ARTICLE

EXPLORING ZIMBABWE'S ENDURING ECONOMIC CHALLENGES AND INTERVENTIONIST STRATEGIES: SHOWCASING THE ZIMBABWE AGENDA FOR SUSTAINABLE SOCIO-ECONOMIC TRANSFORMATION (ZIMASSET)

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ABSTRACT

Following its victory in the 2013 elections held on 31 July, the ruling ZANU-PF party went about crafting a new economic blueprint, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset). The blueprint intended to bring about accelerated economic growth and wealth creation in Zimbabwe between October 2013 and December 2018. ZimAsset has four strategic clusters, namely Social Services and Poverty Reduction, Food Security and Nutrition, Infrastructure and Public Utilities `as well as Value Addition and Beneficiation. These clusters are regarded as the basis on which the objectives of the blueprint are anchored as well as the drivers of the development policy. This article provides a critical analysis of this blueprint by taking a historical look at the economic policy of the country and hastens to argue that this country has never been short of blueprints. What has been lacking is the implementation; owing to lack of resources, political will and corruption, among other factors. The economic policy is also bereft of an investment strategy, making it difficult to leverage on the country's mineral resources. The Indigenization and Economic

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Empowerment Act of 2008 is not doing the country's efforts to attract Foreign Direct Investment (FDI) any good because it is in actual fact, driving away potential investors. This article argues that given that ZimAsset's implementation is premised on the availability of financial resources, which the country does not have, and that FDI is not trickling in, the blueprint is bound to fail. This economic blueprint is ambitious, as it aims to achieve almost everything within a five-year period; and yet the country is thin on resources. Therefore, the blueprint will most likely, not be able to take Zimbabweans out of their economic quagmire.

Keywords: development strategy; economic policy; Foreign Direct Investment; Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset)

INTRODUCTION

Since the turn of the new millennium, Zimbabwe's economy has been on a downward trajectory, characterised by high inflation, chronic unemployment and soaring national debt levels. The introduction of the multi-currency regime that coincided with the government of national unity (GNU) in 2009 seemed to have halted the haemorrhaging of the economy; but in recent months following ZANU-PF's "landslide" victory in the 2013 Harmonized Elections (comprising Parliamentary, Senatorial and Presidential elections held simultaneously), challenges have re-emerged. Low capacity utilisation in industries of around 39 per cent in the third quarter of 2013, unemployment as high as 75 per cent, liquidity crunch, lack of lines of credit from major International Financial Institutions (IFI), as well as a general lack of FDIs are some of the major challenges that have plugged the Zimbabwean economy and gain. It is against this backdrop that those who steer the affairs of the ship of the state have crafted the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset) to take Zimbabweans to the "Promised Land." This article analyses the country's blueprint and assesses its ability to take Zimbabweans to the desired economic state. It is the conviction of the authors of this article that December 2015 – the time when the "Quick Wins" should have been achieved – is already gone by, with very little (if any) really tangible economic benefits having been derived from the austerity economic measures of the ZimAsset . The article concludes by suggesting what needs to be done if the current economic challenges are to be overcome, and if ZimAsset is to succeed.

A BRIEF OVERVIEW OF INTERVENTIONIST ECONOMIC POLICIES IN ZIMBABWE

It has been argued that since the attainment of political independence in 1980, Zimbabwe has been inundated with economic challenges (Chatham House 2016). Similarly, soon after the 2013 election, Bowler (2013) predicted that the flawed nature of the country's flawed elections would have ghastly economic implications. True to this conviction, Zimbabwe's economy has started to experience a downturn, on the

backdrop of economic policies characterised by heavy political overtones. Consequently the Government of Zimbabwe adopted numerous interventionist economic policies to resuscitate its flagging economy. Each policy was meant to serve a particular purpose in the post-independence economic history of the country (Assubuji 2016). The 1980s were characterised by five-yea development plans. Of note were the Growth with Equity Plan (1981), the Three-Year Transitional National Development Plan (1982–85), and the First Five-Year National Development Plan (1986–90) policies. The objectives of the first two policies were in sync with the political philosophy of the country during the time, and sought to create a "socialist and egalitarian and democratic society" and to achieve economic transformation and growth. Data from the World Bank (2014) shows that Zimbabwe's GDP was growing at an average rate of 5.38 per cent per annum between 1980 and 1990; and that public expenditure was high for the most part of the decade, which explains the country's flagging economic fortunes from the mid-1990s. So much has happened in economic and political cycles since 1990. During this period Zimbabwe experienced an economic downturn; which saw inflation spiraling out of control, with various local currencies under a cocktail of names such as bearer cheques and agro cheques being introduced. Currently, the country is using a multi-currency system, which has proven to be problematic.

The post-1990 era saw Zimbabwe undertaking several interventionist policies for economic recovery. After evident economic malaise, the government in 1990 embarked on a World Bank-sponsored five-year Economic Structural Adjustment Programme (ESAP), aimed at liberalising the economy to a more market-driven one. World Bank supported ESAP with a US$125 million structural adjustment loan facility and a US$50 million line of credit. In 1991, a Framework for Economic Reform (1991–95) was announced, aimed at privatising state-owned enterprises. According to data from the World Bank, the economy achieved an average annual Gross Domestic Product (GDP) growth of 1.39 per cent between 1991 and 1995. In 1998, the Zimbabwean government launched, two years behind schedule, the second stage of its ESAP, the Zimbabwe Programme for Economic and Social Transformation (ZimPREST). The ZimPREST (1998–2000) aimed at creating a stable macro-economic environment to support increased savings and investment in order to achieve higher economic growth and improvement in the standard of living for all Zimbabweans. The interventionist economic recovery policies had, by 1996 yielded an average annual GDP growth rate of 2.41 per cent, which was a commendable achievement; given the economic climate of the day.

As though the foregoing economic policies were not enough, the country, on the dawn of the new millennium, came up with a Millennium Economic Recovery Programme (MERP), which lasted from August 2001 to the end of 2002. MERP aimed at arresting the economic decline that had come to characterise the Zimbabwean economy, especially against the backdrop of the deployment of troops to the Democratic Republic of Congo (DRC) in 1998; among other unsanctioned expenditures. MERP was followed by the

Ten-Point Plan of 2002, which was part of the Post-Election Economic Development Strategy and Economic Recovery Programme. This programme was followed by the National Economic Revival Programme (NERP) in 2003. A Macroeconomic Policy Framework was implemented between 2005 and 2006. The year 2007 witnessed the implementation of the National Economic Development Priority Programme (NEDPP), while the Zimbabwe Economic Development Strategy (ZEDs) was aborted at conception in 2008. The proximity of the various policies were indicative of a fast declining economy, especially given the mark that had been left on the economy after the Land Reform Programme, especially its sequel, the Fast Track Land Reform Programme of 2000.

As result, it has been noted that between 2001 and 2008, the GDP declined at an average of 7.59 per cent per annum, with the African Development Bank referring to the period between 2000 and 2008 as ***the Lost Decade*** of Zimbabwe, as the country experienced "a sustained and broad-based decline in economic activities." Hard on the heels of the 2008 economic meltdown was the Short Term Emergency Recovery Programme (STERP) (February–December 2009), a concerted effort by signatories to the Global Political Agreement signed on 15 September 2008, which focused on "getting Zimbabwe moving again." This recovery programme is aimed at reversing negative growth rates, devaluation of the currency, low productive capacity, job losses, food shortages, poverty and massive de-industrialisation. With STERP came the adoption of a multi-currency regime commonly known as dollarisation, during which the worthless and valueless Zimbabwe dollar was de-monetised and the South African rand, United States dollar and other identified convertible currencies became legal tenders.

Seeing that STERP had prospects of economic recovery, the new Government of National Unity (GNU) embarked on STERP 2 in August 2009, which covered the Three-Year Macro-Economic Policy (MTP) and the Budget Framework (2010–12). The MTP dealt with broad developmental and growth policies, while the budget framework was a bridge between STERP 1 and MTP. The period 2009–2012 achieved a sizeable economic annual average GDP growth of an impressive 8.65 per cent. This showed that Zimbabwe was on the right path to economic recovery until 2013 when the GNU collapsed and ZANU PF decided to go it alone; and upon "winning" the July 2013 elections (Makaye and Dube 2014), it embarked on the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset), a five-year blueprint which is currently in implementation. ZimAsset would run from October 2013 to December 2018 and is aimed at driving Zimbabwe "towards an empowered society and a growing economy", and is set to achieve "sustainable development and social equity anchored on indigenisation, empowerment and employment creation" underpinned by natural resource exploitation and human capital.

The latest bluepint, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation, commonly known as the ZimAsset, is the "new economic blueprint" set to revive the fortunes of the country, which have been under immense pressure since

the dawn of the new millennium. The Reserve Bank of Zimbabwe (RBZ), in its July 2014 Monetary Policy Statement, notes that to succeed, ZimAsset requires "robust and prudent fiscal and monetary policy measures"; and that the blueprint requires a total funding requirement of US$27 billion ex-post. Domestic and international financial support will be required. However, with financiers getting fewer by the day, and the cash crunch setting in, it remains to be seen whether Zimbabwe will withstand the economic storm bedeviling the country. This article therefore, deliberates on the extent to which ZimAsset will be able to improve the economy of the country and provide a healthy and competitive economic environment for the people of Zimbabwe. In a nutshell, a lot has happened in Zimbabwe in economic and political cycles since 1990. The list is endless, as Zimbabwe limped from one currency to the other, seeking a solution to a crippling inflation that manifested itself during the last decade of the last millennium, and during the first decade of the new millennium.

BACKGROUND TO THE CRAFTING OF ZIMASSET

The above literary deliberations have not only discussed the significance of participation, but indicated the prospects of success of people-driven programmes. The Zimbabwe Agenda for Socio-Economic Transformation's (ZimAsset) economic blueprint was crafted in October 2013. This was after the ruling ZANU PF party had romped to a landslide victory, ending a stormy marriage with the opposition Movement for Democratic Change factions, namely the MDC-N led by Professor Welshman Ncube, and the Morgan Tsvangirai led MDC-T political outfits. The resultant government of national unity had come about in 2009 following the 2008 Harmonised elections, which had been narrowly won by the MDC-T with about 43 per cent of the votes, thus falling short of the 50 per cent + 1 needed for an outright victory. In the run-off election pitting Mugabe and Tsvangirai, following the inconclusive 2008 elections, Tsvangirai later withdrew; citing an uneven political playing field characterised by unprecedented violence to its supporters (Raftopoulos 2009). Tsvangirai alleged that there was too much violence and that almost 200 of his supporters had been killed at the hands of state security agents. During the rule of the GNU there was the adoption of the multi-currency system and with it devastating inflation had been dealt with. For much of the era of the government of national unity (GNU) inflation was about 4.5 per cent, while economic growth rate averaged about six per cent. However, with ZANU PF's victory in the July 2013 Harmonised elections, the economy took an immediate knock. Industrial capacity utilisation in many industries was about 39 per cent and unemployment hovered around 75 per cent. The delivery of housing in urban centres has always been below demand, resulting in serious shortage of houses in the towns and cities. Water and sewer reticulation still remain major challenges facing many cities. The ratio of wages budgeted was high for the country to have a sound economy. Finance and Economic Development Minister Patrick Chinamasa estimated the ratio to be at 85 per cent (The Herald 2014), and this

gave very little room for infrastructural development; considering that 90 per cent of the budget goes towards recurrent expenditure. The size of the external debt is also a worrying factor. With a cumulative external debt of over US$12 billion representing over 100 per cent of the GDP, according to Chitiyo (2016), the country's development prospects are hamstrung. Politically there has been considerable polarisation, with the opposition MDC-T commanding a significant following among the general populace. This forms the backdrop to the crafting of the ZimAsset blueprint.

ZimAsset: Its Objectives and Clusters

The main objectives of this blueprint are stated in the document's foreword, written by the President of the country, Robert Mugabe. This economic blueprint hopes to bring about accelerated economic growth and wealth creation between October 2013 and December 2018 (Bowler 2013). ZimAsset projected to grow the economy by an average 7.3 per cent. It was projected in this document that the economy would grow by 6.2 per cent in 2014 and be on an upward trajectory until it reaches 9.9 per cent by 2015 (Bowler 2013). In addition, the blueprint intends to achieve sustainable development and social equity anchored on indigenisation, empowerment and employment creation that were said to be possible through the judicious exploitation of the country's abundant human and natural resources.

ZimAsset has been divided into strategic clusters for easier prioritisation and distribution to various line ministries for implementation. The four clusters are Social Services and Poverty Reduction, Food Security and Nutrition, Infrastructure and Utilities, as well as Value Addition and Beneficiation. With respect to cluster the authors of ZimAsset posit that social services should be available to all and sundry by 2018, and that by this date the country should have made significant strides in reducing poverty among the populace. Food security and nutrition is also a priority area for this cluster. Food security for all should be attained by 2018, and the country should have re-emerged as the "Bread Basket of Southern Africa" (Government of Zimbabwe 2013). All people must be able to afford to eat balanced diets, which would provide their bodies with adequate nutrients to enable them to fight diseases. To advance the objectives of this cluster, adequate and timely provision of affordable agricultural inputs is emphasised, as well as the development of irrigation agriculture and mechanisation. Attention should also be given to infrastructure development because without it economic development would be difficult to achieve. Parastatals and local authorities must also be up and about, and deliver on their various mandates, because without service delivery economic development cannot be realised.

Its Weaknesses

In our opinion the major weakness that afflicts ZimAsset is that it is an over ambitious policy that seeks to achieve almost everything within a five-year period, and yet this

is against the backdrop of lack of financial resources and a clear development strategy that are necessary to realise this objective. From availing services such as public health and education to poverty reduction, infrastructure development, attaining food security to value addition of the country's mineral resources, one notes that the blueprint is all encompassing. Meanwhile, ZimAsset is a five-year economic policy set in motion towards the end of 2013. It was envisaged that the immediate results, the "Quick wins" should be achieved by December 2015. Against a backdrop where government has very little fiscal space for infrastructural development and other things, as 85 per cent of the national budget goes to salaries (Gasura 2015), it can be argued that the state does not have the financial means to translate its blueprint into deliverables. While it could be argued that the basic architecture to attain most of these goals is available, ZimAsset does not clearly outline the development strategy to be pursued.

Mashakada (2014) emphasised how some selected Asian Tigers based their development strategies on particular key drivers. South Korea emphasised shipbuilding while China had an appetite for selective Foreign Direct Investment (FDI) during the time when they were rapidly industrialising. China's desire for FDI was so strong that in its Southern Province of Guang Zhou, a whole new special economic zone was created. Malaysia is said to have underpinned its development on a (democratic) developmental state system (Mashakada 2014). This is a point missed by the crafters of the ZimAsset blueprint, as the blueprint should have been leveraged on clearly identifiable variables, for which the country has a competitive advantage. Emphasis on a well-articulated key development driver was in order to give further clarity to ZimAsset.

Other weaknesses of ZimAsset include the lack of broad-based consultation and participation from its inception. While the authors of this article note that the blueprint was a result of a consultative process involving the political leadership of the ruling ZANU PF party, government, the private sector and other stakeholders (Government of Zimbabwe 2013), there is evidence on the ground that suggests that the consultation was not as broad based, as should be the case with any national economic formulation process. The former Vice-President Mrs Joice Mujuru would hardly miss an opportunity to say that a number of interest groups like youths and women were not consulted in the run up to the drafting of this economic policy. This led one youth to remark, *Something for us without us is against us*. Yet these days the top-down approaches to development have generally been discredited as being out of sync with the people's immediate needs. Genuine, broad-based participation of the local people in the determination of the challenges and solutions thereof, as well as the implementation of the suggested solutions is the way forward. However, noble as this bottom-up approach to development might be, events on the ground have proven otherwise. It is clear that the poor cannot influence policy. ZimAsset has not complied with the requirements for broad-based consultation before crafting an intervention meant to benefit the generality of the people.

A point to substantiate on the narrow consultation leading to the crafting of ZimAsset is that few people know what ZimAsset is and what it stands for. There is

very little knowledge beyond just the four clusters of the blueprint. This is in spite of the high literacy rate in the country, which is about 92 per cent (ZimAsset 2013: Foreword). Often many people are heard talking about ZimAsset, but engaging them to ascertain whether they know anything else beyond the name itself reveals the general dearth of knowledge about the economic policy. Even among university students – the supposed leading academic lights – knowledge about this policy is very skeletal, and one wonders how the policy is likely to succeed, given this general lack of information and knowledge about what it is and how it is supposed to be implemented.

Challenges Afflicting ZimAsset

The greatest challenge facing ZimAsset is lack of funding. The blueprint needs an estimated US$27 billion for its objectives to be realised; and this is a huge amount for an economy that is struggling to even pay its civil servants. Pay dates for civil servants are no longer fixed; and neither are civil servants and quasi-civil servants paid on time, and all that point to a constrained fiscal space. With over 78 per cent of the country's Gross Domestic Product (GDP) going towards recurrent expenditure, a situation that the Finance Minister bemoaned (Gasura 2015), there is very little room to manoeuver. For instance, out of the total US$4.1 billion budget for 2014, US$3.5 billion was channeled towards recurrent expenditure. This leaves very little room for capital expenditure; yet among other deliverables, ZimAsset aims for infrastructure development; which by its very nature requires huge capital.

The Indigenization and Economic Empowerment Act (2008) scares away FDI. Although 51 per cent of the budget is targeted for indigenous people, it is in essence foreigners who have the technical and financial resources. Therefore, FDI may hardly be destined for Zimbabwe. Without the all-important casting of votes at annual general meetings, the financial partner who should have majority shareholding may not be willing to invest in Zimbabwe. As a result, FDI has not been coming to Zimbabwe in desired quantities. In fact, FDI inflows into Zimbabwe have been on a downward trajectory for quite some time now. Figures have shown that FDI in Zimbabwe declined from US$400 million in 2013 to US$372.6 million in 2014 (Chitiyo 2016). This has further worsened the country's liquidity situation; yet one of the basic assumptions regarding the success of ZimAsset was that there would be improved FDI and liquidity and access to credit by key sectors of the economy (Government of Zimbabwe).

Coupled with the factors mentioned is the lack of ease of doing business in Zimbabwe. It takes a lot more time to finally get the go ahead to establish a business in Zimbabwe, compared to the country's regional counterparts. Further to this, the country has a low foreign investment uptake because of serious bureaucratic bungling and red tape that push away potential investors. Whereas it takes a mere 19 days for foreign investors to conclude procedures for starting a business in South Africa, it takes about 90 days for foreign investors to know their fate regarding prospects of setting up a

business in Zimbabwe (Gasura 2015). Vice President Mnangagwa noted this point in the following terms:

> I will push you as ministers to deliver and put an end to red tape and you will do the same to your subordinates. – We need to be investor friendly and not the current situations where investors take long periods to know their fate because of red tape"(BBC News 2015). Parliamentarians have always emphasized the need to pay attention to the ease of doing business in Zimbabwe. Red tape flies in the face of efforts to stimulate investment and employment creation in the country [BBC News 2015].

Lack of production by black beneficiaries of large-scale farmers in the wake of the land reform exercise threaten to fly in the face of one of the cardinal clusters of ZimAsset—food security and nutrition. This is because agriculture is considered one of the major pillars in the resurgence of the economy. Production and productivity on the farms were supposed to be increased to achieve food security and stimulate linkages with other sectors of the economy. In a landmark ruling involving a newly resettled farmer and a former white landowner, High Court judge, Justice Mathonsi said that beneficiaries of the land reform programme who were underutilising the land would have their offer letters/leases revoked and land given to more deserving farmers. Delivering judgment in a case where Mutare businessman Fungai Chaeruka was only using less than 1 hectare of Lot 5, Mazonwe farm for horticulture, out of the 498 hectares he had taken from former owner Ms Heather Guild, Justice Mathonsi ruled:

> The government policy on land reform is not recreational, neither is it designed to accord beneficiaries some pastime. It is meant to benefit those willing and able to use the land. One cannot be allowed to hold onto large tracts of land they are not using simply to baby-sit an inflated ego. (Staff Reporter 2014)

The businessman subsequently lost the land to its former owner, but the point that is emphasised here is that there is considerable underutilisation of land by beneficiaries of Zimbabwe's land reform programme. This same point was echoed by President Mugabe when delivering a speech at the Kutama College centenary celebrations. Mugabe said:

> The (A2) farms require huge capital and good management, they don't have it, but they are a status symbol too many – (BBC News 2015).

In many of the cases the lack of production on the large-scale farms is attributable to undercapitalisation. Without support from the state and financial institutions the majority of the emerging farmers are unable to carry out agricultural activities on a large scale.

ZimAsset intends to revive the Bread Basket of Southern African status of Zimbabwe; and this, among other interventions is supposed to be achieved through the timely availing of agricultural inputs at affordable prices, re-capacitating agricultural entities such as AgriBank, the Grain Marketing Board and Agricultural Rural Development Authority (ARDA) and so forth. Irrigation agriculture should be emphasised alongside farm mechanisation. While these are noble intentions,

unfortunately very little intervention has taken place on the ground. At US$28 per 10kg of seed maize and US$30 of compound D fertilizer, the cost of inputs for the 2014/2015 season was beyond the reach of many; given that the average income of employees in the country is US$500 per annum. For various reasons farmers are unable to get funding from banks. AgriBank, among other agricultural institutions, has not been recapitalised; while farmers are unable to get funding from commercial banks, due to uncertainty regarding the bankability of 99 year leases. Ideally, more than 80 per cent of farmers should have delivered their 2013/14 grain to the Grain Marketing Board (GMB), but had not done so as they had not been paid their dues, owing to liquidity challenges facing the entity. The development of irrigation systems has not been realised, because for the 2014/15 season mother nature did not generously give rains to Zimbabwe; and according to Economist John Robertson, the country had to import about 1.400 000 tons of maize because its own harvest would be less than 500 000 tons (Assubuji 2016). The move to import maize can be attributed to lack of irrigation farming, because if irrigation systems had been developed, sufficient harvest for the nation's needs could have been realised from irrigation farming.

While hundred thousands, if not millions jobs should have been created as per the targets set by ZimAsset, there were in fact job losses. One of the newspapers in the government stable – Zimpapers – the Chronicle, quoted Finance Minister Patrick Chinamasa as saying that as of 28 November 2014, 4 619 companies had folded under the weight of the current liquidity crunch afflicting the country (Chronicle 2014). This de-industrialisation has led to the loss of 55 443 jobs since 2011. The liquidity crunch and the lack of fresh lines of credit does not augur well for one of ZimAsset's targets of creating millions of jobs by 2018. The events on the ground do not point to the increase in industrial capacity utilisation; pegged at 57 per cent in 2011, 44 per cent in 2012 (the first two being periods during which there was the Inclusive Government) and a mere 39 per cent in the third quarter of 2013 (Zimbabwe Government). The company closures and subsequent unemployment also do not augur well for ZimAsset's objectives of increasing industrial capacity utilisation and creating employment.

ZimAsset is also charged with creating value to the country's mineral resources as well as beneficiation. It envisages the establishment of a diamond college and churning out of diamond experts by 2018. Unfortunately, there are serious leakages in the mineral sector, especially with regards to diamonds, gold and platinum. In this sector mega bucks are lost through transfer pricing, re-invoicing and thin capitalisation. Transfer pricing is a process whereby a mine in Zimbabwe sells its products to a sister company outside the country at very low prices. The sister company further processes the products and sells them for much higher prices in the international market (Newsday 2015). Re-invoicing is when a mining company in Zimbabwe forms a commodity brokering firm in another country to which it sell its minerals at lower than market prices. The brokering company just resells these commodities at higher prices, without further processing the minerals. Thin capitalisation is when a mining company in Zimbabwe is

funded by its parent company outside at very high interest rates. In this way the local company makes little profit or heavy losses as a results of repaying the loan obtained from the parent company, while the latter makes super profits. Some of the losses are as a result of leakages at the hands of those who wield state power. During the era of the GNU the Finance Minister, Tendai Biti from the opposition MDC-T party was almost at loggerheads with ZANU-PF parliamentarians when he boldly stated that there was a coordinated large scale looting of diamonds, among other minerals, because revenue was going to the national fiscus (Bowler 2013). The same online publication quoted the ousted ZANU-PF Secretary for Administration, Didymus Mutasa allegedly saying that some ruling party functionaries were involved in the looting of diamonds. All these smack corruption and does not augur well with ZimAsset's objective of value addition and beneficiation.

Zimbabwe's debt overhang currently stands at a whooping US$12 billion against a GDP of about US$ 2 billion (Mujuru 2014). The World Bank (2014) forecast a growth rate of two per cent for 2014 and one per cent for 2015 respectively. As a result, the country has not been able to meet its external financial obligations for quite some time. That means that Zimbabwe cannot access fresh lines of credit, not just from the Breton Woods institutions, but also from other international financiers, as the latter take cues on whether to lend or not from the IMF and World Bank. Such a scenario militate against the success of ZimAsset, as this policy's success is premised on the country's ability to secure international lines of credit to stimulate economic activity in the country.

A FLICKER OF HOPE

During his State visit to the vast Asian country (China) last year, President Mugabe clinched nine mega investment deals running into billions of dollars with Chinese companies and government (Mujuru 2014). However, most of these mega deals have been plagued by reports of overpricing on the part of the Chinese company. For instance, whereas Zambia paid only US$278 million for the expansion of the Kariba North Power station that added 360 megawatts (MW) to that country's state-owned power utility (ZESCO); Zimbabwe will fork out US$533 million for Sino Hydro to expand the Kariba South Power station; which is going to contribute 300 MW to the national grid (Bowler 2013). Zimbabwe will thus pay an additional US$255 than Zambia, and yet Lusaka is benefitting from an additional 60 MW. In both instances the same Chinese company Sino Hydro did the expansion. What is clear from these huge differences in the cost of expansion is that they could be attributable in part, to differences in project design, but are more significantly attributable to the Chinese' manipulation of Zimbabwe's desperation. Eyebrows have also been raised regarding Huawei Technology dealings with telecommunications parastatal Netone. There is a reported general trend that emerges, where prices have always been inflated by Netone, compared with other mobile phone operators. For example, for Access Microwave, Huawei charged Telecel

Zimbabwe US$7.000 per unit, while Netone was charged US$55.000 per similar unit, representing an increase of over 750 per cent (Bowler 2013). Corruption and collusion are difficult to rule out in such circumstances. In addition, the Chinese foreign policy, just like that of any other country, is driven by the desire for self-interest, and that interest has to do with safeguarding its own economic interests, while maintaining cordial international relations.

There was considerable evidence of the thawing of relations with the West, the traditional sources of development assistance to Zimbabwe in the first three months of 2015. The country was accused of failing to uphold property rights, rule of law and general human rights. This was against the backdrop of violent take-overs of farms and firms belonging to whites at the turn of the present millennium. The country has hosted a number of business delegations from the West, including the traditionally hostile countries such as the United Kingdom, Germany and France. This warming up of relations can be attributed to ZANU-PF's victory of the 2013 elections that were endorsed by a number of Observer missions, such as the Southern African Development Community (SADC), and the African Union (AU); although the opposition maintains that the elections were rigged. Despite the seemingly thawing of relations between Zimbabwe and the West, most of these delegations have emphasised one thing—the country's Indigenization and Economic Empowerment Policy needs to be reformed. The provision of the blueprint for a 51 per cent shareholding for indigenous people scares away investors.

The Ministry of Transport has done commendably well in re-tarring and widening the Plumtree-Harare-Mutare highway. Plans are said to be afoot to redo and widen the Beit-Harare-Chirundu highway. This is fairly a step in the right direction, although more still needs to be done. Most of the feeder roads to these highways are in a parlous state. The Beitbridge-Harare-Chirundu highway needs urgent attention and not just talk, as the highway is the major gateway into the northern countries such as Zambia, the Democratic Republic of Congo (DRC) and Tanzania. Currently that road is too narrow and is a cause for concern as the condition of the road is one of the reasons why fatal accidents happen on this road frequently.

PRE-REQUISITES FOR THE SUCCESS OF ZIMASSET

One of the major prerequisites for the success of ZimAsset is reformed governance. The culture of impunity and lack of accountability on the part of leaders has to be dealt with. For instance, those suspected of corruption in high places are rarely investigated. There are allegations of massive looting of diamonds in Marange levelled against some of the top national leaders, but nothing is being or has been done to probe such allegations. In a recent media statement, President Mugabe is even quoted as having applauded the military for its role in inciting violence in the Chiadzwa/Marange diamond fields by insinuating that:

> Mugabe went on to thank the military for *Operation Hakudzokwi,* a violent 2008 army onslaught which reportedly saw killing of dozens of fortune-seeking locals who had invaded diamond rich Chiadzwa in search of the gem. (Staff Reporter)

This is a statement that manifests Mugabe's penchant for violence and flies on the face of economic development as contained by the ZimAsset economic blueprint. There has to be a major paradigm shift towards accountability and punitive measures for transgressors. Justice should not just purported to be done, but should also be seen to be done. Short of that developmental aspirations encapsulated in ZimAset will remain a pie in the sky.

There is also a need to leverage resources; especially the human resources. Youths form a very significant proportion of the population, yet the majority of them (80% or so) are unemployed. There is a need to make loans available to the youths so that they can meaningfully contribute to the economic development of the country. Earlier attempts to extend loans to the youths through the Youth Development Fund were halted after the default rate shot up to as high as 78 per cent (Assubuji 2016). Whereas the normal default rate for loans is five per cent, the default rate for the Youth Development Fund (YDF) was very high because the loans were just disbursed without proper and serious capacity building programmes for the youths. Thus, there is a need to capacitate this significant segment of the population so that they can contribute to economic development. The youth should be coalesced into groups, especially graduates from Vocational Training Centres (VTCs), and be given loans to start their enterprises. In this way, the currently redundant segment of the population will contribute meaningfully to the economy.

Policy inconsistency has been one of the stumbling blocks to development in Zimbabwe. On the one hand, President Mugabe has been talking about the need to engage with the western development partners; but making statements that seemed to pour cold water on those calls for re-engagement, on the other hand. For instance, just after giving permits to some smallholder farmers in Mhangura, President Mugabe charged:

> We say no to whites owning our land and they should go. They can own companies and apartments in our towns and cities but not the soil. It is ours and that message should ring loud and clear in Britain and the United States (US) (Chatham House 2016).

Such utterances present a picture of intolerance and also smack of a failure to protect property rights, especially if whites are to loose their land without due process having been followed. This does not bode well with the desire to attract development assistance and lines of credit from the West. What the country needs rather, is policy reform accompanied by policy consistency. The policy that urgently needs reform is the Indigenization and Economic Empowerment Act of 2008. According to economist John Robertson this piece of legislation needs to be scrapped altogether and a new one put in place that incorporates investor input. President Robert Mugabe asked, "How can one

amend theft? What government is doing is simply fine-tuning its theft mechanism. I say they must scrap the whole thing (indigenization). Something wrong cannot be made right" (Daily News 2015). Once efficient policies have been put in place these need to be applied consistently, so that wrong and conflicting signals are not sent to potential investors, local and foreign.

Bemoaning the slow pace of development in the country and recognising the importance of international partners, Vice President (VP) Mnangagwa and Finance Minister Patrick Chinamasa emphasised the need to engage with western partners, alongside eastern partners. They both talked about the fact that development has been sacrificed during the years of non-engagement. The VP emphasised the need to engage with both western and eastern partners when he officiated at Queens Hall in Mutare, at the commissioning of a ZimFund sewage rehabilitation project and the completion of a 10 million metric litre water tank, that would supply 100 000 people with water. The VP said, "We wish to bury the hatchet and walk into the future with our co-operating partners. We cannot continue to remain isolated. We have lost not less than 14 to 15 years of stagnation in this country" (Daily News 2015). Patrick Chinamasa also said in the same meeting that the country had lost about 20 years of development as a result of the chaotic land reform programme. The funds for the above projects had come from the UK, Australia, Switzerland, Sweden, Denmark, Norway and Germany. The stagnation (and sometimes retrogression) of the period from 2000 has shown that Zimbabwe cannot do it alone. Thus, the need to harmonise relations with the international development partners and expeditious processing of investment applications cannot be over emphasised if Zimbabwe is to entertain any hopes of getting its economic blueprint to fruition.

CONCLUSION

The article analysed Zimbabwe's current economic blueprint, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset). It started by analysing the backdrop to the crafting of this blueprint, its pillars or proposed methodology, and unraveled some of the challenges that are likely to scuttle the success of this blueprint. We argue that this economic blueprint is most likely to be a stillborn, largely because of the blueprint inconsistencies, which afflict the state. While there is, on one hand, a need to attract FDI and international development finance, the current policies on land and economy in general, such as the expropriation of land and indigenisation, which emphasise 51 per cent local ownership, fly in the face of efforts to attract international finance. Policy discords and the lack of funding are most likely to scuttle the success of ZimAsset. The country simply does not have the capital to translate this blueprint into a reality; yet what is being done on the ground does not augur well for attracting FDI and development assistance from the international community. Additionally, ZimAsset lacks a clear development strategy on which to leverage this economic blueprint. The 9.9 per cent economic growth rate envisioned to be achieved by 2018 remains highly

improbable, against the backdrop of the afore-stated limitations. Thus, the march to the "Promised Land" will not be realised in our lifetime, unless issues of policy discord, corruption, capital and lack of clear strategy are addressed. Additionally, the authors of this article may express optimism on the success of the ZimAsset, but the demise of the agricultural sector, which has always formed the backbone of the country's economy would live to haunt the Zimbabwean economy for some time to come. As such, the success of the impressive ZimAsset hangs in the balance, and should overcome insurmountable barriers, if it is to deliver the people of Zimbabwe to the proverbial "Promised Land of milk and honey."

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