



THE WEEKEND READER

"Your Weekly Read on Debt, Development & Socio-Economic Justice"

IS DAVOS A PRIORITY CONSIDERING ZIMBABWE'S CURRENT SOCIO-ECONOMIC PROBLEMS?

A Zimbabwean delegation will join other world leaders and major corporates in the resort town of Davos, Switzerland for the World Economic Forum (WEF), an annual international gathering to shape political, cultural and business agendas at the global level. This year's session is to be held between 22- 26 May under the theme "Working Together, Restoring Trust". While attendance of such an event is commendable for any country's foreign policy, it is critical for an economy such as Zimbabwe's to evaluate the value-proposition in its attendance especially considering that tax-payers are going to foot the bill. It is critical for an economy such as Zimbabwe to establish whether the tax-payer can afford this engagement.



Credit: Fight Inequality Alliance- Zimbabwe

The idea of attending Davos is for reengagement and to market Zimbabwe as a lucrative destination for investment however this is a daunting task considering inconsistent policies in the economy and our human rights record which prevents investors from coming in! Impunity and corruption also make the economic environment unfavorable for investment. The Zimbabwe is open for business mantra will not hold as long as investors are asked to pay bribes before they can setup their businesses in the country.² Following all these observations, it remains that the solution for the crisis that Zimbabwe is facing requires home-grown solutions and setting our house in order before we go out to seek investment.

1. <https://blogs.lse.ac.uk/africaatlse/2020/02/28/zimbabwe-new-dispensation-hope-human-rights-violence/>
 2. <https://www.ganintegrity.com/portal/country-profiles/zimbabwe/>

Zimbabwe has been invited to Davos before and an important question right now is whether the nation derived any value from prior attendance. Speaking in an interview at the 2019 installment, Zimbabwe's Finance Minister, Mthuli Ncube stated, "Zimbabwe is the best buy in Africa right now."³ How many investors were attracted from that session? How much value did tax-payers derive from the millions that they paid towards airfare, allowances and accommodation spent in previous sessions? Furthermore, the Zimbabwean government has a history of carrying bloated delegations to international meetings including the 2019 Davos session where President E. Mnangagwa travelled with over 40 people and recently, the United Nations Framework Convention on Climate Change (UNFCCC), COP26 (November 2021) where the Government of Zimbabwe allegedly sent over 100 delegates, whose chartered plane cost \$1 Million⁴ These are tax-payers funds going down the drain as majority of the traveling band were not climate experts.

If we are to stay true to the theme of restoring trust, there is need to address the challenges that we are facing at home before we can window-dress abroad. As long as the economic environment is unstable, Zimbabwe will not attract meaningful investment. As proven from previous meetings, all that has been achieved is announcement of signed deals/agreements but no financial commitment from the prospective investors or results that trickle to the citizen's livelihoods. If anything, what citizens need right now is the actioning of mega deals that have been declared but not borne any fruit over the years.

Using a conservative estimate that assumes flying Economy class, Fight Inequality Alliance-Zimbabwe calculated that the delegation to be sent to Davos between 22- 26 May will cost tax-payers an average of \$4 000 per person (Airfare, Travel and Subsistence). 20 representatives will hence require \$80 000 exclusive of accommodation costs which also average around \$485 per night per room)⁵ This amount could be better used for drilling boreholes in areas that have no access to clean water. For perspective, \$80 000 can facilitate sinking of 16 boreholes at an average cost of \$5 000 per borehole. These 16 boreholes can service communities of up to 16 000 citizens who have to travel long distances to find clean water. This is a more urgent priority! FIA-Z agenda also states that the Davos meeting is a congregation of the elite which has no positive impact on the lives of the poor.

Recommendations

At present, home-grown and tailor-made solutions are what the country needs to progress and to effectively change the current socio-economic status which has been deteriorating. Furthermore, the only way to attract investment is to correct the economic environment at home. Government of Zimbabwe should consider addressing the following challenges to the ease of doing business:

- **Policy inconsistency**

Flip-flopping on micro and macro-policy pronouncements discourages investors from committing to Zimbabwe as they fear a lack of capital security. Government should commit to making evidence based decisions and not be reactionary as this causes the constant backtracking seen in recent weeks.



Further, government they should pursue proactive policy through inclusive multi-stakeholder consultations. This ensures policy ownership by all.

- **Corruption & Impunity**

As long as investors are asked to pay bribes, the cost of bringing their funds to Zimbabwe remains high. The government should strengthen Parliamentary oversight and increase civil penalties for the corrupt.

- **Weak key Institutions**

Government should capacitate key accountability institutions such as Zimbabwe Anti-Corruption Commission, the National Prosecuting Authority and the Officer of the Auditor-General. These have a bearing on the economy and Ease of Doing Business rating.

- **Unstable currency exchange rate**

The runaway exchange rate between the Greenback and the local ZWL complicates the business environment and drives away investment. Government should reform for fiscal discipline including structuring their funding model for programs such as construction and agriculture from short to medium and long term. Finally, tight monetary targeting and liberalizing the exchange rate will reduce distortions in the economy.

Conclusion

As much as investment and reengagement are important to any country, there is need for a case analysis for Zimbabwe. The citizen is interested in knowing what the previous WEF and recent Glasgow (COP26) meetings achieved and if the ordinary citizen benefitted. This is of importance for restoring the lost public trust, in line with WEF's 2022 theme "Working Together, Restoring Trust". We are faced by runaway inflation, an unstable currency and ever increasing poverty right now. Is Davos the solution? From a cost-benefit analysis with the citizen in mind, it seems the answer is no.