

Technical Paper on the Cost of Compliance in the Pork Value Chain



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Abstract

This policy research was carried out to reveal the cost of compliance in the Pork Value Chain (PVC). The study was conducted by the Value Chain Alliance for Livestock Upgrading and Empowerment (VALUE) Project funded under the Zimbabwe Agricultural Growth Programme (ZAGP) by the European Union (EU). The main objectives of the technical paper were to collate data on the costs of compliance by the PVC actors resulting from various regulations and provide recommendations to policy makers in government where change was needed. Given the time restrictions to carry out the research and the COVID-19 pandemic, the research used published literature on laws, policies, regulations and constraining factors to the PVC in Zimbabwe. Key informant interviews with selected PVC actors and regulatory agencies were carried out to validate the facts and figures identified through the desk-based research i.e. constraining laws, policies and regulations affecting the PVC and the cost implications. The research found out that there are various regulations in the PVC that had costs implications from input supply, production, marketing, slaughter, processing, wholesaling, and retailing of pork and its products. The identified regulations in PVC and related costs are indicated in table below;

THE REGULATION		COSTS OF COMPLIANCE	
Costs of Compliance on Input Supply (6)		ZWL	US\$
1.	Agriculture Marketing Authority (AMA) Act (Chapter 18:04)	1650	25
2.	The Environment Management (EMA) Act - (Chapter 20:27)		
	Annual Registration		32
	Monitoring Fee		80 – 555
	Discharge Levy		80 – 9000
3.	The Customs and Exercise Act (Chapter 23:02), Statutory Instrument (SI) 53 of 2017 and SI 157 of 2018		
	Importation of Live Pigs		0 - 10% Tax
	Importation of Pork Fresh, Chilled or Frozen		40% Tax
4.	The Medicines and Allied Substances Control Act (Chapter 15:03)		
	Foreign Medicines		1000 – 2000
	Local Medicines	4500-9000	
	Issuing of Permits		720 – 21000
	Renewal		600 – 10500
5.	The Fertilizers, Farm Feeds & Remedies Act (Chapter 18:12)	600	8.84
6.	The National Biotechnology Act of 2006 (Chapter 14:31)	1200 + 5% Duty	US\$18 + 5% Duty
Costs of Compliance at the Production Level (8)			
1.	The Zimbabwe National Water Authority Act (Chapter 20:25)		
	Registration Fees	150	2
	Quarterly Payments Based on Water Usage	Varies	
2.	The Fertilizers, Farm Feeds & Remedies Act (Chapter 18:12)	600	8.84
3.	The RDC's Act (Chapter 29:13) on the Land Unit Tax		
	A1 Farmers	1114 per year	17 per year
	A2 Farmers	172/ hectare/year	2.50/hectare/ year
4.	The Farmers Licensing and Levy Act (Chapter 18:10)		
	ZFU	60 - 500	
	ZCFU		100 – 1000
5.	The Africa Swine Fever Regulations of 1994	1000-3500	15 – 50
6.	The Animal Health Regulations of 1984 (Chapter 19:04) & The Animal Health Act (Chapter 19:01)	10	

7.	The Grain Marketing Board Regulation of 2019 (SI 145 of 2019) - Grain Marketing (Control of sale of maize)		20
8.	The Environment Management Act - (Chapter 20:27)		
	Annual Registration		32
	Monitoring Fee		80 – 555
	Discharge Levy		80 - 9000
	Costs of Compliance at the Marketing Level (2)		
1.	The Animal Health Regulations on Movement of Cattle and Pigs of 1984 (Chapter 19:04)	10	
2.	Stock Theft Act (Chapter 9:18) “Clearance Fees”		5 - 10
	Costs of Compliance at the Slaughter and Processing Level (11)		
1.	The Rural District Councils Act (Chapter 29:13) on Licensing of Abattoirs,	43000-17200	600 - 2500
2.	The Animal Health Regulations of 1984 (Chapter 19:04)	10	
3.	The Pig Industry Act of 1984 (Chapter 18:15) and the Pig Industry (levy & returns) Regulations of 2008	25	
4.	The Pig Industry (Grading Regulations) of 1997 – Grading costs/ pig	7	
5.	The Pig Industry (Carcass Classification & Grading) Amendment of Grading Regulations of 2002		
	Carcass Inspection Fees/ pig	10	
	Slaughter Fees		5 – 7
6.	The Environment Management Act - (Chapter 20:27)		
	Annual Registration		32
	Monitoring Fee		80 – 555
	Discharge Levy		80 - 9000
7.	Agriculture Marketing Authority Act (Chapter 18:04)	1650	25
8.	The Public Health Act Chapter 15:09		
	MOHCC “Inspection fees”		10
	Acquiring Health Certificates/ employee		10
9.	The National Social Security Authority (NSSA) Act Chapter 17:04		
10.	Zimbabwe Revenue Authority Tax Regulations		
	Value Added Tax	5 – 15 %	5 – 15%
	Aids Levy	3%	3%
	RTGS Tax	2%	2%
	PAYE - calculated using a given formula	Varies	
	Costs of Compliance at the Wholesaling and Retailing Level (4)		
1.	The Rural District Councils Act (Chapter 29:13) on Licensing of Shops	6500 - 8000	100 – 126
2.	The Public Health Act Chapter 15:09		
	MOHCC “Inspection fees”		10
	Acquiring Health Certificates/ employee		10
3.	The National Social Security Authority (NSSA) Act Chapter 17:04 - Costs calculated using a given formula	Varies	
4.	Zimbabwe Revenue Authority Tax Regulations		
	Value Added Tax	5 – 15 %	5 – 15%
	Aids Levy	3%	3%
	RTGS Tax	2%	2%

In order to comply to these regulations, the PVC actors have to navigate through a multitude of institutions that include the Agricultural Marketing Authority (AMA), The Environmental Management Agency (EMA), Zimbabwe National Water Authority (ZINWA), National Biotechnology Authority of Zimbabwe (NBAZ), Zimbabwe Revenue Authority (ZIMRA), Medicines Control Authority of Zimbabwe (MCAZ) and Ministry of Lands, Agriculture, Climate and Rural Resettlements (MLAWRR) Department of Livestock and Veterinary Services (DLVS), and Department of Research and Specialist Services (DRSS), Department of Agriculture, Research and Extension Services (Agritex), the Ministry of Industry and Commerce (MIC) Trade Measures department, the Ministry of Health and Child Care (MoHCC) and the Local Authorities amongst many others. The regulatory costs of compliance and navigation through various offices was eating into the margins and productive time of the PVC actors especially at production level due to other costs incurred in complying. These costs were administrative, overheads, construction costs, staff time and annoyances in some offices which could lead to corruption. This was forcing a significant proportion of small and medium producers opt not to comply at all to remain viable. Lengthy processes in meeting compliance requirements, was leading to loss of orders for actors along the PVC. The grain control regulation was restricting grain trade amongst farmers thereby increasing transactional costs at the production level. Costs of compliance imposed by unfair competition with foreign PVC actors especially from South Africa, China and India though GMO finished products such as maize meal, livestock products and veterinary drugs are finding their way into Zimbabwe. The implications are these costs are directly or indirectly passed onto the farmer or the next level of the value chain, thereby reducing the overall competitiveness of the overall pork value chain. Hence a number of policy amendments are being proposed to policy makers to review and harmonize the processes and costs of compliance.

Therefore, this paper is proposing several regulatory reviews for consideration by MLAWRR and other statutory government departments aforementioned. Government has to consider reducing regulatory time spent in complying with these regulations which allows PVC actors to focus on their businesses which promotes growth of the pork industry in Zimbabwe. The proposed policy reforms and recommendations include the following;

- ✓ Government through MLAWRR to consider reviewing regulatory costs of compliance, processes imposed at each level, reduce regulatory time spent and consider harmonization of these regulations. The proposal from stakeholders was to have a 1 stop shop.
- ✓ Government to ensure accountability in utilization of levies, fees and charges for the benefit of the pork industry in order to enhance competitiveness. This applies to pig industry levy, the farmer licensing and levy act, the land unit tax imposed by local authorities, water charges by ZINWA and charges by AMA.
- ✓ There is need for government, on the basis of the Public Health Act to encourage private sector investment in the construction of good standard abattoirs throughout the country, and reduce some of the bureaucratic procedures.
- ✓ The regulatory charges such as the Pig Industry Levies of ZWL\$25.00, DLVS permits, inspection fees, and grading need to be revisited to allow for meaningful development in the industry.
- ✓ MLAWRR through DLVS to consider issuing of consignment permits depending on producer output per given period of time.
- ✓ Government to look into costs of compliance to ensure that local producers who are not producing GMOs are not exposed to unfair competition against foreign GMO finished products.
- ✓ The process of obtaining import and export permits should be reviewed to ensure rationalization and promote efficiencies in the PVC.
- ✓ Government to review the processes and requirement by ZIMRA of issuing trading license after producing a valid tax clearance which is then forcing the majority of SMEs to operate informally.

- ✓ The biosafety regulation ASF certification of the animal health act [chapter 19:01] should be enforced from amongst all pork producers to ensure compliance with international regulations.
- ✓ Government to enact provisions of the 5th quarter for the profitability of pork producers i.e. in South Africa, pork producers have the right to pay for the slaughter service fee or take the 5th quarter.

This policy paper also recommends a further PVC stakeholder consultation on these proposed policy reforms and reviews before enactment by government for the benefit of all PVC actors. Non-compliance to these regulation was not an option as this is disadvantaging the industry from exporting pork and pork products either as fresh, chilled or frozen and causing rampant spread of communicable diseases. Therefore the need for a serious regulatory review in the pig industry to ensure the smooth running of businesses given the multitude of regulatory costs of compliance which is largely affecting profitability and competitiveness of the industry for the benefit of SMEs.

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List of Acronyms

AAZ	ActionAid Zimbabwe
AGRITEX	Department of Agriculture, Research and Extension Services
AMA	Agricultural Marketing Authority
ASF	African Swine-Fever
ASFC	African Swine-Fever Certification
CEA	Customs and Exercise Act
CFU	Commercial Farmers Union
DLVS	Department of Livestock and Veterinary Services
DRSS	Department of Research and Specialist Services
EMA	Environmental Management Agency
EU	European Union
FFA	Fertilizers, Farm Feeds and Remedies Act
FFLA	Farmer Licensing and Levy Act
GMB	Grain Marketing Board
GMO	Genetically Modified Organisms
GoZ	Government of Zimbabwe
KIIs	Key Informant Interviews
LMAC	Livestock and Meat Advisory Council
NBAZ	National Biotechnology Authority of Zimbabwe
NSSA	National Social Security Authority
MCA	Medicines Control Authority Act
MCAZ	Medicines Control Authority of Zimbabwe
MDM	Mechanically Deboned Meat
MoHCC	Ministry of Health and Child Care
MIC	Ministry of Industry and Commerce
MLAWRR	Ministry of Lands, Agriculture, Water, Climate and Rural Resettlements
MT	Metric Tonnes
PIB	Pig Industry Board
PPAZ	Pig Producers Association of Zimbabwe
PVC	Pork Value Chain
RBZ	Reserve Bank of Zimbabwe

RDCs	Rural District Councils
SADC	Southern Africa Developing Communities
SI	Statutory Instrument
SCM	Standards Costs Model
US\$	United States Dollars
VALUE	Value Chain Alliance for Livestock Upgrading and Empowerment
VAT	Value Added Tax
VMGDs	Veterinary Medicines General Dealers
WHO	World Health Organisation
ZAGP	Zimbabwe Agriculture Growth Programme
ZFU	Zimbabwe Farmers Union
ZCFU	Zimbabwe Commercial Farmers Union
ZINWA	Zimbabwe National Water Authority
ZIMRA	Zimbabwe Revenue Authority
ZRP	Zimbabwe Republic Police
ZWL	Zimbabwean Dollar

1 Background to Production of this Policy Paper

Zimbabwe has developed a number of policies and regulations in the pork value chain (PVC) some of which are outdated whilst some are increasing the cost of doing business. This was identified by a policy research on the cost of compliance carried out by Action Aid Zimbabwe (AAZ) in a COVID-19 induced lockdown under its Value Chain Alliance for Livestock Upgrading and Empowerment (VALUE) Project funded under the Zimbabwe Agricultural Growth Programme (ZAGP) by the European Union (EU). For effective policy reform, there was need for AAZ and PVC stakeholders to embark on an informed advocacy initiative. Hence the need for this technical paper which could be used to influence policy makers in government and parliament through delivering messages intended to influence thoughts, perspectives and right actions to take. The VALUE Project is focused on transforming and promoting the pork value chain in Zimbabwe to supply safe, quality assured pork and pork products through working with various stakeholders in Zimbabwe.

The policy paper was developed after a detailed desk-based research and facts confirmed through key informant interviews with PVC stakeholders. This policy paper managed to bring out the laws, policy and regulations with costs of compliance at the macro and micro levels. There are a number of regulations with associated costs that PVC actors have to comply with. The research used a value chain approach and standard costs model¹ to analyzing the costs of compliance and making the proposed policy reforms which was fundamental to reducing contradictions that might arise from making recommendations from different segments of the pork value chain.

This paper brings out the study objectives, methodology, and costs of compliance the laws, policies and regulations that are applicable to the PVC and analyses the costs of compliance inclusive of administrative burdens and penalties for non-compliance. The research assesses the impact of these regulatory costs of compliance on the pork value chain actors and proposes regulatory reforms to achieve the desired policy reforms in a cost-effective manner.

1.1 Objectives of the Study

The main objectives of this technical paper were to collate data on the costs incurred by the PVC in complying with various regulations and provide recommendations to policy makers in government and parliament where change is needed. The specific objectives were: -

- To identify compliance requirements within the PVC (from input supply, production, processing until the product is available to domestic or international consumers).
- To capture the regulatory costs of compliance incurred by PVC actors at macro and micro levels.
- To identify the gaps and impact on the costs of compliance to the PVC actors.
- To identify key actors that are affected and propose recommendations for policy or regulatory reforms that facilitates growth in the PVC.
- To identify the policy and decision makers responsible for undertaking the proposed regulatory reforms for the pig industry development.

¹ <https://www.oecd.org/regreform/regulatory-policy/34227698.pdf>

2 Methodology to the Assignment

The research collated information from various stakeholders on the regulatory costs of compliance and used Standard Cost Model² to define the administrative burdens imposed to PVC actors in complying with these regulations. The regulatory requirements within the PVC were identified starting from input supply, production, processing, up to when pork and its products becomes available to consumers.

2.1 Desk based Research

Given the time restrictions to carry out the research, the technical paper development process comprised more of desk-based research which enabled data collection on published information on all the laws, policies, regulations and their constraining factors to the PVC in Zimbabwe. These publications included the various Acts enacted by the Government of Zimbabwe, previous studies on regulatory requirements in the PVC, Policy Research Studies on Policy and Legislation, Costs of Compliance Studies by a number of authors, Pork Value Chain Analysis Report and the VALUE funded project document. However, compliance costs and some of the regulations mentioned in these reports had changed and had to be revised to reflect current position. Comparisons were made with other countries in Southern Africa to assess the differences in the costs. This process also led to the development of questions for key informant interviews with the identified PVC stakeholders for verification of facts and figures identified through the desk-based research.

2.2 Key Informant Interviews

Due to COVID-19 interviews were mostly carried out by telephone of not more than 30 minutes per each selected PVC actors and selected interviewees from the regulatory agencies to obtain specialist information and confirm the facts and figures identified through the desk based research i.e. constraining laws, policies and regulations affecting the PVC and the cost implications. Stakeholders engaged included the Braford Farming, Shamiso Farm, the Pig Industry Board (PIB), Pig Producer's Association of Zimbabwe (PPAZ), Livestock Meats and Advisory Council (LMAC), Rainham Abattoir and relevant government ministries which included the Ministry of Lands, Agriculture, Water and Rural Resettlements (MLAWRR), Environmental Management Agency (EMA), Ministry of Industry and Commerce (MIC), Ministry of Health and Child Care (MoHCC), the Zimbabwe Republic Police (ZRP) and the Ministry of Local Government. Physical meetings were conducted with a limited number of PVC stakeholders and the consultant adhered to recommendations by the Government of Zimbabwe (GoZ) and World Health Organisation (WHO) of social distancing, sanitizing and wearing masks at all times. This was followed by data capturing and presentation of the findings as presented in this paper.

2.3 Study Limitations

The study was conducted during a Covid-19 induced lockdown which limited face to face interactions. However, there was significant effort to capture as much of the laws, policies and regulations that have costs implications captured through KIIs with PVC actors and stakeholders' representative organisations.

² <https://www.oecd.org/regreform/regulatory-policy/34227698.pdf>

3 The Pork Value Chain in Zimbabwe

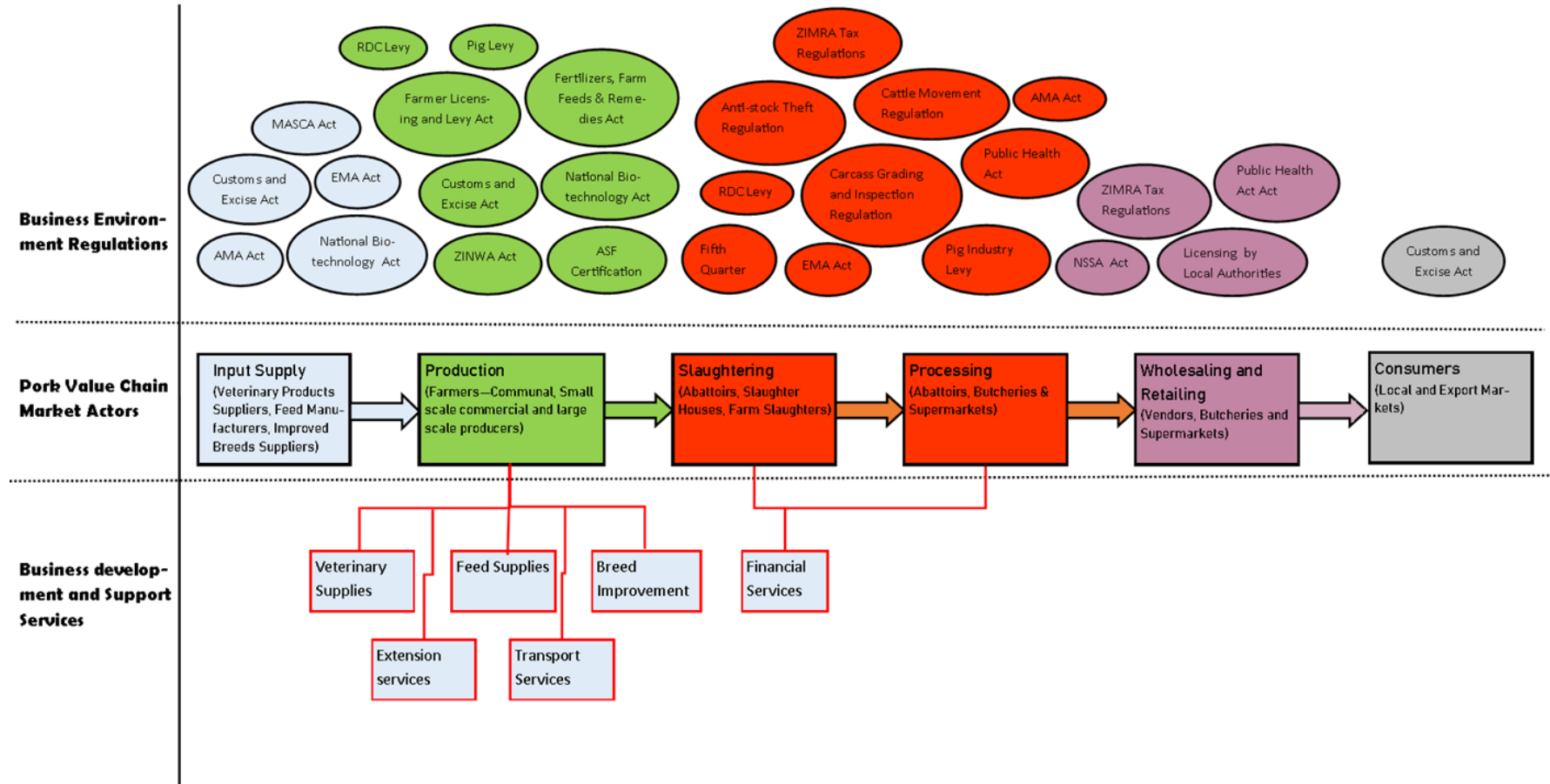
3.1 Actors in Pork Value Chain

The pork value chain (Figure1) in Zimbabwe comprises of various private actors from input supply, production, processing until the product is available to domestic and international consumers. These include feed manufacturers, veterinary suppliers, improved breeds suppliers, pig producers, abattoirs, wholesalers, butcheries, supermarkets and final product consumers. Besides the private players, there are service providers who include PIB, DLVS, Agritex, PPAZ, Local Authorities, MoHCC, ZRP, LMAC, Meat graders, financial institutions, transporters, farmers unions or and stakeholder organizations.

Input suppliers comprised mainly of feed manufacturers, veterinary suppliers and limited improved breed suppliers. Players at the production level consisted of numerous communal farmers, small to medium-scale commercial farmers and large-scale commercial farmers. Abattoirs are registered livestock slaughter facilities, operating in accordance to given standards and can sell raw or processed pork meat to wholesalers and retailers. Registered pig abattoirs in Zimbabwe are listed in Annex 1. The main pig industry players included Colcom Foods Limited, Koala, Garfunkels and Solar Farm who are involved from pig production to retailing of pork and pork products with Colcom Foods Limited being the largest (slaughtering over 100 pigs day). There are numerous, unregistered slaughterhouses providing pork to the fresh meat market at irregular times. Wholesaling and retailing of pork is done through numerous butcheries and supermarkets who buy mainly raw pork from abattoirs and processed pork (tinned, bacon, polony, chops, ribs, sausages etc.) for sale to consumers³.

³ Mutambara, J (2013). A preliminary review of regulatory constraints affecting the pig industry in Zimbabwe. University of Zimbabwe – Department of Agriculture Economics and Extension. <http://www.lrrd.org/lrrd25/3/muta25043.htm>

Figure 1: Pig Value Chain



Source: Market Information from KIIs

3.2 Performance of the PVC in Zimbabwe

Over the years, Zimbabwe has been experiencing a significant decrease in agricultural production and exports (inclusive of the pig industry). The number of pigs produced has gone down by 18% from 278,297 pigs in 2018 to 227,749 in 2019⁴. The major reasons for the reduction in numbers has been due to destocking given the prevailing macro-economic crisis faced by the Country. Over the past three years, the pork industry has been negatively affected by very poor liquidity, currency shortages, high inflation, lack of confidence in bond notes and plastic money, high feed prices and poor fiscal policies. It had been difficult for the pork industry players to plan for their businesses or sell their products (they would have wanted payment in a currency that they can trust and will retain value), have had their profits eroded and faced with declining purchasing power due to inflation. Capacity utilization in the meat processing sector has shrunk to 30% in December 2019 from 60% in July 2019 due to challenges in procuring the required raw materials and escalating production costs⁵. The country's meat yielding capacity (carcass weight per animal in kg) was estimated at 55kgs which lagged behind South Africa (122kg) but compared very well to that of Zambia (44kgs)⁶.

Table 1: Pig Productivity Indicators in Selected SADC Countries

Country	Meat Yield - carcass weight/animal (kg)
South Africa	122
Zimbabwe	55
Botswana	36
Zambia	44

Source: FAOSTATS (2013)

The national sow herd is estimated to be 60,351 of which about 20,351 is in the commercial pig production sector⁷ (MLAWRR National Report, April 2020). The breeds comprise mainly of Large White, Duroc, Daland, Landrace and the indigenous Mukota common in local production systems. For the past five years, the industry has been supplying slightly above 130,000 pigs per year for slaughter and processing averaging between 14,000 to 17,000 animals per month (Figure 2). Cumulative annual pig slaughter figures at abattoirs continues to increase recording a 11% total increase from 173,694 pigs in 2018 to 192,747 pigs in 2019 emanating from the commercial approach to pig production by small to medium scale sector and growth of Triple C. Information provided by the PIB in 2018 revealed that a total of 13,002 tonnes of pork was produced through registered abattoirs in 2018 when compared to 10,882 tonnes in 2017. The proportionate breakdown of slaughters by grade for 2019 was 28% for both Manufacturing and General Purpose, 34% for baconers and 38% for porkers of the total slaughters of 2019⁸.

⁴ MLAWRR (2020). Second Round Crop and Livestock Assessment 2019/2020 Season.

https://fscluster.org/sites/default/files/documents/2nd_round_assessment_report_2020_draft_26_may.pdf

⁵ Kairiza, T. (2017); Meat processing capacity utilization shrinks to 30% - Commercial Farmers Union of Zimbabwe

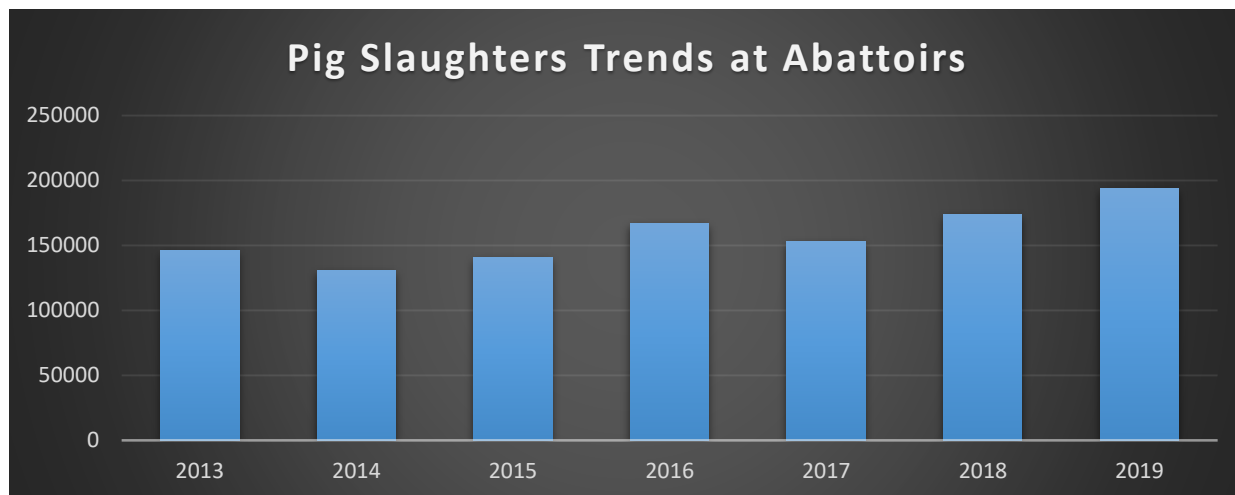
⁶ <http://www.fao.org/zimbabwe/fao-in-zimbabwe/zimbabwe-at-a-glance/en/>

⁷ MLARR (2020). Ministry of Lands, Agriculture and Rural Resettlements National Livestock Report.

⁸ LMAC (2019). Market Watch in the Pork Industry for 2019

<http://www.livestockzimbabwe.com/Updates/Market%20Watch%20Pork,%202019.pdf>

Figure 2: Number of Pigs Slaughtered at Abattoirs since 2013



Source: LMAC 2019

According to information provided by stakeholders as of July 2020, Zimbabwe’s pork wholesale and retail prices were pegged mostly in US\$ and averaged US\$1.70 and US\$2.50 per kg respectively. In 2019 prices were pegged in Zimbabwean dollar and with the USD equivalent ranging from 1.05 to 1.57 per kg while wholesale prices traded between USD 1.21 – 2.09/kg. The price of Zimbabwean pork is expensive when compared to other countries in the region which produces pork. The wholesale price of pork is 25% higher than in South Africa, the major economic player in the SADC region (table 2 below).

Table 2: Live and Dressed Weight Prices of the Pig and Pork for Selected Countries in Africa

Country	Live weight prices (US\$/kg)	Dressed weight prices (US\$/kg)
Kenya	1.38	1.83
South Africa	1.56	2.02
Zimbabwe	1.70	2.50

Source: FAOSTATS (2013) for other countries, Rainham Abattoir for Zimbabwe

Factors inhibiting growth and development of the pork industry has emanated from the business operating environment which is increasing the costs of doing business thereby making Zimbabwean pork products uncompetitive when compared to other SADC member countries. The research identified several regulations causing these which included the import duty and Genetic Modified Organism (GMO) policies, border protocols, unfair trade practices (dumping or import of GMO finished products, illegal imports, informal operations), GMB grain movement restrictions, numerous environmental management regulations such as waste management requirements, drugs and vaccines laws, health and safety standards. Therefore, the need for PVC stakeholders to carry out evidence based lobbying and advocacy for a favourable operating environment that will see growth and development of the pig industry.

4 Regulations and the Costs of Compliance

The research identified 19 regulations in the PVC which had cost implications as listed below although some of them were cross cutting;

1. Agriculture Marketing Authority (AMA) Act (Chapter 18:04)
2. The Environment Management (EMA) Act - (Chapter 20:27)
3. The Zimbabwe National Water Authority (ZINWA) Act (Chapter 20:25)
4. The Customs and Exercise Act (Chapter 23:02), SI 53 of 2017 and SI 157 of 2018
5. The Fertilizers, Farm Feeds & Remedies Act (Chapter 18:12),
6. The Medicines and Allied Substances Control Act (Chapter 15:03)
7. The Land Unit Tax imposed by Local Authorities
8. The Farmers Licensing and Levy Act (Chapter 18:10)
9. The Africa Swine Fever Regulations of 1994
10. The Animal Health Regulations of 1984 (Chapter 19:04)
11. The National Biotechnology Authority of Zimbabwe (NBAZ) Act of 2006 [Chap. 14: 31]
12. The Pig Industry Act of 1984 (Chapter 18:15);
13. The Pig Industry (Grading Regulations) of 1997;
14. The Pig Industry (Carcass Classification & Grading) Amendments Grading Regulations of 2002
15. The Pig Industry (levy & returns) Regulations of 2008
16. The Public Health Act Chapter 15:09
17. ZIMRA Tax Regulations
18. The National Social Security Authority (NSSA) Act Chapter 17:04
19. SI 145 OF 2019, Grain Marketing (Control of sale of maize) regulations

4.1 Costs of Compliance on Input Supply

4.1.1 Costs of Compliance imposed by Agriculture Marketing Authority (AMA) Act

The Agricultural Marketing Authority Act Chapter 18:04 stipulates that all private players or individuals involved in buying and processing of agriculture products be licensed as indicated in Table 3⁹ charged under SI 147 of 2012 and SI 140 of 2013. Before the re-introduction of the ZWL in 2018, these figures used to be USD which was difficult for an ordinary farmer to pay. The AMA¹⁰ was established as a statutory body which regulates participation in buying and processing of agricultural products in Zimbabwe. Interviews with PVC actors revealed that the process of applying this permit is cumbersome which adds in other costs such as i.e. working time to comply, salary and overhead cost and the hassles involved especially under this Covid-19 induced lockdown. Some PVC market actors indicated that they were not receiving much added value from AMA.

Table 3: Costs of Compliance imposed by Agriculture Marketing Authority (AMA) Act

Type of Fee	Amount in ZWL	US\$ Equivalent
1. Application fee (Non-Refundable)	ZWL50.00	US\$ 0.74
2. Registration fee as a buyer, processor and merchant	ZWL500.00	US\$ 7.37
3. License or Permit fee	ZWL1000.00	US\$14.70
4. Renewal fee Registration	ZWL100.00	US\$ 1.47
5. Penalties	ZWL10.00 per day	US\$0.15

Source: AMA website¹¹

Exchange Rate @15 July 2020 – 1US\$ = Z\$67.80 <https://www.rbz.co.zw/>

⁹ https://www.ama.co.zw/payments_macadamia_merchant

¹⁰ <https://ama.co.zw/author/admin/.php>

¹¹ <https://www.ama.co.zw/payments>

4.1.2 Costs of Compliance on Importation and Exportation of Goods

4.1.2.1 Costs of Compliance imposed by the Customs and Excise Act (CEA)

The Zimbabwe Revenue Authority (ZIMRA)¹² in terms of the Customs and Excise Act (CEA) Chapter 23:02 levy's customs duty on imported goods whilst excise duty is levied on certain locally manufactured goods, and other imported goods falling under the Excise Tariff even when they are entered under Trade Agreements. The Customs and Excise Act [Chapter 23:02] and Notice of Amendment Number 20 implements Statutory Instrument (SI) 53 of 2017 imposes customs duties on importation of live pigs, pork and its products as indicated in table 4 and 5 below.

Table 4: Customs Duty on Importation of Live Pigs

Commodity Description	Customs Duty
Pure bred breeding animals	0%
Weighing less than 50kgs	10%
Weighing more than 50kgs	10%

Source: ZIMRA (2017)¹³

Table 5: Customs Duty on Importation of Pork- Fresh, Chilled or Frozen

Commodity Description of goods Quantity	Customs Duty on Value
Carcasses and half-carcasses in (kgs)	40%
Hams, shoulders and cuts thereof, with bone in	40%
Pig Fat	40%
Brine, Dried or Smoked	40%

Source: ZIMRA (2017)¹⁴

4.1.2.2 Costs of Compliance on Importation of Food, Feed and Feed Additives

The National Biotechnology Authority of Zimbabwe (NBAZ) Act of 2006 [Chap. 14: 31] was established an autonomous research and development institution with a mandate to actively create public understanding of biotechnology, biosecurity and biosafety in Zimbabwe. SI 157 of 2018 of National Biotechnology Authority (Food, Feed, Food and Feed Additives md Seed) Import, Export and Transit Regulations of 2018 requires any person who wishes to import and export food, feed, feed additives and other products above be registered in terms of section 4 and apply for a biosafety import, export or transit permit as indicated in table 6 below. Interviews with PVC market actors revealed that these requirements are numerous and expensive for pig industry players involved in manufacturing of feed thereby increasing the costs of doing business¹⁵.

To obtain an import permit from MLAWRR all the documentation in table 6 must be submitted with a fee of ZWL\$500.00. AMA Registration is required at a cost of ZWL\$1000. In addition, a DLVS import permit is required obtained at a costs of ZWL\$250.00 whilst inspection fees of ZWL\$50.00 are charged per day. The duration of the permit for both import and export is six months, and the permit may be extended for a period not exceeding six months upon payment of the stipulated fee.

¹² <https://www.zimra.co.zw/customs/customs-and-excise-duties>

¹³ ZIMRA Statutory Instrument 53 of 2017 of the Customs and Excise (Tariff) Chapter 23:02 Notice, 2017

¹⁴ ZIMRA Statutory Instrument 53 of 2017 of the Customs and Excise (Tariff) Chapter 23:02 Notice, 2017

¹⁵ <https://www.ebusinessweekly.co.zw/exporters-sweat-over-si-157-of-2018/>

Table 6: Costs of Compliance on Importation and Exportation of Food, Feed, and Feed additives

Description of Fees	Amount in ZWL \$	US\$ Equivalent
Application for registration (FFA2)	\$500.00	US\$7.37
Application for a biosafety import permit (FFA4)		
• 1 000 MT/m ³ or less	\$30	US\$0.44
• 1001 MT/m ³ - 5000 MT/m ³	\$40	US\$0.59
• 5001 MT/m ³ - 10000 MT/m ³	\$50	US\$0.73
• 10001 MT/m ³ – 15000 MT/m ³	\$60	US\$0.88
• Above 15,000	\$80	US\$1.18
Additional cost for emergency permits	\$20	US\$0.30
Amendment of permit	\$10	US\$0.15
Inspection fee per truck 20	\$10	US\$0.15
Application for a biosafety export permit: GMO declaration certificate	\$100	US\$1.50
GMO Testing fee per sample	\$250	US\$3.69
Application for a biosafety transit permit	\$20	US\$0.30
Inspection: Human expertise fee per inspector/ day	\$50	US\$0.73
Duty	5%	

Source: ZIMRA Website 2020

Exchange Rate @15 July 2020 – 1US\$ = Z\$67.80 <https://www.rbz.co.zw/>

All these processes are quite numerous and have penalties. Offences and penalties are charged for violating the provisions of this regulation and would have committed an offence liable to a fine not exceeding level 12 or to imprisonment not exceeding five years. In addition to these costs, it takes time and a lot of effort to secure the import documentation and permits a process which has to be reviewed. The permits are valid for two months, which effectively means the importer has one month in which to use the permit.

4.1.3 Costs of Compliance on Animal Stock Feed Production

The Fertilizers, Farm Feeds and Remedies Act (FFA) [Chapter 18:12]¹⁶ regulates and restricts the registration of fertilizers, farm feeds, sterilizing plants and certain remedies that are produced locally or imported. The FFA Act specifies that registration of a new farm feed shall be made in the manner prescribed therein and shall be accompanied by the prescribed fee. Registration of a new stock feed costs was ZWL\$500.00 while the annual renewal fee is ZWL\$100.00 and applies to both locally produced and imported feed (Table 7).

Procedures for importing feed include inspection by the MLAWRR in the country of origin to certify that the manufacturing plant is GMO free and a GMO-free certificate is then granted to the supplier. A new certificate is required for each import. Samples of the imported feed are submitted to DRSS for testing and once approved, the registration fee is paid, and the importer is given a registration number which is presented on the feed label as well as attached to all import documents. The original GMO-free certificate, a proforma invoice, and a letter to AMA requesting authority to import the feed are submitted as well as an import permit from the Plant Protection Research Institute.

¹⁶ S.I. No. 162 of 2014 - The Fertilizers, Farm Feeds and Remedies Act (FFA) [Chapter 18:12] www.cfuzim.org

Table 7: Cost of Compliance for Locally Produced and Imported Stock feeds

Item	Explanatory notes	Cost (ZWL)	Cost (US\$)
Registration of new feed	Both locally produced and imported	\$500/new type of feed	US\$7.37
Annual Renewal Fees	Both locally produced and imported	\$100	US\$1.47
AMA registration	Necessary in order to obtain letter of authority to import (also required for local traders)	\$500/year	US\$7.37

Source: DLVS and AMA Websites

Exchange Rate @15 July 2020 – 1US\$ = Z\$67.80 <https://www.rbz.co.zw/>

4.1.4 Costs of Compliance on Veterinary Medicines

Medicines Control Authority of Zimbabwe (MCAZ) is the regulatory body of the Medicines and Allied Substances Control Act (MCA) [Chapter 15:03] which empowers it to maintain a register of all medicines in Zimbabwe and regulate imports and exports¹⁷. The Act also allows MCAZ to prohibit, control and restrict medicines as found in Zimbabwe as stipulated in the Medicines and Allied Substances Control Regulations of 2008¹⁸ and the Medicines and Allied Substances Control for Import and Export of Precursors and Certain Chemical Substances (Amendment) Regulations of 2010¹⁹. Medicines import permit are only issued by MCAZ with offices only located in Harare which then allows for mushrooming of informal supply of unlicensed veterinary medicines. The application is only made to the Director General of MCAZ and accompanied by the prescribed fees in table 8.

Table 8: Costs of Compliance for Veterinary Medicines

Description of Veterinary Medicine	Foreign Drugs US\$	Local Drugs (ZWL\$)	Additional Costs
1. New Chemical Entities	\$2,000.00	\$9,000.00	VAT
2. Generic Medicines	\$1,500.00	\$5,400.00	VAT
3. Line Extension	\$1,000.00	\$3,600.00	VAT/product

Source: MCAZ Website

Other costs include issuing of MCAZ permits which are charged as follows; a wholesaler ZWL\$21,000.00, a restricted wholesale dealer ZWL\$3,000.00 and sales representative ZWL\$720.00. Permit renewal fees for a wholesaler is ZWL\$10,500.00, a restricted wholesale dealer ZWL\$1,500.00 and ZWL\$600 for the sales representative²⁰. Applications for registration of veterinary medicines involve the submission of a completed statutory application form MC-8, together with a dossier of supporting documents completed in accordance with the veterinary medicines and vaccines guidelines which provide guidance on supporting information required and presentation format of the application dossiers. The application fees for veterinary medicines attract different application fees which are stipulated in table 8. Normally an EVR Quotation Confirmation is made by the Evaluations & Registration Division staff and send back to the client with the appropriate fees for the service required. When payment has successfully been received by the Medicines Control Authority of Zimbabwe (MCAZ), the applicant has to submit the following:

¹⁷ <https://www.mcaz.co.zw/index.php/downloads/category/9-regulations-guidelines>

¹⁸ Statutory Instrument 57 of 2008 of the Medicines and Allied Substances Control Act (MCA) [Chapter 15:03]

¹⁹ Statutory Instrument 19 of 2010 the Medicines and Allied Substances Control for Import and Export of Precursors and Certain Chemical Substances

²⁰ Medicines and Allied Substances Control Amendment Regulation of 2020

- a) A completed and signed EVR Quotation Confirmation Form.
- b) An MCAZ job invoice issued by the finance division.
- c) A fully completed and signed MC-8 form.
- d) A dossier of supporting documents in the format and presentation acceptable according to the guidelines.
- e) Appropriate samples for each application as indicated in the guidelines and submitted through

The application will then be screened for completeness using the screening checklist and a response of the outcome of the screening will be sent to the client within 90 days of receipt, a process which is quite cumbersome for PVC actors. Complete applications that contain all the required technical and administration information ordinarily get registered after 1 or 2 review cycles. Incomplete applications with deficient information require 2 or more review cycles including time for representations thus the total time to registration is longer for such products. Key informant interviews with PVC actors indicated that the MCAZ Act is allowing the mushrooming of informal or unlicensed Veterinary Medicines General Dealers (VMGDs) which was a cause of concern to the industry. PPAZ also indicated that 5 - 10% of the cost of regulatory requirements are then passed to farmers making pork products produced in the country uncompetitive compared to their regional counterparts.

4.1.5 Costs of Compliance imposed by Environment Management Agency (EMA) Act

All Agrochemical Manufacturers (inclusive of veterinary medicines suppliers) under the Environmental Management (Hazardous Substances, Pesticides and Other Toxic Substances) Regulations²¹ of 2007 should operate with an EMA license. The regulations require submission of an application and payment of prescribed fee for storage and sale of hazardous substances classified as green, amber and red classes.

Table 9: Regulatory Charges by AMA for One Agro-chemical Manufacturer

	Fee
Annual registration fee	US\$32.00
Annual monitoring fee	Depends on Location and licensing band whether Blue (US\$80), Green (US\$155), Yellow (US\$300) and Red (US\$585)
Quarterly discharge levy	Depends on discharge rates (cubic meters of effluent)

Source: EMA Harare Office US\$ rate to ZWL\$ depends on prevailing RBZ exchange rates

4.2 Costs of Compliance at the Production Level

4.2.1 Costs of Compliance imposed by Zimbabwe National Water Authority (ZINWA) Act

The Zimbabwe National Water Authority Act [Chapter 20:25] allows ZINWA to charge for the provision of water and other services as well as collection of a water levy. The cost of compliance includes the one-off borehole registration fee of ZWL\$150.00 (around US\$2) and quarterly payments for water usage based on the discharge from the borehole. According to the regulation water users inclusive of farmers are supposed to install meters but the majority have not if not supplied with municipal water. Most industry players have installed own boreholes do not see need to pay ZINWA due to perceived lack of support or benefit from the organisation. Rates charged for the industry, commercial estates and farmers depends on water usage (ZWL\$ per mega liters used). ZINWA still insist on farmers paying for underground abstraction for boreholes on farms.

²¹ Statutory Instrument 12 of 2007 - Environmental Management (Hazardous Substances, Pesticides and Other Toxic Substances) Regulations.

4.2.2 Cost of Compliance on Land unit Tax

The Finance Act No. 8 of 2015 and the RDC Act Chapter 29:13²² allows RDCs to levy A2 farmers ZWL\$172.00 (around US\$2.50) per hectare per year whilst A1 and communal farmers pay ZWL\$1114.00 (around US\$17) per year as land unit tax over the same period²³. In addition to the land unit tax, section 96 specifies that the owner of a farm shall be liable to pay any land development levy that may be imposed by the RDC²⁴. In 2016, the levy's used to be collected by MLAWRR for allocation to respective local authorities. However, farmers interviewed were not receiving the deemed infrastructure development from the Local Authorities. The purpose of the Land Unit Tax was to encourage land utilization and also to facilitate the provision of basic services and infrastructure to farmers but KIIs revealed that this was limited to some districts.

4.2.3 Costs of Compliance on the African Swine-Fever Certification

The African Swine Fever (ASF) regulations of 1994 and Animal Health (movement of cattle and pigs) regulations of 1984 entails that all pigs shall be kept at facilities approved by the DLVS. An approved facility has to have its biosecurity in place and fenced to the satisfaction of DLVS so that there is no direct contact between domestic and wild pigs or warthog which is a cost on its own. Domestic pigs have to be housed in sties which are protected by an outer perimeter fence. Any units not in compliance with ASF regulations may be closed at the discretion of DLVS inspection officers. To obtain ASF certification, the premises have to be inspected at a cost as specified in table 10.

Table 10: Costs of Compliance on African Swine-Fever Certification by DLVS

Description of Cost	Value (ZWL\$)	US\$ Equivalent
African Swine Fever Certification		
● African Swine fever for 100 and above sow units	ZWL\$3500 /unit	Around US\$50.00
● African Swine fever for 51 to 99 Sow Units	ZWL\$2500 /unit	Around US\$35.00
● African Swine Fever for 21 to 50 Sow Unit	ZWL\$1500 /unit	Around US\$20.00
● For 20 and below sow unit	ZWL\$1000 /unit	Around US\$15.00
Pig sty Construction	Costs depend on size	
Fencing	Costs depend on perimeter	

Source: PIB July 2020

Exchange Rate @15 July 2020 was 1US\$ = Z\$67.80 <https://www.rbz.co.zw/>

Further costs include administrative burdens imposed on producers in obtaining the certification. Due to limited mobility, the producer has to provide transport to DLVS inspectors which is an additional cost depending on where the farm is located. While the actual inspection may only last 15 to 20 minutes on the farm, the producer has to travel to the local veterinary office to make payments and there is a waiting period of up to a month to wait for the certificate to be printed and additional costs include follow up, usually an hour a week. In the smallholder farming sector, the ASF compliance has not been enforced.

4.2.4 Costs of Compliance imposed by the Farmers Licensing and Levy Act

The Farmers Licensing and Levy Act (FLLA) Chapter 18:10 empowers Farmers Unions (FU) the Zimbabwe Farmers Union (ZFU), the Commercial Farmers Union of Zimbabwe (CFU) and Zimbabwe Commercial

²² Rural District Councils Act CHAPTER 29:13

²³ Information provided by Zvimba Rural District Council in July 2020

²⁴ Zim-ACP (2013). Compliance with Regulations: An Analysis of Laws and Regulations in the Livestock Sector

Farmers Union (ZCFU) to license farmers' of agricultural products inclusive of pork. The farmer will obtain a license after submitting an application together with appropriate fee as indicated in table 11.

Table 11: Annual License Fees imposed by Farmer Licensing and Levy Act

Farming Category	ZFU (ZWL\$)	CFU
Communal	ZWL\$ 60.00 (US\$0.88)	100 CFU units
A1 Farmers	ZWL\$ 60.00 (US\$0.88)	100 CFU units
Small to Medium Commercial Farmers	ZWL\$150.00 (US\$2.21)	500 CFU units
A2 Farmers	ZWL\$500.00 (US\$7.34)	1000 CFU units
Larger Scale Commercial Farms	ZWL\$500.00 (US\$7.34)	1000 CFU units

Source: ZFU Website²⁵, and CFU website²⁶

Exchange Rate @15 July 2020 was 1US\$ = Z\$67.80 <https://www.rbz.co.zw/>

The annual license fees for the Zimbabwe Farmers Union (ZFU) is ZWL\$60.00 for communal and A1 farmers, ZWL\$150.00 for small to medium commercial farmers and ZWL\$500.00 for A2 farmers and large scale commercial farmers. All new registrations will attract an additional membership card production fee of ZWL\$20-00. The annual licensing fees from the CFU were pegged in CFU units which are multiplied by the prevailing RBZ interbank rate. Unfortunately, annual fees from the ZCFU could not be obtained. The offences and penalties under the FFLA includes failing to register as a producer of agricultural products or fails to supply information required shall be guilty of an offence and liable to a fine not exceeding level four or to imprisonment for a period not exceeding three months or to both such fine and such imprisonment. However, it was difficult for pig producers to comply with this regulation due to dwindling or limited support from these.

4.2.5 Cost of Compliance Imposed by the Grain Marketing Board Regulations

In 2019, the Grain Marketing Board (GMB) developed stringent rules under SI 145 of 2019 – The Grain Marketing (Control of Sale of Maize) Regulations of 2019 which controls the purchasing, selling and movement of maize as part of efforts to curb side marketing and cut arbitrage opportunities in the maize sector.²⁷ The SI states that no person who is not a producer or contractor of maize shall be allowed to sell maize to the GMB. The GMB was empowered to reject any maize delivered by a person who is not a producer or a contractor. This SI also restricts any person, statutory body, company or entity to buy or otherwise acquire any maize from any farmer or producer other than through the GMB unless with the written permission from the board. This was an issue of major concern to pork producers who are prohibited to buy grain from other local farmers even if there is no GMB present in their locality which then increases transactional costs of acquiring the grain. If a farmer has to move grain from one point to another, the GMB is supposed to authorize through a written letter which requires some days to process person. This has increased transactional costs to the farmer and have their grain confiscated.

4.2.6 Costs of Compliance imposed by Environment Management Regulations

The Environment Management Act [Chapter 20:27] empowers the EMA to provide for the sustainable management of natural resources, protection of the environment, prevention of pollution and environment degradation. Regulations by EMA include Environment Management (Effluent and Solid

²⁵ <http://www.zfu.org.zw/>

²⁶ <http://www.cfuzim.com/2020/05/29/membership-and-subscription-payments/>

²⁷ Statutory Instrument 145 of 2019 - The Grain Marketing (Control of Sale of Maize) Regulations of 2019 <http://veritaszim.net/node/3571>

Waste Disposal) Regulations of 2007²⁸; Environmental Impact Assessment and Ecosystems Protection Regulations²⁹; Air Pollution Control Regulations³⁰; and Environmental Management of Hazardous Substances, Pesticides and other Toxic Substances Regulations³¹. The cost includes travel costs to determine the class of license from samples collected inclusive of other administrative costs such as delivering the samples to the laboratory and in order to obtain a laboratory number, make payment at the EMA Head Office and collect the EMA license. If a company disputes the Agency's decision, the farmer is supposed to lodge an appeal to the Minister.

4.2.6.1 Costs of Compliance on Effluent and Solid Waste Disposal by Producers

This regulation stipulates that no person inclusive of piggery farmers shall dispose of waste or effluent into a public stream or any other surface or ground water, whether directly or through seepage, without an EMA license. Under this regulation, piggery operations are required to register and pay an annual registration fee, an annual inspection fee, and a quarterly discharge fee based on the estimated amount of waste discharged as indicated in table 12.

Table 12: EMA Annual Fees for Effluent and Solid Waste Disposal

Regulatory cost	Effluent Disposal	Solid Waste Disposal
Annual registration fee (per year)	\$32	\$32
Monitoring fees(per year)		
Blue	\$80	\$80
Green	\$155	\$155
Yellow	\$300	\$300
Red	\$585	\$585
Discharge levy (per quarter)		
Blue	\$80	\$160
Green	\$155 + 0.0075 x cubic meters of effluent	\$310
Yellow	\$300 + 0.015 x cubic meters of effluent	\$600
Red	\$585 + 0.030 x cubic meters of effluent	\$1200
Red License Penalty fee	50% of Discharge levy + Monitoring Fees + Registration fees	
Administration Fees	5% of all the above fees for each type of license	
VAT	14.5% on all invoices	

Source: EMA Act

NB: All fees charged in US\$ at prevailing RBZ exchange rates

Key:

- Blue: in respect of disposal which is considered to be environmentally friendly;
- Green: in respect of disposal which is considered to present a low environmental hazard;
- Yellow: in respect of disposal which is considered to present a medium environmental hazard;
- Red: in respect of disposal which is considered to present a high environmental hazard.

To comply means the PVC actor has to pay which can be prohibitive especially to farmers even if the waste is used to enhance soil fertility for crop production or other uses inclusive of aqua culture. If the farmer does not know which class of license to apply for, the appropriate fee for the issue of a yellow license shall

²⁸ Statutory Instrument 6 of 2007 - Environment Management (Effluent and Solid Waste Disposal) Regulations

²⁹ Statutory Instrument 7 of 2007 - Environmental Impact Assessment and Ecosystems Protection Regulations

³⁰ Statutory Instrument 72 of 2009 - Air Pollution Control Regulations

³¹ Statutory Instrument 12 of 2007 - Environmental Management (Hazardous Substances, Pesticides and other Toxic Substances) Regulations

be submitted, pending determination. The Agency may, after inspection as it deems fit, issue one of the following licenses.

4.2.6.2 Cost of Compliance under Air Pollutions Control Regulation

This regulation controls emissions of any substances which can cause air pollution. EMA issues emission licenses for air pollution processes that are prescribed under SI 72 of 2009 and has four levels based on the concentration of the emission and the mass flow. An inspector has to access the pollution site for purposes of inspection, collect samples and a farmer has to pay an annual monitoring fee depending on the license band. The fees are as stipulated in table 13 below.

Table 13: EMA Fees for Regulatory Compliance under Air Pollution Control Regulations

Regulatory Costs		Charges (US\$)				
Annual Registration Fees		\$32				
Annual Monitoring Fees:						
Blue		\$100				
Green		\$145				
Yellow		\$280				
Red		\$555				
Quarterly environment fees for each license band and quantity of emissions						
License band	Volume of emissions discharge per mt per quarter					
	< 5 mt	> 5 but < 50mt	> 50 but < 100 mt	> 100 but < 200 mt	> 200 mt	
Blue	\$100	\$145	\$280	\$555	\$1 110	
Green	\$145	\$280	\$555	\$1 110	\$2 000	
Yellow	\$280	\$555	\$1 110	\$2 000	\$4 500	
Red	\$555	\$1 110	\$2 000	\$4 500	\$9 000	
5% administration fee shall be charged on all fees						
VAT = 14.5% on all invoices						

Source: SI 72 of 2009

NB: All fees charged in US\$ at prevailing RBZ exchange rates

4.2.6.3 Costs of Compliance by Conducting Environmental Impact Assessments (EIAs)

An environmental impact assessment is required to evaluate the waste disposal or air pollution impacts on the environment and ways the farmer will eliminate, reduce or mitigate any anticipated adverse effects on the environment. However, most farmers do not have the financial resources to carry out these EIAs which usually requires hiring of EMA Consultants.

Offences and penalties stipulated by this ACT indicates that any farmer who contravenes these regulations shall be guilty of an offence and liable to a fine not exceeding level eight to level fourteen or imprisonment for a period not exceeding one to five years respectively despite efforts by farmers to green their business processes.

4.2.6.4 Costs of Compliance in Prevention of Spread of Animal Diseases

The Animal Health Act (Chapter 19:01) was enacted to provide for the eradication and prevention of the spread of animal pests and diseases within Zimbabwe as well as to prevent introduction of animal pests and diseases and for incidental matters into Zimbabwe.

4.3 Costs of Compliance at the Marketing Level

4.3.1 Cost of Compliance on Movement of Pigs – Permit from DLVS

The Animal Health (Movement of Cattle and Pigs) Regulations of 1984 regulates the movement of pigs to market or to any other place and a permit has to be issued by DLVS at a cost of ZWL\$10 per load which was viewed to be too low at the time of study. However comments from the PVC actors revealed that administrative or transactional costs of obtaining the weekly permits was too much for consistent suppliers of pigs to the market.

4.3.2 Cost of Compliance on Movement of Pigs – Clearance from the Zimbabwe Republic Police (ZRP)

Stock Theft Act Chapter 9:18³² requires pork producers to obtain clearance from the ZRP a process which is similar to the clearance procedure for cattle which imposes administrative costs to the producer especially when moving pigs from one farm to another. The ZRP Officers require transport and at times require “clearance fees” of US\$5 to US\$10 per clearance though not official. Clearance can be waived if farmer is ASF certified.

4.4 Costs of Compliance at Slaughter Level

4.4.1 Cost of Compliance to Obtain a Trading License

Abattoirs must have a valid Trading License issued by the local council as stipulated in the Urban and Rural District Council’s Act. The Trading License compliance costs are classified according to size of the abattoir and grade. Grade A are charged at ZWL\$172, 000.00 (about US\$2500.00), Grade B costs ZWL103, 312.00 (about US\$1500.00) whilst Grade C abattoir costs ZWL\$43, 000.00 (about US\$600.00) per year³³. To get the license, the abattoir premises has to be assessed by DLVS and MoHCC to check if it meets all health requirements and standards. The business must have a valid tax clearance from ZIMRA after which a trading license is approved for abattoir operations to resume. Abattoir operators indicated that this process was cumbersome to obtaining the needed permits and licenses.

4.4.2 Costs of Compliance caused by the Pig industry Levy

The Pig Industry Act Chapter 18:15 broadly defines the functions, duties and powers of the Pig Industry Board whose mandate is to provide for the development of the pig industry in Zimbabwe through levies collected on pigs produced in Zimbabwe³⁴. Pig Industry (Levy and Returns) Regulations of 2008³⁵ specifies the percentage of the levy to be paid, the conditions of payment of the levy and the persons responsible for collection and remittance of the levy. Statutory Instrument 67 of 2015 Pig Industry (Levy and Returns) (Amendment) Regulations, 2015 (No.1) pegged the levy at one dollar (\$1.00) for every pig slaughtered. Section 7 of the regulation stipulated that a 1% levy shall be charged on all pigs produced and slaughtered in Zimbabwe with valuation based on the selling price on the dead mass of pigs or gross return to the producer or price paid to the producer. However, the levy regulation was changed to Zimbabwean dollar and recently increased from ZWL\$1.00 to ZW\$25.00³⁶ per pig slaughtered implying that PIB was receiving an average income of ZWL\$145,000.00 (equivalent to about US\$2,000.00) currently revised to ZWL\$3,625,000.00 per annum (equivalent to about US\$53,500.00) which is still considered too low to allow the PIB to make meaningful developments in the pig industry. Section 6 of SI 159 of 2008 also

³² <https://www.ecolex.org/details/legislation/stock-theft-act-chapter-918-lex-faoc060498/>

³³ RDC Act Chapter 29:13

³⁴ Pig Industry Act [Chapter 18:15]

³⁵ SI 159 of 2008 - Pig Industry (Levy and Returns) Regulations of 2008

³⁶ Statutory Instrument 187 of 2020 – Pig Industry (Levy and Returns) Amendment Regulation, 2020 (No. 1)

imposes an administrative burden to abattoir operators for the collection and remittance of the levy to MLAWRR stating the number of pigs slaughtered per month and keeping records on returns for the remittances to MLAWRR as stipulated in Section 8 of the SI. The return forms are obtainable free of charge from MLAWRR although the abattoir operator bears the cost of collecting them and submitting the returns to MLAWRR. However, the regulations exempt four categories of pigs from the levy:

- ✓ those that are not slaughtered by or on behalf of an abattoir;
- ✓ those that are subject to a levy imposed in terms of the District Development Fund Act [Chapter 29:06];
- ✓ those that are produced by and consumed by the producer, members of his/her household or his/her employees; and
- ✓ those that are condemned after slaughter as being unfit for human consumption under the provisions of the Slaughtering and Meat Inspection Regulations.

According to the Act, failure to comply with the provisions of the Act, the abattoir shall be guilty of an offence and liable for a fine not exceeding level five or imprisonment for a period not exceeding three months or to both such fine and imprisonment.

4.4.3 Costs of Regulations imposed by Carcass Classification and Grading

The Pig Industry (Grading) Regulations of 1977, Pig Industry (Carcass Classification and Grading) Amendment Regulations of 2002 and Part VI of the Pig Industry Act specifies that all carcasses shall be graded into different grades by a state grader at abattoirs. In accordance with these regulations, carcasses of all pigs slaughtered in Zimbabwe for export or sale, or making into bacon, ham or other products for human consumption shall be graded immediately after slaughter. The abattoir or slaughter house must institute a system of recording all pigs slaughtered through use of serial numbers to mark carcasses before grading and such records shall be kept for review by MLAWRR which poses an administrative burden. These records should include the name of the vendor, date purchased, dead weight of such carcasses and particulars of each pig condemned by an examination in accordance with the provisions of the Slaughtering and Meat Inspection regulations. The current cost of grading pigs is ZWL\$7.00/head (PIB, July 2020), paid for by the abattoir operator to Agritex yet these abattoirs are charging US\$5 to US\$7 as slaughter fees. Pig Industry (Carcass Classification and Grading) Amendment Regulations of 2002 further specify that before the end of each year, every abattoir whose carcass classification and grading activities are not attended to by the state meat grader shall pay a monitoring levy as may be prescribed. However, in practice it was noted that the state graders were centralized around major cities and lacked mobility to cover all abattoirs. As a result, some abattoirs are operating without graders or employed own graders which compromises the integrity of the whole system.

4.4.4 Cost of Compliance imposed by Carcass Inspection

The Animal Health Regulations of 1984 Chapter 19:04 requires that all carcasses be inspected as part of veterinary public health to protect consumers from animal borne diseases. This regulatory function is performed by DLVS at an inspection fee of ZWL\$10 per porcine inspection. The figure has not been reviewed since Zimbabwe dollarized to United States dollars and the currency is now ZWL which then affects DLVS support to abattoirs. The research also noted that DLVS meat inspectors were centralized around major towns. As a result, some abattoirs are operating without DLVS meat inspectors which compromises the integrity of the system. The inspection fees charged by government is limiting mobility of the meat inspectors to abattoirs situated some distances from major roads and might require transport to and from the abattoir operators which poses additional administrative costs.

4.4.5 Costs of Compliance Imposed by the Public Health Act to Abattoirs

The Animal Health Regulations of 1984 Chapter 19:04 requires all abattoirs to be inspected for compliance the veterinary public health to protect consumers from zoonotic diseases. All abattoirs have to comply with this regulation and require a permit from DLVS. The charges depends on the grade of the abattoir and costs are indicated in table 14.

Table 14: Costs of Compliance for Abattoirs to Obtain a Permit from DLVS

Class of Abattoirs	Charges to obtain a Permit from DLVS	Costs in US\$
1. Grade A	ZWL\$3500.00	Around US\$50.00
2. Grade B	ZWL\$2500.00	Around US\$35.00
3. Grade C	ZWL\$1000.00	Around US\$15.00

Source: DLVS Harare Office

Exchange Rate @15 July 2020 was 1US\$ = Z\$67.80 <https://www.rbz.co.zw/>

4.4.6 Costs of Compliance caused by EMA Regulations

EMA requires that abattoirs that generate effluent and solid waste be registered, pay inspection fees and get an EMA license in accordance to SI 12 of 2007 (as in section 4.2.5.1).

4.4.7 Costs of Compliance imposed by AMA

The AMA Act Chapter 18:04 requires that all abattoirs involved in buying and processing of animals be licensed as indicated in section 4.1.1 of this policy paper.

4.5 Costs of Compliance at Processing Level

4.5.1 Costs of Compliance by MLAWRR

Processing Factories i.e. for bacon, sausages, polony, etc. have to be given permits according to requirements set by DLVS at charges stipulated in table 14 per annum. Applications for such permits are made to the Secretary in the form and manner prescribed in the Pig Industry Act Chapter 18:15. Any processing factory which contravenes this licensing shall be guilty of an offence and liable to a fine not exceeding level six or to imprisonment for a period not exceeding six months.

4.5.2 Cost of Compliance on Hygiene by the Meat Business Operator and Health of Workers

The government through the Public Health Act has to ensure consumer protection by ensuring hygiene of meat business operator hence medical certificates and health inspection certificates of premises from MoHCC are required for the employees and the business respectively. Meat business operators have to comply with ensuring hygienic quality and safety of meat or meat products sold through the outlets and can be supervised by government health workers. As such there are administration costs and consultation fees associated with obtaining the certificates as well as hazard analysis of critical control points. Health inspectors from time to time, may carry out inspections to check if one is maintaining the required hygiene standard.

4.5.3 Cost of Compliance imposed by ZIMRA

The import duty policy on soya meal is 5% plus 15% VAT on landed costs makes importation costly. This is making local meat processing uncompetitive when compared to foreign manufacturers who may be sourcing their raw materials locally. Furthermore, duty on raw materials for processed pork such as duty of 15% on Mechanically Deboned Meat (MDM) imported from outside the country was a disincentive to import thus suppressing local processing of pork in the country.

4.6 Wholesaling and Retailing of Pork and its Products

4.6.1 Cost of Compliance to Obtain a Trading License

The Rural District Council Act empowers Local Authorities to issue trading licenses and a wholesaler or retailer of meat products must have a Valid Trading License valid at a cost of ZWL\$6500.00 (around US\$100) and ZWL\$8600.00 (around US\$126.00) for rural and urban butcheries respectively. The trading costs might differ with the local authority. To get the license, the business premises has to be assessed by the health inspectors to check if the shop meets all health requirements and standards (as stipulated in section 4.5.1). If the health requirements are met, the business must have a valid tax clearance from ZIMRA after which a trading license is approved for business operations to continue. Meat business operators indicated that this process was burdensome and included a lot of administrative costs in obtaining the needed certificates and the license.

4.6.2 Cost of Compliance on Hygiene and the Health of Workers

The MoHCC wants to ensure consumer protection through hygiene by the meat business operator and health certificates are required for all employees. As such there are costs associated with obtaining the health certificates of about US\$10.00 as well as ensuring sanity in the business operations as stipulated in section 4.5.1.

4.6.3 Costs of Compliance for Safety of Employees

The National Social Security Authority (NSSA) Act Chapter 17:04 empowers the Minister of Public Service, Labour and Social Welfare to ensure for the provision of social security schemes for the benefits of employees through NSSA³⁷. All employers and employees (below) the age of 65 must register with NSSA within 30 days by completing NSSA given registration forms (P2 for employers and P3 for employees)³⁸. After the forms have been processed, NSSA will notify the employer of his/her BP and Social Security Number (SSN) while an employer is issued a SSN and a Social Security Card which has the SSN printed on it. The SSN or the BP number has to be quoted in every communication with NSSA in relation to the scheme. The NSSA Act appoints inspectors in terms of S39 of the NSSA Act.

At the time of study, the employer and employee contribute an equal amount of 4.5% of an insurable earnings ceiling of ZWL\$5,000.00³⁹ (around US\$75). Insurable earnings ceiling are subject to change in line with amendments to the relevant legislation. The employer deducts the contribution due from each employee's salary and also contributes an equal amount for each employee per month as shown in example below.

Example

Employee earning ZWL\$500.00

Employee Contribution (4.5%) = $0.045 \times \$500.00 = \$ 22.50$

Employer Contribution (4.5%) = $0.045 \times \$500.00 = \$ 22.50$

TOTAL DUE (9%) = ZWL\$45.00

³⁷National Social Security Authority (NSSA) Act Chapter 17:04 <https://www.nssa.org.zw/downloads/>

³⁸ <https://www.nssa.org.zw/employer/compliance/>

³⁹ NSSA website - <https://www.nssa.org.zw/employer/contributions/>

4.6.4 Zimbabwe Tax Regulations

ZIMRA imposes taxes such as Pay As You Earn (PAYE), 3% AIDs levy, 15% tax on all profits, 14.5% VAT, 2% tax on all RTGS in addition to other chargers. The tax is payable by both public and private companies as well as private business corporations.

5 Problem Statement

The PVC Cost of Compliance Research found out that there are 19 regulations that have cost implications starting from input supply until the products gets to the final consumer. The PVC players have to navigate through a multitude of institutions that includes AMA, EMA, ZINWA, NBAZ, ZIMRA, MCAZ, NSSA, MLAWRR, DLVS, DRSS, Agritex, MIC - Trade Measures department, and the MoHCC. These government departments are meant to assist in the development and creating a level playing field in the PVC but to the contrary, processes involved are increasing the costs of doing business due to administration costs incurred and duplication of fees and processes. The processes involved to complying with these various regulatory charges also added a lot of other administrative costs, time wastage and annoyances which could lead to increased corruption cases or promote rising of informal PVC actors.

The research noted that the issuing of government import permits was quite a lengthy process which could take up to a month, leading to loss of orders for producers along the value chain. The total time taken to process permits in some departments was close to or more than a month. The majority of the PVC market actors with exception of a few established players were not complying with the EMA and AMA regulations due to lack of appreciation of their roles and support in the PVC. Compliance in the EMA regulation meant payment of fees which are rated US\$ equivalent at prevailing RBZ interbank rates which was considered too high even for those enterprises rated blue or green or using waste for other value-added efforts. These charges are not taking into consideration that most of PVC actors are receiving their revenues in local currency. The criteria used to generate fines for effluent discharges were based on European standards therefore the environmental impacts had been overstated and hence fines were overcharged. Similarly, most smallholder and communal farmers were not complying with the ASF regulations, Land Unit Tax, ZINWA and Famer Licensing and Levy Act as their scale of production is not able to sustain the regulatory charge. If smallholder farmers were to comply with the payment of these levies, most would likely stop producing pork as there is very little profit to be realized from the pig enterprise. The Grain Marketing (Control of Sale of Maize) Regulations, 2019 – SI 145 of 2019, restricts pork producers from buying grain from any farmer other than through the GMB even if there is no GMB in their locality. This was an issue of major concern to pork producers which then increased transactional costs of acquiring the grain.

The government policy of maintaining the country free of GMOs is raising a lot of debate yet the country is importing GMO finished products such a maize meal, livestock products and veterinary drugs especially from South Africa, China and India which imposes unfair competition with foreign PVC actors. The import duties charged and other import regulatory requirements on major feed components (soya and maize) is increasing costs of local feed thereby putting Zimbabwean pig producers and the whole PVC at a cost disadvantage when compared to their regional counterparts.

Though the Pig Industry Levy was reviewed to ZWL\$25.00 per porcine slaughtered, it is still considered too low to allow the PIB to make meaningful development in the pig industry in Zimbabwe. The producers pay the levy and the abattoirs collect the levy and remit it to the Pig Levy account at the parent ministry.

As of July 2020, some of the abattoirs are charging slaughter fee in USD and yet remit their levies as ZWL\$ which was not fair to the pig industry. The practice by some abattoirs of taking the fifth quarter of all pig slaughtered is fleecing pork producers of the value of these (estimated at US\$5) depending on carcass weight. The meat operator inspections by DLVS are similar to those from the MoHCC, a process which could be combined into one institution. The porcine inspections and meat grading fees by DLVS and Agritex respectively could be combined into one. However, the need to combine the roles played by these institutions is an area of debate. Recently there has been a mushrooming of unlicensed SMEs butchery and VMGDs due to increased regulatory requirements and costs of compliance by local authorities worsened by MCAZ and AMA regulatory requirements. The need to obtain a tax clearance before obtaining a trading license is pushing the majority of the PVC actors especially SMEs to operate informally or without the licenses which can be a disadvantage to government towards revenue collection. The export duty imposed by the Customs and Exercise Act is causing local pork and pork products uncompetitive in regional and global markets. Failure to comply with these regulations attracts some penalties which comprised of fines or imprisonment for a certain period of time.

6 Proposed Policy Reforms and Recommendations for the PVC

- There is need for government through MLAWRR to consider reviewing regulatory costs of compliance, processes imposed at each level, reduce regulatory time spent and consider harmonization of these regulations. The proposal from stakeholders was to have a 1 stop shop. This also allows the PVC players to focus on productivity of their businesses which allows for growth of the pork industry and reduce the costs of production per pig.
- There is need for MLAWRR to harmonize regulations and levies imposed by DLVS, Agritex, AMA, EMA and RDCs a process which should be done in consultation with stakeholders. EMA costs have to be charged in ZWL\$ since the majority of the pork industry players are not receiving payments in US\$.
- There is need for government to look into the utilization of levies and ensure these are ploughed back for the benefit of the industry in order to enhance competitiveness. This applies to Pig Industry Levy, The Farmer Licensing and Levy Act, the Land Unit Tax imposed by local authorities, the ZINWA Act and the AMA Act. There is need for stakeholder consultations to allow PVC players to provide their input and participate in the usage of the funds for the development of the pig industry in Zimbabwe.
- There is need for government to look into costs of compliance on importation or exportation feeds and goods imposed by ZIMRA to ensure that local producers are not exposed to unfair competition against foreign products. These includes a review of the ZIMRA Customs and Exercise Act Chapter 23:02; review of SI 157 of 2018 which requires a biosafety, import, export or transit permit; review of the GMO-Free Country and review the other Zimbabwe tax regulations.
- There is also need for governments, on the basis of the Public Health Act to put in place provisions for implementation of the hygiene laws and regulations, encourage or facilitate the construction of good standard abattoirs throughout the country by either the private or public sector, through easing some of bureaucratic procedures of putting up new abattoirs.
- There is need for government to harmonization of the multiple requirements for plant or new feed registration with DLVS, AMA and EMA at the input supply level of the value chain. These costs are either directly or indirectly passed onto the farmer or the next level of the value chain, thereby reducing the overall competitiveness of the pork value chain.
- The government should enact provisions of the 5th quarter for the profitability of farmers. Other countries like South Africa, Zambia, Botswana and Namibia have regulations for the treatment of the

5th quarter. For example, in Zambia, both the carcass and 5th quarter were paid for by the abattoir to the farmer; and in South Africa, pork producers have the right to choose whether to pay for the slaughter service fee and take the 5th quarter or otherwise.

- The Levy's charged under the Pig Industry Act of ZWL\$25.00 per porcine slaughter has to be revisited to allow for meaningful development in the pig industry. The levy should be pegged at comparable rates as in neighboring countries such as Botswana, Zambia and Namibia.
- The process of obtaining import and export permits should be reviewed and ensure rationalization and streamlining to promote efficiencies in the PVC.
- Government to review the processes and requirement by ZIMRA of issuing trading license after producing a valid tax clearance which is then forcing the majority of SMEs to operate informally
- The biosafety regulation ASF certification of the animal health act [chapter 19:01] should be enforced amongst all pork producers to ensure compliance with international regulations.
- There is need for MLAWRR through DLVS to consider issuing of consignment permits to allow for movement of pigs to specific markets depending on producer output per given period of time.

7 Conclusions

In conclusion, there is need for a serious regulatory review in the pig industry to ensure the smooth running of businesses given the multitude of regulatory costs of compliance which are affecting profitability and competitiveness of the industry. Non-compliance to these regulation was not an option as this is disadvantaging the industry from exporting pork and pork products either as fresh, chilled or frozen and causing rampant spread of communicable diseases. It is recommended that further PVC stakeholder consultations be made to the various proposed policy reforms in this technical paper and lobby government for harmonization of compliance costs and processes. The costs of compliance identified by this technical paper will allow AAZ to lobby and advocacy for a favourable policy environment that will see growth and development in the pig industry.

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- ✓ National Social Security Authority Act Chapter 17:04
- ✓ Pig Industry Act of 1984 Chapter 18:15;
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