



Press Release

For Immediate Release

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To: The News Editor

STATEMENT ON THE AUDITOR-GENERAL'S PERFORMANCE/VALUE FOR MONEY AUDIT (VFM) REPORT ON THE MONITORING OF IMPORTED GOODS

The Performance Audit Report on the Monitoring of the Quality of Goods Being Imported into the Country is out. The audit was conducted in the Ministry of Industry and Commerce (MIC) which is responsible for formulating and administering policies that promote industrialisation, trade promotion, consumer protection, standards and quality assurance development as well as entrepreneurship for social-economic development.

The audit covered a four year period starting January 2015 to August, 2018 and was conducted to measure the efficiency and effectiveness with which the Ministry of Industry and Commerce has fulfilled its mandate in monitoring the quality of imported goods. Media reports on the proliferation of substandard goods entering the country and shortcomings in the monitoring of the quality of imported goods uncovered by my pre study motivated this audit. Goods were being smuggled into the country despite the existence of a legal framework to guarantee the importation of quality products.

Statutory Instrument 132 of 2015 saw the country embarking on the Consignment Based Conformity Assessment (CBCA) programme to ensure that imported goods meet the country's and international set standards. Bureau Veritas, an international company which specialises in testing, inspecting and certifying goods was appointed by the Government of Zimbabwe to implement this programme.

Zimbabwean companies have suffered the most from the smuggling of inferior goods into the country as they have to unfairly compete with them. This has led to a loss of millions of dollars, low capacity utilisation in the manufacturing sector, low employment levels and a depletion of government's revenue generation capacity.

According to CZI, the country's industry capacity utilisation was reduced to as low as 34, 3% in 2015 due to the influx of these goods.

Audit Findings

I observed that whilst policy formulation was being done, the implementation of programmes by the MIC was not curbing the importation of substandard goods in the country. There were shortcomings in the monitoring of the quality of imported goods, inadequate implementation of the Consignment Based Conformity Assessment programme by Bureau Veritas, inadequate monitoring of goods in transit, absence of destination inspections, lack of market surveillance as well as inadequate co-ordination between the Ministry of Industry and Commerce and its stakeholders. The key findings are as follows:

- The Consignment Based Conformity Programme lacked critical provisions for combating the influx of substandard goods as it did not cover destination inspection and market surveillance;
- There were no regulations governing quality assessment as such most of the goods (87.5%) were not being checked for quality increasing the risk of inferior products flooding the market. The ministry was taking too long to add more goods for quality surveillance under the CBCA programme.
- Compliance to standards set by SAZ was not mandatory except for products which were under the CBCA programme. The Zimbabwe Compulsory Specifications Bill initiated by the Ministry to bridge the gap in 2012 failed to address the challenge because the bill had not yet been enacted in Parliament 6 years later.
- There were no systems in place to monitor the importation of second hand motor vehicles in line with the Ministry's Motor Industry Development Policy (2018-2030).
- Second hand clothes and under garments were being smuggled into the country and sold at designated flea markets and on streets despite the ban on the sale of second hand under garments through SI 150 of 2011.
- There was no formal review on Bureau Veritas Inspection Valuation Assessment and Control three years after they were engaged to implement the CBCA programme by the time of the end of the audit in August 2018. This was in violation of the conditions of the contract signed between the Government of Zimbabwe and Bureau Veritas which call for an annual review and carried the risk of allowing areas of poor performance to go unnoticed and could have led to the renewal of a non performing contract.
- Bureau Veritas breached the contract by failing to train Ministry of Industry and Commerce staff in lab testing, inspection, legal enforcement, risk management and procurement in breach of contract provisions which stipulated that 2% of the contractual turnover is reserved for that. Failure to transfer skills to the MIC staff would leave the Government of Zimbabwe incapacitated to do the work when the contract expired in 2019.
- There was no monitoring being done for goods in transit some trucks did not have tracking devices as required by SI 113 of 2017 of ZIMRA resulting in some trucks deviating from

their routes. Delays in the clearing of goods in transit also resulted in some goods being illegally offloaded into the country.

- There was no destination inspection of goods at ports of entry to ensure that substandard goods are denied entry into the country.
- There was no market surveillance of imported goods or monitoring of the calibration of scales and measuring instruments used in industry and commercial shops.
- There was inadequate stakeholder engagement by the Ministry of Industry and Commerce to discuss and get feedback on the quality of imported goods resulting in the Ministry's failure to perform its role in monitoring imported goods.

Audit Recommendations

- The Ministry of Industry and Commerce should push for the inclusion of 227 imported products for quality assessment to ensure conformity with required standards.
- Expedite the establishment of structures for the quality assessment of imported second hand vehicles.
- Adhere to the requirements of the contract between the Government of Zimbabwe and Bureau Veritas to ensure corrective measures are implemented on time so as to curb the influx of substandard products.
- Engage stakeholders such as ZIMRA and Ministry of Transport and Infrastructure Development to monitor trucks in transit to ensure that no substandard goods are offloaded in the country.
- Partner with SAZ to conduct destination inspection of goods that are not under the CBCA programme.
- Follow up on the enactment of the Compulsory Specifications Bill into an Act of Parliament to enable it to carry out market surveillance in order to monitor and control influx of substandard products.

The Report was tabled in Parliament on the 7th of October, 2020 and is now a public document which can be accessed from the Office's website [www. auditgen.gov.zw](http://www.auditgen.gov.zw).

Attached to this press release is the Report on Monitoring of the Quality of Imported Goods for further information.

For more information or clarification contact the undersigned.

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