



THE ZIMBABWE COALITION ON DEBT AND DEVELOPMENT, (ZIMCODD)

POSITION PAPER ON THE

ZIMBABWE AGENDA FOR SUSTAINABLE SOCIO ECONOMIC TRANSFORMATION

(ZIMASSET 2013-2018):

A. BACKGROUND

1. The \$27 billion Zimbabwe Agenda for Sustainable Socio Economic Transformation (ZIMASSET) is the 14th economic development program introduced by the Government of Zimbabwe since independence in 1980. Its predecessors include; Growth with Equity, (1981), Transitional National Development Plan (TNDP, 1982-85), 1st Five Year National Development Plan, (1986-1990), Economic Structural Adjustment Program (ESAP, 1990-1995), Zimbabwe program for Economic and Social Transformation (ZIMPREST, 1996-2000) Vision 2020, Millennium Economic Reform Plan (MERP 2000) The Ten Point Plan, (2002), National Economic Revival Plan, (NERP, 2003), Macroeconomic Policy Framework (2005–2006), National Economic Development Priority Program (NEDPP, 2007), Short Term Recovery Plan (STERP) 1 & 2, (February 2009-December 2009), Medium Term Plan, (MTP 2011-2015).
2. Evidently any new economic development program in Zimbabwe must first seek to establish the generally poor performance of past economic plans in the country. Secondly the underlying assumptions of any new economic program will need to be examined; specifically the realism of goals and objectives, and the availability of resources to finance the economic plan. Thirdly, in many ways Zimbabwe's experience shares with that of African countries like Nigeria and Angola. What does ZIMASSET learn from these countries? In view of these three considerations the question is then asked, does ZIMASSET represent progress, or retrogression? The essence of this paper is to present Zimbabwe Coalition on Debt and Development's (ZIMCODD) position.
3. This paper begins with an outline of key elements of ZIMASSET. The paper then proceeds with a critical examination of firstly, the methodological foundations and assumptions of the economic blueprint, and then secondly, the ZIMASSET clusters. In addressing these issues, the key questions addressed are as follows;
 - i. Is the ZIMASSET informed by /founded on plausible financial and economic principles and values?
 - ii. What key developmental/economic problems is the ZIMASSET addressing?
 - iii. What is the developmental context /environment within which the ZIMASSET was introduced?
 - iv. How plausible is the ZIMASSET vision; its objectives, targets, assumptions?
 - v. What is the sum total/value of envisaged public and private investments during ZIMASSET?
 - vi. How is Government to raise money for investment into ZIMASSET?
 - vii. What are the key indicators of development under ZIMASSET? (GDP, Inflation, Incomes, BOP, Savings, Quality of life indicators, employment)
 - viii. How different should Zimbabwe be in 2018 at completion of ZIMASSET?
 - ix. What makes ZIMASSET different from other Government programs?

B. KEY ELEMENTS OF ZIMASSET

4. Launched in the aftermath of a 70% ZANU PF victory in the July 2013 national election, and inspired by the ZANU PF election manifesto, ZIMASSET promises, by end of its phase in 2018, “An Empowered Society and a Growing Economy”. Its mission is in terms of“(providing) an enabling environment for sustainable economic empowerment and social transformation to the people of Zimbabwe and its goals are indigenous economic empowerment, employment creation, and social equity, propelled by domestic resource mobilization and the *“judicious exploitation of the country’s abundant natural and human resources”*.¹ In the ZANU PF party manifesto launched in July 2013 Zimbabwe President and ZANU PF leader Robert Mugabe called his 2013 election manifesto “Taking Back the Economy”. In a preamble to the election manifesto President Mugabe says *“the essence of ZANU PF `s ideology is to economically empower the indigenous people of Zimbabwe by enabling them to fully own their country’s God given natural resources and means of production to unlock or create value from those resources.”*
5. ZIMASSET priority goals are import substitution, self sufficiency, domestic financing, expansion of the Gross Domestic Product (GDP), creation of new jobs and economic prosperity for all Zimbabweans.
6. ZIMASSET is modeled along China’s development programs and its two-pronged approach is the quick fix (2013-2015) and the ‘long-term’ (2013- 2018) in dealing with the distresses facing the economy. The blueprint is also based on a ‘Results Based Agenda,’ and four strategic clusters that include (i) Food Security and Nutrition, (ii) Social Services and Poverty Eradication, (iv) Infrastructure and Utilities, and (iv) Value Addition and Beneficiation. These four are bolstered by two additional clusters namely: Fiscal Reform Measures and Public Administration, Governance and Performance Management.
7. Under each cluster, key result areas, cluster outcomes and outputs, strategies and relevant ministries are identified. The vast list of prioritized government projects integrated in these clusters is intended to promote and cement internal relationships and linkages between ministries. This blueprint adopts the Results Based Management System for easy conceptualization, comprehension and appreciation of key results outcomes and outputs.
8. ZIMASSET projects an annual economic growth rate that rises from 3.4% in 2013 to 9.9% in 2018, averaging 6.1% (and not 7.6% as suggested on page 23 of the ZIMASSET document) over the six year period. The projected fastest growing sectors are Real Estate, (average annual 16.1%) Construction, (16.1%) Mining and Quarrying, (8.8%) Agriculture, Forestry and Fishing (6.1%).

C. ZIMCODD POSITION

9. Zimbabwe has vast amounts of natural resources. But millions of Zimbabweans citizens languish in deepening poverty. A poor country with large deposits of precious minerals, but without requisite public accountability and law enforcement systems in place is exposed to, and vulnerable to public corruption and activities of syndicates involved in criminal trading

¹ ZIMASSET page 2

activities. Strong public accountability systems characterize democracy, and a nation in which values of freedom and transparency are cherished;

10. In 2014 Zimbabwe's unemployment is in excess of 80%, and an estimated 75% of the country's population lives below the poverty datum line.² Zimbabwe's life expectancy averages 50 years over 2012-2014, mean years of schooling are less than expected years, per capita gross national income has fallen from levels above 0.500 to 0.424 and the Human Development Index remains below 0.400, which though comparable with SADC trends, is far below minimum standards for sustainable human development.³
11. Domestic resource mobilization, import substitution and value addition, local economic empowerment, social equity and transformation, as espoused in ZIMASSET, are noble goals to guide economic planning in a low income country such as Zimbabwe. In most developing countries domestic revenue is also considered a sustainable resource for development and a way out of Aid dependency, while tax systems are also increasingly being perceived as crucial in building states.
12. But the 'African paradox', which continues to attract the attention of thousands of professional and academic researchers and practitioners every year, presents serious challenges for Zimbabwe has long characterized The African paradox is a state of mass impoverishment in the midst of some of the world's richest natural resources in countries such as Nigeria, Angola, the Democratic Republic of the Congo (DRC). Unless the 'African paradox' is addressed as it increasingly manifests itself in Zimbabwe, the country's infrastructural and development deficits will deepen, but in the context of a country rich in terms of land, gold, diamonds and other mineral wealth. Zimbabwe has enough resources to significantly reduce poverty, to meet expanding population needs and to build, as President Mugabe says in the foreword to the ZIMASSET document, 'one of the strongest economies in the region and Africa'.
13. A critical assessment of ZIMASSET confirms that economic programming in Zimbabwe must be predicated on effective systems of Public Financial Governance and Accountability, Democratic Participation in Development Planning and Public Debt Management.

Public Financial Governance and Accountability Systems

14. In building its \$27 billion (averaging annual US\$5.4 billion) resource base, ZIMASSET alludes to the establishment of a Sovereign Wealth Fund; improved revenue collection from key sectors of the economy such as mining; increased investment in infrastructure such as energy and power development, roads, rail, aviation, telecommunication, water and sanitation, through acceleration in the implementation of Public Private Partnerships (PPPs) and other private sector driven initiatives; increased Foreign Direct Investment (FDI) into Zimbabwe; establishment of Special Economic Zones; increases in tax and non tax revenue inflows to the state; leveraging resources; and accelerated implementation of Public Private Partnerships.
15. However the above measures will be incomplete without strong guarantees of financial governance and accountability systems. In this regard, ZIMASSET lacks clear strategies on

² http://en.wikipedia.org/wiki/Economy_of_Zimbabwe

³ (United Nations, World Bank websites)

how its goals will be reached. A country needs 25% of its GDP in savings (calculated as GDP less final consumption expenditure) to experience sustainable economic growth. The continued use, under ZIMASSET, of the multi-currency system as well as re-engagement with the international and multilateral finance institutions creates important precedents in building investor confidence and domestic savings, and attracting FDI to Zimbabwe. But the impact of these measures alone will be partial. In 2014 Zimbabwe's savings amount to less than 14% and the trend is declining⁴ leading to a shrinking capital base.

16. With the contraction of Zimbabwe's private sector since 1995 tax revenues fell from the peak of 27% in 1997 to levels below 20% over 2000-2013. In the context of the country's widening resource gap, caused by a multiplicity of factors chief among which are weak public revenue accountability systems, illicit funds outflows, falling tax inflows, tax evasion, tax avoidance, and capital flight, declining Official Development Assistance (ODA), volatile and falling foreign direct investment (FDI), ZIMASSET lacks strong guarantees that Zimbabwe will mobilize adequate domestic resources for the economic blueprint to achieve its projected levels of performance. For the past decade Zimbabwe has lost a cumulative of \$12 billion through illicit financial out flows⁵ and from 2002 to 2011 Zimbabwe has lost a cumulative of US\$3, 347 billion due to balance of payments leakages. On an annual basis the averages lose is US\$335 million⁶. These revenue leakages present a strong case for transparency and accountability and the plugging of illicit outflows. Thus the projected GDP growth rate of 6,1 percent over 2014, which should, according to Government, be driven by growth in mining, and the expected increases in public revenues from US\$3,7 billion in 2013 to US\$4,4 billion in 2014 become unfeasible.
17. The implications here are that economic programming in Zimbabwe must be predicated on public accountability systems that protect public revenues. There is need for Government to address administrative and technical weaknesses and corruption associated with the Government of Zimbabwe's own Zimbabwe Revenue Authority (ZIMRA) which have led to significantly reduced effectiveness of Government in ensuring public revenue accountability. In 2013 millions of dollars were reportedly lost through overpayment of salaries and other corrupt activities involving senior management, customs revenue officers, and most Government procurement departments.
18. In 2014 public corruption in Zimbabwe is endemic, with the President acknowledging it is a cancer destroying the fabric of society. Unfortunately, without the necessary democratic instruments and safeguards the President can castigate, but go no further. Viable financial and economic policies are founded on democratic political values that build institutions of public accountability. Henceforth, there is the need to strengthen anti corruption institutions in terms of financial resources and powers to arrest those involved in corrupt activities.

⁴(World Bank website)

⁵nehandaradio.com/.../zimbabwe-lost-us12-billion

⁶ Global Financial Integrity

Democratic Participation in Development Planning

19. In the past, Zimbabwe's 13 economic plans failed to a large extent because they tended to be overly technocratic exercises lacking depth in terms of stakeholder consultations, social participation, public acceptance and national ownership. Just as technocratic development planning tends to support centralized decision making at autocratic political levels, public consultations in the design of economic programs entrenches public ownership, public accountability, transparency, and, finally, a culture of democratic participation in development.
20. While the predominance of politics in the design and management structures of ZIMASSET presupposes that the root causes of Zimbabwe's economic problems are primarily political, the centralization of ZIMASSET design, formulation, implementation, monitoring and evaluation in the Office of the President and Cabinet, the blueprint becomes exclusive in nature, making it a self-serving economic blueprint without a national character. In the search for sustainable economic alternatives in Zimbabwe, ZIMCodd advocates values of democratic participation in development planning. The crafting of economic policies must be inclusive. The policy impacts on the public therefore the public must be consulted and contribute their ideas. This give them a sense of ownership hence commitment to the implementation and effectiveness of the economic policies.

Public Debt Management

21. In developing countries the public debt represents outflows of funds that could be used to finance economic development activities in the country. In 2014 Zimbabwe struggles with millions of dollars in debt repayments that are, every year, crowding out important economic livelihood spending in infrastructure, education and health. In 2012 Zimbabwe's external public debt was 127% of GDP and also that it was increasing due to arrears. Over 2010-2012 Zimbabwe's debt arrears had grown to \$4,72 billion or 78% of total debt stock, while over 2013/2014 the budget deficit was projected to be \$100 million owing to less-than-expected revenue inflows.
22. Zimbabwe has made commendable progress in establishing a Debt Management Office in Government, and also in carrying out the debt audit and validation exercise over 2012-2013. The exercise, which involved Government engaging creditors and assessing loans, all interest accrued and penalties, helped establish Zimbabwe's debt at lower levels of \$6.1 billion, contrary to initial International Monetary Fund (IMF) estimates of US\$11 billion. In addition to the debt audit and validation exercise, there is the need to have a people's audit to determine odious and illegitimate debts so that irresponsible lending and borrowing is knocked in the ground to protect future generations and save resources.
23. As part of the 2015 Millennium Declaration developed countries were, by 2010, to have cancelled most of the debts owed to them by developing countries, including Zimbabwe. The Millennium Declaration called on rich nations *"...to adopt duty and quota free access for all exports from the poor countries, to implement enhanced program of debt relief for the poor countries, and without further delay, to cancel all official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction; and to make more*

generous assistance, especially to countries that are genuinely making an effort to apply their resources to poverty reduction” (United Nations 2000).

24. However Millennium Declaration Goal reviews confirm that less than 5% of commitments by rich countries to cancel debt owed to them by low income countries have been met. While the IMF and World Bank tells poor countries to pay 20% to 25% of their export earnings towards debt repayment, there is no European country that is repaying its loans at levels higher than 4%. Thus, in the light of various commitments, developed countries have reneged on their promises.⁷
25. Social Movements in Zimbabwe, (including coalitions of Churches, labor unions, civil society groups and academic institutions) contest views that Zimbabwe, among other low income countries, has a responsibility to repay its debts. Social Movements trace the origins of the foreign debt crisis to the same neoliberal agendas, and their perception is that foreign indebtedness in low income countries is an instrument for the transfer of wealth from poor countries to rich countries. According to this view, foreign debt burdens on the weak African economies raise serious ethical and moral considerations that only call for its writing off. The Social Movements Agenda highlights that foreign indebtedness of low income countries imposes critical constraints on domestic savings mobilisation in these countries, and that as a result countries struggle to attend expanding human development needs. Africa as whole had an external debt under US\$11 billion in 1970, by 2002 the debt was US\$295 billion. Despite having paid back \$550bn in principal and interest over the last three decades, on \$540bn of loans - they still go on paying, sacrificing both the health and the education of their people, as well as any prospect of economic recovery and growth.⁸
26. In 2013 Zimbabwe Minister of Finance Patrick Chinamasa indicated that Government would actively lobby creditors to have its US\$6.7 billion debt written off. To achieve this, the government has to work hand in glove with the civic organizations to effectively lobby the cancellation of illegitimate and odious debts. But Zimbabwe, among other developing countries, will need to take advantage of strong domestic, regional and global lobbies for the cancellation of the debt.

The Zimbabwe Coalition on Debt and Development (ZIMCODD)’s 2007 Debt Conference

27. ZIMCODD’s 2007 conference was explicit in noting root causes of the failure in Africa to transform the region’s rich endowment of agricultural, mineral, forest and fish resources, into wealth to reduce poverty. The conference noted that policy leadership values in clearly focusing on debt have failed to guarantee egalitarian, democratic societies, and that skewed macroeconomics continued to erode wages, so that workers continued to be generally exposed to the vagaries of the market. This also confirmed the results of the Zimbabwe Social Forum (2003, 2005, 2013). At all these conferences the need for democratic policy solutions was highlighted.
28. The ZIMCODD Conference also noted that failure of policy makers to focus on public debt was the root of Zimbabwe’s economic meltdown in 2007.

⁷<http://www.oecd.org/dac/incaf/resourceflowstofragilestates.htm>

⁸<http://news.bbc.co.uk/2/hi/business/4619189.stm>

29. The value of the discussion forum was essentially in terms of the sharing of information and insights about government policy prospects between Civil Society and IMF representatives. Firstly, civil society's participation in meetings with the IMF to discuss Government policies differed from past engagements in that through the principle of (the recently formed) Inclusive Government, there was a convergence of interests around state policy between state and non-state actors. This implied that civil societies would be expected to assist (rather than to oppose or protest against) government in its various policy activities.

FINANCING ZIMASSET

ZIMASSET and Public Private Partnerships

30. ZIMASSET also stresses raising revenues through Public Private Partnerships (PPP) where the government will enter into business partnership with the private sector. In PPPs private resources are mobilized to deliver essential public services such as infrastructure, health and education. There is an ongoing debate on whether PPPs are for public services or for private profit. The arguments for PPPs are that both the government and the private sector can combine and reinforce each other's knowledge and capacities. More so, resources for accelerated delivery of services, capacity building and improved governance are also seen as probable merits from PPPs.
31. On the contrary the benefits accruing from PPPs leads to unemployment as there will be staff reductions. A 2007 research conducted by Gassner in 71 developing and transitional countries unraveled that though PPPs tend to increase efficiency, there was no evidence of lower costs being translated into lower user charges and increased investment. In most cases it is the private partner that reaps more benefits than the government. PPPs have also been criticized for not producing the expected and promised outputs.⁹
32. Currently, the government is in partnership with Anjin, Diamond Mining Company and Marange Diamonds. In terms of the Partnership Agreement the state must receive 20% of revenues in the form of dividends and the private partners have an obligation to fund community share trusts and other developmental activities like road construction, building schools and hospitals. However the private partners are reluctant to honor their obligations. In 2011 Treasury received US\$80 625 003.88 from a shipment of US\$238 million, in 2012, US\$45 million was received against a shipment of US\$563 million (less than 8%). In 2013 Treasury received nothing. While partnerships are healthy for any economy, there still is need for a stronger and adequate public accountability framework that enforces provisions of transparency in such partnerships. In most cases private investors siphon their profits out the country, there is a stronger case to put measure that reduce capital flight and strengthen tax collection. One of the pillars upon which ZIMASSET is premised on is Indigenization. The effectiveness of PPP in mobilizing resources to finance ZIMASSET is thwarted by the fact that this pillar (indigenization) is cracked. The law has presented a precarious environment where investors are not confident to invest their monies as they fear they will not retain anything.

⁹ <http://iboninternational.org/resources/pages/EDM/122/393>

ZIMASSET and the Chinese Question

33. Over the past 3 decades Chinese presence in Africa has grown phenomenally and has committed \$75 billion on official finance. Over 1,673 projects have been initiated by China in mining, construction, transport, energy in 50 African countries over 2000-2011.¹⁰
34. In 2013 Africa is the biggest recipient of Chinese development aid. As of the end of 2012, 16% of Chinese investment in Africa was in manufacturing, 32% in mining, 20% in finance and 16% in construction. Studies also confirm that there is far more manufacturing investment from China than from the United States. This includes raw materials processing: oil refineries in Chad and Niger, copper smelters in Zambia. According to the US Bureau of Economic Analysis, since 2000 the US total stock of investment in Africa was \$56.6 billion, in comparison with more than \$80bn in Chinese Aid projects in Sub Saharan Africa. Over 2000-2014 a growing proportion of Chinese Aid is destined for Zimbabwe.
35. During the days of the liberation war, and recently after the impositions of economic sanctions on Zimbabwe by western countries in 2000, China has featured as Zimbabwe's preferred trading and economic partner. This relationship is also underscored by the fact that the ZIMASSET blueprint is modeled along China's development plan.
36. Addressing a United Nations meeting at the Carnegie-Tsinghua in 2012, Modibo Traore, the United Nations' Food and Agricultural Organization's representative to the African Union, pointed out that African states have over the past five decades openly pronounced to the world community their desire to avoid a re-enactment of the experiences of colonialism and to assume ownership and control of their own development.
37. *"For a partnership to be effective, it is important to ensure that African countries are really in the driving seat. The leadership should be African."* Regarding the issue of ownership, Traore emphasized that African states decided on participatory approaches in partnership between donors and recipient states. *"Development is about a holistic approach, and everybody should play [their] role; everybody has got a specific role in the development process. So, it is important to ensure in an inclusive way that all stakeholders be around the table to discuss the priorities; about how best these priorities can be dealt with, and so on and so forth."*
38. Modibo Traore further noted; *"The main principle [of development] should be that the priorities should be set by African governments. NGOs have a role to play in the implementation; civil society has a role to play in communication. Donors have a very important role to play because they are bringing part of the money. [But] donors cannot substitute governments to say what [the] priorities are at what time. African governments should outline priorities."*
39. On more than one occasion China has been reluctant to provide emergency financial support to the Government of Zimbabwe. In 2013 the Minister of Finance was refused such support by China even as they tried to secure loans against the security of the country's minerals. The Chinese argued that its foreign policy does not allow it to provide budgetary support to sovereign nations.¹¹ On another occasion, the Chinese Ambassador to Zimbabwe was quoted saying China was ready to provide a package to fund ZIMASSET. He said discussions were

¹⁰ <http://www.cgdev.org/sites/default/files/chinese-development-finance-africa>

¹¹ <http://www.dailynews.co.zw/articles/2014/05/04/economy-haunts-clueless-zanu-pf>

underway to securitize the loan using vast mineral resources¹². However securitizing the loan with the country's mineral resources is problematic as the total value of these resources is unknown. Putting value to the unmined natural resource asset is global best practice as practiced in Norway Canada and Australia. There is the need to validate the resources before they are used as security. Additionally, the government needs to do away with the habit of making the loan contraction exclusive. There is the need to make the loan contraction process inclusive. The public deserves to be consulted and endorse the loans before they are contracted. China's actions towards to the Zimbabwean situation will act as a proof whether it is an all weather friend or it pretentious friend looting our resources.

ZIMASSET CLUSTERS

Food Security and Nutrition

40. ZIMASSET proposes farmer support schemes as part of its agricultural revitalization program. Farmer support schemes were first introduced by the former Reserve Bank of Zimbabwe Dr G. Gono as part of the farm mechanization program and the Presidential Input Support Scheme. But distribution of inputs was partisan; a risk that threatens all aspects of ZIMASSET, given that supervision and oversight of the blueprint was delegated to the Office of the President and Cabinet. In an environment that lacks proper accountability politically inspired Government support schemes to farmers tend to achieve little, particularly as farmers from the political opposition are denied access. Subsidizing smallholder farmers is a noble idea but it is costly in terms of the large amounts of financial resources it requires. Government needs to strengthen private sector based financing systems so that these can provide concessionary loans. The government needs to strengthen its role in the provision of inputs. A challenge that exists in the present situation is that smallholder farmers lack collateral security to secure loans. This means that Zimbabwe' land and agricultural policies lack coherence to stimulate significant changes in agricultural production, particularly in the small holder sector.
41. To improve grain distribution the ZIMASSET proposes to import grain from Zambia, distribute the maize to the needy provinces and to provide food relief to vulnerable social groups in GMB depots. This however is on the assumption that the country has access to adequate foreign currency reserves for this to take place. In rural areas where there is growing need for food relief, grain is usually distributed on party lines. This denies other citizens the chance to have access to grain. The arguments for contract farming are that farmers can freely access inputs. Farmers without capital can take advantage of the program and benefit something. However contract farming benefits more the company (as they dictate) than the farmer. ZIMCodd says no to contract farming as it acts as a breeding ground for slavery of the farmers. Therefore ZIMCodd urges the government to subsidize for the farmers or to use Land banks to avail concessionary loans. The promotion of high yielding varieties production is tricky considering the fact that farmers rush to cash crop farming (e.g tobacco farming) which is more lucrative. Though there will be a quota for every Land Reform beneficiary farmer to produce maize, the quantity produced will not be enough and even if it is enough

¹² <http://www.herald.co.zw/cash-package-for-zim-asset/>

chances are slim that it will be sold to the Grain Marketing Board as it has limited financial resources to pay the farmers. Proceeds from mineral exports must be injected into the agricultural sector to financially capitalize and revive agricultural such as the GMB, research institutions and extension services.

Social services and poverty eradication services

42. This cluster focuses on ensuring that the government provides social rights to its citizens. ZIMASSET however states that improvements in the standards of living are achieved through programs such as Indigenization and Economic Empowerment, access to water and sanitation; infrastructure; access to land and agricultural inputs; employment creation; gender mainstreaming; information communication technology; resource mobilization; alignment of legislation to the New Constitution. It is important to acknowledge that social rights are underpinned by a growing economy; poor economic performance in the last years is attributable to the failure of social services and poverty eradication programmes.
43. In terms of improving access to water and sanitation, ZIMASSET proposes procurement of water treatment chemicals from local producers. This is a noble idea as it reduces import costs, and helps save foreign currency. More so, it is in line with the indigenization laws. However, with the prevalent situation, many local companies lack the capacity to produce and supply chemicals for water treatment, and safety and environmental risks are high. At one point in time deadly chemical (cyanide) were once drained into to Morton Jeffery water treatment plant.¹³
44. The introduction of pre-paid water meters as proposed in ZIMASSET commodifies water and undermines public rights of access to water and sanitation, and health. The commodification of water is problematic as poor citizens who fail to pay water bills will cut off from getting water. Water cuts are unconstitutional as Section 77 of the Constitution states that, "Every person has the right to safe, clean and portable water..." To further support access to water, ZIMCODD welcomes the ruling by Justice Bhunu to uphold the people's right to portable water by banning all municipalities from disconnecting supplies to the residents.¹⁴ The risks of diseases associated with lack of access to water and sanitation also exacerbate gender inequalities given women tend to use more water than men. It means that those who fail to pay for water cut themselves off, with dire social and cultural consequences.
45. ZIMASSET also intends to improve standards of living by providing social protection measures to vulnerable groups, including removal of user fees for selected population groups. This measure does not clearly state who is going to benefit from the removal of user fees. Removal of user fees entails an increase in government expenditure and probably heavy taxes as it will be responsible for those expenses. There is the need to give such vulnerable groups social grants for their basic sustenance of resources utilization is done to the maximum this is possible.

¹³ <http://allafrica.com/stories/201209060598.html>

¹⁴ <http://www.herald.co.zw/water-disconnections-unconstitutional-court/>

46. In terms of providing decent accommodation, Government proposes, through ZIMASSET, to provide land for housing and embarking on aggressive housing programs. But ZIMASSET fails to acknowledge that homelessness is a feature of poverty. In 2014 Zimbabwe faces a serious crisis in terms of provision of accommodation, and Government policy in this regard is unclear. Since 2012 Government has established the 'Murambatsvina' program, which involves the destruction of homes in many urban areas. However there have been moves to destroy houses in Seke. The Murambatsvina program lacks a consultative framework with residents. Instead of formalizing many houses in urban areas the Ministry of Local Government insists on demolitions, which on the other hand negates citizens their social right of decent accommodation.
47. Since ZIMASSET is premised on the Indigenization Law it hopes to create employment for the masses. With the predatory nature of the indigenization law, investors are deterred away. In this way foreign direct investment is adversely affected, which causes unemployment. It is estimated that between 2011 and 2013, 711 Zimbabwean companies closed down, rendering 10 000 workers unemployed.¹⁵ Currently unemployment rates hovers around 85%. FDI in Zimbabwe between 2010 and 2012 (just after the enactment of the Indigenization law) was lower as compared to other countries in the region. Economists argued Zimbabwe has lost billions of dollars in potential investments mainly due to fears over the indigenization programme¹⁶. There are also discussions on reviewing the Indigenization Law so as to spare the manufacturing sector from being indigenized. The arguments stemming out from the manufacturing sector is that excluding the country's manufacturing sector from indigenization will help it in accessing increased capital, technology and expertise from foreign countries¹⁷. In order to create employment, in some cases, it is not about ownership as enshrined in the indigenization programme but focusing on taxation and strengthening revenue collection. In Norway focus is not on ownership, but on taxation and revenue collection. The government collects more than 70% as tax from the companies.
48. The government's move to increase access to education is a noble idea but access to education needs to be balanced with employment creation. Inadequate funds have been availed to recapitalize industries so that employment can be created but companies have remained distressed due to the unfavorable economic climate.

Infrastructure and utilities

49. This cluster focuses on measures to rehabilitate and improve infrastructure. Elaborate and resilient infrastructure is critical for economic growth and the recovery of utility services. ZIMASSET seeks to undertake major projects to rehabilitate roads, government buildings, and construction of dams, schools and hospitals. It also seeks to refurbish power stations. The achievement of this is difficult given the scenario that 70% of government expenditure is recurrent expenditure. Implied here is that the greater chunk revenue is devoted to Government current spending activities.

¹⁵ <http://www.theindependent.co.zw/2014/05/02/zim-workers-sing-blues/>

¹⁶ <http://www.voazimbabwe.com/content/zimbabwe-indigenization-and-economic-empowerment-series>

¹⁷ http://www.zimbabwesituation.com/news/zimsit_zimbabwe-industry-calls-for-review-of-indigenisation-policy/

50. The government agenda has so many plans that promote socio economic development but the major problem is to do with financial and technical feasibility of these projects. Some of the public projects proposed in ZIMASSET would not seem to fit the description of national priorities, such as the construction of new parliament buildings in the context of water challenges facing the countries major urban areas.
51. The construction of trunk and feeder roads and toll gates is important for the national economy. More revenue can be collected from toll gates. Since the inception of toll gates in August 2009 to February 2012, a total of US\$51.2 million was collected from all toll gates countrywide¹⁸. But challenge of revenue accountability at ZIMRARA throws spanners into the works. Under this cluster the government also intends to intensify the implementation of the energy conservation measures. Zimbabwe has been characterized by massive power cuts and shortages. These have affected the manufacturing sector and winter cropping. There is need to effect power cuts to non-productive sectors and supply more to the manufacturing sector

Value addition and beneficiation cluster

52. According to ZIMASSET, the value addition and beneficiation strategy is anchored on the private sector taking a key role in the funding and execution of the activities contained therein with Government providing the necessary support in terms of alignment, consistency and cohesion of policies. Value addition is critical as it adds value to exports. For example in the mining sector it will be more profitable to export cut and polished diamonds than rough and unprocessed diamonds. Value beneficiation has also the benefit that it creates employment as processing industries will be set up. According to a report released by the Companies Diamond Industry Series in August 2013, the country will satisfy up to 30 percent of world diamond demand by 2015. Diamond production in terms of carats has steadily increased to 500% between 2010 and 2013¹⁹. With that in mind, through value addition (cutting and polishing diamonds), Zimbabwe has potential to generate over US\$8 billion and create over 200 000 jobs annually²⁰. For value addition and beneficiation to be effective there is the need to adopt and implement relevant pieces of legislations that forbid the exportation of unprocessed goods.
53. In the case of Chisumbanje Ethanol Plant there is the need to educate motorists on the benefits of E10 fuel. If the Green Fuel project is fully implemented over 9000 workers will be employed by the company (directly and indirectly). This must be accompanied by enacting a law that compels all fuel companies to blend their fuel with ethanol. There is also need to nationalize the Green Fuel project so as to speed up the mandatory process.
54. Without tight laws and constant monitoring value beneficiation can be of no use. Value addition and beneficiation can also be affected by the fact that the country's political and economic terrain is not conducive for investment. In the diamond sector cutting and polishing

¹⁸ Zhou and Chilunjika, 2003

¹⁹ ZELA, Tracking the trends

²⁰ <http://www.thestandard.co.zw/2013/10/27/value-addition-polishing-diamonds-will-increase-revenue/>

centers can be established but there are fears that the diamond is now in short supply. Power cuts and shortages also militate against the setting up of processing companies. The few companies that are operating at the moment are heavily affected by power cuts and shortages. For this initiative to be effective and yield results there is the need to improve power supply. Strengthening SMEs and Co-operatives to be viable as tools for poverty eradication is a brilliant idea. When the informal sector is fully established, they can be taxed there by widening the tax base. There is also the need to create competitive advantage enablers for value addition especially in the mining sector which is the back bone for the implementation of ZIMASSET.

Public Administration, Governance and Performance Management Sub-Cluster

55. To ensure the success implementation of this blueprint, Government must improve the general administration, governance as well as performance management. One of the guidelines for this cluster is combating corruption and fostering good governance. Recently in the media there were reports on grand corruption in Parastatals. The vice president went on to scold the media for putting that information in the public domain and put the blame on the opposition which she suspected was working within the ZANU PF party. An effective way of combating corruption is whistle blowing and holding the perpetrators accountable. If the leadership that advocate for combating corruption twist and urge the media to sweep corrupt activities under the carpet, publicly, one would also doubt the effectiveness of the ZIMASSET.

Fiscal Reform Measures Cluster

56. Government accepts that fiscal governance is critical for sustainable economic policies. This cluster focuses on putting in place robust measures that will enable the Treasury to mobilise resources to finance the different priorities. In 2014 budget statement the Minister of Finance tried to ensure fiscal discipline by outlining a road map to gradually reduce the wage bill which currently stands at 75%. In reality it is difficult to reduce the wage bill given that civil servants are pressing for salary increases. Other measure include a culture of honouring obligations and adherence to the budget (eating what we kill approach) and disincentives over obligations incurred outside budget frameworks.
57. As part of its Fiscal Reform Measures Cluster ZIMASSET expresses commitment to improved debt management and access to external financing, improved public resources management. This entails conducting regular debt sustainability analyses; developing a sustainable Medium Term Debt Strategy; prioritising grants and concessional financing from development partners; restrict non-concessional borrowing to financing of key infrastructure projects such as electricity generation, water supply and sanitation and rehabilitation of roads; and mobilising resources through issuance of industrial and agricultural bonds.
58. In the final analysis however the impact of proposed fiscal reform measures under ZIMASSET depend on strong guarantees of financial governance and accountability systems, as highlighted in paragraphs 13 and 14 above. Fiscal governance is interlinked with democratic political governance. Without an environment that promotes democratic participation and public accountability the fiscal reform cluster will be unable to a key driver of ZIMASSET as envisaged.

Conclusion

59. As a cure for socio economic development the government of Zimbabwe has come up with ZIMASSET. This economic blueprint has replaced STERP. This economic blueprint will see the country achieving sustainable economic growth and social equity till 2018. The test of a policy is in its implementation and the resultant impacts. It is not surprising if ZIMASSET falls short on implementation as other successive economic blueprints have faced the same fate. The effectiveness of ZIMASSET is questionable as the current environment is not conducive for domestic revenue mobilization. The operationalisation of this blueprint is hampered by limited funding. Zimbabwe still faces challenges to mobilize resources domestically. Henceforth, there is the need to improve the tax regime and guard against illicit financial flows. The pillars upon which the policy hinges on are cracked. No major benefits have materialized from the indigenization programme since its inception in 2009. ZIMASSET brings to light that the government is doing little to improve socio- economic development as the major issues highlighted in the plan have been on the government agenda for some time. In addition to this, it was hurriedly crafted without consulting the bulk of stakeholders. ZIMASSET is a straight jacket policy that gives little chances for public participation. It does not give a sense of ownership to the citizens of the country as everything is detected upon them.

Recommendations

Resources mobilization

- Strengthening domestic resources mobilization and do away with external loans.
- ZIMRAs revenue collection capacity must be strengthened.
- PPPs must be structured in such a way that produces a win-win situation where both the public and the private companies can benefit. An ideal win-win situation is where by the private individuals invest and reap profits at the same time the state and the public benefit from improved service delivery and infrastructural development.

Public Administration, Governance and Performance Management Sub-Cluster

- National resources must not be used to securitize unpopular loans.
- ZIMASSET is void of measures to plug the holes that fuel corruption, lack of transparency and accountability. Public officials and executors of ZIMASSET must be practice professionalism have integrity so as to combat corruption.
- There is need for strong political will for full implementation of the programme.

Strengthening transparency and accountability frameworks

- The public, who are the beneficiaries of the policies, must be consulted so as to make an input and have sense of ownership of the policy. Economic policies must be modeled along people's demands not party lines. Collective economic policies tailor made to suit the specific problems of the citizens, stakeholder participation.

- There is need to strengthen whistle mechanisms and the protection of whistleblowers.

Fiscal Reform Measures Cluster

- Measures for debt clearance and cancellation must be prioritized for sustainable economic growth.
- Loan contraction processes to source funds for the ZIMASSET must be inclusive and our untapped and unvalued natural resources must not be used to securitize loans.
- Revenue from mineral resources must be used to subsidize other sectors so as to realize the expected outcomes and outputs in other cluster areas for example subsidized farming inputs, provision of clean water and social benefits to the elderly etc.