The Impact of Import Management Measures on Tourism Businesses in Zimbabwe

August 2017
Commissioned by the Hospitality Association of Zimbabwe (HAZ)

HAZ is the trade association representing and promoting the interests of owners and operators of hotels, restaurants, clubs and related establishments throughout Zimbabwe.

The aims and objectives of HAZ are as follows:

- **Creation of awareness of the hospitality industry and its national significance**
- **Representation to the government on policy issues to encourage the right environment for growth of the hospitality industry**
- **Informing members of the relevant legislation, regulation and topical issues to enable them to improve performance**
- **Liaising with suppliers to make sure that the industry is adequately serviced and equipped**
- **Promoting professional standards and training among members, in the interest of efficiency and guest satisfaction**

HAZ exists to deliver value to members with common interests through professional service delivery, lobbying, capacity building, quality assurance, business linkages, investment promotion, marketing, research and development and information dissemination.
In June 2016, the government of Zimbabwe (GoZ) gazetted Statutory Instrument (SI) 64 of 2016 which regulated the importation of 43 products, by removing them from the Open General Import Licence (OGIL). The rationale for the import management measures was to help government manage the high import bill, boost local capacity utilisation, avert company closures and address the challenges stemming from the usage of the multi-currency regime. Initially the Minister of Industry and Commerce had assured the industry that the Tourism sector was not targeted with the introduction of the SI as their imports were for direct use within the industry and not intended for resale to the general public on a massive scale that affects the manufacturers. However eventually they were still required to apply for import permits including duty rebatable capital goods equipment which we were allowed through the SI5 of 2016, Customs and Excise (Tourism (Rebate). The SI 64 has therefore brought about unintended negative impacts on the hospitality sector which in turn has created a negative domino effect on the whole tourism industry due to the intricate linkages that are characteristic of the sector. The ability of the sector to earn the foreign that the country desperately needs has therefore been compromised.

The purpose of the study was to analyse the impact of existing import management measures on the hospitality sector represented by the Hospitality Association of Zimbabwe (HAZ), and any knock-on effects on other sub sectors in the tourism value chain.
The objectives of the study were:

- To showcase the current import management measures in Zimbabwe;
- To gather evidence on the impacts of these import measures on businesses in hospitality (including other tourism value chains);
- To assess the overall impacts of these measures on the competitiveness of hospitality and other sub sectors in the tourism value chain, as well as its economic contribution to Zimbabwe; and
- To inform dialogues on planned consultations on a comprehensive local content policy for the country using research-based evidence.

The study used qualitative methods of gathering data from the field through key informant interviews (KIIs) in Harare and focus group discussions (FGDs) with stakeholders in the hospitality sector in Victoria Falls, Bulawayo and Mutare between 6-18th July 2017.

The findings from the study reveal that whilst stakeholders agree with the rationale of introducing the import management measures, there are fundamental challenges that need urgent attention for businesses in the sector to continue to operate viably. The main challenges that the introduction of SI 64 has brought to the hospitality sector are as follows:

1. **Ineffective stakeholder consultation in the crafting of import management measures**

2. **There is lack of clarity on the official interpretation of the SI64 as well as implementation characterised by:**
   - Lack of coordination between key government departments
   - Opaque bureaucracy, corruption and unnecessary costs

3. **The supply chain to the hospitality sector has been distorted characterised by:**
   - Creation of opportunistic importers known as “runners”
   - Lack of capacity by local suppliers to guarantee consistent quantity and quality required by HAZ members
   - No capacity by local suppliers to supply specific inputs
   - Price distortions and new trading conditions
Operations have been negatively impacted characterised by:
- Management functions disrupted
- Casualisation of labour
- Lack of liquidity and tough cash flow management

The operational challenges have led to:
- Reduction of customer satisfaction leading to business decline
- Pervasive despondency about medium term business viability leading to company closure and job losses

There is lack of prioritisation in foreign currency allocation to the hospitality sector by monetary authorities

Overall, contradictions to goals of the ongoing Ease of Doing Business thrust

The study concluded that whilst the SI 64 was a well-intentioned policy framework, its abrupt promulgation and implementation without adequate stakeholder consultation brought about challenges that are threatening the short and long-term viability of hospitality businesses.

In order for hospitality sector to remain competitive, retain current jobs, continue to earn foreign currency for the country and improve capacity utilization, GoZ needs to review and reposition the SI 64. Recommendations drawn in the study cover the following areas:

- Reviewing of SI 64;
- Consider introducing an import licence exemption for products not manufactured in Zimbabwe for HAZ members;
- Improve the process of import licence application;
- Increase the tenure of the import licence;
- Special consideration for Victoria Falls resort operators;
- Promote greater awareness by government officials of business conditions through tours and other communication strategies;
- Revise the Vegetable Import Calendar;
- Prioritize foreign currency allocation to the hospitality sector;
- Empower emerging suppliers of specific agricultural inputs required the hospitality sector;
- Facilitate urgent dialogue and networking between the hospitality sector and manufacturers;
- Facilitate retooling of local manufacturers that supply the hospitality sector;
- Consider establishing a bonded warehouse for SMEs in the hospitality sector;
- Stricter monitoring of ports of entry to that goods are not smuggled into the country;
- Generalisation of product category which has restricted importation of products not manufactured or grown in Zimbabwe
The consultant appreciates the time the executives in the hospitality industry took to participate in this study, despite the pressures that they were facing in chasing products they needed to run their businesses. I am also grateful to the HAZ secretariat and Executive Committee for commissioning the study.

My sincere thanks also go to Mrs V. Rukande, the HAZ Administrator and Mr J. Chidzomba, Executive Committee Member; and indeed, to Regional Representatives Mr. C. Svova (Victoria Falls), Mrs. F. Makamure (Bulawayo) and Mr. Chinwada (Mutare) for their tireless efforts in helping members to prioritise and participate in the focus group discussions (FGDs).

Furthermore, many thanks go to Cresta Group of Hotels (Spray View, Victoria Falls), African Sun Group of Hotels (Holiday Inn Bulawayo and Mutare) for providing venues for the FGDs.

My final thanks go to the Zimbabwe Business Enabling Environment Programme (BEEP) for the technical and financial support necessary for HAZ to commission this study.

Researcher - Shepherd Nyaruwata
CONTENTS

Executive Summary i
Acknowledgements iv
Contents v
Acronyms viii

1 Introduction 1
1.1 Background 2
1.2 The tourism industry in Zimbabwe 2

2 Methodology 4

3 Findings of the study 6
3.1 Overall stakeholder view 7
3.2 Lack of clarity on official interpretation of the SI 64 8
3.3 Opaque bureaucracy and corruption 9
3.4 Disruption and distortion of the supply chain 11
3.5 Creation of opportunistic traders (runners) 13
3.6 Lack of capacity of local companies to meet demands of HAZ members 13
3.6.1 Products that are not available in Zimbabwe 13
3.6.2 Products that are seasonally in short supply in Zimbabwe 16
3.6.3 Products whose demand local manufacturers are unable to meet 17
3.7 Lack of consistent supply of quality products by local companies 18
3.8 Price distortions and liquidity challenges 20
3.9 New trading conditions along the supply chain 21
3.10 Disruption of management functions 22
3.11 Lack of prioritization in foreign currency allocation by the RBZ 22
3.12 Customer dissatisfaction and business decline 22
3.13 Impact on employees 23
3.14 Pervasive despondency on the future of the sector 23
3.15 Need for effective stakeholder consultation 24
3.16 Ease of Doing Business Contradictions 24
3.17 Conclusion 24
4 Recommendations 25
4.1 Review of SI 64 25
4.2 Import licence moratorium for the hospitality sector 25
4.3 Import licence exemption for products not manufactured in Zimbabwe 26
4.4 Increase the tenure of the import licence 26
4.5 Special consideration for Victoria Falls resort operators 26
4.6 Prioritize foreign currency allocation to the sector 26
4.7 Establishment of a tourism revolving fund 27
4.8 Review and revise the Vegetable Import Calendar 27
4.9 Strict monitoring of border posts 27
4.10 Improve the process of import licence application 27
4.11 Empowerment of the agricultural sector 28
4.12 Facilitate dialogue between the hospitality sector members farmers and manufacturers 28
4.13 Facilitate retooling of local manufacturers 28
4.14 Consideration for establishing a bonded warehouse for SME in the sector 29

References 29

Annexures
1 Vegetable Import Calendar (Ministry of Agriculture, Mechanization and Irrigation Development 30
2 List of Participants at the Victoria Falls Focus Group Discussions 31
3 List of Participants at the Mutare Focus Group Discussions 31
4 Key Informants Interview Guide 32
5 Focus Group Interview Guide 32

Figure 1 National Hotel Occupancy rates 2012-2015 3
Figure 2 Focus group discussions in Victoria Falls 5
Figure 3 Focus groups discussions in Bulawayo 5
Figure 4 Summary of the process of importing agricultural products for the hospitality industry 9
Figure 5 Normal supply chain in the hospitality sector 10
Figure 6 New supply chain in the hospitality industry after introduction on SI 64 10
Figure 7 “Niche” products needed by the hospitality industry; Source: Holiday Inn Hotel, Mutare 15
Table 1  Tourism contribution to GDP, employment and exports: 2005-2015  3
Table 2  Composition of Victoria Falls customers: 2006-2016  4
Table 3  Imported goods and their tariff codes  9
Table 4  Turnaround for import documentations  10
Table 5  List and quantities of agricultural quantities of agricultural products to be imported  18
Table 6  Price increases in imported tinned products after introduction of SI 64  20
Table 7  Price increases in imported beverages products after introduction of SI 64  20

Box 1  Sample of sea fish not available in Zimbabwe  13
Box 2  Peripheral location Victoria Falls resorts from farm produce  17
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMA</td>
<td>AGRICULTURAL MARKETING AUTHORITY</td>
</tr>
<tr>
<td>CZI</td>
<td>CONFEDERATION OF ZIMBABWE INDUSTRIES</td>
</tr>
<tr>
<td>FGD</td>
<td>FOCUS GROUP DISCUSSIONS</td>
</tr>
<tr>
<td>GAP</td>
<td>GENERAL AGRICULTURAL PRACTICE</td>
</tr>
<tr>
<td>GDS</td>
<td>GLOBAL DISTRIBUTION SYSTEM</td>
</tr>
<tr>
<td>GOZ</td>
<td>GOVERNMENT OF ZIMBABWE</td>
</tr>
<tr>
<td>KII</td>
<td>KEY INFORMANT INTERVIEWS</td>
</tr>
<tr>
<td>OGIL</td>
<td>OPEN GENERAL IMPORT LICENCE</td>
</tr>
<tr>
<td>PMS</td>
<td>PROPERTY MANAGEMENT SYSTEMS</td>
</tr>
<tr>
<td>POS</td>
<td>POINT OF SALE</td>
</tr>
<tr>
<td>RBZ</td>
<td>RESERVE BANK OF ZIMBABWE</td>
</tr>
<tr>
<td>RTGS</td>
<td>REAL-TIME GROSS SETTLEMENT</td>
</tr>
<tr>
<td>SAZ</td>
<td>STANDARDS ASSOCIATION OF ZIMBABWE</td>
</tr>
<tr>
<td>VAT</td>
<td>VALUE ADDED TAX</td>
</tr>
<tr>
<td>ZCFU</td>
<td>ZIMBABWE COMMERCIAL FARMERS UNION</td>
</tr>
<tr>
<td>ZCT</td>
<td>ZIMBABWE COUNCIL FOR TOURISM</td>
</tr>
<tr>
<td>ZFU</td>
<td>ZIMBABWE FARMERS UNION</td>
</tr>
<tr>
<td>ZIMRA</td>
<td>ZIMBABWE REVENUE AUTHORITY</td>
</tr>
<tr>
<td>ZIPIT</td>
<td>ZIMSWITCH INSTANT PAYMENT INTERCHANGE TECHNOLOGY</td>
</tr>
</tbody>
</table>
The hospitality sector in Zimbabwe is made up of hotels, lodges, restaurants and clubs. It is the largest component of the tourism industry in Zimbabwe (HAZ, 2016). The sector has a highly diversified source of inputs for the products it offers to both domestic and international tourists. The introduction of SI 64 by government in 2016 directly impacted on the operations of the hospitality sector which needs to import specified inputs tailored for their operations. Government has since announced plans to draft a local content policy to consolidate gains from SI64 which will be more 'comprehensive and robust'. This prompted HAZ to commission a study to generate evidence and advocate for long term import management measures that recognise their sector specific needs to help Zimbabwe increase competitiveness and long-term growth in tourism. In this regard, the specific objectives of the study are:

- To showcase the current import management measures in Zimbabwe;
- To gather evidence on the impacts of these import measures on businesses in hospitality (including other tourism value chains);
- To assess the overall impacts of these measures on the competitiveness of hospitality and other sub sectors in the tourism value chain, as well as its economic contribution to Zimbabwe; and
- To inform dialogues on planned consultations on a comprehensive local content policy for the country using research-based evidence.
1.1 **Background**

In June 2016, the government of Zimbabwe (GoZ) introduced interim measures aimed at resuscitating the local industry, whose performance and sustainability had been immensely affected by the influx of imported products. The most notable of these measures was the gazetting of Statutory Instrument (SI) 64 of 2016 which regulated the importation of 43 products, by removing them from the Open General Import Licence (OGIL). The rationale for the import management measures were to help government manage the high import bill, boost local capacity utilisation, avert company closures and address the challenges stemming from the usage of the multi-currency regime. The measures have been credited with a significant reduction in the import bill, an increase in capacity utilisation and/or employment levels, as well as new investments in the economy at large (Ministry of Trade and Commerce, 2017).

Notwithstanding these impacts which have been lauded by both the public and private sector, some sectors assert that government consultations prior to the gazetting of the measures were not inclusive enough to consider their need to import specified inputs tailored for their operations. One such sector is the hospitality sector led by HAZ, which raised concern over the impact of SI 64 on operations, product quality and pricing at their annual congress in November 2016.

The ability of the government to revive the local industry is dependent on the availability of foreign currency for purchase of raw materials and capital goods by local firms. The hospitality sector is a low hanging fruit for foreign currency earnings which Zimbabwe needs for industrial revival. It is therefore important for GoZ to improve the formulation, and implementation of SI 64 to enable the growth of the hospitality sector so that it brings in the foreign currency that the country desperately needs for its economic revival.

1.2 **The tourism industry in Zimbabwe**

The tourism industry has been identified as a key pillar for the economic development of many countries in both the developed and developing nations (Yiu, L. and Saner, R. 2011). In a large number of developing countries, tourism is being used as a major vehicle for eradicating extreme poverty and hunger, employment creation especially for the youth and women and for generating foreign currency (Sanderson et. al., 2013).

The tourism industry has played a significant role in the overall economic development of Zimbabwe since 1980. Its contribution to the country’s GDP stood at 11% in 2015 whilst its contribution to export earnings stood at 9 % in the same year. The industry provided a total of 181,000 direct jobs and accounted for 4.3% of total investment in the country in 2014. (World Travel and Tourism Council, 2015; ZTA, 2016). The sector is recognized by government as the fourth pillar of economic development after agriculture, mining and manufacturing. The Zimbabwe National Tourism Master Plan (2017-2035) launched recently (13/7/2017) indicates that the country is projected to receive a total of 3.4 million tourists in 2020 which will increase to 6 million in 2025 and will stand at 12.45 million by 2035. The plan further indicates that by 2035 the country will need an additional 35,000 rooms to cater for the needs of the increased visitors to the country. The projected growth is in line with the recent trends in tourist arrivals to the country which increased from 2,056,588 in 2015 to 2,167,686 in 2016 (ZTA, 2017). Table 1 below shows the sector’s contribution to national economic development for the period 2005-2016.
In 2016, the sector contributed USD1.1 billion to GDP, and USD200 million in foreign currency earnings (WTTC, 2017; ZTA’ 2017). In recognition of tourism’s potential to drive inclusive economic growth, government has set a target to attract five million tourists and create a US$5 billion tourism economy by 2020. The attainment of these goals will however be facilitated by Zimbabwe’s capacity to remain a competitively priced, high quality destination to compete for tourists in the regional market.

The hospitality sector plays a key role in the economic contribution of tourism to the country’s economy given that in 2016 Zimbabwe had a total of 6,291 hotel rooms. However, capacity utilization of hotels has been low in recent years due to both internal and external factors. Figure 1 below shows hotel room occupancy rates during the last five years, 2012-2016.

The occupancies have declined from 52% in 2012 to 46% in 2016. The decline in the occupancy figures is a result of several factors which since 2013 have continued to make Zimbabwe an uncompetitive holiday destination for international tourists, such as high prices, poor infrastructure and poor quality of tourist infrastructure (Ministry of Tourism and Hospitality Industry, 2016).

In resort areas like Victoria Falls most of the hospitality sector’s customers are international tourists. Table 2 shows the composition of the customers of Victoria Falls hotels for the period 2006-2016.
Table 2: Composition of Victoria Falls customers: 2006-2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic (%)</th>
<th>International (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>37</td>
<td>63</td>
</tr>
<tr>
<td>2007</td>
<td>22</td>
<td>78</td>
</tr>
<tr>
<td>2008</td>
<td>31</td>
<td>68</td>
</tr>
<tr>
<td>2009</td>
<td>38</td>
<td>62</td>
</tr>
<tr>
<td>2010</td>
<td>37</td>
<td>63</td>
</tr>
<tr>
<td>2011</td>
<td>30</td>
<td>70</td>
</tr>
<tr>
<td>2012</td>
<td>28</td>
<td>72</td>
</tr>
<tr>
<td>2013</td>
<td>28</td>
<td>72</td>
</tr>
<tr>
<td>2014</td>
<td>27</td>
<td>73</td>
</tr>
<tr>
<td>2015</td>
<td>32</td>
<td>68</td>
</tr>
<tr>
<td>2016</td>
<td>26</td>
<td>74</td>
</tr>
</tbody>
</table>


METHODOLOGY

The study made use of both secondary and primary data sources. The secondary data was drawn from a review of current literature on import management measures in Zimbabwe, international and local reports on the development of the tourism sector, annual and special reports on the sector by the Zimbabwe Tourism Council (ZCT) and reports of the HAZ. Primary data was gathered through key informant interviews (KII) with respondents from Harare. These respondents were made up of hotel and procurement managers in hotels and lodges, a restaurant manager, suppliers to the hospitality industry and two manufacturers who produce food and beverage products that serve the needs of the hospitality sector. Further primary data was obtained through focus group discussions (FGDs) which were carried out with hospitality managers and product suppliers to the hospitality sector in
Victoria Falls (13 participants) Bulawayo (17 participants) and Mutare (12 participants). Online questionnaires sent to a sample of hotels in Masvingo, Kariba and Gweru yielded a low response rate of 6%.

The KIIs yielded a wide range of information on how the different organizations were being affected by the introduction of SI 64. The interviews offered insights on how the import management system could be improved for the benefit of the tourists, the hospitality industry and government through better revenue generation for the country. The FGDs helped to identify the overall challenges that SI 64 had brought to the sector and the unintended consequences on the tourism value chain. The participants offered suggestions on how the challenges could be addressed without jeopardizing GoZ’s focus on facilitating the growth of the local industry and managing the utilization of Zimbabwe’s scarce foreign currency resources.

Figure 2: Focus group discussions in Victoria Falls

Figure 3: Focus groups discussions in Bulawayo

2. Methodology
Responses from the key respondents and the FGDs were content analysed and a number of themes were identified (Creswell, 2009). The themes which emerged from the respondents were as follows:

- The concept of introducing the SI 64 being a noble policy
- Abrupt introduction of the SI 64 without adequate stakeholder consultation;
- Lack of clarity on official interpretation of the SI 64;
- Prevalence of opaque bureaucracy and corruption;
- General grouping of products causing customs clearance challenges on products not readily available in Zimbabwe;
- Disruption and distortion of the supply value chain;
- Creation of opportunistic importers “runners”
- Price distortions and liquidity challenges
- New trading conditions along the value chain;
- Lack of capacity of local companies to meet product demands of HAZ members
Lack of consistent supply of quality products by local companies;
Disruption of management functions;
Customer dissatisfaction and business decline;
Changes in staff conditions of employment and downsizing;
Lack of prioritization in foreign currency allocation to the hospitality sector;
Pervasive despondency about medium term business viability and survival; and
Contradictions to “Ease of Doing Business” thrust;
Need for effective stakeholder consultation and review of SI 64.

3.1 Overall stakeholder view

The overall consensus from both the KIs and the FGDs was that the introduction of SI64 was well-intentioned given the government’s need to revive the country’s economy and the need to prudently manage imports. The view was summarized by one hotel manager during the Mutare focus group discussions as follows:

“The introduction of SI64 was a noble idea. The problems that we are facing are a result of the fact that the government did not consult stakeholders widely. They introduced the SI without in-depth research.”

Similar sentiments were expressed by a procurement manager in Victoria Falls who said:

“The hospitality industry is fully behind the import restrictions and the “Buy Zimbabwe” initiatives, as such measures are meant to support the local industries, build consumer confidence in locally produced commodities and benefit the country as a whole. However, I believe these import measures have been implemented without considering their impact on the tourism industry as a whole. The hospitality industry requires a balanced mix of local and international products for it to remain competitive and viable.”

A beverages manufacturer in Harare echoed similar views by saying:

“Introduction of SI64 was a brilliant idea but lack of foreign currency has made the idea stillborn”

Respondents pointed out that the abrupt introduction of the SI64 caught them off guard as they were not able to make contingency plans to ensure uninterrupted supply of the goods that they use in their operations to serve customers. Suppliers who made up part of the FGDs in Victoria Falls, Bulawayo and Mutare expressed dismay on the manner in which SI64 was introduced. They pointed out that the regulation destroyed the positive relationship that they had built with hotels over a long period of time because they found themselves in a situation where they were unable to supply their customers with basic products lines which had been the very foundation of their business. The sentiment was aptly captured by an agricultural product supplier in Victoria Falls who said:
The view was also shared by a key respondent in Harare who pointed out that their reputation had negatively been affected within the hospitality industry because procurement managers in the hotels were now sourcing for products from a wide range of suppliers including “briefcase” operators, some of whom are now giving hotels poor quality products. Suppliers were therefore being perceived as unreliable and untrustworthy.

Both KII respondents and FGD participants concurred that the abrupt introduction of SI64 created shortages in the supply chain, brought in a new business environment which has now affected quality of product and service offerings to their clients and has brought in unscrupulous suppliers who the hospitality industry has had to deal with because they can no longer rely on established and reputable organizations for their inputs.

3.2 Lack of clarity on official interpretation of the SI 64

Respondents pointed out that the implementation of SI64 entailed dealing with government officials from different ministries and departments. It was pointed out that officials’ understanding and interpretation of the SI differed from ministry to ministry. It was further highlighted that even within the Ministry of Industry and Commerce itself there was no common understanding on the interpretation of the SI. Different officials were said to have dissimilar interpretations of the regulations. Respondents further pointed out that whilst the SI identified only 43 items for which businesses needed to seek import permits in practice, operators had to apply for an import permit for any product they wanted to bring into the country. In the majority of cases the position of the officials was that the operator had to convince them that the product they wanted to bring into the country did not require an import permit. The challenge was succinctly articulated by a wholesale supplier in Harare who said:

“These days before I go to the Ministry of Industry and Commerce to apply for permits to import goods I have first to sit down with our lawyer and be briefed on how I should present my issues to the officials. This costs us money, it is frustrating and has dampened my spirit for my job”.

Respondents indicated that government officials’ general lack of clarity on SI64’s interpretation was also reflected in their lack of detailed knowledge about specific tariff codes on different products lines which directly affected the type of duty that importers were being charged by customs officials. Table 4 shows a sample of goods imported by the hospitality industry and the correct tariff which customs officials seem not be fully acquainted with.
It was highlighted that importers were not in a position to challenge the officials, due to a number of factors. Firstly, the business will be in desperate need for the product and therefore can ill afford to argue with the officials. Secondly, the process of acquiring the import licence itself would have been a major struggle and operators cannot afford the possibility of the goods being impounded by Customs officials for a period and risk the possibility of the goods being auctioned by the department. Finally, no company in the hospitality industry can afford to have its cash tied up in the Customs department’s warehouse given the prevailing cash liquidity crunch and scarcity of foreign currency in Zimbabwe.

Companies often therefore ended up paying the wrong customs duties for fear of not taking delivery of their imported products. However, some companies have not been able to pay the duty demanded and hence lost their goods. One supplier of sea fish to the hospitality industry ended up closing the business because the company could not afford to absorb the erroneous customs duties they constantly had to pay.

### 3.3 Opaque bureaucracy and corruption

Respondents complained about the manner in which officials from the ministries of Trade and Commerce and Agriculture Mechanization and Irrigation Development dealt with them when applying for import permits. It was pointed out that the process was bureaucratic, cumbersome and riddled with corruption. Procurement managers from the hospitality sector and those from companies that supply products to hotels pointed out that officials in different ministries often shift goalposts in terms of the documents they require for processing the import licence. It was further pointed out that there is lack of coordination within the ministries with regard to the processing of import licences. The most difficult process was cited as the importation of agricultural products. Figure 5 shows the process that the importer must follow.

#### Table 3: Imported goods and their tariff codes

<table>
<thead>
<tr>
<th>Product</th>
<th>Appropriate Tariff Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under blankets/Bed</td>
<td>6301.3000</td>
</tr>
<tr>
<td>Throws</td>
<td></td>
</tr>
<tr>
<td>Olive oil</td>
<td>1509.1000</td>
</tr>
<tr>
<td>Gluten free flour</td>
<td>1101.0020</td>
</tr>
<tr>
<td>Sparkling water</td>
<td>2201.1200</td>
</tr>
<tr>
<td>Coffee sachets</td>
<td>2102.1200</td>
</tr>
<tr>
<td>Tinned asparagus</td>
<td>2005.6000</td>
</tr>
<tr>
<td>Dried Mango</td>
<td>0804.5000</td>
</tr>
</tbody>
</table>

It was pointed out that the process was bureaucratic, cumbersome and riddled with corruption. Procurement managers from the hospitality sector and those from companies that supply products to hotels pointed out that officials in different ministries often shift goalposts in terms of the documents they require for processing the import licence. It was further pointed out that there is lack of coordination within the ministries with regard to the processing of import licences. The most difficult process was cited as the importation of agricultural products. Figure 5 shows the process that the importer must follow.

#### Figure 4: Summary of the process of importing agricultural products for the hospitality industry
A range of challenges are encountered along the process of applying for an import licence, for example no government department is willing to refund the importer if one department refuses to give the necessary licence. Respondents pointed out that they are losing money as a result of lack of effective communication and streamlining of the process between government departments. A procurement manager in Harare summarized the challenge in the following manner:

“My career is now on the line. Every time I authorize payment for application of our import licence I feel as if I am firing myself from the company because I have no assurance that the next department will issue the requisite papers for us to be able to source our products. I am now a highly stressed person and it’s affecting how I now relate with my colleagues at work and even with my family at home.”

The consensus from both the KIIIs and FGDs was that there was too much discord between government departments which negatively affects the efficient operations of companies in the hospitality sector.

The turnaround time that importers experience in accessing goods was affecting company operations and profitability. Table 5 below shows the time it takes for a wholesaler who specializes in bringing agricultural products to Zimbabwe from South Africa to receive his goods.

### Table 4: Turnaround for import documentations

<table>
<thead>
<tr>
<th>Activity</th>
<th>Turnaround Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Send order to SA supplier</td>
<td>Immediate response</td>
</tr>
<tr>
<td>Proforma Invoice</td>
<td>Immediate response</td>
</tr>
<tr>
<td>Application for the import licence (Trade and Commerce)</td>
<td>1-3 weeks</td>
</tr>
<tr>
<td>Application for product line licence/certificate (Agriculture)</td>
<td>2-4 weeks</td>
</tr>
<tr>
<td>Application for foreign currency allocation (Reserve Bank of Zim)</td>
<td>4-6 weeks</td>
</tr>
<tr>
<td>Pre-shipment Inspection (Bureau Veritas)</td>
<td>1-2 weeks</td>
</tr>
<tr>
<td>Customs clearance (ZIMRA)</td>
<td>1-2 weeks</td>
</tr>
</tbody>
</table>

The long turnaround time has affected the operations of the wholesaler in a number of ways. Firstly, the company is no longer in a position to manage its stocks efficiently and hence it cannot assure its customers in the hospitality industry of constant supply of products. Secondly, very often by the time the goods arrive in Zimbabwe their shelf life would have been reduced to less than a week. The company indicated that on a number of occasions they had to throw away the products because the expiry date would have been reached before the goods arrive in Zimbabwe. A solution to the challenge has been to stop ordering the products which has resulted in a shortage of the products in the market.

A number of respondents bemoaned the level of corruption they encounter in different departments when trying to acquire licences. For the majority of the respondents the Zimbabwe Revenue Authority (ZIMRA) was the most frustrating department cited. It was pointed out that the department’s officials sometimes directly demand unofficial payments for goods to be released and often ask for different documentation to force the importer to pay them a bribe.
3.4 **Disruption and distortion of the supply chain**

The hospitality sector has strong vertical and horizontal linkages with a wide range of sectors in the economy. The efficient running of the businesses is depended on the smooth functioning of established linkages in the supply chain within the economy. Figure 6 shows the normal supply chain within the hospitality industry.

Respondents indicated that the introduction of SI64 disrupted the supply chain in the sector and brought about distortions which are shown in figure 7.

**Figure 5: Normal supply chain in the hospitality sector**

**Figure 6: New supply chain in the hospitality industry after introduction on SI 64**
It was indicated that the SI64 created an opportunity for smugglers to bring products into the country with impunity. Examples were given of numerous incidents that have occurred at the Forbes Border Post in Mutare whereby police have confirmed that they are unable to effectively patrol the porous border with Mozambique. It was further indicated that the SI had contributed to the informalization of product distribution channels and created an environment in which GoZ is now not in a position to effectively monitor goods being brought into the country and efficiently collect the necessary revenues through customs duty.

Respondents pointed out that the new supply chain brought with it a wide range of problems to the sector. On the one hand managers in the sector can no longer depend on their traditional suppliers as these are often out of stocks. On the other hand, managers are unable to guarantee their customers product quality as a result of multiplicity of suppliers used. This point was aptly articulated by one hotel manager during the FGD in Mutare who said:

"I could not get whiskey from our normal suppliers and bought some from a runner who was importing his goods from Mozambique. I was shocked and horrified when the bar man told me that clients were demanding refunds because the whiskey was fake. I have never seen that runner again in town."

In most medium sized and small hotels, the managers now spend most of their time focusing on procurement as decisions have to be made ‘on the spot’ depending on what is available and what the hotel needs. The frustration that this has brought to those involved in the industry was highlight by a hotel manager in Harare who said:

"I now have to visit a number of retail shops to purchase items like fish, cheese, and fruits. At the same time, I spend a large part of my time talking to dubious importers who promise to be consistent suppliers of the goods we do not have. I have asked myself this question on numerous occasions: Is this hotel worth all these problems? The answer I am getting within myself is; Maybe not. I am not sure how long I will last if this environment does not change for the better."

The traditional suppliers to the hospitality industry expressed concern on the possible loss of customers in the long term because of their current inability to supply the needs of the sector. The suppliers further indicated that the current environment has put them in a situation where authorities are accusing them of criminal activities without basis. An agricultural products supplier to the sector summarized his experience in the following way:

"After the ban on the importation of onions we went to Mbare market and bought a tonne of good quality onions for the shop. When Ministry of Industry and Commerce officials came to our shop they confiscated the goods accusing us of having smuggled the onions into the country. We showed them the receipt from the trader in Mbare but they didn't listen and took the onions away. As a buyer, how am I supposed to distinguish whether onions in a public market in the country were grown in Zimbabwe or South Africa?"

Hotel managers indicated that they faced similar challenges on a daily basis in their attempts to source for a variety of products they need for their operations.
3.5 Creation of opportunistic traders (runners)

Respondents from both the KIs and FGDs agreed that the introduction of the SI64 created a supply gap that was taken advantage of by a wide range of opportunistic traders. Whilst the respondents commended the expansion of the supply base and the creation of new businesses and employment, they pointed out a number of problems the situation had created for both the hospitality sector as well as for the traditional suppliers to the sector. Firstly, the hotel managers expressed concern on the quality of products being sold and the legal standing of these traders, a majority of whom do not fixed office premises. Secondly, traditional suppliers complained about lack of fair competition. They pointed out that a majority of the runners bring their goods illegally into the country and hence do not pay customs duty nor do they pay value added tax (VAT) to the government. They therefore end up undercutting the established suppliers who are major contributors to government revenue. It was also noted that government was losing a substantial amount of revenue as a significant number of the runners are bringing their products into the country illegally aided by corrupt border-post officials.

3.6 Lack of capacity of local companies to meet demands of HAZ members

Respondents in the study identified three broad areas where local firms were failing to meet the demands of the hospitality sector. The categories of products were identified as follows:

- Products that are not available in Zimbabwe;
- Products that are seasonally in short supply in Zimbabwe; and
- Products that local manufacturers are not able to fully meet demand for.

3.6.1 Products that are not available in Zimbabwe

It was pointed out that the hospitality industry serves the needs of a sophisticated clientele of both domestic and international customers which demands goods that are comparative to those found in other international holiday destinations. The respondents indicated that the following sea fish products cannot be sourced in Zimbabwe:

Box 1: Sample of sea fish not available in Zimbabwe

Salmon  
Lobster  
Red Snapper  
Tuna  
Cod  
Halibut  
Lemon Sole  
Mussels

Findings of the Study
Difficulty in accessing the requisite products has led to the removal of certain products from the menus of hotels in the country and in extreme cases has led to the closure of the business. For example, owners of the Ocean Basket and Simply Asia restaurants in Avondale (Harare) had to close it down in February 2016 due to their inability to bring in adequate fish that met their franchise's contractual obligations. A total of 44 employees were therefore laid off. (Vinal Investments, operations manager; 2017).

The respondents further pointed out that an array of agricultural products which tourists demand when they are on holiday cannot be sourced locally for example asparagus, kiwi fruit, tinned mango slices, guava halves and pineapples, dried bananas and an assortment of herbs. Hotel managers have therefore found themselves in a situation where they have to reduce their product offerings to their clients thereby foregoing revenue and at the same time risking creation of a negative perception by their clients.

It was pointed out that government did not take full consideration of the changes that have taken place in the farming sector since implementation of the fast-track agrarian reform which commenced in 2000. The new farmers have concentrated on producing traditional crops like maize and tobacco and neglected the production of special interest crops like apples, pineapples chillies which are important for the hospitality sector. One hotel manager describes the situation in the following manner:

“Current shortages have forced us to reduce the variety of fruits we offer on breakfast to three and the rotation of fruits and juices for breakfast has become very monotonous. As a manager, I now feel uncomfortable talking to long staying clients at my hotel because I cannot give them a good reason why I am unable to give them strawberries at least once a week during their breakfast.”

Similar sentiments were expressed by a hotel manager in Harare with regard to menus offered.

“It is now very difficult to rotate my restaurant menus because of the shortages we are experiencing. I have also had to take out some products out of our menus because we do not have the ingredients to produce specific dishes”.

Respondents argued that the country’s dairy industry currently does not have the capacity to produce a number of high quality products needed by the hospitality industry examples included the inability of local dairy companies to produce fresh milk that is appropriate for making cappuccino and fresh cream with high fat content for good icing of cakes. The respondents further highlighted the inability of the local dairy companies to produces a variety of cheeses including goat cheese which tourists demand.

The respondents also pointed out that local companies do not produce a number of specialised products that hotels need, for example coconut milk, black peppercorn, dried fruits, gluten-free flour, whole wheat biscuits and olive oil. It was indicated that whilst the sector has to import these products the cost of securing the import licence is now more than the cost of purchasing the products and hence it does not make business sense in acquiring the products. However, the overall effect of the decision to do away with the product is dealing with an unhappy customer.

Most hotels in the country have resorted to giving clients basic items like butter, jam, honey and cheese on small plates where the customers scoop their requirements and take these to their tables. Today’s clients are very sensitive about health and hygiene issues and providing uncovered products is no longer acceptable. Respondents pointed out that there was a misconception that domestic tourists would be more inclined to accept local substitutes for what is not available in the country. The reality is that some of the domestic tourists were more vocal in their complaints than their foreign counterparts when it came to poor product and service offerings by the hospitality sector. For example, the recent visitor exit survey conducted by Zimstat (VES 2015/2016) showed that 83% of the foreign visitors indicated that they got value for money for the products and services they purchased in Zimbabwe. Many of the domestic tourists have travelled around the world and they now very demanding and expect good value for their money.
Figure 8 below shows the standard packaging of some of the “niche” products that the hospitality sector has now to get import licence for. It was indicated that similar products which the sector should provide includes a range of teas, milk sachets, bathroom shampoos and toiletries.

Hotel managers argued that officials who put together the SI64 did not have adequate technical understanding of the operations of the hospitality sector. It was pointed out that basic items like Auto Washing Powder would never have been put on the list of items that require import licence because the locally available washing powder designed for manual washing is not suitable to use in the hotels’ laundry machines. The powder damages the machines which results in high repair bills thereby eroding the margins of the hotels. Most hotels have now resorted to employing part time staff to do the laundry manually for them.

Discussions with key informants highlighted how the introduction of the SI64 has prejudiced the survival of franchisees in the country. Franchise businesses in the hospitality industry include hotels like Holiday Inns and restaurants like News Café, Mugg and Bean, St. Elmos and Smooch. These entities have to retain specific services offering in order to maintain their franchise licences. Most of them are subjected to periodic inspection by executives from the franchisors whose focus is to ensure that their standards are being strictly maintained. The inability to import the necessary products has put these businesses in a situation where their licenses may be revoked.

Hotel managers in Victoria Falls, Harare, Bulawayo and Mutare expressed concern on their inability to access foreign currency to meet their contractual obligations with suppliers of a range of software applications they use in their operations. These include among others Global Distribution System (GDS) which enable potential tourists around the world to book and pay for accommodation from anywhere in the world, point of sale systems (POS), Property Management Systems (PMS) and a range of accounting systems. Respondents pointed out that the situation had affected their reputation with suppliers whereby they were being categorised as unreliable and untrustworthy customers.
3.6.2 Products that are seasonally in short supply in Zimbabwe

Traditionally importation of agricultural products has been guided by the Ministry of Agriculture, Mechanization and Irrigation Development’s Vegetable Import Calendar. Respondents indicated that the calendar is outdated as it does not take into consideration the changes that have taken place in the farming sector since 2002. The profile of the farmer has changed in sync with the type of crops now being produced, and the periodicity of crop production as well as the quantity and quality of crops has changed dramatically. It was pointed out that the calendar is highly misleading and does not reflect the situation on the ground. Policy frameworks based on the document are hence erroneous.

Respondents pointed out that use of the anachronistic document helped to explain the challenges they have had to face whereby the Ministry of Industry and Commerce grants an import licence on a number of agricultural lines and the line Ministry of Agriculture, Mechanization and Irrigation Development then refuses to grant licences for some of the product lines.

Agricultural product wholesalers indicated that for them to be registered as traders with the Agricultural Marketing Authority (AMA) they must pay a fee of between $500-$2,000 depending on the type of the company. Armed with the registration certificate they can then apply for a Permit Authorization from the Mazowe based Plant Quarantine Services Department for all the agricultural product lines they need. Each product line costs them $30. Once the permits have been given and paid for they then must apply for a Permit Application Letter from the Ministry of Agriculture, Mechanization and Irrigation Development. The applicant should pay $70 for each product line which is valid for three months. The Ministry uses the Vegetable Import Calendar to guide it in its decision whether or not to grant the licence.

One supplier of agricultural products articulated the challenges as follows;

The Agricultural window calendar shows a range of horticultural products and their available period. However, as operators argued that the calendar is extremely outdated to a point whereby even the Plant Quarantine Services Department does not use it to guide its own decision on issuing out licences for importers for agricultural products. Annex 1 shows the official vegetable import calendar that the agriculture ministry uses to guide the granting of import licences to applicants.
3.6.3 Products whose demand local manufacturers are unable to meet

During the Victoria Falls, Bulawayo and Mutare FGDs respondents shared their experiences on the local manufacturers’ inability to meet the demand of the sector. It was indicated that it is now common practice that wholesalers and manufacturers deliver at best only half of what would have been ordered.

Wholesale suppliers to the hospitality sector pointed out that a major company like Cairns Foods is unable to supply them with the required tonnage of basic products like canned beans because they do not have adequate cans to package the product. Lack of packaging material seems to be a problem that is affecting many local companies that serve the hospitality industry. Respondents explained that several companies which used to supply key products like cutlery and crockery to the hospitality sector closed down, so these products have now to be imported. The challenge that the sector is experiencing with local suppliers was confirmed by a local beverages manufacturer in the country who said:

“\[quote\]
I am hoping that our clients will drink less this coming hot season because our stocks of raw materials are critically low and there’s no way we can meet our normal demand for the season. We simply cannot get the foreign currency that we need for purchasing our monthly raw materials requirements.\[/quote\]

Similar views were echoed by a producer of canned foods who is based in Mutare who implored the hospitality industry to give him annual requirements for their canned products so that he can more easily prioritise the processing of the different products he manufactures. He expressed his concern in the following manner:

“\[quote\]
I wish the hospitality sector comes together to advise us on their annual needs for different product lines. We can then make informed decision on purchasing our raw materials with the limited foreign currency we are allocated monthly.\[/quote\]

Respondents argued that if the Ministry of Industry and Commerce had consulted the sector fully before the implementation of the SI64 many challenges the sector is experiencing would have been avoided and the sector would have been able to focus more on bringing in foreign currency to the country, rather than the current firefighting which is taking its toll on the sector.

**Box 2: Peripheral location Victoria Falls resorts from farm produce**

- **880km** from Harare-centre for agricultural products
- **440km** from Bulawayo-limited agricultural products
- **81km** from Livingstone in resort in Zambia with large supplies of fresh agricultural produce
- **20km** from Livingstone in resort in Zambia with large supplies of fresh agricultural produce
Stakeholders in Victoria Falls pointed out that had government made adequate consultation before introducing the SI special consideration may have been given to them regarding the sourcing of fresh farm produce which is available with relative ease in neighbouring Botswana and Zambia. Operators pointed to the futility of ordering products from Harare which arrive at the resort in poor state because of the distances travelled and the multiple handlers along the supply chain.

The inability of local suppliers was ably illustrated by a recent application (June 2017) to the ministry of Agriculture, Mechanization and Irrigation Development by a supplier of agricultural products whose introduction in the application letter read as follows:

"...our application comes on the basis of short or no supply from our local suppliers on the other lines listed below, as we seek not to compromise our business relationship with our customers and try by all means to match incoming orders as well as provide sufficient and satisfactory service."

Table 5 below shows the type and quantities of the agricultural products the company was seeking authorization to import. The list helps to highlight the current level of challenges that companies have in sourcing products from the local market. The step taken by the company to import the agricultural products indicates how deep the challenge of inability of local farmers to meet the hospitality sector’s demand is. This is in view of the difficulty in accessing foreign currency and the bureaucratic hurdles that the importer has to contend with along the whole supply chain involved in bringing agricultural products into the country.

Table 5: List and quantities of agricultural products to be imported

<table>
<thead>
<tr>
<th>Product</th>
<th>Quantity (metric tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apples</td>
<td>30</td>
</tr>
<tr>
<td>Asparagus</td>
<td>1</td>
</tr>
<tr>
<td>Garlic</td>
<td>10</td>
</tr>
<tr>
<td>Ginger</td>
<td>10</td>
</tr>
<tr>
<td>Sweet melons</td>
<td>30</td>
</tr>
<tr>
<td>Papaya</td>
<td>30</td>
</tr>
<tr>
<td>Chillies</td>
<td>1</td>
</tr>
<tr>
<td>Eggplant</td>
<td>30</td>
</tr>
<tr>
<td>Butternut</td>
<td>30</td>
</tr>
<tr>
<td>Cherry tomatoes</td>
<td>30</td>
</tr>
<tr>
<td>Peppers</td>
<td>30</td>
</tr>
<tr>
<td>Parsnips</td>
<td>30</td>
</tr>
</tbody>
</table>

3.7 Lack of consistent supply of quality products by local companies

All the respondents indicated strong interest in supporting local suppliers be they farmers or manufacturers. They all however expressed frustration on two issues. Firstly, they were of the view that local suppliers are currently inconsistent in providing goods to their sector. Hotels gave numerous examples of farmers who would provide them with vegetables for six months and then ‘disappear’ without notice. This forced them to go into the market to search for goods for their immediate needs and then spend more time identifying alternative suppliers.

Inconsistent supplies are also being experienced when dealing with the major manufacturers as one hotel manager complained that, “There have been numerous occasions where I have been advised by Delta Corporation that it’s unable to give us the 350ml coca cola cans, I had to go and look for these in supermarkets!” Secondly, respondents highlighted lack of consistency in the quality of local products being supplied by both small and large companies alike. One hotel manager argued that whilst government is showcasing cooking oil as a major success of the S164, the quality on the market is highly inconsistent. He said, “One time you get a high-quality cooking oil of very good texture and in the next order you get a supply of a totally poor quality.”
Respondents gave a long list of local products whose quality has been very inconsistent of late, which includes such products as soft tissues, local blankets, potato crisps, and cornflakes. They blamed this on the use antiquated machinery by some manufacturers whilst others assert that there’s a deliberate strategy by some manufacturers to save limited raw materials, resulting in some products lacking the optimum amounts of ingredients.

It was indicated that the most problematic area regarding quality of local products is horticultural products. Managers highlighted a litany of problems they have had to deal with in regard to farm produce. It was pointed out that many new farmers are yet to use appropriate technology in their farming activities which guarantees high quality. One hotel manager illustrated this through the issue of lettuce:

“There was also a major outcry on the quality of potatoes that local farmers are supplying. It was pointed out that most of the local potatoes supplied are not good for production of chips (French fries) as they tend to be mushy and consume more oil than imported varieties.

Respondents highlighted the challenges they are facing in sourcing local hardware materials for refurbishment and maintenance of accommodation properties. It was argued that the materials being produced by small and medium scale operators are sub-standard. Mention was made of door frames, window frames and certain types of wall and floor tiles. Most hotels used high quality material during construction and hence the material available on the market does not match the original materials used during construction. This has created a situation where repairs and maintenance is not being implemented systematically leading to the general decline in standards.
3.8 Price distortions and liquidity challenges

Respondents complained that the introduction of SI64 brought about price distortions in the market. Hoteliers in the Victoria Falls, Bulawayo and Mutare FGDs indicated that the price analyses they had done after the introduction of the SI showed increases on a wide range of product lines. Table 6 and 7 below shows the price changes for imported tinned products and beverages respectively.

Table 6: Price increases in imported tinned products after introduction of SI 64

<table>
<thead>
<tr>
<th>Product</th>
<th>Price before SI64</th>
<th>Price after SI64</th>
<th>%increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mango slices</td>
<td>$1.87/425g</td>
<td>$2.43/425g</td>
<td>29.94%</td>
</tr>
<tr>
<td>Peach slices</td>
<td>$1.74/425g</td>
<td>$2.48/425g</td>
<td>42.54%</td>
</tr>
<tr>
<td>Tomato paste</td>
<td>$8.26/3kg</td>
<td>$9.17/3kg</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Holiday Inn Bulawayo

Table 7: Price increases in imported beverages products after introduction of SI 64

<table>
<thead>
<tr>
<th>Product</th>
<th>Price before SI64</th>
<th>Price after SI64</th>
<th>%increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jameson Whiskey</td>
<td>$20.99/750 ml</td>
<td>$21.41/750 ml</td>
<td>2%</td>
</tr>
<tr>
<td>Windhoek Draught</td>
<td>$26.40/case</td>
<td>$32.50/case</td>
<td>23.10%</td>
</tr>
<tr>
<td>Imported Castle Light</td>
<td>$24.99/case</td>
<td>$28.80/case</td>
<td>15.24%</td>
</tr>
<tr>
<td>Pure juices</td>
<td>$1.35/litre</td>
<td>$1.43/litre</td>
<td>5.92%</td>
</tr>
</tbody>
</table>

Source: Holiday Inn Bulawayo

The price increases by suppliers reflects the additional costs they now have to pay along the extended supply chain created by the introduction of the SI64. The hospitality sector is at the end of the supply chain. It is therefore a price taker, and has no alternative except to pass on the price to the customer. In several cases, managers have tried to absorb some of the price increases to remain competitive but this has negatively affected their businesses’ margins.

Respondents involved in the FGDs indicated that a number of local manufacturers have resorted to the practice of holding onto products or rationing them in order to drive the price of their products upwards. It was also pointed out that briefcase importers demand cash for their products and most of them do not give invoices. Procurement managers now find themselves in situations where they are unable to systematically account for some of their expenditure and the practice creates suspicion and doubt on their credibility.

Respondents further indicated that the liquidity challenge that the country is currently experiencing has brought about a wide range of prices for same the product. There was now a US$ cash price, a Bond Note cash price, a Real-time gross settlement (RTGS) price, a ZIPT (Zimswitch Instant Payment Interchange Technology) price and an Ecocash price.¹ Procurement managers complained about the amount of time they waste in negotiating with suppliers on the plethora of price permutations. The challenge was expressed by one procurement manager in Harare as follows:

---

¹ ZIPT enables a person to send funds instantly from a Zimswitch member bank to another member bank and funds are received instantly. One can also transfer funds from the bank to the mobile wallet. (http://www.zimswitch.co.zw/)
One major change that was brought by the introduction of SI64 has been the revision of trading terms between manufacturers, wholesalers and operators in the hospitality sector. Suppliers along the supply chain have reduced the tenure of their credit. In most cases, manufacturers are offering wholesalers between 14-30 days credit. In turn, the wholesalers are offering hotels and restaurant 2-7 days credit. However, respondents indicated that for most suppliers, credit terms are no longer available and hence operators must pay upfront for all their needs. Due to prevailing shortages in the market, operators in the hospitality sector try and purchase large stocks in order to ensure availability. But this approach ends up negatively affecting their cash flows as funds are tied up in stocks. The approach has also created challenges in inventory management and as a result, managers have to find ways of preventing pilferage and stock loss through expiry date.

Respondents complained that the major suppliers, both manufacturers and wholesalers were showing monopolistic tendencies in their trading relations with the hospitality sector. Respondents indicated that some suppliers were asking for pre-payment for their orders and in cases where goods were being imported suppliers are asking buyers to provide foreign currency for their orders. Further, it was revealed that prepayment was not a guarantee for delivery of goods ordered. Hotel managers mentioned numerous instances where they had to source products from supermarkets to meet their day-to-day needs after having prepaid suppliers for the same products.

A hotel procurement manager in Victoria Falls said, “The level of corporate arrogance that we have to face daily from our suppliers is unbearable. You would think that these were not the same people who used to knock on our doors for orders just about a year ago”.

It seems that the small and medium sized operators were the most affected by the changes in the trading conditions as they do not have the negotiating muscle that the main hotel groups have. Given the liquidity crunch in the country the viability of these operators is at stake. Some of them down-sized their operations as a strategy to contain costs and remain operational.
3.10 Disruption of management functions

Respondents from both the KIs and FGDs lamented the amount of time they now spend chasing after products from different sources, a situation which now forces them to neglect their core responsibilities for managing the business. Respondents further indicated that managers now spend an inordinate amount of time supervising staff across all sections of the business. This was aimed at ensuring that all operational activities are in line with the goal of business survival. It was further indicated that hotel managers no longer have time to look after their guests properly, because of the need to ensure that the hotel has the basic materials to service its clients. Respondents concluded that the overall result of the introduction of SI64 has been the removal of managers from the value chain focus on the business which includes value creation, innovation, product development and marketing to daily firefighting.

3.11 Lack of prioritization in foreign currency allocation by the RBZ

During FGDs respondents expressed dismay over the fact that the central bank had not identified the hospitality sector as one of the priority sectors for allocation of foreign currency given the fact that the sector itself brings in foreign currency on a daily basis. Hospitality companies now have to wait months to be allocated the small amounts of foreign currency that they require to import key products for their operations.

Some respondents pointed out the policy contradictions with regard to lack of prioritisation of foreign currency allocations to the hospitality sector. On the one hand government’s objective is to make Tourism a key pillar of economic growth in the country under Zim-Asset. On the other hand, government is starving the sector of foreign currency, hence contributing to the deterioration of products offered to tourists by the hospitality sector. Respondents highlighted the fact that the hospitality sector needs a steady and uninterrupted flow of specific imports for it to remain competitive in the eyes of both the domestic and international tourists.

The shortage of foreign currency was also identified as a key impediment by manufacturers who have been prioritized by the Reserve Bank of Zimbabwe. For example, Afdis indicated that they’ve had to stop producing 43 out of the 98 product lines they traditionally produced due to the lack of foreign currency to purchase the bottles they need for packaging the products.

3.12 Customer dissatisfaction and business decline

Zimbabwe has been trying to improve its competitiveness as a tourist destination since the dollarization of the economy in 2009. Numerous studies (Anderson et al, 2013; Ministry of Tourism and Hospitality Industry, 2016) have shown beyond any reasonable doubt that the country needs policies aimed at improving its competitiveness as a holiday destination. The manner in which SI64 was introduced and is being implemented has...
made it difficult for the hospitality sector to offer tourists internationally competitive products and services. The high-level use of the social media by both domestic and international tourists means that any poor service that the tourists encounter in the country is immediately transmitted to millions of potential tourists.

It is therefore not surprising that hotel room occupancy in the country declined from 47% in 2015 to 46% in 2016. If the current form of implementation of SI 64 is not improved it will not be surprising to witness further decline of the utilization of the country's accommodation sector by tourists in 2017.

### 3.13 Impact on employees

The decline in business in the hospitality industry has driven managers to introduce several measures to ensure that the businesses remained viable, for example the Bronte hotel in Harare which employed a total of 130 workers in 2009 has reduced its total workers to 91 in 2017. The cocktail of the strategies adopted by stakeholders in the hospitality sector generally include the following:

- Cutting down on the total number of employees;
- Not replacing staff that retire, die or get dismissed;
- Adjusting pay structures;
- Hiring staff on fixed term 2 months contracts;
- Giving free training to a pool of potential workers who are called on as casuals as and when the hotel is busy; and
- Adjusting staff benefits.

The strategies adopted by the managers have led to the “casualization” of the labour force in the sector. The strategies have also lead to a decline in staff morale and motivation. Respondents indicated that staff were generally stressed across the board and were therefore not adequately motivated to deliver excellent service to the clients. The use of part time workers was also compromising service delivery because their lack of experience was easily detected by the clients who are experienced and well-informed travellers.

Respondent further indicated that skills in the kitchens had declined because of lack of ingredients to produce a wide variety of dishes. Executive chefs in hotels were unable to train staff as well as experiment with new dishes due to product shortages. The long-term impact of this development on the sector is the creation of a mediocre generation of chefs in the country which will again have a negative impact on the competitiveness of Zimbabwe as a tourist destination.

### 3.14 Pervasive despondency on the future of the sector

One of the most disturbing outcomes of the focus discussions was the consensus that the sector cannot survive in the short term if the implementations of import management measures in their current form are not improved. Suppliers to the hospitality industry indicated that their inventories were dangerously low and some cases non-existent. A local beverage manufacturer pinned his hopes on the possibility of GoZ accessing foreign currency from some source within the next six months for them to be able to continue operating at current levels. Hotel managers indicated that they were planning to downsize their operations, for example closing some restaurants and other strategic business units (SBU) as a short-term survival strategy. The mood in the sector was aptly captured by the manager of a medium sized hotel in Harare who said:
Another hotel manager in Harare said, “What is the point of being in business if you have to watch your margins being eroded everyday by things that are outside your control?” The respondents pointed out that the frustration they expressed was also prevalent within their workforce as staff members were no longer sure if they have a job the next day. The net effects of these developments have been poor service delivery to the customers and loss of competitiveness of Zimbabwe as tourist destination.

### 3.15 Need for effective stakeholder consultation

Respondents agreed that the introduction of the import management measures was essential. They were also agreed that the implementation of the measures had been detrimental to growth of different sectors of the economy including the hospitality industry. It was further agreed that the implantation challenges had been a result of lack of effective stakeholder consultation.

### 3.16 Ease of Doing Business Contradictions

Respondents highlighted that the challenges that had been brought in by the implementation of SI64 negated government’s policy and thrust on the Ease of Doing Business programme. Respondents expressed shock at the apparent level of discordance within government departments. A supplier to the hospitality industry in Harare summarized the issues as follows:

“I am sure if someone in the Office of the President and Cabinet (OPC) had scrutinized this SI they would have realized that it was a major negation of what they are trying to achieve through the Ease of Doing Business programme. For me this is the major tragedy of government at present where ministries and department operate in isolation of other arms of government.”

Respondents from both the KIIs and FGDs pinned their hopes for a vibrant hospitality sector on government’s ability to revisit the SI64 after effective consultation with the sector.

### 3.17 Conclusion

Implementation of the import management measures (SI64) has created multiple challenges for the hospitality sector some of which are threatening the viability of the businesses, with some companies having already closed down such as suppliers and restaurants. The consensus of the hospitality stakeholders was that the SI64 itself was a plausible policy framework. However, the main problem was that the SI was promulgated without adequate stakeholder consultation. Furthermore, its implementation was too abrupt to give them adequate time to prepare for the changes and to put in place measures to ensure uninterrupted supply of inputs needed in running their businesses.
4.1 Review of SI64

It is recommended that the ministry of Industry and Commerce undertakes an immediate review of the SI which will entail effective consultations with stakeholders in the Tourism sector, the Ministry of Tourism and Hospitality Industry and Zimbabwe Tourism Authority (ZTA). This will assist the Ministry in coming up with an SI that does not jeopardize the immediate and long-term existence of businesses in the hospitality sector. The review of the SI will also help to align it more closely with the Ease of Doing Business thrust that the government is operationalizing.

4.2 Import licence moratorium for the hospitality sector

Several companies in the hospitality industry are facing collapse due to shortages of key products or inability to procure products as per franchise specifications or standard operating procedures for their operations which they are unable to access as a result of the processes that are involved in obtaining the necessary import licences.
from different government departments and ministries. It is therefore recommended that GoZ considers giving the hospitality sector a moratorium of 12 months on import licence requirements to allow the businesses to build up adequate stock levels that they need for their day-to-day operations.

4.3 Import licence exemption for products not manufactured in Zimbabwe

The study clearly showed that the hospitality sector uses several key products/ingredients which are not available in the country, for example sea fish. It is recommended that GoZ identifies these products in collaboration with the HAZ and exempts them from import licence requirements. The exemption is to be regulated through the promulgation of a specific SI which allows bona fide members of HAZ to enjoy the benefit. The operation of the exemption can be based on the current mechanism being used by ZCT for its members to benefit from the duty-free importation of capital goods.

4.4 Increase the tenure of the import licence

The study demonstrates that bureaucracy and increased levels of management time are now spent in getting the import licence processed by different government departments. It is recommended that the tenure of the import licences from ministries of Industry and Commerce and Agriculture, Mechanization and Irrigation Development be extended from three months to 12 months so that operators can focus more on managing the business and looking after customers than moving between government offices following import application documentations.

4.5 Special consideration for Victoria Falls resort operators

Victoria Falls is the capital city of tourism in Zimbabwe. Its peripheral geographical location from the main agricultural hinterlands of Mashonaland and Manicaland means that operators face challenges in obtaining fresh high quality agricultural products for its discerning clientele. It is therefore recommended that hospitality operators in the resort be authorized to source fresh produce from Kasane in Botswana and Livingstone in Zambia without import licences.

4.6 Prioritize foreign currency allocation to the sector

Noting the potential of the sector to earn foreign currency, it is recommended that the Ministry of Finance and Economic Development through the RBZ put the hospitality sector into the first category list for the allocation of foreign currency. It is further recommended that the RBZ considers introducing a foreign currency retention scheme for the hospitality sector whereby the sector can be allowed to retain say 30-40% of its direct foreign currency earning for importation of the products it needs and for payment of contractual obligations like franchise fees.
4.7 Establishment of a tourism revolving fund

The research revealed that tourism products need to be upgraded in order for the destination to be competitive. It is recommended that the Ministry of Tourism and Hospitality Industry intensifies its lobbying of the Ministry of Finance and Economic Development to be allocated the resources to establish the tourism revolving fund which is contained in the 2014 National Tourism Policy (MOTHI:21). The facility will enable hospitality stakeholders to access funds which are reasonably priced for product upgrading.

4.8 Review and revise the Vegetable Import Calendar

Respondents pointed out that the current calendar is outdated and bears no relationship with the type of agricultural products that the new farmers are growing. Decisions to grant import licences for agricultural products are being made based on erroneous guidelines. It is recommended that the ministry of Agriculture, Mechanization and Irrigation Development undertakes an immediate review of the calendar after a thorough assessment of the type of horticultural crops grown in the country and their seasonal quantum.

4.9 Strict monitoring of border posts

Manufacturers complained about the unfair competition they were facing from runners who were bringing goods illegally into the country and selling these at uneconomic prices as they do not pay any customs duty and VAT to government. It is recommended that government exercises tighter monitoring of all ports of entry to prevent entry of fake spirits products into the country.

4.10 Improve the process of import licence application

Respondents in the study enumerated the multiplicity of authorities they have to deal with and the delays they encounter in applying for the various licences they need to bring goods into the country. It is recommended that the Ministry of Tourism and Hospitality Industry takes a lead in negotiating with the ministries of Industry and Commerce, Agriculture, Mechanization and Irrigation Development, Finance and Economic Development and Ministry of Home Affairs with a view of establishing a one stop shop where stakeholders can apply and pay for the necessary documents. It is further recommended that the Ministry of Tourism and Hospitality Industry engages the Anti-Corruption Commission with a view of supplying with evidence from tourism stakeholders on corrupt cases occurring at the ports of entry. It is also recommended that the Ministry of Tourism and Hospitality Industry engages the ministry of Industry and Commerce and encourage it to investigate the feasibility of establishing an online application system for import licences. This will enhance transparency, cut red tape and improve turnaround time for the import licence application process.

Long-Term (2-3 years)
4.11 Empowerment of the agricultural sector

Both agricultural wholesalers and hotel managers expressed concern about the quality of horticultural products that the farmers were offering. It was also pointed out that farmers were not producing niche products that the hospitality sector requires. It is recommended that HAZ engages farmers organizations like the Zimbabwe Farmers Union (ZFU) and the Zimbabwe Commercial Farmers Union (ZCFU) and the Standards Association of Zimbabwe (SAZ) and collaborate in the creation of a local General Agricultural Practice (GAP) standard on agricultural products. This will enable farmers to access technical guidance in producing crops that meet the quality standards of the hospitality sector. It is further recommended that HAZ participates in targeted farmers forums and lobbies for the improvement of the quality of farm products. It is also recommended that the Ministry of Agriculture, Mechanization and Irrigation Development put in place a long-term training programme (3 years) for horticultural farmers that will assist them in improving the quality of their products in order to meet the needs of the hospitality sector. It is finally recommended that ministry works closely with the HAZ and identify niche farm products that interested farmers would be encouraged to grow targeted at the hospitality sector.

4.12 Facilitate dialogue between the hospitality sector members farmers and manufacturers

Discussions with stakeholders in the supply chain for the hospitality sector showed a major communication gap between the manufacturers and the hospitality operators with regard to the quality and quantity of products needed. The discussions further showed a lack of awareness of the need to involve third parties like SAZ to facilitate the improvement of the quality of local products. It is recommended that HAZ in partnership with the Ministry of Tourism and Hospitality Industry identifies key farm produce and manufacturing suppliers to the sector and arrange a workshop aimed at exchanging knowledge and information on the level of the quality of products needed by the sector as well as the annual quantum of different product lines.

4.13 Facilitate retooling of local manufacturers

Respondents from both the KIIs and FGDs indicated that a large range of locally manufactured products were inferior to international products in terms of taste, design, packaging etc to international products. They further indicated that the local products were expensive compared to imported ones. Examples ranged from dairy products, dry goods, linen, and cutlery to hardware material. Respondents further indicated that the poor quality of local products was a result of use of antiquated machinery and technology.

It is therefore recommended that GoZ puts in place financial packages that will enable the manufacturing companies to purchase state of the art equipment which will enable them to produce high quality products for the local and the international market. It is further recommended that the government organizes exchange programmes for manufacturing industry executives with economically advanced countries so as to enable them to appreciate international best practices in their own sectors.

It is also recommended that HAZ engages the Confederation of Zimbabwean Industries (CZI) to establish close working relationship with the manufacturing industry in order to influence the quality of local products. For example, HAZ can request to serve as observers on the CZI standing committees and industrial associations like the food and beverage industrial association.

Findings of the Study
Consideration for establishing a bonded warehouse for SME in the sector

SMEs respondents indicated that their businesses were facing closure because they did not have the financial and skills muscle to navigate the complex import licence maze that had been brought about by SI64. They were therefore finding it more difficult to access the products in comparison to the large corporates in the sector. It is therefore recommended that the ministry of Industry and Commerce in consultation with HAZ investigates the feasibility of establishing a bonded warehouse in Harare and Bulawayo which will service the product needs of the SMEs in the sector.

REFERENCES

- World Travel and Tourism Council (2016) 2015 annual report
- Zimbabwe Economic Policy Analysis and Research Unit,(2015). Impact of 15% value added tax(VAT) on accommodation for the foreign tourists to Zimbabwe.
### ANNEXTURES

**Annexure 1: Vegetable Import Calendar**

(Initiated by the Ministry of Agriculture, Mechanization and Irrigation Development)

<table>
<thead>
<tr>
<th>Vegetable</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asparagus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baby Corn</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baby Marrow</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Berry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eggplant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broccoli</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Butternut</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cabbage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrots</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cauliflower</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Celery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cherry Tomato</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chilies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Courgettes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cucumber/Eng</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fennel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Garlic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gemsquash</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ginger</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green Leafy Veges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Herbs Mixed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hubbard Squash</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kholrabi</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leeks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lattice</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mangetout</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mealies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mint</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mushrooms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Okra</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Onion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parsley</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parsnips</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patpagon</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peppers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potatoes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pumpkins</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radish</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spinach</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spring Onions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sugar Snaps</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweet Corn</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweet Potatoes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tomatoes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Annexure 2: List of Participants at the Victoria Falls Focus Group Discussions

<table>
<thead>
<tr>
<th>Name</th>
<th>Organisation</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Z. Muvenga</td>
<td>Wild Horizons</td>
<td>Group purchases officer</td>
</tr>
<tr>
<td>F.T. Chibwe</td>
<td>The Victoria Falls Hotel</td>
<td>Procurement Manager</td>
</tr>
<tr>
<td>T. Shumba</td>
<td>The Victoria Falls Safari lodge</td>
<td>Procurement Manager</td>
</tr>
<tr>
<td>S. Makokere</td>
<td>The Victoria Falls Safari Lodge</td>
<td>Procurement Buyer</td>
</tr>
<tr>
<td>S. Nyaruwata</td>
<td>H.A.Z.</td>
<td>Consultant</td>
</tr>
<tr>
<td>C. Svovah</td>
<td>H.A.Z. Victoria Falls Rainbow</td>
<td>Chairman /GM</td>
</tr>
<tr>
<td>Francis Chigwada</td>
<td>Lala Lodge</td>
<td>Stores Manager</td>
</tr>
<tr>
<td>Peter Mukucha</td>
<td>Victoria Falls Rainbow</td>
<td>F &amp;B Controller</td>
</tr>
<tr>
<td>Munesu Nyati</td>
<td>Cresta Spary veiw</td>
<td>Purchasing</td>
</tr>
<tr>
<td>Yvonne Jandles</td>
<td>Routes Through Africa</td>
<td>Owner</td>
</tr>
<tr>
<td>Derrick Kung</td>
<td>The Kingdom Victoria Falls</td>
<td>General Manager</td>
</tr>
<tr>
<td>Talent Bondera</td>
<td>Black Snow Holdings</td>
<td>Administrator</td>
</tr>
<tr>
<td>Fedelis Chiadzwa</td>
<td>Khanando Safaris</td>
<td>Tour Consultant</td>
</tr>
</tbody>
</table>

### Annexure 3: List of Participants at the Mutare Focus Group Discussions

<table>
<thead>
<tr>
<th>Name</th>
<th>Organisation</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>S. Nyaruwata</td>
<td>U.Z</td>
<td><a href="mailto:snyaruwata@gmail.com">snyaruwata@gmail.com</a></td>
</tr>
<tr>
<td>C. Chimbira</td>
<td>Troutbeck</td>
<td><a href="mailto:cchimbira@gmail.com">cchimbira@gmail.com</a></td>
</tr>
<tr>
<td>B. Chingoshi</td>
<td>Troutbeck</td>
<td><a href="mailto:bschingoshi@gmail.com">bschingoshi@gmail.com</a></td>
</tr>
<tr>
<td>E. Munyengegwa</td>
<td>Montclair</td>
<td><a href="mailto:ephraim@montclair.co.zw">ephraim@montclair.co.zw</a></td>
</tr>
<tr>
<td>C. Mudhefi</td>
<td>Montclair</td>
<td><a href="mailto:chris.headchef@montclair.co.zw">chris.headchef@montclair.co.zw</a></td>
</tr>
<tr>
<td>B. Nyakutobwa</td>
<td>Montclair</td>
<td><a href="mailto:bnyakutobwa@gmail.com">bnyakutobwa@gmail.com</a></td>
</tr>
<tr>
<td>R. Muchecje</td>
<td>La Rochelle</td>
<td><a href="mailto:rmuchenje@icloud.com">rmuchenje@icloud.com</a></td>
</tr>
<tr>
<td>L. Bwanya</td>
<td>Musangano Lodge</td>
<td><a href="mailto:manager@musangano.com">manager@musangano.com</a></td>
</tr>
<tr>
<td>P. Mapuranga</td>
<td>Brand Fresh</td>
<td><a href="mailto:patnile@brandfresh.co.zw">patnile@brandfresh.co.zw</a></td>
</tr>
<tr>
<td>R. Mutizwa</td>
<td>Brand Fresh</td>
<td><a href="mailto:Richard@brandfresh.co.zw">Richard@brandfresh.co.zw</a></td>
</tr>
<tr>
<td>T. Mupfukudzwa</td>
<td></td>
<td>0778084086</td>
</tr>
<tr>
<td>B. Gurajena</td>
<td>Montclair</td>
<td><a href="mailto:batsie@montclair.co.zw">batsie@montclair.co.zw</a></td>
</tr>
<tr>
<td>W. Mudhombiro</td>
<td>Golden Peacock Villa</td>
<td><a href="mailto:willardmudhombiro@yahoo.com">willardmudhombiro@yahoo.com</a></td>
</tr>
</tbody>
</table>
Annexture 4: Key Informants Interview Guide

KII Guide

The Hotel Association with financial assistance from BEEP has commissioned the study to analyse the impact of the introduction of SI 64 on the hospitality industry, and any knock-on effects on other sub sectors in the tourism value chain. The outcomes of the study will be used as a basis for advocacy to the relevant authorities to create an environment that facilitates the growth of the hospitality industry in the country.

Name of the organization ____________________________________________________________

Gender: Male ☐ Female ☐

Position: ____________________________________________________________

1. How has your organization been affected by the introduction of SI 64 by government?
2. What challenges have you faced in procuring goods and materials for your hotel/organizations since the introduction of SI 64?
3. How far has the local market been able to supply the products you need?
4. Are there areas where you have had to stop offering services because of lack of materials?
5. Has the introduction SI 64 affected your competitiveness in anyway?
6. Going forward what suggestions would you like make to improve the operation of SI 64 regulation for the benefit of the hospitality industry?
Annexure 5: Focus Group Interview Guide

Interview Guide

The Hotel Association with financial assistance from BEEP has commissioned the study to analyse the impact of the introduction of SI 64 on the hospitality industry, and any knock-on effects on other sub sectors in the tourism value chain. The outcomes of the study will be used as a basis for advocacy to the relevant authorities to create an environment that facilitates the growth of the hospitality industry in the country.

Area: ________________________________

Number of people in the group: ________________________________

1. How has your organization been affected by the introduction of SI 64 by government.
2. What challenges have you faced in procuring goods and materials for your hotel/organizations since the introduction of SI 64
3. How far has the local market been able to supply the products you need? (Probe on quality and on time delivery/consistency).
4. Has the introduction of SI 64 affected the price of the local and foreign products that you use?
5. Has the introduction SI 64 in any way affected your competitiveness?
6. In your view has the introduction of SI 64 impacted on your staffing levels?
7. Going forward what suggestions would you like make to improve the operation of SI 64 regulation for the benefit of the hospitality industry?
8. Which goods does your organization has now to apply for a licence to procure?