



# Activity Report

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KAS DEPARTMENT  
INTERNATIONAL COOPERATION

## Social Contract: Business Seeks To Preserve Value in A VUCA Environment

On the 16<sup>th</sup> of February 2017, the Konrad-Adenauer-Stiftung Zimbabwe in cooperation with the Employers Confederation of Zimbabwe (EMCOZ) organized a conference on the proposed Social Contract. The aim of the activity was promoting dialogue between the business community, the ministry of Public Service, Labour and Social Welfare as well as the National Social Security Authority (NSSA).

### EMCOZ

The EMCOZ vice president, Mr Chimbghandah gave the Keynote Address. In his keynote address he highlighted that the workshop was on the Social Contract for Zimbabwe, which the Government had called for and which the Social Partners wholeheartedly supported. The concern for Business was on government recurrent expenditure. He shared government's position which was that the issues needing attention in Zimbabwe were:

- Intensify the fight against corruption in both private and public sectors
- Diaspora engagement
- Promotion of investments
- Implementation of sustainable development goals
- Implementation of special economic zones
- Low productivity levels, high cost of money and high government wage bill
- Ease of doing business
- Parastatal reform
- Transitioning from the informal to the formal economy

***The question was: Business needed to come up with its own issues it felt were critical for the turn-around of the economy.***

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**Ministry of Public Service, Labour and Social Welfare**

Mr Ngoni Masoka, the Permanent Secretary in the Ministry of Public Service Labour and-Social Welfare, on behalf of Honourable Priscah Mupfumira officially opened the workshop.

In his opening remarks, the Permanent Secretary stated the following key points:

- It is the expectation of the government that the tripartite partners will move with speed this year and conclude the much anticipated social contract.
- The implementation of the Kadoma Declaration Towards a Shared National Social and Economic Vision would boost confidence, enhance business productivity and competitiveness while promoting good corporate governance.
- He looked forward to discussions on sustainable funding of government activities, sustainable social protection and monetary issues and assured participants that government would take into consideration all the issues affecting businesses in Zimbabwe.
- There was likely to be improvement of Zimbabwe's fortunes as a result of good rains that we have received this season as well as the Command Agriculture.
- He lamented the deterioration of our road network infrastructure due to heavy rains.

**Konrad-Adenauer-Stiftung (KAS)**

The resident representative of K.A.S. Mr David Mbae introduced K.A.S to the participants. He thanked the participants for taking time out of their busy schedules to be part of this important event. K.A.S was named after the first Chancellor of Germany after the Second World War, Konrad Adenauer. K.A.S believes in social dialogue, business and government should engage each other to develop the economy, in countries all over the world. It is important that decision makers are made aware of the perspective of business; KAS has therefore come here to support EMCOZ, and thanked the participants for choosing to take part in the meeting in which the issues that affect the participants' own businesses will also be discussed.

**National Social Security Agency (NSSA)**

Mr Shepherd Muperi gave a report on how NSSA is supporting businesses in the existing VUCA environment.

- NSSA is supporting farming through supply of fertilizer,
- Covering medical costs of workers injured at work through the Workmen's Compensation Insurance Fund;
- Paying injured workers' children's school fees.
- They have also put measures which help boost revenue for businesses through payment plans and lobbying the government. He gave assurance that the new

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management team is still looking for solutions on how they can help with protection in this VUCA environment.

**J.M. Busha**

Mr J.M Busha made an insightful and entertaining speech on preserving value in a VUCA environment. He said it was appropriate that VUCA meant 'Wake –Up' or 'Look Sharp' in local languages as Zimbabwe has moved from using multi-currency to bond notes, daily cash to limited cash withdrawals which has affected the way business is run and economic performance. The rise of Nationalism, Separate Markets and closed borders had turned the conventional wisdom of globalization and open borders on its head.

He proposed solutions which could help in securing value in a VUCA environment which included:

- Dynamic Strategic Asset Allocations
- Multi Asset Class Liquid Investment Options and
- Global Asset Allocation Allowance.

Zimbabweans should be allowed to invest in companies operating in this country but listed

in foreign stock exchange. He mentioned that Zimbabwe pension funds are not diversified enough. He gave the example of Zambia which invested pension funds into buildings, and over time the buildings got older and tenants eventually moved out of these older buildings into newer buildings. If the Zimbabwean Pension Industry had been allowed to invest offshore, that investment would have been unaffected by the collapse of the Zimbabwe Dollar.