

## **14<sup>TH</sup> POST CABINET PRESS BRIEFING**

**16<sup>TH</sup> MAY, 2023**

### **1.0 UPDATE ON ADDRESSING PRICE HIKES OF ESSENTIAL GOODS AND SERVICES**

Cabinet received a report from the Committee investigating price hikes of essential goods and services, which was presented by the Minister of Industry and Commerce, Hon. Sekai Irene Nzenza.

As the nation will recall, last week Government pronounced Measures to Stabilize the Exchange Rate and the Macroeconomic situation. Notable in that announcement is that the importation of basic commodities will no longer be subject to import duties, in order to enhance supply and availability of commodities at competitive prices.

Government continues the task of promoting local industry, quality, standards, and competitiveness, while endeavoring to protect consumers from unfair trade practices. In this regard, the manufacturing sector has shown a positive trajectory with capacity utilization currently at 66%, from 36% before COVID-19 and shelf occupancy at 80%, from 47% before COVID-19.

From the survey undertaken, most basic commodities are generally available both in formal and informal retail shops, although there are artificial shortages observed of some locally produced goods especially in formal retail shops. From the investigation, prices in formal retail sector are relatively high in both US and ZWL terms when compared to the informal retail sector and are thus indicative of speculative and forward pricing.

Consumers are being forced to buy goods that they don't need in formal retail outlets when they pay using USD so that they may off set the change balance. This is because the retail outlets are refusing to mix USD and Z\$ transactions.

In an endeavour to address the challenges cited in this update, the nation is being assured that the Quality Assurance and Trade Measures Department in the Ministry of Industry and Commerce is conducting an enforcement blitz on the quality and measurements of basic commodities and issuing appropriate fines. The Consumer Protection Commission is creating a hotline that will receive and respond to complaints from consumers to mitigate against unfair trading practices in the market. Government is increasing the enforcement against the collusion on pricing by the Competition and Tariff Commission so that they quickly address the unfair business practices which have become rampant in the economy.

The Ministry of Industry and Commerce is preparing to conduct an evidence based research within seven (7) days in collaboration with the National

Competitiveness Commission, Competition and Tariff Commission and the Consumer Protection Commission and all other relevant stakeholders with the ultimate goal of ensuring that consumers continue to access basic commodities at affordable prices. The Ministry will expedite the amendment of the Competition and Tariff Act and the drafting of the Consumer Protection Regulations in order to come up with enforcement mechanisms to address the unfair business practices in the economy. Import duty on the fourteen basic commodities will remain suspended for six months in order to ensure their availability at competitive prices. Regarding the staple maize meal, the nation is being assured that Silo Food Industries will be producing and selling mealie-meal at affordable prices, in Grain Marketing Board shops across the country.

Finally, the nation is being informed that the foreign currency auction system is being reviewed, while ICT systems will be deployed to promote more usage of swipe cards in the economy.

## **2.0 CONTRIBUTION OF MICRO, SMALL AND MEDIUM ENTERPRISES TO VISION 2030**

Cabinet received an update on the contribution of Micro, Small and Medium Enterprises (MSMES) to Vision 2030, which was presented by the Minister of Women Affairs, Community, Small and Medium Development, Hon. S. Nyoni.

Cabinet wishes to inform the nation that through enhanced support and the policies of the Second Republic, MSMEs are contributing significantly to the process of moving the economy up the value chain, food and nutrition security, economic growth and stability through production of goods and services, employment creation and the sustenance of livelihoods. Since 2021, approximately 3.4 million MSMEs have been in operation, and their distribution comprises 3 242 570 micro enterprises, 114 591 small enterprises and 1 545 medium enterprises. The enterprises are owned by 4.2 million entrepreneurs. The 15 main economic activities which the MSMEs are conducting comprise wholesale and retail trade; motorcycle, motor vehicle repairing; agriculture, forestry and fishing; and manufacturing. In terms of contribution to the Gross Domestic Product (GDP), the Finscope Survey of 2022 revealed that MSMEs contributed US\$8.6 billion to the country's GDP. In employment terms, over 4.8 million persons comprising women (52.1%) and males (47.9%) were engaged on a full-time basis in the MSMEs sector.

MSMEs are engaged in light engineering, furniture-making, agro-processing, leather and leather products, clothing and textiles, oils, plastics and chemicals, and food and beverages. Leading MSMEs hubs include Siyaso, Magaba, Glen View and Gazaland in Harare Metropolitan Province; Kelvin and Makokoba in Bulawayo Metropolitan Province; Sakubva in Mutare. It is noteworthy that the light engineering sub-sector is producing grinding mills, dehullers, threshers, boremills, oil pressers, boilers, welding machines,

transformers, and building materials. The clothing and textiles sub-sector is producing school uniforms, baby wear, protective clothing and corporate wear.

The nation is being informed that over the last five years, MSMEs have become the major suppliers of cordial drinks, peanut butter, maize and traditional grains meal, honey, dried fruits and tomato pastes, among many other products. MSMEs are also producing leather products inclusive of school shoes, fashion shoes, belts, bags and wallets. Chemical industries run by MSMEs are producing large quantities of high-quality detergents, petroleum jellies, methylated spirit, degreasers, paint, sanitisers and plastic containers for packaging.

Furthermore, MSMEs are making a significant contribution towards the National Development Strategy 1 target of growing exports to US\$14 billion per annum by 2030. The MSMEs are acting as pathfinders in regional and international markets through participation in exhibitions and fairs such as the recent Dubai Expo 2020 and the upcoming Tokyo Expo 2025. The majority of exporting MSMEs are mainly in art and craft, clothing and textiles, horticulture, and leather and leather products. Cabinet is informing the nation that the huge demand for workspace by MSMEs has contributed immensely to job-creating infrastructural development projects in major cities, towns and at growth points across all provinces and districts. Cooperatives are also being refocused to provide workspace for MSMEs,

including in all new settlements, as the Second Republic ensures that no one and no place is left behind.

Government is fully aware of the challenges which constrain the operations of MSMEs, among them limited access to finance, antiquated machinery, lack of formalization, and low business management skills. The nation is therefore being assured that under the National Micro, Small and Medium Enterprises Policy running from 2021 to 2025, robust interventions are being implemented to assist the MSMEs sector which has proven to be a global game changer in socio-economic transformation.

Accordingly, Cabinet has directed as follows: that more incentives be provided for the formalization of MSMEs; that business regulatory services, including business registration, be streamlined and decentralised in order to accelerate the formalization process; and that funding capacity be expanded for the Ministry of Women Affairs, Community, Small and Medium Enterprises Development, the Small and Medium Enterprises Development Corporation (SMEDCO), and the Zimbabwe Women Micro Finance Bank. Incentives will be provided to enable finance institutions to extend long-term finance instruments to MSMEs, particularly in the machinery and equipment production business.

Resources will also be channelled towards enabling the Standards Association of Zimbabwe (SAZ) to support product and systems certification for products

from MSMEs and thereby enhance their regional and international competitiveness. The process of mainstreaming MSMEs development in the Devolution Agenda will now be accelerated, with special attention on workspace provision for the various categories of enterprises across all provinces and districts. The Ministry is collaborating with universities, innovation hubs and industrial parks to promote technology transfer and the formalization of informal enterprises. Many such enterprises are now registering with the National Social Security Authority for the benefit of their membership, and are opening bank accounts as well as paying taxes.

### **3.0 UPDATE ON THE CHOLERA OUTBREAK RESPONSE**

Cabinet received an update on the Cholera Outbreak Response, which was presented by the Vice President and Minister of Health and Child Care, Honourable Gen. (Rtd.) Dr. C.G.D.N. Chiwenga.

Cabinet is informing the nation that Zimbabwe has recorded a cumulative 868 cholera cases, with 777 recoveries and 6 deaths, reflecting a Case Fatality Rate of 0.69%. The Water and Sanitation Hygiene sector is distributing non-food items including aqua tabs, buckets and soap as part of first-line defence in cholera prevention. The sector is also involved in hygiene promotion in affected areas, with 500 community health volunteers having been trained on cholera prevention and management

A team of Ministers headed by Local Government and Public Works and the Deputy Minister of Health and Child Care has been dispatched to appraise the Mbare New Lines in a problem-solving and troubleshooting exercise.

#### **4.0 NATIONAL FORESTRY POLICY**

Cabinet was briefed on the National Forestry Policy by the Minister of Finance and Economic Development, Honourable Prof. Mthuli Ncube, as Chairman of the Cabinet Committee on National Development Planning.

Cabinet approved the Policy which seeks to promote sustainable utilisation of forest resources as guided by the Constitution of Zimbabwe, the National Development Strategy 1 (NDS 1) and in furtherance of Vision 2030.

The Policy seeks to promote community participation in forest management and create a platform for building resilience to the impacts of climate change by rehabilitating degraded areas, and maintaining and increasing the country's forest cover. The National Forestry Policy will ensure that forests contribute effectively to national development, environmental protection, climate change mitigation, sustainable forest management, and benefit sharing of proceeds from the forests.

The future of forests in Zimbabwe depends on the country's ability to sustainably manage them. As such, it is pertinent that the country either



maintains or increases areas under sustainable forest management. The National Forestry Policy thus provides for the strengthening of a legal and regulatory framework that promotes long-term national development through sustainable use of forests and meaningful participation of people who depend on forests for livelihoods. The nation may be pleased to note that the commercial forestry industry employs an average of 10 000 people per year, while the indigenous hardwood timber sub-sector employs about 2 000 people annually, and a significant number of people in the forestry value chains such as the furniture industry.

The Policy further seeks to support technology transfer, innovation and training and research in valuation of the contribution of forest resources to ecosystems; and to provide an enabling devolution framework for meaningful participation of local communities and other stakeholders in sustainable forest management and benefit-sharing. It also seeks to improve the welfare of rural communities through Community Based Natural Resources Management principles such as the Community Areas Management Programme for Indigenous Resources (CAMPFIRE) and Community Share Ownership Trusts.

The Policy will help curtail the steep decline in both ecological and economic productivity in the Forestry sector due to over exploitation and degradation of forests. The national rate of deforestation accelerated from 100 000 hectares per year in the 1990s to over 330 000 hectares per year between 2000 and 2010. The major drivers of deforestation include illegal timber

logging; clearance of forests for agricultural activities; poor land-use planning; infrastructural development and human settlements; and the destruction of forests through wildfires.

It is envisaged that the National Forestry Policy will empower traditional leaders to enforce customary and cultural principles regarding protection of forests from indiscriminate forest degradation practices and the enforcement of locally developed forest conservation by-laws and self-policing by all stakeholders. The proceeds from fines paid for forest related offences will be ploughed into forest management activities.

The policy is accompanied by an Implementation Plan which will be funded through the fiscus and complemented by the Tobacco Levy in tobacco growing areas. The Plan will translate the Policy into concrete actions, and help strengthen and standardize all penalties dealing with forest offences across all legal entities that govern forest resources, including those issued by traditional leaders.

## **5.0 CARBON CREDIT FRAMEWORK FOR ZIMBABWE**

Cabinet was briefed on the Carbon Credit Framework for Zimbabwe by the Minister of Finance and Economic Development, Honourable Prof. Mthuli

Ncube, as Chairman of the Cabinet Committee on National Development Planning.

Cabinet is informing the nation that a carbon credit is a tradable certificate representing one metric tonne of carbon dioxide equivalent which is either prevented from being emitted into the atmosphere and/or removed from the atmosphere as a result of climate change mitigation measures. The credits are financial instruments that are traded and/or banked over a specified period, and are kept in public or private registries. The increasing occurrence of natural calamities such as cyclones, floods, drought and wildfires in some parts of the world is universally acknowledged to emanate from the relentless emission of dangerous gases.

Accordingly, the Carbon Credit Framework for Zimbabwe seeks to enhance Zimbabwe's role in reducing Green House Gas emissions, mobilise climate change finance and increase technology development and transfer from the compliance and voluntary carbon markets. The framework spells out the processes and institutions required to ensure that carbon credits assist the transformation needed to promote climate change mitigation and low carbon emission in various sectors, among them, energy; and forestry. The Framework aims to ensure integrity, accountability, and transparency in carbon trading and provide guidance on sharing of proceeds. There are additional co-benefits associated with carbon trading, including biodiversity protection; prevention of pollution; public-health and education improvements; and job creation. Initiatives and activities which individuals,

companies and the nation can implement in order to earn carbon credits include the following:

- Reforestation, such as tree planting, forest protection, maintenance of trees, managing wood energy, seeking alternatives to wood fencing, biodiversity protection, and wetlands management;
- Use of renewable and alternative energy; and energy conservation and efficiency;
- Promotion of the use of minerals that form components of green energy products(e.g. Lithium for battery manufacturing);
- Implementation of Climate smart agricultural practices, including conservation farming, soils reconditioning, and renewable energy use;
- Waste management in managed landfills; waste-to-energy projects and processing of waste from agriculture into products, including composting; and
- Fuel blending initiatives such as bioethanol, or biodiesel which produce less carbon intensive petrol or diesel.

The Carbon Credit Framework will promote and regulate carbon trading in Zimbabwe; facilitate trade in carbon credits to contribute to climate change mitigation and sustainable development; enhance transparency and accountability in carbon credit trading; adopt and adapt a carbon credit as an instrument for emissions reduction and the creation of economic value for communities and entities from the monetisation of carbon reduction

initiatives and will guide operations and processes associated with carbon trading.

Furthermore, using the proposed National Carbon Credit Registry, the Government of Zimbabwe shall monitor all the movements and sale of carbon credits generated within its jurisdiction. The gross income from carbon credit trading shall be allocated to the listed beneficiaries as follows: Proponent Investment Recovery, 50%; and Treasury, 50%. The proponent Investment recovery comprising external and domestic investors shall be as follows: External Investor, not more than 30% and local investor, not less than 20%, to allow for local participation in the carbon trade business.

The nation is further being informed that resources from the National Climate Change Fund shall be utilised as follows:

- Climate change adaptation by local communities, 15%;
- Investment in low carbon development projects, 10%;
- Regulatory and Local Authority levies, 5%;
- Administrative costs and capacity enhancement of the Designated National Authority, Registry, Carbon Trade Committee and Cabinet Committee on Climate Finance, 5%; and
- Treasury Value Added Tax requirements, 15%.

The growth of the carbon market requires the establishment of institutions to facilitate Zimbabwe's participation, regulate players and ensure that commensurate benefits accrue to the nation. The Ministry of Environment,

Climate, Tourism and Hospitality Industry, through the Climate Change Management Department, will now be effectively capacitated to serve as the Designated National Authority (DNA) on carbon trading and the creation of a Carbon Trade Committee. No entity, including Local Authorities, is allowed to enter into Carbon Credit Agreements with international agencies or organisations without the approval of Government. Accordingly, all such previous agreements entered into are hereby declared null and void.

## **6.0 NATIONAL CULTURE MONTH**

Cabinet considered and approved the hosting of the 2023 Edition of the National Culture Month Celebrations by the Ministry of Youth, Sport, Arts and Recreation during the month of May 2023, as presented by Honourable Dr. Kirsty L. Coventry.

The nation is being informed that in 2001 the United Nations Educational, Scientific and Cultural Organisation (UNESCO) proclaimed 21<sup>st</sup> May as the World Day of Cultural Diversity for Dialogue and Development. The day is designed to promote, commemorate and celebrate the world's diverse cultures. All nations are expected and encouraged to celebrate the uniqueness of diverse cultures found in them as major components of the World Culture. The day is intended to provide a chance for showcasing various components of cultural heritage, that need to be preserved for posterity at a time when globalization is increasingly threatening lesser dominant cultures of this world.

The Culture Month offers a window to promote and showcase the diversity of Zimbabwean culture encompassing both the indigenous and contemporary traits of cultural expressions, and will be presided over by His Excellency the President as the Guest of Honour at all the National Launches. The celebrations assume a National outlook and enable the nation to reflect on its diverse culture, while reminding the people of the need to preserve, transmit cultural practices and promote the spirit of *Ubuntu/Unhu*.

The 2023 National Culture Month is being celebrated under the theme **“Promoting Cultural Diversity, Unity and Peace”**, and activities are envisaged to involve participants and delegates from Zambia, Mozambique, Malawi, Botswana, South Africa and Namibia. The invitees will be given an opportunity to participate through performances and exhibitions, while they will also experience and enjoy the Zimbabwean culture. The focus will be on success stories that will be projected through the production of documentary dramas (docu-dramas) and skits using the medium of film and social media platforms.

The themed activities are, namely: Traditional Cuisines Week Celebrations; the Country-wide African Languages Week; the Fashion Week Celebrations; the Cultural Dialogue Week; and the Potpourri Week-Cultural Melting Pot.

During the Traditional Cuisines Week Celebrations, the Ministry of Youth, Sport, Arts and Recreation through the National Arts Council of Zimbabwe, will use their strategic alliance with the Zimbabwe Tourism Authority (ZTA) to encourage the consumption of traditional foods in restaurants and hotels, enabling the event to coincide with the First Lady's Cook-out sessions.

The theme for the 2023 edition of the Country-wide African Languages Week is **"African Languages for Sustainable Food Security, Cultural and Socio-economic Development for the Africa We Want"** with the slogan **"#What We Speak and What We Eat Makes Africa Great!"**. The African Languages Week will be officially launched during the last week of May 2023, at the Midlands State University in order to promote indigenous languages as official languages to be used in schools, universities, courts, other public institutions and in all other domains of society.

The Fashion Week Celebrations will promote the uptake of the National Fabric and also gather creative people in the fashion industry to showcase and market their African fashion designs and adornments. The Cultural Dialogue Week will promote peace, unity and development in society.



The nation is further being informed that a National Gallery of Zimbabwe will be established in Victoria Falls in line with the Second Republic's mantra of "leaving no place and no one behind" in the Devolution Agenda.

The 2023 edition of Culture Month will be officially launched by His Excellency the President, Cde. Dr. E.D. Mnangagwa on Saturday, 27 May, 2023 in Binga at Kariyangwe Secondary School Grounds, in Matabeleland North Province. Activities in all the ten administrative provinces will be officially launched by the Ministers of State for Provincial Affairs and Devolution. The events will be broadcast live on television and other media platforms.

## **7.0 REPORT ON THE 42<sup>ND</sup> ANNUAL GENERAL MEETING OF SHELTER AFRIQUE**

The Minister of National Housing and Social Amenities Honourable Daniel Garwe briefed Cabinet on his recent participation at the 42<sup>nd</sup> Annual General Meeting of Shelter Afrique which was held in Abuja, Nigeria from 8 to 12 May, 2023.

The Minister led a delegation comprising senior Government officials, Town Clerks from 7 local authorities namely; Bulawayo, Gweru, Mutare, Kwekwe, Chinhoyi, Rusape and Epworth. The delegation also included representatives from UDCORP, theSNational Building Society, Fidelity Life, Leengate

Development Company and Cape Valley Properties. The AGM was attended by 44 of the 55-member states represented at ministerial level.

Of particular note at the AGM was the raising of housing bonds locally which was demonstrated via a pilot project in Nigeria where 1 trillion Naira was raised through local banks. The nation is being informed that Zimbabwe was applauded for being one of the countries whose financial sector had cleared loan obligations and is thus eligible to access new lines of credit.

Zimbabwe is among the first countries to benefit from a US\$25 million Sovereign Loan because of the positive credit rating and are eligible to access financing housing development in their areas. All local authorities are urged to take advantage of such facilities. Also, all the 5 housing development companies that attended the Meeting have since submitted proposals which are already under consideration as they clearly benefit from the fruits of the 2<sup>nd</sup> Republic's engagement and reengagement policy. This should boost development in the housing development sector and thereby hasten the attainment of our goals for Vision 2030.

## **8.0 REPORT ON THE HIGH LEVEL ARREARS CLEARANCE AND DEBT RESOLUTION PROCESS**

The Minister of Finance and Economic Development, Hon. Prof. M. Ncube briefed Cabinet on the High Level Arrears Clearance and Debt resolution

process which was hosted and addressed by His Excellency President, Cde Dr. E.D. Mnangagwa.

The nation is being informed that, the Meeting was well attended by the diplomatic community and cooperating partners. Dr. Adesina also attended as a Champion of the process, and His Excellency Joachim Chissano attended as the High Level Facilitator.

The nation may recall that, in December 2021, Government adopted the Arrears Clearance, Debt Relief and Restructuring Strategy to help resolve the country's long standing debt overhang, which is weighing down the country's development agenda. To operationalise his strategy, in February 2022, H.E President E.D. Mnangagwa, appointed the African Development Bank President Dr. Akinwumi A. Adesina, the Champion of Zimbabwe's Arrears Clearance and Debt Resolution process. Dr. Adesina is supported by the former President of Mozambique, H.E. Joaquim A. Chissano, who was appointed as the High-level Facilitator of the dialogue process between the Government and Zimbabwe's international creditors.

In this regard, the Government, in December 2022, established a Structural Dialogue Platform (SDP) with all its creditors and Development Partners. To date three policy reform matrices have been produced, and these provide policy actions and key performance indicators over time.

Going forward, the Sector Working Group and Structured Dialogue Platform will continue to provide a forum for constructive dialogue, progress monitoring, technical level exchange of information and channel of technical support to the process.

**I Thank You!**