



## **Toward a Shared and Inclusive National Vision**

### **Poverty Reduction Forum Trust's Position Paper on the New Government's Vision 2030 and Economic Reform Agenda**

#### **1.0 Introduction**

This paper captures the Civil Society Organizations'<sup>1</sup> voice and advocacy messages on the new President's Inaugural Speech delivered on the 26<sup>th</sup> of August, 2018. The policy paper is a culmination of the reflections that were made by various CSOs during PRFT's public dialogue meeting held in Harare, on the 11<sup>th</sup> of September 2018. On behalf of more than 20 civil society organizations that participated in the dialogue, PRFT commends the new President, His Excellency, ED Mnangagwa for renewing optimism among Zimbabweans through committing to deal with the social and economic challenges that the country has been facing for a long period of time. Of particular importance to the forum is the President's announcement of the vision of transforming Zimbabwe into a **Middle Income Country by 2030**, with increased investment, jobs, broad based empowerment, free from poverty and corruption. It is important to note that the agenda needs to strike a balance between economic growth and the issues of sustainable development that are enshrined in the SDGs agenda which the country is a signatory to. The forum believes in a transformational agenda that speaks to the country's context, needs and more importantly an agenda that does not propel neoliberalism approach to development. Current researches reveal that most developing countries' economic trajectories continue to be underpinned by neoliberal models. Neoliberalism has failed to make significant impact on sustainable human development instead has contributed to rising inequalities within and among states and their citizens.

As a group of civil society organizations working on social and economic justice, we feel that there is need to interrogate the country's policy direction in view of the lessons that we have learnt. The new Economic Policy Reform Agenda and the "Open for Business" mantra which the new government is pushing for as part of measures to achieve the vision 2030, raise the following questions;

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<sup>1</sup>Annexure 1

- How inclusive is the National Vision and the economic Reform Agenda?
- Does the country have adequate institutional and legislative frameworks to support the social and economic reform agenda?
- How can the country strike a balance between attracting investment for reindustrialization and the need to support local businesses' production capacities especially in the informal sector?
- Do we have enough production and policy capacities for the smaller businesses to benefit from the Economic Reform Agenda Vision?
- What institutional mechanisms should be put in place to realize an inclusive economic reform agenda?

The key concerns that are raised in this position paper are mainly to do with complimentary issues that the forum recommends to be considered since they are critical to the attainment of an inclusive national economic reform agenda.

## **2.0 Complementary Issues Critical to Attainment of an Inclusive Vision and Economic Reform Agenda**

### **2.1 National Vision 2030**

From the new President's Inaugural Speech and his vision 2030, the following are the critical measures that are going to be adopted in the next 5 years;

- i. Improve the ease and cost of doing business and economic competitiveness.
- ii. Promote domestic savings.
- iii. Create fiscal space through rationalisation and cost cutting measures
- iv. Accelerate industrialisation, modernisation and mechanisation, with greater emphasis on market driven policies.
- v. Deal with external debt arrears, under the LIMA Plan.
- vi. Stimulate value chains across our industries and commerce
- vii. Modernise major roads, airports, railways and border posts.
- viii. More coherent SME framework
- ix. Modernisation and revamping of our social services sector
- x. Refurbish and construct health, education and water and sanitation infrastructure.
- xi. Incubation hubs, innovation and inventions to ensure that our education sector speaks to the present and future socio- economic, technological and scientific needs of our country.
- xii. Advancement and empowerment of women, youth and the disabled, in every sphere of the economy.
- xiii. Jobs, jobs and more jobs
- xiv. Deal decisively with non -delivery and corruption

From this premise, vision 2030 and economic reform policy agenda is seemingly progressive,

given where we are coming from as a country. It presents several opportunities to the country and its citizens. However, PRFT believes that the realization of the national vision rests upon putting the interests and needs of the poor at the fore front. The development of a people centred economic reform agenda can only happen if all the different social groups are given the room to effectively participate and provide their views. In line with the above, the Forum notes the following;

- i. The development of the national vision was done without participation of the wider stakeholders including from civil society organizations. We feel that the new government and Zimbabweans at large missed an opportunity to craft a shared national vision between the period from November 2017 and July 2018, (the period between the inauguration of His Excellency, ED Mnangagwa in November, 2018 and the time when the harmonized elections were held). During this period, the President and the new government should have gone out to the people and different social groups to consult on their aspirations and how they want them to be realized, moving forward. The Forum is of the view that this is the period when a shared vision was supposed to be crafted, owned and anchored within people. However, there is still an opportunity for the new government to effective consult during the development of the next National Development Plan. There is an urgent need for government to develop institutional mechanisms that ensure all social groups are effectively consulted and their voices are taken aboard towards the generation of a shared National Development Plan.
- ii. Furthermore, we feel that transforming Zimbabwe into a Middle Income country is a good aspiration albeit minimalistic. Zimbabwe is highly endowed with resources both natural and human capital and this puts the country in a good position to dream beyond just achieving middle income status. The country needs to look beyond attaining a middle income status and be seriously concerned about the mechanisms to be put in place to eliminate poverty and inequality (not just reducing them).

## **2.0 Trade, investment and Industrialisation**

We recognize that Foreign Direct Investment (FDI) plays a critical role not only as tool to grow the economy but also as an avenue to create decent jobs and reduce poverty in the country. The “Open for Business” mantra means attracting investment (both foreign and domestic), to increase production, jobs, fiscal space, exports and eventually the overall welfare of Zimbabweans. Attracting investment is very important because it moves the economy beyond stabilization. The thrust of opening up the economy,(liberalization) means that the local businesses have to improve on their efficiencies and competitiveness in order to brace for competition from foreign investors and imports.

Having noted the above, we raise the following pertinent issues;

- i. There are two fundamental policy issues that need to be reconciled in line with the government's vision 2030. The 'Open for Business' mantra suggests more trade and investment liberalization that is "leaving everything to the market". On the other hand, the current government is currently seized with the command agriculture, a model which is probably going to guide the country's agricultural production in the next few years. These two policies conflict each other giving room for policy inconsistencies. There is need for the government to clarify on the sectors and products that are going to be liberalized and those are going to be protected from external competition.
- ii. The **"Open for Business"** Mantra is still a broad policy direction and there is lack of clarity at the moment on the role that domestic investment will play in the economic recovery of the country.
- iii. The "Open for Business" mantra being pursued by the new government has never been subjected to national consultations for the vision to be shared and owned by the people who happen to be the catalysts for change and economic development.

In view of these challenges that confront the 'Open for Business' mantra, we recommend the following;

- i. The Vision and the "Open for Business" mantra have to be anchored on pillars or areas of both comparative and competitive advantage. This means that as a country we need to identify those sectors that can drive the growth agenda in the short term, those in the medium term and those in the long term and then invest resources in those areas accordingly. We note that Zimbabwe is a signatory to the African Continental Free Trade Area (ACFTA) which requires African countries to reduce tariff and non -tariff barriers for the smooth flow of goods across borders. However, there is a serious concern that the government has participated in African continental Free Trade Area (ACFRA) negotiations without a shared national trade policy. It is important to invest in critical research that identifies industries and products that need to be liberalized or protected. In this way, the country will be able to develop a trade policy that can leverage on the Continental Free Trade Area opportunities.
- ii. The Forum urges the government to be clear on the current status of production capacities in the country. This can happen through building strong public research and investments that respond to the needs of the private sector, producers and citizens. There is an opportunity for the country to set a research agenda that looks critically at the capacities that the country has, both in terms of production and personnel capacities.

- iii. The government's vision acknowledges the need to undertake public enterprises reforms. As part of this exercise, the country needs to take an audit of the skills and competencies that exist in government departments. Furthermore, there is need to go beyond auditing personnel skills in government institutions to look at the competencies that the government has in terms of resource extraction and beneficiation. In this regard, it is important for government to be clear on the quantities and quality of minerals that the country has and the role that these minerals will play in the development of the country.
- iv. The country needs to reform and build institutional capacities that are subservient to the constitution and laws of the country for enforcement and regulation purposes. The country has progressive constitutional provisions especially on public finance management issues and there is need to leverage on this to improve people's confidence on the use of public resources by the government. The country needs independent institutions that can decisively deal with corruption through coming up with a framework of accountability with clear respect for enforcement mechanisms as enshrined in the nation's laws and regulations. All these are a prerequisite for nation building and public confidence. There is also need for a monitoring and evaluation mechanism system that underpins implementation of the policies within government ministries.
- v. An independent institution that deals with cushioning domestic industry from massive competition must be constituted and this must be agreed upon by private sector, labour, government and CSOs. The institution has to be given autonomy to consult and make decisions on how investment incentives should be applied across sectors.

### **2.3 Devolution, Local Development and Service Delivery**

The new President has made a pronouncement that his government is committed to implementing the Devolution agenda. There is growing evidence which shows the importance of devolution as a tool to achieve improved service delivery and national development. In line with this view, the commitments to implement devolution are very commendable.

Devolution implementation in Zimbabwe is governed by the new constitution. Chapter 14 of Zimbabwe's New constitution provides for the devolution of powers and functions to eight provincial councils, two Metropolitan councils and urban and rural local authorities. Further to this constitutional provision, Zimbabwe already has legal provisions and acts that regulate local governance. These include Provincial Councils and Administrative Act, Urban Councils Act, Rural District Councils Act, Traditional Leaders Act and The Regional, Town and Country Planning Act.

Devolution presents opportunities to improve local service provision through participatory decision making. However, we note challenges that can undermine Zimbabwe's capacity to implement devolution as enshrined in the new constitution. Some of the pertinent issues include;

- i. Historically, Zimbabwe is known to be a unitary state and important decisions on local development have been taken care of by few people mainly from the central government. This poses a serious challenge on the political will to devolve the local development.
- ii. There is high politicisation of local governance in Zimbabwe and failure to address this challenge might affect Zimbabwe's capacity to decentralise administrative powers. Local governance can make meaningful impact on people's lives if local communities are given space to participate and provide views on the type of local governance they want. The country is still to give Zimbabweans an opportunity to shape the devolution narrative through devolution discussions.
- iii. Despite the constitutional provisions that oblige the government to devolve the local governance structures, there is lack of political will from the government's side to enact acts and legislations that confirm to the constitution's view of devolution. The Urban Council Act Chapter 29:15 gives excessive powers to the minister of local government and there is too much regulation and interference of the minister in the operations of the local authorities.
- iv. The current laws namely the Urban Councils Act and the Rural District Council Act are not aligned to embrace devolution as spelt out in the New Constitution.
- v. There is no constitutional provision that sanctions the appointment of provincial ministers and it is not clear what their duties and responsibilities are. A key question is raised around the operationalisation of the provincial councils considering there is going to be an executive minister for the province. It is not yet clear what role these ministers will be playing in light of the provincial councils.
- vi. There has been lack of financial support from central government to ensure that adequate implementation modalities are put in place to support devolution. Local Authorities are yet to receive their share of not less than 5% of the national revenues raised in any financial year as provided for by section 301(3) of the New Constitution. Another concern is on the dwindling revenue base of local authorities with state institutions such as ZINWA, EMA and ZINARA, taking much of the financial resources that should be going to local governments in revenue. This raises questions on the sustainability of the financing mechanism to back the process of devolution.

- vii. There is no clear road map on the devolution especially with regards to the approach to be used. It is not clear whether the government is going to adopt full devolution or partial devolution.

In view of the above, we submit the following recommendations

- i. There is need for enabling legislation to support devolution. Local authority legislation should be harmonised. The agenda brings an opportunity to take an audit of the laws and structures that the country has and reframe them in line with the citizens' needs and priorities.
- ii. There is need to enhance capacities of both local community leaders, councillors and their council employees. For example there is need to carry out capacity building exercise on the duties and functions of councillors
- iii. There is need to promote Private –Public Partnerships (PPPs) for devolution & economic development
- iv. A financing model for Devolution framework must be developed
- v. CSOs should develop Monitoring and Evaluation tools for feedback and accountability measurement .
- vi. Government should support wide consultations on the type of devolution that can work given our operating environment. There is need for national multi-stakeholder conferences to sensitize and consult citizens on Devolution.
- vii. There is need to strengthen the supply side of local governance through council personnel audits, skills retooling so that it is able to adequately perform its duties
- viii. There is need to develop performance management tools for community leaders, councillors and ministers.

## **2.4 Poverty Reduction, Labour and Employment Creation**

We acknowledge the commitment by the new government to create decent jobs in line with SDG Goal number 8. This Goal seeks to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Our view is that the informal sector should play a major role in this agenda since it contributes significantly to the employment levels of the country. In view of this, it is important for the government to build the capacity of informal sector and its productivity base to improve its contribution to employment creation in the country. Despite the commitment of the government to create jobs, we note the following risks and challenges;

- i. Slow place in the development of a comprehensive strategy on the Decent work agenda that places employment creation as an explicit and central objective of government's

poverty reduction strategy in line with new commitments set by African countries for the 10- year period ( 2014- 2024)

- ii. Lack of national cohesion and shared vision on Decent work agenda
- iii. Parallel and opaque – re engagement process driven by a revived “Look East Policy”
- iv. Slow pace in international re -engagement based on the LIMA process where arrears and lack of track record on arrears clearance is a serious threat to poverty reduction and employment creation
- v. Lack of harmonized social protection systems targeted for informal traders including women and youths
- vi. Lack of widened scope for social dialogue on labour issues in the country

Having noted the above challenges, we recommend that the government develops a comprehensive strategy to drive the decent work agenda. The following issues should be considered as critical ingredients to poverty reduction and employment creation agenda in Zimbabwe;

- i. Placing of employment creation as an explicit and central objective of government’s poverty eradication strategy;
- ii. Enhancing agricultural productivity and output by reorganising the sector and introducing innovative technologies and farming methods
- iii. Building the capacity of vulnerable groups engaged in the informal sector through skills retooling
- iv. Developing employment indicators and targets in all sectors of the economy to achieve job rich economic growth.
- v. Targeting employment intensive sectors and the participation of the poor in high growth sectors
- vi. Promoting product and value chain and channels and clustering of SMES to widen the impacts of initiatives
- vii. Adjusting the Macroeconomic Policy Framework and Budget to facilitate pro poor employment – rich growth
- viii. Enhancing skills development targeting the informal sector players
- ix. Promoting and widening the scope of social dialogue for effective coordination, monitoring and evaluation.
- x. Establishing institutions that have ability to use their autonomy to consult, negotiate and build consensus with social partners, at the same time building their capacity to effectively implement policies
- xi. Conducting a resource mapping exercise and developing capacities that will produce quality product for domestic consumption and exporting.

### **3.0 What is the Forum’s view on the forward?**



In summary, the Forum notes that the road map to achieve inclusive development in Zimbabwe requires putting in place deliberate mechanisms for consultations. At the moment, Zimbabwe is a divided country and national building and fostering unit should be prioritised to usher in the desired development to the country. **Zimbabwe needs a shared vision for growth and development.** In light of this, building national cohesion is a very important step going forward. There is need for specialized conferences for clusters (social, economic and governance e.t.c) to discuss issues under their thematic areas. These processes should culminate into a shared National Development Plan to guide the country in the next 5 years.

## **ANNEXURE 1: LIST OF ORGANIZATIONS**

This publication is a product of the consultations undertaken with various civil society organizations on the 11<sup>th</sup> of September 2018. Organizations which took part and contributed to position paper are as follows:

1. The Poverty Reduction Forum Trust,
2. CARITAS Zimbabwe
3. Zimbabwe Women Bureau (ZWB)
4. National Association of Non-Governmental Organizations (NANGO)
5. SEATINI Zimbabwe
6. Zimbabwe Coalition on Debt and Development (ZIMCODD)
7. National Council of Disabled Persons of Zimbabwe (NCDPZ)
8. Youth Empowerment and Transformation Trust (YETT)
9. Centre for Conflict Management and Transformation (CCMT)
10. Labour and Economic Development Research Institute of Zimbabwe
11. Spike Media
12. Zimbabwe Cross Borders Association
13. Action Aid Zimbabwe (AAZ)
14. Women and Law in Southern Africa
15. TALI Zimbabwe
16. Women's Coalition of Zimbabwe (WCOZ)
17. National Association of Youth Organizations (NAYO)
18. HelpAge Zimbabwe
19. Harare Residents Trust (HRT)
20. Deaf Zimbabwe Trust
21. Zimbabwe National Council for the Welfare of Children (ZNCWC)
22. Methodist Development & Relief Agency
23. Catholic Agency for Overseas Development (CAFOD)
24. Transparency International –Zimbabwe (TIZ)

