



Report on the 2023 Business Review Conference

Cresta Lodge, Msasa, Harare

“Transforming Economic Realities into Market Opportunities”

07 December 2023

ZNCC National Office
www.zncc.co.zw



FOREWORD

The 2023 Business Review Conference was held on 07 December 2023 at Cresta Lodge in Msasa under the theme: “Transforming Economic Realities into Market Opportunities”. The Business Review Conference is an annual event that is hosted by the Zimbabwe National Chamber of Commerce (ZNCC) where critical issues relating to industry and commerce sectors are deliberated. Broad aspects related to the policy environment are discussed in an endeavour to lay down a sustainable path toward growth and profitability. Accordingly, the Business Review Conference continues to be a unique platform where all Business Member Organizations including the Bankers Association of Zimbabwe, Confederation of Zimbabwe Industries, Confederation of Zimbabwe Retailers, SMEs Association of Zimbabwe, and the Employers’ Confederation of Zimbabwe, among others, will be represented under one roof to discuss the economy. The 2023 Conference encompassed rich and sound discussions.

The Business Review Conference encompassed rich discussions with the year 2023 under review and looking forward to brighter prospects in 2024. The discussions were centered on the following topics: *Interrogating the 2023 ZNCC State of Industry and Commerce Survey* and *Interrogating the 2023 Policy Landscape: Lessons and Recommendations*.





OPENING SESSION

The energetic Director of Ceremonies and Past President of the Chamber, Mr Tamuka Macheke called the room to order at 0900 hours and warmly welcomed delegates to the 2023 Business Review Conference. He then went on to acknowledge the presence of esteemed dignitaries who included:

- The Special Guest, the Governor of the Reserve Bank of Zimbabwe, Dr John P. Mangudya;
- The Ambassador of the Republic of Namibia to Zimbabwe, Mr Nicklass R. Kandji;
- The Ambassador of the Republic of Pakistan to Zimbabwe, Mr Murad Baseer;
- The Resident Representative, International Monetary Fund, Zimbabwe, Mr Carlos E. Caceres;
- The Permanent Secretary in the Ministry of Industry and Commerce, Dr Thomas Utete Wushe; and
- The President of the Zambia Chamber of Commerce and Industry, Mr Anthony Kabaghe.

Conference Welcome Remarks

The ZNCC CEO, Mr Christopher T. Mugaga, introduced the Business Review Conference and the State of Industry and Commerce Survey Report concepts to the delegates. He reported that the Chamber takes pride in leading discourse on national issues on industry and commerce and the body will continue working closely with the Ministry of Industry and Commerce and the other arms of the Government to see through the implementation of outstanding and new recommendations from the Annual State of Industry and Commerce Survey.



The ZNCC President, Mr Mike Kamungeremu, welcomed delegates to the 2023 Business Review Conference and highlighted that while all key stakeholders work towards transforming economic realities into market opportunities, awareness of the state of the economy helps guide decision-making and such information is necessary regularly. Thus, the Chamber undertakes an annual State of Industry and Commerce Survey Report which has been instrumental in the Chamber's bid to enhance evidence-based policymaking. Mr Mike Kamungeremu expressed gratitude and appreciation to ZNCC's perennial partners, the Friedrich Naumann Foundation for Freedom (FNF), the United Nations Development Programme (UNDP) Zimbabwe, and First Capital Bank Zimbabwe for their unwavering support of the Chamber's cause. He reported that the support from these esteemed organizations made the publication of this informative Survey Report possible and ZNCC endeavours to continuously produce quality results that are of benefit to its members and the general public. He also took an opportunity to appreciate various business organizations, ZNCC members, and non-members who took the time to respond to the Survey Questionnaire.



The ZACCI President, Mr Anthony Kabaghe, indicated that the relationship that exists between Zambia and Zimbabwe dates back to the pre-colonial period and remains intact. He submitted that the cooperation between the two Chambers of Commerce between the two countries is of vital importance through initiatives such as the development of a Common Agro-Industrial Park between Zambia and Zimbabwe. Mr Kabaghe stressed the need to harness current efforts to strengthen and increase bilateral economic ties.



Prof. Ashok Chakravarti (Chief Advisor to the Minister of Finance, Economic Development, and Investment Promotion) provided the delegates with a brief overview of the policy thrust that the Government of Zimbabwe, through the Ministry of Finance, Economic Development, and Investment Promotion is currently taking. He stressed the need to concentrate on the areas the country has comparative advantages in transforming economic realities into market opportunities. Accordingly, a significant shift in the general mindset is fundamental.

Presentation of the 2023 ZNCC State of Industry and Commerce Survey Results

Prof. Albert Makochekanwa who was the Consultant for the 2023 ZNCC Annual State of Industry and Commerce Survey presented on the Survey Results. After a thorough review of the macroeconomic developments, he reported on key findings from the Survey Report which included the results on the Ease of Doing Business, Business Confidence Index, Purchasing Managers' Index, capacity utilization across thirteen major sectors, and informal sector trends. The 2023 Survey had a total of 2,030 responses implying a considerable representation of the state of industry and commerce in the year 2023.



Special Guest's Remarks – Dr. John P. Mangudya, Reserve Bank of Zimbabwe Governor



The Governor was in strong support of the ZNCC State of Industry and Commerce Survey. He put forward that the State of Industry and Commerce Report which was being launched on 07 December 2023 was shaped by both global and domestic macroeconomic and financial conditions as well as confidence levels in the economy. Further, he reported that domestic economic fundamentals are quite strong to support industry and commerce and to sustain the envisaged growth trajectory.

The domestic banking sector has proved resilient to the current global monetary tightening and inflation and continued to support industry and commerce.

As the State of Industry and Commerce Report was shaped by measures put in place by both the Government and the Bank to manage the economy, such measures were reported to have created the much-needed economic resilience and a conducive environment for industry to thrive. In this regard, Dr. John P. Mangudya stressed that the inflation and exchange rate stabilization program will remain underpinned by a tight monetary policy stance, with interest rates aligned to the expected inflation path; continued issuance of gold coins and gold-backed digital coins to provide alternative investment instruments to foreign currency and mop excess liquidity and; a liberalized foreign exchange market to ensure sustenance of the price discovery of an equilibrium market clearing rate. Therefore, the Bank will stay the course of a tight monetary policy until long-term and durable stability in exchange rate and inflation which is critical for fostering certainty and predictability in business decision-making is attained.

Panel Discussion: Interrogating the 2023 State of Industry and Commerce Survey Results

Moderator: **Mr. Peter Kadzere** – CEO, Smartvest Wealth Managers *Panelists:* **Mr. Dayford Nhema** – Director of Industrial Development, Ministry of Industry and Commerce; **Eng. Macheka Machumairi** – Director of Quality Assurance, Ministry of Industry and Commerce; **Ms. Eneida Fernandes** - Country



Manager, World Bank Zimbabwe; **Mrs. Sara Moyo** - Senior Partner, Honey & Blanckenberg; and **Mr Ephraim Chawoneka** – Managing Director, STF Capital.



The 2023 State of Industry and Commerce Survey was carried out between June and October 2023. These Panelists had positive words to say about the Report. Mr Ephraim Chawoneka was drawn to the table which provided reasons for low-capacity utilization. Of interest was the lack of adequate skills in a case of comparison in which average capacity utilization within the education sector rose from 53% in 2022 to 80% in 2023. The industry is yearning for skills while quite several graduates are coming out of universities indicating a disconnect/mismatch between the industry's needs and the tertiary education system. With regards to the recently presented 2024 National Budget, the omission of direct support to power infrastructure development in a country with high power outages requires reconsideration, especially given the rising cost of fuel. With regards to the Ease of Doing Business, the complex tax system is indeed a challenge, and for an average business person, it is somewhat difficult to understand where you apply certain taxes.

Mrs. Sara Moyo's interest was on corruption which was cited to be a major hindrance to the ease of doing business particularly looking at the regulatory requirements which are deemed to be onerous and some are not easy to understand why they are even there. She emphasized that the elimination of the human interface may help reduce corruption as the Government moves to fully digitalize and adopt an eGovernment system. The Ministry of Industry and Commerce was commended for the move to start issuing import licenses online.

The World Bank Country Manager, Ms. Eniada Fernandes submitted that the Survey Report was well-articulated and in addition, the World Bank undertook two studies linked to the private sector of which the majority of the findings are pointing to the findings reported in the 2023 ZNCC Survey Report. Accordingly, the World Bank was scheduled to launch a Zimbabwe Economic Update on Wednesday 13 December 2023 at Cresta Lodge in Harare. She also reported that the digital infrastructure can be highlighted more and needs to delve deep into in future Surveys.

Eng. Macheka Muchumairi paid particular focus to the Wholesale and Retail sector in which the Ministry of Industry and Commerce is currently establishing a policy on this sector. He also stressed the need to have



current data on the informal sector and for future Survey Reports to stress more on the informal sector given its size and contribution to economic activities. Accordingly, an Inter-ministerial committee was established to define the informal sector and find mechanisms towards alignment with the formal sector so the sector contributes significantly to national progress and government revenue.

Mr Dayford Nhema highlighted the importance of the Ministry of Industry and Commerce in driving the industrialization of the country. He reported that in this endeavour, several downside risks are presenting pressures and it is crucial for both the Government of Zimbabwe and the private sector to move speedily in turning challenges into opportunities for future growth. As the Survey Report had presented the key pressing challenges, it was of paramount importance for such issues to be addressed to remain with an economy that is thriving. Additionally, localization of production is key and the Government is promoting rural industrialization and the implementation of the NDS1 and Sustainable Development Goals.

During the Plenary Session, it was stressed that the lack of skills required by industry entails the criticality of the National Manpower Advisory Council (NAMACO) and Zimbabwe Council of Higher Education (ZIMCHE) to enhance the interaction being industry and education systems as well as the industry-business linkages.

Interrogating the 2023 Policy Landscape: Lessons and Recommendations

Moderator: **Mr Amiel Matindike** – Director, Axis Solutions *Panelists:* **Mr. Anthony Kabaghe** – President, Zambia Chamber of Commerce and Industry (ZACCI); **Mr Carlos E. Caceres** - Resident Representative, IMF Zimbabwe; **Ms. Eve C. Gadzikwa** – CEO, SADC Accreditation Service; and **Prof. Tony Hawkins** – Economist



According to Prof. Tony Hawkins, two issues are standing out on the policy agenda and these include the debt overhang given the inconsistency in the GDP numbers and currency instability. In 43 years, Zimbabwe had only one IMF Staff Monitored Programme that has been successful and this has been affecting the re-



engagement and engagement initiatives. The operating environment is marred by policy inconsistencies and in this sphere, de-dollarization is extremely difficult to achieve.

In line with the earlier submissions by Prof. Ashok Chakravarti, Mr Anthony Kabaghe emphasized that comparative advantage which involves looking at what a country is good at and focusing on it is critical towards transforming economic realities into market opportunities. Critically, wealth creation is in value addition. The Government, private sector, and academia need to talk to each other and formulate strong policies around it. The local content policy should cater to the industry's needs.

The International Monetary Fund (IMF) Resident Representative, Mr Carlos E. Caceres highlighted the work that the IMF has been doing in Zimbabwe, particularly through the Staff Monitored Programme (SMP). Some of the Programmes were implemented at a time when there was a need for significant adjustments in various areas including fiscal adjustment. For Zimbabwe, the main issues are macroeconomic instability, exchange rate distortions, and policy inconsistencies. The wide parallel market margins are derailing from economic and market fundamentals as there have been excessive liquidity injections by the central bank in recent years. In terms of financing planning and addressing the exchange rate, one key recommendation is to get rid of the foreign exchange market restrictions and SI 118a.

Ms. Eve C. Gadzikwa reported that the country's exports are growing and indeed speaking to the Government's policy on export-led growth. Thus, more support and deliberate steps toward enhanced value addition are required to achieve the set targets in terms of export receipts. Enhancing competitiveness by bringing down the cost of production, restoring confidence, and enhancing trade facilitation will facilitate effective participation in regional trade. With regards to standards, they are gradually changing and getting more demanding – meeting standards is critical with easy access to markets. The long queues at the borders should be reduced.

ZIMBABWE'S READINESS FOR ARTIFICIAL INTELLIGENCE: Prof. Arthur Mutambara – Director, Institute for the Future of Knowledge



Zimbabwe is not ready for artificial intelligence (AI). The big issues currently pressing are continental integration, economies of scale, innovation, entrepreneurship, infrastructure (power, transport, digital, etc.), and governance (zero corruption, democracy, rule of law). AI is another tool to solve global challenges such as climate change. A country or an enterprise should have an AI Vision, AI Strategy, and an AI implementation Matrix. Every sector in the economy is being affected by AI which is at the cornerstone (DNA) of the Fourth Industrial Revolution (4IR).

Accordingly, AI is one of the 4IR key drivers and it entails solutions that are earmarked to solve energy storage. Some aspects include quantum computing and AI, artificial general intelligence, generate AI – ChatGPT – creating new content and ideas, and super Intelligence. Once a breakthrough is achieved, replication is very easy and entrepreneurs should strive to find ways to be ready for this opportunity. Generate AI is expected to add about US\$4 trillion to global GDP in 2024 and AI can be used to drive capacity utilization and productivity in industry.

Some old jobs are being replaced by AI while others are being modified by AI. Also, new jobs are being created by AI. Thus, the augmentation of skills is taking place through AI as well as the modification of jobs. As new jobs are being introduced, of paramount importance is the retooling of the potential losers due to AI. Thus, tertiary education institutions have to be cognizant of the new skills and competencies, and



corporates should invest in the reskilling of the workforce. This is in line with the famous quote; “The day you stop learning is the day you die.” Accordingly, deliberate efforts are required in an endeavour to ensure that the new jobs are more than the destroyed jobs. The key question is: “How can the private sector help the Government to ensure the equation is valid?” The critical step is understanding and identifying the opportunities, the dangers, and the mitigation mechanisms.

For Zimbabwe to take the next step in embracing AI, there is a need for a significant number of early adopters of technology and an enabling policy and regulatory framework that fosters the adoption and investment in research and development. The readiness enablers are politics, values, and principles. As AI is taking center stage in Zimbabwe and the world at large, three Acts of Parliament are required and these are, the Digital Markets Act, the Zimbabwe Artificial Intelligence Act, and the Digital Services Act. Given that continental integration is one of the pressing issues as already been alluded to, the assessment of the Regional and Continental AI Effects should be prioritized. African countries, through regional bodies like SADC and COMESA, should come up with strategies at the regional level and this builds into the continental level. SADC and Zimbabwe can drive these efforts, and the private sector should take the lead through reimagining business. The private sector was urged to take the problems of Zimbabwe personally to be able to make significant steps in solving them. Sometimes there is no need to reinvent the wheel, but to build from what is already there taking the European Union as an example.



The Director of Ceremonies, Mr Tamuka Macheka invited Prof. A. Mutambara to be the advisor for the ZNCC AI Subcommittee. Mr Charlton Chimbara, the ZNCC Deputy President, gave the closing remarks and expressed gratitude to the Speakers and Partners including the Friedrich Naumann Foundation for Freedom (FNF), the United Nations Development Programme (UNDP) Zimbabwe, First Capital Bank Zimbabwe, and the National Railways of Zimbabwe (NRZ).



To Access the Conference Videos, Please Visit the Zimbabwe National Chamber of Commerce's Official YouTube Channel.