate colours, the new ZNCC emblem projects the Chamber's business growth philosophy through the middle red component representing an upward directional arrow. The overarching yellow component is symbolic of every business aspect the Chamber represents, while the green at the base is supportive of the other components of the logo. The growth of ZNCC members translates to the overall growth of the economy.



Farai Nyaguse and Sabina Baut unveiling of the new ZNCC Logo

iv. Launch of ZNCC Training Centre

Another highlight of the 2020 Business Review Conference was the launch of the ZNCC Training Centre, which aims to empower Chamber members through capacity building, skills enhancement and business linkages. The realisation that most of our members lack basic skills in scaling up their businesses beyond SME status necessitated this welcome development. Programmes to be offered include Business Continuity and Recovery, Dispute Resolution, Corporate Governance, Digital Marketing, Tax Administration, Export and Import Capacitation, Trade Finance and Quality Standards. Resource persons drawn from diverse backgrounds such as academia, business professionals/practitioners, government agencies, and international agencies will deliver lectures. Upon completion, participants will get certificates

bearing the ZNCC and partner organisation logos. Opportunities to partner with the Chamber abound.

To date, the training school has conducted the following:

1. *'PRAZ/ZNCC Supplier Registration Training'* (the 4th of March 2021). The training was necessitated by the need to equip business people with detailed step-by-step knowledge of the Procurement Regulatory Authority of Zimbabwe (PRAZ) Supplier Registration and Payment Processes.
2. *'ZNCC Virtual Workshop on Employee Vaccination at Workplaces: Covid-19 Prevention and Legal Principles'* (the 7th of April 2021) The workshop sought to unpack information on vaccination for the business community and the legal implications of vaccines in the workplace. Speakers included Dr Agnes Mahomva, the Chief Coordinator – National Covid-19 Response in the Office of the President and Cabinet, Advocate Rodgers Matsikidze, Deputy Dean of Law at the University of Zimbabwe, Employers Confederation of Zimbabwe (EMCOZ) President, Dr Israel Murefu and Mr Peter G. Mutasa, the Zimbabwe Congress of Trade Unions (ZCTU) President. The Deputy Minister of Health and Child Care, Hon. Dr John Mangwiro also graced the occasion.
3. *'Digital Marketing Workshop'* (the 13th of May 2021). Presided over by IT and Digital Transformation Strategist Mr Tatenda Mujuru, the workshop aimed to conscientise business on the importance of digital marketing for business and give insights on the Technology Led Business Model (TLBM). Focus areas included the importance of digital marketing to business, technological considerations and digital business in the workplace.
4. *'Standards Training Workshop'* (the 18th of September 2020). Held in collaboration with the Standards Association of Zimbabwe (SAZ), the training centred on Standards Training, Testing and Certification (Systems and Products). In addition, a case study of Tendo Electronics, an organisation that went through the process, was presented.
5. *'ZNCC/UNDP Training on the African Continental Free Trade Area'* themed *'Unpacking the African Continental Free Trade Area (AfCFTA) to Businesses in Zimbabwe'*. The launch and first training session were held on the 10th of June 2020 at Cresta Lodge, Harare, with a virtual component. Partner organisations included the Competition and Tariff Commission, Liquid Telecoms, ZimTrade, Tralac and the Economic Commission for Africa (ECA). Other business membership organisations represented at the launch and inaugural training session include the SME Association of Zimbabwe (SMEAZ), Shipping and Forwarding Agents' Association of Zimbabwe (SFAAZ) and the Construction Industry Federation of Zimbabwe (CIFOZ). The five-part training covers the following areas:

AfCFTA Training Topics

Unpacking the AfCFTA Agreement & Market Offers

What the AfCFTA Means to Informal Cross Border Traders and Local Traders

Export Awareness and Practical Opportunities Under the AfCFTA

An Overview of the Zimbabwe National AfCFTA Strategy and Economic Recovery in Zimbabwe

Practical Steps to Operationalise the AfCFTA Strategy with M&E Framework

Sectoral Strategies for the Implementation of the National AfCFTA

Challenges and Opportunities for Women & Youth Under the AfCFTA

Linkages Between the AfCFTA and the Regional Economic Communities (RECs), and Other Regional Initiatives & Overview of the Zimbabwe National AfCFTA Strategy

Linkages Between the AfCFTA and National Development Policies and Strategies



ZNCC Executive, UNDP Country Rep & Economic Advisor, Deputy Min of Local Govt at the Launch of the AfCFTA Training.



Delegates in the AfCFTA training session.

v. Engagement with the Reserve Bank of Zimbabwe Governor

In the spirit of engagement and advocacy, the Chamber met the Reserve Bank of Zimbabwe Governor Dr John Mangudya on the 21st of April 2021 to make submissions relating to the 2021 Monetary Policy Statement. ZNCC recommendations included the need for: a market-based exchange rate that incentivises production; an increase mobile money transaction limits to ZW\$70 000 per week for increased flow of transactions; enhanced efficiency and transparency in the auction system to instil confidence in the exchange rate and avoid supply gaps; increasing the medium-term banking accommodation facility to cater for industry high working capital and capital expenditure requirements; a foreign currency-denominated overnight window to enable more USD lending and opening up USD lending to non-exporters; and increasing export proceeds retention or private sector to 85%, with a view to retaining 100% by the 4th quarter of 2022, among other policy proposals. Full details of the submissions presented under the Special Report section.



Left to right: T. Karoro, J. Takundwa, M. Kamungeremu, Dr J. P. Mangudya, C. Mugaga, L. Marowa and D. Sibanda during the meeting with the RBZ Governor.

vi. Zim /India Business Delegation

On the 2nd of May 2021 we welcomed the Indian Business Delegation, which came to forge bilateral business synergies with the Zimbabwean Business Community. Business tours in Harare, Bulawayo and Victoria Falls and some B2B meetings culminated in the Zim-India Business Forum, which saw the signing of twenty MOUs with different organisations. The Zimbabwe National Chamber of Commerce signed an MOU with the Indian Economic Trade Organisation to explore areas of mutual interest and to develop trade between India-Zimbabwe-African countries to improve in the trade the region.



Indian delegation to Zimbabwe



MOU signing ceremony

vii. ZNCC AfCFTA Trade Conference

The Bulawayo Region scored a first by inviting the AfCFTA Secretary-General, H. E. Wamkele Meme, to officiate at the ZNCC African Continental Free Trade Area (AfCFTA) Conference on the 7th of May 2021. This was the AfCFTA Secretary-General’s first-ever official visit to Zimbabwe. The conference, themed “Restoring Zimbabwe’s Impetus Towards Vision 2030: Establishing the Value and Opportunities”, attracted high-level delegates, including the Deputy Minister of Foreign Affairs and International Trade, Hon. David Musabayana; Minister of State for Bulawayo Metropolitan Province, Hon. Judith Ncube; Minister of Finance and Economic Development, Hon. Prof. Mthuli Ncube, and the Mayor of Bulawayo, His Worship Solomon Mguni.” The conference aimed at giving stakeholders an

understanding of the AfCFTA agreement and its protocols, enlightening businesses on export opportunities in Africa, making known mechanisms designed by organisations such as the African Import-Export Bank to support trade within Africa, among other issues. Participation in the conference was both physical and virtual.



ZNCC Pres. Dr. T. Manzungu, Hon R Modi, Hon. Dr D. Musabayana, Hon J. Ncube following proceedings at the Bulawayo Trade Conference

viii. Leaders Without Borders Development Centre Annual Summit

The President, Dr Tinashe Manzungu, represented the Chamber at the Leaders Without Borders Development Centre Annual Summit 2021 in Dubai, United Arab Emirates, from the 20th to the 21st of May. He spoke on the government's role in the enhancement of Cross Border Trade and Investment, and he also got a chance to meet His Royal Highness of Dubai, His Highness Sheikh Ahmed Bin Faisal Al Qassimi. The duo discussed issues of building a global network for Strategic Partnerships.



ZNCC President, Dr Tinashe Manzungu at the Leadership Without Borders Annual Summit in Dubai



ZNCC President, Dr Tinashe Manzungu at the Leadership Without Borders Annual Summit in Dubai

ix. ZNCC Business Agenda on Fridays

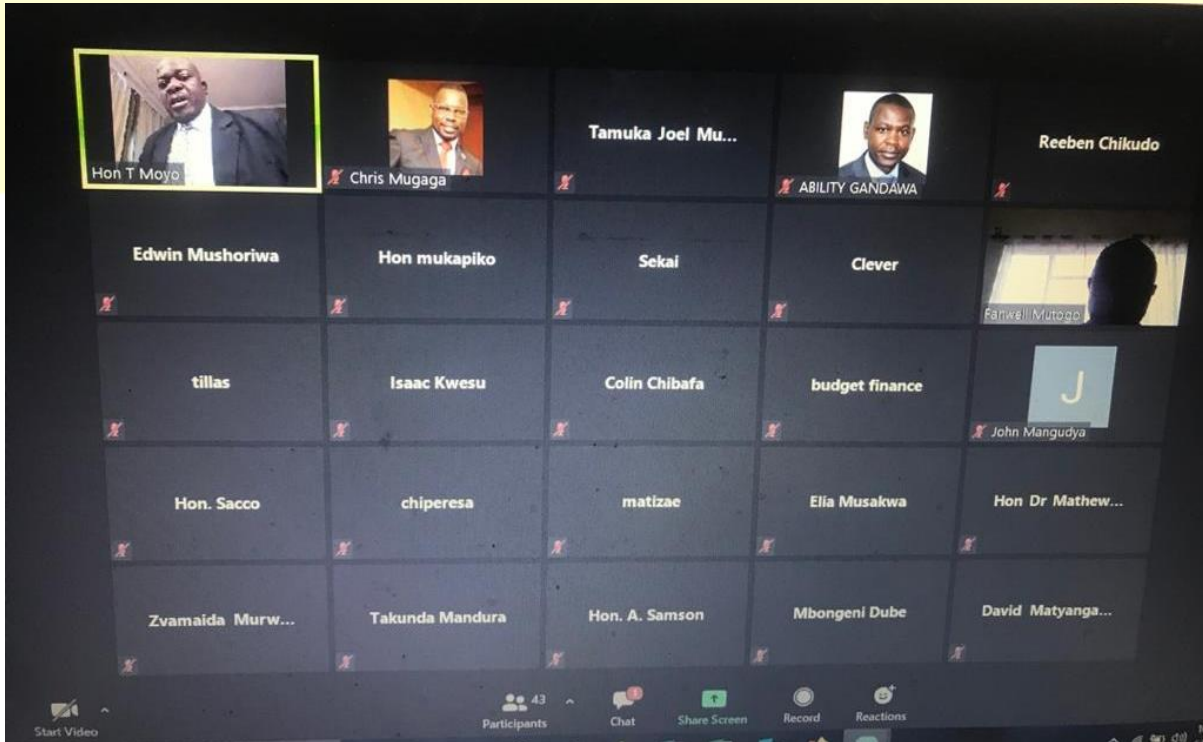
With a view to bringing to light challenges faced by the business community and proffer policy solutions, the Chamber introduced the ZNCC Business Agenda on Fridays. This is an online talk show that invites different authorities/stakeholders to discuss different policy issues that affect business. Notable guests include the Minister of Industry and Commerce Hon. Dr Sekai Nzenza, former Zimbabwe Revenue Authority (ZIMRA) Commissioner-General, Faith Mazanhi, Zambia Chamber of Commerce and Industry (ZACCI) President Mr Chabuka J. Kawesha and Monetary Policy Committee Member Prof Ashok Chakravati, the Bankers Association of Zimbabwe President, Mr Ralph Watungwa, Dr Nigel Chanakira and the CEO of the Zimbabwe Energy Regulatory Authority (ZERA), Mr Eddington Tapera Mazambani. Topics for discussion included entrepreneurship, private sector engagement with ZIMRA, understanding the Zambian investment market, simplifying the forex auction system for the private sector, private sector concerns towards the existing banking culture, and electricity tariffs and fuel pricing.

5. Appearance before the Parliamentary Portfolio Committees

On the 24th of June 2021, the Chamber gave evidence before the Parliamentary Portfolio Committee on Finance and Economic Development and Industry and Commerce regarding the effectiveness of SI 127 of 2021 and its impact on non-beneficiaries of the foreign currency auction system and access to foreign currency on the auction system. The Chamber, represented by the CEO, underscored that SI 127 was neither a necessary nor sufficient tool to rid the market of indiscipline. He reiterated the need for an auction system that facilitates price discovery rather than being a foreign currency allocation system. In this light, he advocated for a market determined foreign exchange rate which does not punish exporters while subsidising importers as is the current scenario.

The RBZ, represented by the Governor, Dr John Mangudya also gave evidence before the committee. The governor stated that the SI was meant to instil market discipline, blaming the

formal businesses for the commodification of foreign currency accessed from the auction while exonerating the informal sector. Of concern were companies sponsoring multiple bidding resulting in the allotment backlogs. Dr Mangudya emphasised that the auction system is here to stay, as it was the best option among many given the geopolitical situation. It is not going anywhere in the foreseeable future, until the country has enough reserves. The Governor promised to attend the ZNCC Congress to respond to business concerns on the auction system.



The virtual Parliamentary Portfolio Committee on Finance and Economic Development and Industry and Commerce in progress.

6. Partnerships

Over the period under review, the Chamber entered into strategic partnerships which have enabled it to excel in its mandate. Noteworthy are the following:

- i. **ZNCC/UNDP** training partnership which encompasses the current AfCFTA training. Training on Sustainable Development Goals (SDGs) shall follow. This partnership seeks to empower members on two topical areas which are changing the way business is done on the continental and international scenes. It is critical that our members be well-positioned to grab arising opportunities while pre-emptying imminent threats. Information is power!
- ii. **ZNCC/Liquid Telecoms** digital partnership with ZNCC Training Centre for the year ending June 2022. This was indeed a timely shot-in-the-arm for the Chamber in this digital environment where most training and meetings are now virtual.

- iii. ZNCC/Zimbabwe Stock Exchange (ZSE)** Memorandum of Understanding to undertake joint training programmes aimed at conscientising members on available investment options besides the foreign exchange trading, which seems to be dominating the local scene. Upon completion of training, delegates will be awarded certificates bearing ZNCC and ZSE logos.
- iv. ZNCC/UN Women** partnership on national consultations for the AfCFTA Women in Trade Protocol. The protocol seeks to ensure that women and youth benefit from the AfCFTA, and the ZNCC Women's Desk plays a pivotal role in reaching out to chamber members to benefit from this initiative.
- v. ZNCC/Indian Economic Trade Organisation (IETO)** MOU Memorandum of Understanding to support trade and investment development among Indian-Zimbabwean-African companies through providing policymakers with occasions to promote India-Zimbabwe-African trade and supply information on opportunities in Africa; analysing obstacles and identifying solutions to facilitate trade and investment between India, Zimbabwe and Africa; and conducting studies and organising forums, to improve visibility, to position in specific markets and niches, to assess risks and the sharing of ideas, technology and innovative projects between India and Zimbabwe, among other initiatives and strategies, for mutual member benefits.
- vi. ZNCC /Algerian Chamber of Commerce** Memorandum of Understanding to set up a Joint-Business Council which aims to foster cooperation, synergies and partnerships between Zimbabwean and Algerian enterprises in trade, investments, technology transfer services and all industrial sectors. This will be achieved through such activities as the exchange of updated information on economic trends and expectations, business environment, trade offers, investment proposals and projects, tenders and privatisations; and encouraging companies to explore business opportunities in both countries by creating awareness through initiatives such as informative workshops, business forums, surveys, research and field visits, and organising missions and business delegations to both countries and set up business meetings (B2B) between Zimbabwean and Algerian companies. The MOU is a culmination of the links established during the Africa Investment Forum held in Algiers, 2016. The Chamber was represented in the Zimbabwean private sector delegation to the forum.
- vii. ZNCC/ Canada-Africa Chamber of Business** Memorandum of Understanding to increase two-way trade and investment between Canada and Zimbabwe. Mutual events, both of a business and social nature, will be explored on a quarterly basis.

7. Stakeholder Engagements in Pictures



Courtesy visit to the then newly appointed Agriculture Minister Dr. A. Masuka Minister



Membership visit to Aviation Ground Services



Courtesy visit to the Tanzanian Ambassador H.E. Prof. E. D. Mwaluko Mbennah



Meeting with ZACC Chairperson Hon. Justice Loice Matanda-Moyo



Courtesy visit to Tobacco Processors Zimbabwe (TPZ)



Meeting with Hon. Judith Ncube, Minister of State for Bulawayo Metropolitan Province



ZNCC CEO presenting at the UZ Deans Induction & Mentorship Prog.



L-R C. Mugaga, A. Manase (NSSA CEO), D. Makwara, and M. Kaingidza during a courtesy visit to NSSA



(L-R) Linda Chapoto, Hon. Dr. Sekai Nzenza, Melody Kaingidza & Chris Mugaga during courtesy visit to the Ministry of Industry



Meeting with Hon. R Modi Deputy Minister of Industry & Commerce



ZNCC National Office Secretariat at the 2020 Business Review Conference



Dinner Engagement between the Minister of Finance and Economic Development – Prof. Mthuli Ncube and the Manicaland Business Community – 7 November 2020, Mutare



ZNCC Matabeleland Vice President, Dr Chinembiri giving remarks during the official opening of a PG Industries Branch in Bulawayo



Tour of Mineezy plant by ZNCC Bulawayo Branch Chair Louis Herbst and Manager- Mduzuki Ncube



ZNCC Mashonaland Golf in Pictures – 4 December 2020

8. Upcoming Events

i. ZNCC Annual Congress – Elephant Hills Hotel, Victoria Falls (04-06 August 2021)

Running under the theme, “Managing Disruptive Change”, the must-attend congress seeks to facilitate dialogue among stakeholders such as the government, business, investors, the diplomatic community, civil society and academia on issues affecting the Zimbabwean economy. The guest of honour shall be the Vice President of the Republic of Zimbabwe, Dr CGDN Chiwenga and other dignitaries include the Minister of Industry and Commerce, Hon. Dr Sekai Nzenza, Minister of State for Matebeleland North, Hon. Richard Moyo, Zimbabwe Anti-Corruption (ZACC) Chairperson, Hon. Justice L Matanda-Moyo, among others. Session topics and speakers are as follows:

Topic	Presenter
One on One Discussion on Anti-corruption	Hon. Justice L Matanda-Moyo ZACC Chairperson
Managing Disruptive Change in Industry Post Covid-19	Phyllis Wakiaga CEO Kenya National Chamber of Commerce and Industry
Reviewing the RBZ Forex Auction Market in Zimbabwe: Challenges and Recommendations	Dr John P. Mangudya Governor Reserve Bank of Zimbabwe

ii. State of Industry and Commerce Survey Results Launch (the 4th of October 2021)

The currently ongoing survey is poised to become one of the ZNCC’s flagship annual offering to its membership and the broader economy, given its comprehensive coverage of pertinent economic issues compared to current products on the scene. The Chamber is grateful to the Friedrich Naumann Foundation for the partnership. The survey seeks to:

- a. Evaluate business confidence level
- b. Gauge the extent of industry and commerce contribution to GDP
- c. Capture industry and commerce concerns/challenges on policies that weigh on the ease of doing business
- d. Measure business confidence year in & year out and to be the benchmark when it comes to assessing the performance of industry and commerce,
- e. Research on other regional countries and draw lessons for Zimbabwe on industry and commerce performance/operations,
- f. Measure capacity utilisation sector by sector and inform policy on intervention measures needed to enable industry and commerce to be competitive, and
- g. To capture the number of companies registered, opened, operating and closed during the year.

iii. Women in Enterprise Conference & Awards (WECA) (the 24th of September 2021)

This annual one-day conference brings together women from diverse sectors to deliberate on issues pertinent to women in business aims. The WECA aims to address and develop the role of women in the private sector and to celebrate the success of women in the economic development of Zimbabwe through a glamorous Awards Gala Dinner.

iv. 7th Annual Business Review Conference (BRC) (the 3rd of December 2021)

In its seventh year, the BRC is a high-level annual conference that creates a platform for business and policymakers to engage on a broad spectrum of policy issues to chart a sustainable path towards growth and profitability. This high-level event draws speakers and delegates from business, the government, civil society, the diplomatic community, and international development agencies to review economic and business growth and inform policy direction in the ensuing year.

9. Briefs from Regional Chapters

Despite the unfavourable conditions imposed by the Covid-19 pandemic and the associated economic challenges, chamber regions kept the fire burning. The Bulawayo Branch did the Chamber proud by hosting the ZNCC AfCFTA Trade Conference, officiated by the AfCFTA Secretary-General, H. E. Wamkele Meme. In the ‘Diamond City’, the Mutare Branch engaged the Zimbabwe Energy Regulation Authority (ZERA) on issues from consumer rights, petrol blending, sale of fuel in foreign currency, and alternative energy sources, among other issues. The chapter also hosted a highly successful virtual Accounting & Taxation Training Workshop in partnership with ACCA.

The Harare Branch held its Annual Mashonaland Region Annual Golf Tournament on the 4th of December 2020 and undertook a ZNCC Member Needs Survey in March 2021. The region also engaged the Zimbabwe Revenue Authority (ZIMRA) to deliberate on addressing fiscal machine challenges, and regarding taxation, clarification was sought on the foreign currency component. Another meeting was also held with the Harare Town Clerk on the 3rd of June 2021 to discuss issues affecting business in Harare.

The 10th of June 2021, saw the re-launching of the Midlands Region Women’s Desk at the Red Lounge in Gweru. Businesswomen from various sectors attended the event with Dr Patience Siwadi, the Midlands State University Graduate School of Business Leadership Director, as the guest of honour. Presentations centred on stress management, the power of the digital world – *the new normal*, and a success story from a woman in business. The re-launch culminated in the ushering in of new leadership for the Midlands Women’s Desk.



Delegates at the re-launch of the Midlands Women's Desk

10. Sub-Committee Reports

a) Finance and Administration



Chair: Mike Kamungeremu

The Finance and Administration committee ensures the timely preparation and reporting of financial accounts from the branch to the national level, in accordance with set systems and procedures. Under the human resources portfolio, they ensure that people with the right skills-set are deployed to appropriate areas of operation. They continually undertake skills audits to identify skills gaps to inform capacity development. In that respect, with support from the Friedrich Naumann Foundation, they facilitated staff training on hosting conferences and meetings via Zoom which resulted in the successful hosting of annual general meetings (AGMs) virtually.

b) Public Relations, Branding and Membership



Chair: Eldrette Shereni

Mandated to drive the Chamber's branding agenda, among other functions, the Public Relations, Branding and Membership Subcommittee's rebranding campaign saw the launch of the new logo in December 2020. The new logo draws inspiration from the Chamber's philosophy of business growth. The committee also played a pivotal role in the launch of the ZNCC Training Centre. It has also come up with a comprehensive PR, Branding and Membership Strategy which embodies seven key PR strategic focus areas, namely, Brand Management and Collateral; Member Engagement and

Retention; Stakeholder Relations, Alliances and Partnerships; Corporate Communications and Reputation Management; Social-Media and Web Strategy; and Corporate Citizenship, which it is now working on.

c) Macroeconomics

The committee participated in the formulation of the National Development Strategy I (2021-2025). It also made submissions to the Ministry of Finance and Economic Development for the 2021 National Budget. Presentations were also made to the Parliamentary Portfolio Committees on Industry and Commerce; and Budget, Finance and Economic Development. The committee was also instrumental in the submissions made to the RBZ on challenges facing business on monetary issues ranging from the efficacy of the auction system, legacy debt and historical bills of entry.



Chair: Herbert Mazonde



From left: Dumisani Sibanda (ZNCC Senior Economist), Josephine Takundwa (ZNCC Harare Branch Chairperson), Moses Chundu (ZNCC Macroeconomics Subcommittee Member), Tapiwa Karoro (ZNCC Harare Branch 1st Vice Chairperson Parliament after making presentation to the Parliament Portfolio Committee on Budget, Finance and Economic Development)

d) Trade and Advocacy

The trade and advocacy committee were instrumental in the Bulawayo AfCFTA Conference officiated by the AfCFTA Secretary-General and the ZNCC/UNDP Training on the AfCFTA launched on the 10th of June 2021 at Cresta Lodge, Harare. Their efforts also saw the Chamber signing MOUs with the Indian Economic Trade Organisation (IETO), the Canada-Africa Chamber of Business and the Algerian Chamber of Commerce with a view to promoting trade between Zimbabwe and their respective countries.



Chair: Peter Kadzere

e) Women's Desk



Chair: Lucy Marowa

The main objective of the Women's Desk is to help women create or scale up their businesses and to assist women to grow in their chosen professions. They resuscitated their activities in the Midlands Region by relaunching the Women's Desk on the 10th of June 2021. The Women's Desk also partnered UN Women in facilitating National Consultations on the AfCFTA Women in Trade Protocol which seeks to ensure that women also benefit from the African Continental Free Trade Area initiative. Currently, they are working towards hosting the 2021 edition of their flagship Women in Enterprise Conference &

Awards (WECA) slated for the 24th of September.

f) Enterprise Development & Business Growth

The mandate of the committee is to formulate, monitor and implement policies on (1) youth entrepreneurship and formalisation of businesses, and (2) strategic information management and ICT development. Its ICT Management arm hosted a Digital Marketing training session through the ZNCC Training Centre on the 13th of May 2021. In the outlook period, the committee intends to (1) lobby on "Effectiveness of Government Policy Focusing on Youngpreneurship", (2) develop and implement an ICT strategy, and (3) improve resource mobilisation through various initiatives such as paid short courses.



Chair: Tamuka Chihota

g) Audit and Governance



Chair: Emmah Mungoni

The committee ensures adherence to the Chamber constitution, organisational policies, and internal systems and controls. They also see to it that all accounts are audited and member subscriptions are fully accounted for, while promoting independence in accounting and reporting. In line with IS29, they ensure preparation of inflation adjusted accounts especially given the inflation and exchange rate regimes in Zimbabwe. As a result of their oversight role, the committee is proud to report that the Chamber had clean audits for 2019 and 2020, and would like to consolidate that position going forward.

11. Condolences

The Chamber would like to express its sincere condolences to the families of the following members who passed on in 2020.

- ✚ Eddie Mukarakate – past ZNCC Vice President, Motel Sungano
- ✚ Worthwhile Mugabe – Managing Director, DSK Electrical
- ✚ Joshua Maligwa – ZNCC Mutare Branch Audit and Governance Chairperson & Mutare Town Clerk
- ✚ Prof. Munashe Furusa – Vice-Chancellor, Africa University
- ✚ Luke P Masamvu – Director, Masamvu and Sons

12. Special Report

ZNCC Submissions to the Governor of the Reserve Bank of Zimbabwe Governor (21 April 2021)

Overview

ZNCC acknowledges the 2021 Monetary Policy Statement (MPS) that was issued on 18 February 2021, which provides an evaluation of progress in the implementation of monetary policies enunciated in the August 2020 MPS and outlines the monetary policy measures to be pursued by the bank in the next six months to buttress and sustain the obtaining price and exchange rate stability, since the introduction of a monetary targeting framework and a functioning foreign exchange auction system.

The Chamber also acknowledges efforts by RBZ in resuscitating the economy and improvements in market updates which are important in allowing economic agents to monitor progress and assess whether there is coherence between the Fiscal and Monetary Policy measures. It is also commendable that the central bank continues attempting to attain a degree of professional independence after the dissolving of its Monetary Policy Committee and appointing a new one. We also commend the effort by the central bank to raise retention ratios, though more still needs to be done, including the recent move to allow for 60% of forex retention by tobacco farmers.

Concerns and Recommendations

- a. The central bank needs to put a plan to ensure the market determination of foreign exchange rate to incentivise exporters, businesses and households to liquidate their foreign currency earnings in the formal market. The current foreign exchange regulations subsidise the importation of finished goods while taxing the local producers who also need to pay for various government levies in foreign currency. Additionally, it leads to numerous arbitrage opportunities in the importation and trading of fuel (among other commodities), which will create market shortages.
- b. The bank also needs to increase mobile money transaction limits to ZW\$70 000 per week to allow increased flow of transactions to merchants and encourage digital transactions.
- c. The auction system needs to be enhanced for efficiency and transparency; it seems the rate has been dragging hence draining market confidence in the existing exchange rate. There is a need to smoothen the Auction System and ensure that foreign currency buyers receive their allotted foreign currency within a week so that there are no supply gaps (delays in importing raw materials and essential inputs) or renewed pressure on the parallel market.

- d. Tightening liquidity conditions may suffocate credit expansion and threaten the targeted economic growth. The medium-term banking accommodation facility may need to be increased to cater for high working capital and capital expenditure requirements from industry.
- e. With the economy partially dollarised, there is need for a foreign currency denominated overnight window to enable greater lending in USD. Also consider opening up USD lending to non-exporters.
- f. Private sector players should retain the bulk of their export proceeds (85%) and surrender only 15% in the move towards total liberalisation where they will retain 100% by the 4th quarter of 2022.
- g. The authorities should continue/improve on current measures to contain money supply. The 22.5% quarterly reserve money targeting framework must be adhered to as money supply remains the biggest headache up to date worsened by a shrinking GDP in the process swamping the market with unproductive liquidity.
- h. There is need to put in place measures to achieve exchange rate stability; lasting and durable stability.
- i. We are against the upward revision of interest rates (overnight accommodation) regardless of stubborn inflationary pressures. This will certainly not discourage speculative borrowing given that its catatonic policy uncertainty, not negative interest rates, which have been driving disruptive speculation. Businesses cannot afford any further interest rate hike worse still given the absence of an affordable relief facility to neutralise negative effects of covid-19 on corporate performance
- j. The central bank should defer the printing of new notes or higher denominations in order to contain inflationary pressures.
- k. There is a need to build forex reserves.
- l. There is a need to exit from the costly Afreximbank loans.
- m. There is a need for a funding mechanism to buy grain from farmers; liquidity management has to be done in such a way that it caters for funding for the purchase of grain from the farmers – this can be done by reducing statutory reserves so that liquidity goes back to banks, banks can then invest in agro-bills which can be used for the purchase of grain.

- n. The absence of a clear de-dollarisation trajectory is evidence that the Government itself does not have confidence in its currency. This is worsened by statutes that compel businesses to declare tax in the currency of trade.... if there was confidence in the prevailing exchange rate, the debate on currency to declare taxes was going to be superfluous. The mixed messages on the currency framework will remain an eyesore to investment attraction and confidence building.
- o. On the 20% liquidation of foreign currency receipts into local accounts: Is there a possibility of reviewing this downwards as it is on the higher side?
- p. We recommend that businesses that have had amounts of US\$10000 and above liquidated be given priority at the next auction to enable them to pay foreign suppliers. Some of the funds liquidated under the 20% will be meant to pay suppliers, and at times there are delays in getting the allocations. There is a time lag between allocation and eventual remittance to suppliers, sometimes up to 10 days. What could be the issues?

Financial Statements