

Zimbabwe Agenda for Socio-Economic Transformation (Zim Asset):

Period: October 2013 - December 2018

Objective: Crafted to achieve *sustainable development* and *social equity* anchored on *indigenization, empowerment and employment creation*

Four strategic clusters: Food Security and Nutrition; Social Services and Poverty Eradication; Infrastructure and Utilities; and Value Addition and Beneficiation.

Enablers: Fiscal Policy and Monetary policy measures , Results based Government (performance Appraisals

Implementation Strategy: Two phased plan with Short to Medium deliverables between 2013 - 2015, second phase covers the period 2016 to 2018.

| Thrust | Assumptions | Enabler | Comment |
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| GDP Growth average : 7.3% (2013-2018) 2014 - 6.1% | <i>Sector Targets Average Growth</i> Agriculture : 6.1% Mining: 8.75% Manufacturing : 6.1% Electricity and Water : 8.9% Construction : 16.1% Finance : 6.2 % Distribution : 5.5% Overall GDP at mrkt : 6.7% | <ul style="list-style-type: none"> Improved Liquidity and access to credit Sovereign Wealth Fund Improved revenue Collections from sectors Infrastructure development eg Energy PPP's FDI Special Economic Zones (SEZ) Multicurrency regime maintained Value Addition Policies | Growth targets too optimistic in regards to Key sectors which are heavily constrained SEZ – are dependent on regional corporation efforts not on the country alone eg still pending COMESA trade zone . FDI - current obtaining policies antagonist to cause. eg ambiguity in indigenisation , high corruption levels and policy inconsistency. Improvement of revenue collections calls for radical policy realignment in key sectors directed towards fiscal support. sovereign Funding - how will funds be accumulated when economy is in deficit ? |
| Four Strategic Pillars Short to Medium Term Deliverables | | | |
| Food Security and Nutrition | Social Services and Poverty Eradication | Infrastructure and Utilities | Value Addition and Beneficiation |
| | <ul style="list-style-type: none"> Providing social protection measures to vulnerable groups including removal of user fees for selected population groups; Procuring water treatment chemicals from local producers for all Local Authorities and Zimbabwe National Water Authority (ZINWA); Providing land for housing and embarking on aggressive housing programmes; Procuring essential drugs and medicines and basic infrastructural services for | <ul style="list-style-type: none"> Undertaking a national blitz to rehabilitate water supplies, sewerage systems, roads, health facilities and schools in all urban and rural centres; Instituting measures to improve processes at the Registrar General's Office by December 2013; Urgently attending to various infrastructure projects construction and maintenance such as trunk and feeder roads through funding from Central Government and | <ul style="list-style-type: none"> The full operationalisation of the Chisumbanje Ethanol Project; Operationalising the NewZim Steel project; Establishing Diamond Cutting & Polishing Centres; Establishing Agro-processing projects (Apiculture, Processing & Canning of fruits & vegetables, Oil Expression, Leather & Leather products); Strengthening SMEs and Co-operatives to be viable as a tool for poverty eradication; |



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| | <ul style="list-style-type: none"> referral, provincial and district hospitals; Recapitalizing NATPHARM; Clearing outstanding debts to the National Blood Services; Procuring essential hospital equipment ;and Improving manning levels of essential services. | <p>PPPs;</p> <ul style="list-style-type: none"> Complementing Government Funding and infrastructure development through promotion of PPPs; Ensuring the completion of water projects under construction such as Tokwe-Mukosi, Gwayi Shangani, Semwa, Bindura, Dande, Tuli-Manyange and Marovanyati dams and Msthabezi water pipeline; Prioritising construction of Kunzvi and Nyatana Dams; Ensuring the speedy construction of schools in rural, urban and newly resettled farming areas in order to decongest existing school infrastructure; Taking innovative measures that seek to stabilize power situation in the country; Prioritizing the construction and maintenance of Government buildings including the new Parliament; Prioritising the implementation of the e-Government programme. Facelifting all District Health and education infrastructure; Immediately seeking the participation of solar companies to light Government buildings; Immediately refurbishing elevators in all Government buildings; Intensifying the implementation of the energy conservation measures. | <ul style="list-style-type: none"> Intensifying of the implementation of bio-fuels. |
| <p>Fiscal Reform Measures</p> | <ul style="list-style-type: none"> Restoring fiscal sustainability and strengthening fiscal management; Increasing Financial Sector Stability; Tax and Non-Tax Revenue; leveraging Land and Mineral Resources; Sovereign Wealth Fund; Public Private Partnerships (PPPs); Special Economic Zones and Issuance of Bonds both on the local and International markets. | | |
| <p>Priorities</p> | <ul style="list-style-type: none"> Key Sectors being: Mining ;Agriculture , Energy and Power , Transport Sector , Tourism Sector and ICT Address food security and under nourishment hence the Presidential Agricultural Input Support Scheme ; AgriBank and the Grain Marketing Board (GMB), Agricultural Marketing Authority (AMA) and Agricultural Rural Development Authority (ARDA) Social infrastructural Development - housing , schools and amenities - Social Equality aligned empowerment - women, the youth, pensioners and disabled | | |

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| | <ul style="list-style-type: none"> • Value Addition and Beneficiation - • Peace Security and Defence for stability both regionally and internally <p>Comment :</p> <ul style="list-style-type: none"> • <i>Support for the Agricultural Support Scheme is elusive as banks have been reluctant to lend to resettled farmers citing issues of property rights. Repayment default rate for farmers are not encouraging cognizant of the erratic seasonal shifts.</i> • <i>Government constrained to fund recurring fiscal expenditure ~ 85% of Fiscal Budget - Inhibiting Capital Expenditure in the absence of sufficient revenue inflows : Projects of Social Amenities if unpartnered through PPPs will remain confined to blue Print</i> • <i>Fiscal Discipline and cautious Resource Utilization – there is risk of political precedence over economic prudence</i> | | |
| Public Administration, Governance and Performance Management | <ul style="list-style-type: none"> • Revamping the operations of the State Procurement Board with immediate effect to ensure efficient utilization of resources; • Launching and publicising the Zim Asset Plan October 2013- December 2018 to the citizenry; • Publishing and implementing Client Service Charters throughout Government; • Introducing Performance Contracts to Senior Officials in the Public Sector; • Intensifying institutionalization of RBM in the Public Sector; • Capacitating the Anti-Corruption Agencies to effectively discharge their mandates; • Reorienting Public Sector Employees in order to enhance performance; • Improving the working conditions of Civil Servants; • Capacitating the core departments in the Office of the President and Cabinet to effectively discharge their mandates; • Urgently putting in place mechanisms for strong interface between the Government and the citizens in public administration. • Establishing the National Productivity Centre <p>Comment :</p> <ul style="list-style-type: none"> • <i>Fostering Accountability and Performance Based Evaluation is a welcome initiative; however-Deep rooted corruption in public office will require a radical transformation of an entwined system that may take time. Accountability and Responsibility still remain a debated goal as Politics has often taken precedence over other Jurisdictions.</i> | | |
| Thrust | Assumptions | Enabler | Comment |
| Indigenisation and Economic Empowerment Programme | <ul style="list-style-type: none"> • Working Implementation framework in place: eg the capacity the resources and land is readily available to facilitate the indigenization of resources, empowerment of the indigenous person and broader social development efforts • Companies to be indigenised to be identified • inventory of idle claims will be created | <ul style="list-style-type: none"> • Sovereign Wealth Fund • Employee share ownership schemes • Community share ownership schemes • Social Amenities Development Programmes • Public Service Empowerment Trust Schemes | <p>Zim Asset gives no outlined implememtaion plan for Indigenization.</p> <p>There is need to realign Policy implementation strategy; Audit and Review Procedures ; with stated objectives eg FDI and Social Equity and Empowerment so that they can be interacting instead of contradicting each other and creating ambiguity.</p> <p>The working implementation framework whilst assumed to be present - how feasible is it.</p> |
| Energy Sector | Raising installed generation Capacity Expansion of Power stations Completion of Hydro power projects Resuscitation of small thermal power stations | the production and use of bio-fuels as enablers for economic productivity and growth. Mini Hydro power projects | This is one sector we believe is critical to industrialization subsequently the revival of the manufacturing, mining and Agriculture sector is hinged on sustainable and affordable power supply. |

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| | | Use of alternative energy solutions eg solar, methane, wind | Cognizant of Zimbabwe's resources the right Partners and right commitment levels are pre requisite - coming back to the aspect of Indigenization and FDI. |
| Mining Sector | <p>Recovery in international commodity prices; Improved electricity and water supply; Establishment of a Minerals Exploration Company; Strengthening and capacitating the key mining institutions of Minerals Exploration Company, ZMDC and MMCZ; Improved liquidity conditions resulting in availability of finance for the sector; Increased support to the SMEs and Cooperatives in the mining sector. Value addition and Beneficiation</p> | <p>establishing indigenous mining syndicates, consortia, SMEs and Co-operatives, Industrial Development Corporation (IDC) will be recapitalized Resumption of operations at NewZimsteel (ZISCO-Steel);</p> | <p>Infrastructure in the mining is capital intense and key outlined enablers are weak to resonate to the cause Turnaround times for projects betrays the ultimate cause eg Zisco Steel deal Value Addition and Beneficiation remain key in increasing realizable value from the sector, however finding strategic long term partners remains the ultimate hurdle given the negative sentiment on the country's Investment destination status</p> |
| Implementation Structure | Implementation has been left within the office of the President which we feel should take more of an evaluators stance and not operationalize the strategies. | | |
| Monitoring and Evaluation | A clear separation of duties and personnel involved in Implementation and those involved in Monitoring and Evaluation is critical | | |
| Funding and Debt management | <ul style="list-style-type: none"> • The Government will mobilize funding from its own local resources, which are in abundance and readily available for full exploitation and utilization. • The creation of a Sovereign Wealth Fund will be given priority under this Plan to backstop and provide predictability and sustainability to Government innovative funding. • Pursuing investment vehicles such as Public Private Partnerships (PPPs) particularly in the proposed Special Economic Zones. • Fiscal reform measures will be put in place in order to improve fiscal policy management and financial sector stability. • Re-engagement process with International Financial Institutions (IFIs) and creditors under the auspices of the Cabinet approved Zimbabwe Accelerated Arrears Clearance, Debt and Development Strategy (ZAADS) and the Zimbabwe Accelerated Re-engagement Economic Programme (ZAREP). • <i>Comment: There is a gap between the resource endowment and the ability to extract value from those resources, thus assertion becomes more inclined towards PPPs supported by the right policy framework</i> | | |

Our Evaluation : Zim Asset Yet another Blue Print if Liquidity is not achieved

Money - Liquidity in whatever form - be it FDI, PPP's, long term Debt, Equity based financing; Portfolio investments, whatever we may choose to call it :- remains the lifeblood of Economic Agenda when reviewing Zimbabwe's economic outlook. Efforts, no matter how noble they are if they do not translate into New Capital Flows into the country on a long term basis (+5years), they will unfortunately remain confined to the Blue Print.

In Zim Asset - terms that have been used generously - and somewhat posed as solutions have been the Special Economic Zone (SEZ) and the Sovereign Wealth Fund (SWF).- but key questions remain what are they and how are they going to be financed and sustained to benefit the overall Economy? Are these the right forms of apparatus to apply on Zimbabwe's currently obtaining Economic quagmire?



The Sovereign Wealth Fund are, " ...pools of money derived from a country's reserves, which are set aside for investment purposes that will benefit the country's economy and citizens."(Investopedia). In countries where the SWF has been created (Algeria , Libya, Botswana , Angola , Nigeria, Gabon Guinea and Ghana) , funding for SWF comes from central bank reserves that accumulate as a result of budget and trade surpluses, and even from revenue generated from the exports of natural resources. All of which are fundamentals that Zimbabwe continues to battle with despite having achieved economic activity through the introduction of the multicurrency system. The RBZ remains under capacitated, the fiscus is cash based –meaning no surpluses whilst the collection of revenues from natural resources somehow has been characterized by immense leakages.

A **Special Economic zone (SEZ)** is a geographical region that is designed to export goods and provide employment. SEZs are exempt from federal laws regarding taxes, quotas, FDI-bans, labour laws and other restrictive laws in order to make the goods manufactured in the SEZ at a globally competitive price. They are designated areas in countries that possess special economic regulations that are different from other areas in the same country. Coming back home, governments current revenue drivers have mainly been from taxes collected whilst the country has remained a net import market aback uncompetitive local producer prices .Local industry even to date has failed to wade of imports calling for protectionist policies – hence a SEZ would have negligible growth effect . SEZ become relevant when local industry 's international competitiveness has gained momentum. In its infancy there is need to protect local industry and not expose it.

All in all.....

Zimbabwe's Short to medium thrust should be to focus on attracting long term capital flows, reviving industry and mapping a sustainable growth trajectory . Whilst the SWF and SEZ are tried and tested concepts , Zimbabwe has to first create and sustain the necessary economic infrastructure for these two elements to be synchronized in a single domain for them to be plausible solutions to the currently obtaining macro-economic condition.