



**ZIMBABWE
INSTITUTE**
*Innovative Thinking for
a Sustainable Future*

PROGRESSIVE ZIMBABWE:
Sustainable Growth and Transformation

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Part I – Vision

1. Social Democratic Values and Principles

Emerging out of an extreme socio-economic and political crisis, a new government in Zimbabwe has to clearly stand for the values and principles to which all decent Zimbabweans aspire.

“***Progressive Zimbabwe***” means a country in which society stands for the values that have emerged from traditional society, have been advanced in the liberation struggle, and have been fought for since independence. These are the social democratic values laid out below.

- ***Progressive Zimbabwe stands for Solidarity:*** a society that is based on compassion, where the strong support the weak, particularly people living with disabilities, and the youth. It is a society where men work for the advancement of women and where an injury to one is an injury to all. *Progressive Zimbabwe* recognises, promotes and defends individual rights and good as long as they do not harm collective rights and the common good.
- ***Progressive Zimbabwe struggles for Justice.*** The starting point is the restoration of the rule of law and of an efficient, fair, formal justice system. *Progressive Zimbabwe* strives to go beyond this to achieve economic, social, political and gender justice at all levels and in all realms of activity.
- ***Progressive Zimbabwe protects Freedom and Liberty.*** Rights at all levels – individual, civil, political, economic, gender and social rights – are protected. They are not just rights on paper but are felt in a tangible way by ordinary Zimbabweans.
- ***Progressive Zimbabwe is guided in all things by the nation’s struggle for Democracy.*** This means that authority is exercised through consensus, with participation and representation, and with due regard to gender equity. The majority voice is acknowledged but with tolerance of diversity and of minority views. Integrity, accountability and transparency are the hallmarks of central and local government and public enterprises.
- ***Progressive Zimbabwe is one in which citizens share a National Ethos,*** which puts Zimbabwe first and nurtures a sense of national belonging and togetherness.
- ***Progressive Zimbabwe has Empathetic Leadership.*** Leadership is a social contract between the power of the leader and the interests of the people. *Progressive Zimbabwe* has a transparent, accessible, accountable, reliable, gender-balanced, hardworking leadership, clear on issues, accepting of criticism and sensitive to the views of the people.
- ***Progressive Zimbabwe is based on Equity and a struggle for Equality.*** This means a society which strives to have equal and fair distribution of opportunity

and of treatment for all its citizens, accepting that a transitional programme of affirmative action may be needed to right inherited racial and especially gender imbalances. *Progressive Zimbabwe* is a non racist, non sexist, non-tribalist society

- ***Progressive Zimbabwe promotes a regional and global strategy*** that puts people first (Sustainable Human Development) and uses various regional and global platforms to protect and advance the sovereign interests of the country and its people.

Progressive Zimbabwe has goals which are based on the above core values. The fundamental goal is as follows:

- ***Progressive Zimbabwe seeks to build inclusive and sustainable development that is based on substantive participatory democracy in Zimbabwe.***

To achieve this goal, the operational objectives of *Progressive Zimbabwe* are:

- to establish a ***participatory political democracy*** through agreeing a new people-driven constitution and building other democratic institutions
- to build a ***strong economy*** using market principles with carefully targeted state intervention to promote economic and social justice
- to create a ***responsive yet efficient state*** which uses redistributive mechanisms to address social rights, while creating an environment conducive to rapid economic development.

These objectives are to be achieved through policies and programmes which together form a development paradigm that is based on social democratic principles.

2. Sustainable Human Development

Zimbabweans from all walks of life hanker for a change from the current situation in which the approach of the government is explicitly anti-developmental. *Murambatsvina*, in which 700,000 people had their homes and livelihoods destroyed by government bulldozers, is the most visible example of the purposefully destructive approach of the incumbent regime. The macro-economic policies which have resulted in inflation rising to over 7000% and to 9 consecutive years of GDP decline are even more damaging, severely harming an even larger proportion of the population.

Zimbabweans do not, however, want a reversion to the neo-liberal policies of the 1990s, which sowed the seeds of the crisis and widened disparities in income and wealth. The interviews conducted during the *Progressive Zimbabwe* project showed that major players advocate a sustainable development paradigm that will propel the

country forward on a path where economic growth advances the national agenda of social justice¹.

‘Sustainable human development’ is the development paradigm that has emerged from debates amongst progressive forces, and has been widely publicised through the medium of the annual United Nations Human Development Report (HDR). According to the 2004 HDR:

Sustainable human development is pro-people, pro-jobs, and pro-nature. It gives the highest priority to poverty reduction, productive employment, social integration, and environmental regeneration. It brings human numbers into balance with the coping capacities of societies and the carrying capacities of nature...It also recognises that not much can be achieved without a dramatic improvement in the status of women and the opening of all opportunities to women.

The 1996 HDR elaborated on the framework, adding further concepts:

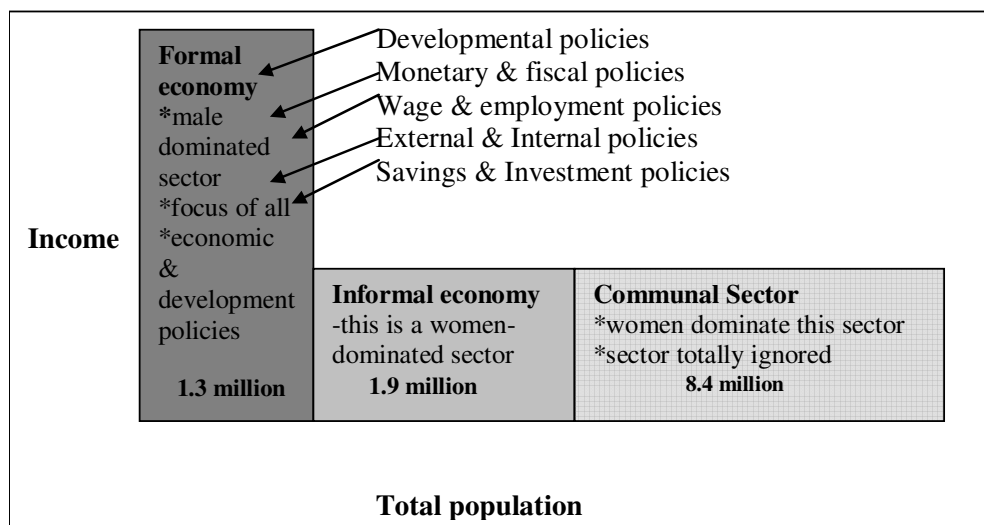
- *Empowerment* - the expansion of people’s capabilities;
- *Co-operation* - acknowledging that a sense of belonging brings personal fulfilment, a source of well-being, enjoyment, purpose and meaning. In which case human development embraces ways in which individuals cooperate and interact;
- *Equity* - capabilities and opportunities, and not only income. For instance, everyone should have access to education and health care;
- *Sustainability* - meeting the needs of the present generation without compromising the ability of future generations to meet their own needs; and
- *Security* - (especially of livelihoods) freedom from threats like disease, repression, or dislocations.

In Zimbabwe’s case, adopting a sustainable human development paradigm is of particular importance. The dark side to the economy inherited at independence lay in the existence of an underdeveloped and marginalised peasant sector alongside the formal part of the economy. Far from changing this structure, the policies adopted in two and half decades of independence have served to entrench and deepen the dualistic character of the economy. The informal sector, which has become so pervasive in the urban as well as rural areas, is a symbol of economic failure. It represents people’s strategies for survival in a hostile environment, not of a viable subsidiary sector which will automatically progress into the same status as the formal economy.

As illustrated in Figure 1, the non-formal economy – the communal areas plus the informal urban activities - has been further bifurcated by the repression of women.

¹ Further details are available in *Progressive Zimbabwe* background paper ‘Discussion with Major Players’.

Figure 1: Illustration of the Dual and Enclave Structure of the Economy



The challenge that *Progressive Zimbabwe* faces is to reverse the entire tide of history by integrating the non-formal economic activities into the formal sector, thereby replacing dualism by a unified and much more equitable economic structure, not least in respect of the access by women to economic resources. A new government committed to an egalitarian and sustainable form of growth has to pursue an agenda of **transformation** that involves integrating the mass of the population into the mainstream modern economy. Particular attention is to be paid to ensuring that women are the beneficiaries of the new approach, so that the ‘struggle within a struggle’ is seen to bear fruit.

The obvious starting point is to launch a process of **agrarian reform** of which a comprehensive solution to the land issue would be a part, but which would also involve a diversification of productive activities and a significant increase in productivity in the communal areas. However, eliminating dualism and laying the foundation for Zimbabwe to be a prosperous, egalitarian state is not simply a matter of transforming the rural economy, or of developing the potential of other natural resource-intensive sectors (such as mining and tourism).

Attention also needs to be given to creating an integrated globally competitive economy, across the spectrum of production and service sectors. In particular, Zimbabwe needs to recover the momentum it had in the 1990s in respect of developing value chains in the manufacturing sector to enhance exports of manufactured goods. This is important not just as a contribution to export revenues, but because of the enhancement of technological capabilities and employment benefits which arise from growth in competitive manufacturing.

Transformation is **not** an ambition for the *Progressive Zimbabwe* government to put on the back burner while the economy is stabilised and positive economic growth is restored. Transformation is a philosophy and commitment which is to be built into the way things are done from the start of a new government. Transformation is to be reflected in the new constitution and is to be an integral part of the development ethos

and practice. Once transformation gathers momentum, it will greatly add to the pace of economic growth and the attainment of the goal of the population being fully employed in remunerative economic activities.

Part II – Key Issues

3. Humanitarian Crisis and Emergency Programme

Since 1999, at least 600,000 workers, over 40% of those who used to be employed in the formal sector, have lost their jobs. Those who have remained employed have faced dramatic cuts in their standard of living as wages have failed to keep pace with accelerating inflation, even as measured by the government using official prices.

Basic foods have been in short supply and supply of electricity and liquid fuels have been sporadic and increasingly unaffordable. A quarter of the adult population is living with HIV/AIDS, and life expectancy has declined dramatically to less than 37 years. For a population grappling with the consequences of the HIV/AIDS pandemic, food shortages and the collapse of the public health system could hardly have come at a worse time.

In the macro-economic and budgetary planning for *Progressive Zimbabwe*, provision has been made for a US\$2, 650 million **Emergency Programme** to operate during the first five years of the new government's term. The main components of this programme are:

- Increased availability of food throughout the country.
- Provision of food to vulnerable groups.
- Supplementary feeding for infants, primary-school children, and pregnant and nursing mothers.
- Governance: establishment of new institutions (such as the Land Commission, Truth Commission and Anti-Corruption Commission) and the building of capacity within Local Government so that decentralisation can be meaningfully implemented.
- Land and agrarian reform: the initial measures to be taken in these programmes (described in more detail in sections 11 and 16), designed to contribute to the rapid revival of agricultural output while advancing the long-term goals, will be funded through the Emergency Programme.
- Increased availability of vaccines, essential drugs and other medical supplies throughout the health system.
- Special assistance to AIDS orphans, disabled persons and internal refugees (including, but not limited to, homeless and destitute former commercial farm workers).
- Social safety-net assistance to the most vulnerable groups, in both urban and rural areas.
- Restoration of supplies of basic materials to the schools.
- Measures to restore basic staffing levels in rural clinics and schools.
- Civic education programmes among communities.
- Restoration of at least minimal levels of support to social-welfare institutions that have been devastated by hyperinflation, particularly orphanages and old-age homes.
- Support to community-based service provision in the social sphere and in support of productive activities (e.g. access to micro-credit).

- Provision for Millennium Development Goals (MDGs) not yet covered, notably the improvement of maternal health and the provision of water and sanitation.
- Infrastructure: provision for the rehabilitation of basic infrastructure and planning and design of projects for expansion, with particular emphasis on payments for labour-based public works.

Details of the programme are subject to review as the situation on the ground is progressively worsening. The programme will be funded by government with donor assistance.

4. The HIV/AIDS Challenge

Zimbabwe is a country with one of the highest prevalence of HIV in the world. About 3,000 more people are estimated to be infected every week, while a similar number die every week from AIDS-related infections. The rate of illness and death is expected to worsen, as HIV for those infected in the past is now progressing more rapidly to AIDS. The impact on our society is profound. Families are being weakened and impoverished by the scourge, while the economy is suffering the loss of skilled people in their most productive years. The vacuums left in the social and development process are hard, if not impossible, to fill within any reasonable time-frame.

The *Progressive Zimbabwe* government will provide and encourage leadership across the political, public, private and community sectors to face the realities and challenges of HIV/AIDS, to confront social and economic conditions that increase the risk of HIV, to change environments that produce risk, and to provide equitable treatment of and care for people and communities infected and affected by HIV. The starting point will be to declare HIV/AIDS a public development crisis, and to set up immediate mechanisms for working with national agencies to enhance access to proven prevention methods, access to anti-retroviral drugs for the prevention of mother-to-child transmission, post-exposure preventative drugs, and treatment for HIV-related opportunistic infections, and anti-retroviral therapy for AIDS.

The *Progressive Zimbabwe* government will review the 1999 National HIV/AIDS Policy through a consultative and inclusive approach to bring it up-to-date and strengthen implementation. Specific responsibilities will be reviewed, agreed on and assigned to all sectors and social and economic institutions. National and international resources will be mobilized for their implementation and monitoring.

Access to proven prevention methods will be augmented. The *Progressive Zimbabwe* government will ensure that any new resources for AIDS reach beyond central urban facilities and users to community and district levels in poor communities, and that they are implemented in a sustainable manner. Greater co-operation will be forged between public, private and traditional sectors in the prevention, treatment and mitigation of the impact of AIDS.

The *Progressive Zimbabwe* government will ensure that proven good practice for prevention and care are implemented. In particular, it will:

- provide public information to support changes in perception, knowledge, attitudes and practices around AIDS, knowledge of prevention and treatment strategies, understanding of risk factors, such as sexually transmitted infections, and of co-infections, such as tuberculosis;
- put in place laws and mechanisms to ensure that labour organisations actively enforce non-discrimination in the work-place and to penalise gender violence and sexual abuse in all forms, especially where it relates to deliberate HIV/AIDS transmission;
- provide increased resources and focus to youth programmes to ensure that youth in and out of school access appropriate information, life skills, reproductive services and counselling;
- expand access to voluntary counselling and testing, and to treatment for opportunistic infections, prevention of maternal to child transmission, exposure prophylaxis for health workers and victims of sexual abuse, and anti-retroviral therapy linked to prevention and care programmes;
- legislate and enforce safety precautions in all settings where people work with body fluids, particularly health workers, and ensure that exposure prophylaxis is available for all in such occupations.

The *Progressive Zimbabwe* government will ensure that all ministries and sectors integrate measures to reduce risk environments, support treatment and care, and mitigate the impacts of AIDS in a clear and publicly accountable manner. In support of this, budget resources will be assigned within sectors.

A National Aids Trust, run by a Board of Trustees appointed by Parliament, will be established with a budget approved by Parliament and reporting annually to Parliament. The Trust will finance the network of AIDS programmes not funded through core sectoral budgets, including the additional resources needed for health-sector responses to AIDS, the support of any community-based care, and the support of orphan care, education and health needs. The Trust funds will be disbursed through community orphan support and fostering schemes, community prevention networks, linked to the local authority. A proportion of the funds will be applied to building or reinforcing community-based mechanisms in all parts of the country.

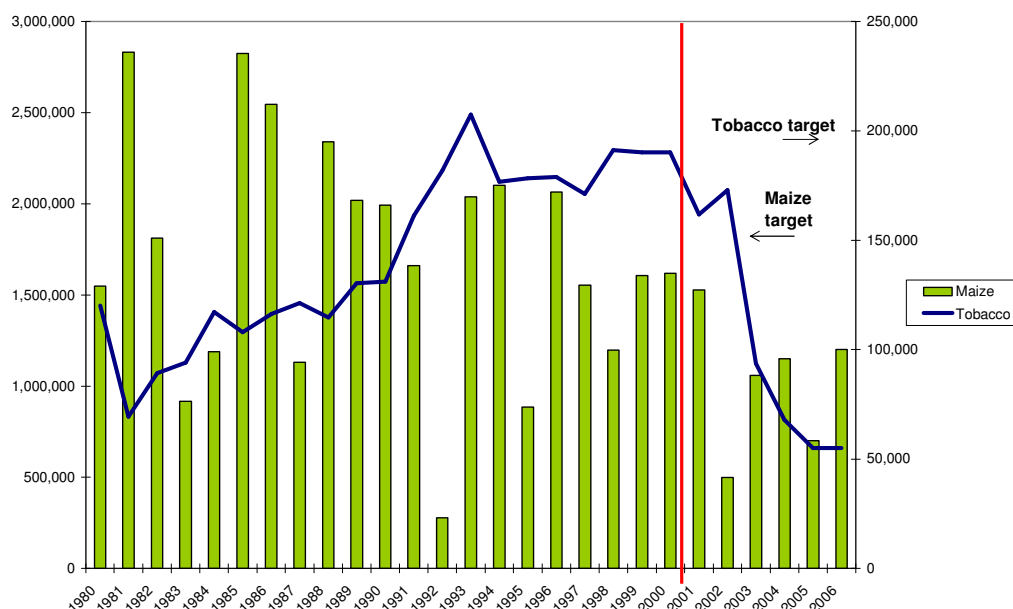
Finally, to meet the human resource needs of the country which have been so adversely affected by HIV/AIDS, Progressive Zimbabwe will adopt an open door policy in respect of attracting skilled people from neighbouring countries and abroad. Anyone with the skills and the commitment to the development of the country will be encouraged to do so and to contribute to the building of a new Zimbabwe society that celebrates cultural diversity.

5. The Macro-economic Crisis

The extent of the crisis

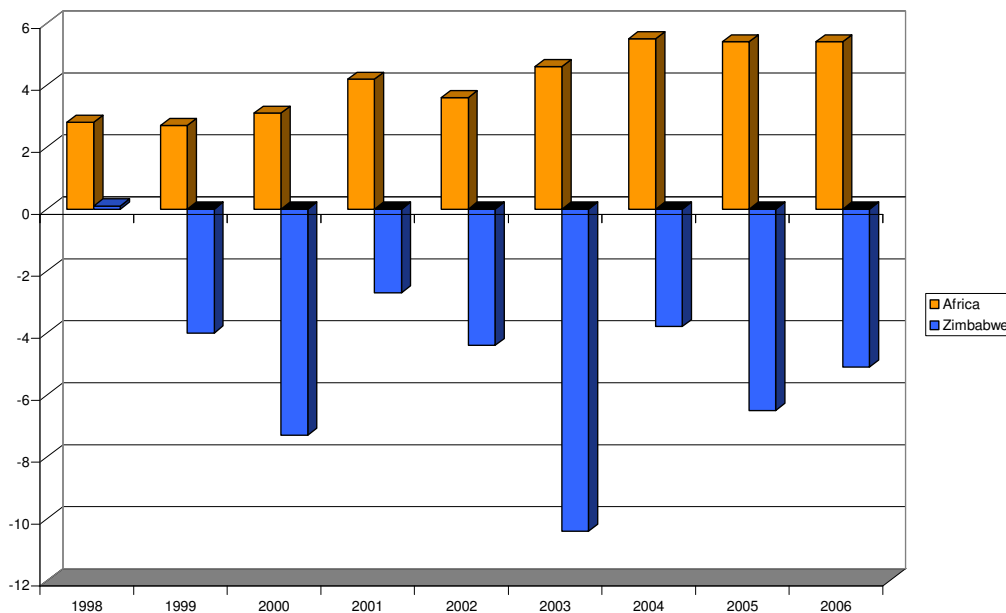
After lack-lustre growth in the first two decades of Zimbabwe’s independence, the economic performance of the country since 2000 can only be described as disastrous. Zimbabwe’s GDP has declined every year since 1999, something which might be expected to happen only in a country embroiled in war. This is due to the negative multiplier effects arising from the collapse of agriculture consequent on the destructive land reform programme, compounded by poor macro- and micro-economic policies. The collapse in agricultural output is illustrated by the graphs of production of two of the major crops (maize and tobacco) as compared with the general level of production since independence (see Figure 2). There has also been massive de-industrialisation, with the volume of manufacturing declining 33% between 2000 and 2005 to only two thirds the level which existed at independence.

Figure 2: Maize & tobacco production 1980-2006 (thousand tonnes)



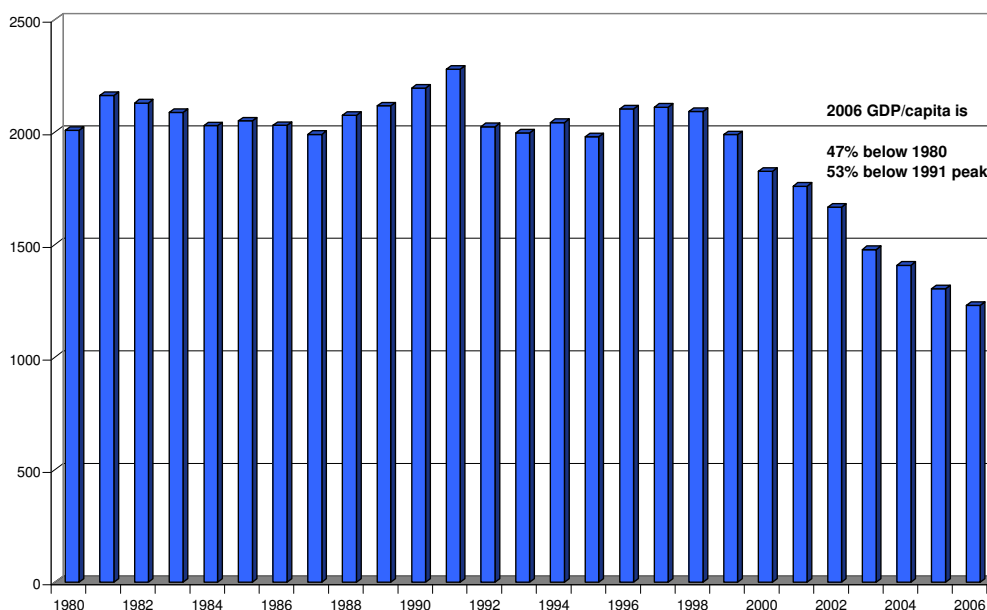
Zimbabwe’s decline occurred at a time when other African countries began growing at reasonable rates of growth (see Figure 3). As compared with a cumulative gain elsewhere in Africa of +40% of GDP, the cumulative GDP decline in Zimbabwe between 1998 and 2006 is -37%. Within SADC, Zimbabwe has dropped from being second only to South Africa to having a GDP which places it at tenth in the rankings (as of 2004, only Madagascar, Swaziland, Malawi and Lesotho had smaller GDPs).

Figure 3: GDP growth in Africa and Zimbabwe 1998-2006



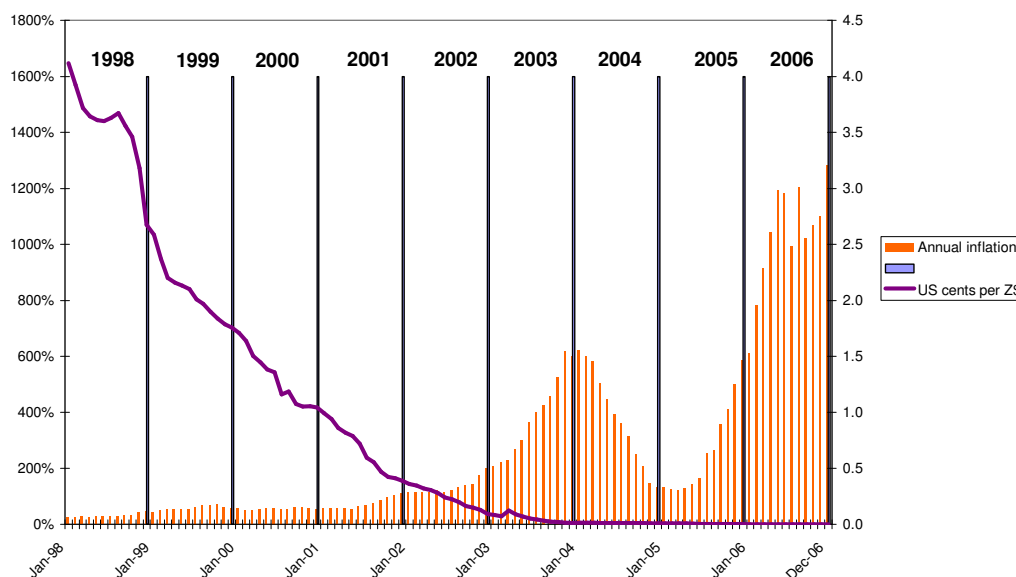
The effects of the poor performance since independence and of the disastrous policies since 2000 are vividly illustrated in the graph of real GDP per capita (Figure 4). After 1980, there was some growth in GDP per capita up to 1991, with continuous declines since then. By 2006, GDP per capita is 47% below the level at independence and 53% below the peak 1991 value.

Figure 4: GDP per capita 1980-2006



The steep decline in GDP and employment, together with extremely high inflation (the last item being illustrated in Figure 5) and a sharp cut in real wages have had a devastating effect on the welfare of the majority of Zimbabwe’s population. This has been compounded by the collapse of social services and the lack of availability of food and other basic commodities. Poverty has increased greatly in both extent and severity, worsening the already extremely high official figures (the Zimbabwe MDG 2004 Progress Report gives the proportion of the population below the total poverty line in 2002 to be 80%, with 59% also being below the food poverty line)².

Figure 5: Annual consumer price inflation and Z\$ depreciation 1998-2006



Life expectancy at birth is a mere 36.6 years as compared with 46 years for sub-Saharan Africa and 65 years for developing countries as a whole. Zimbabwe is among only a handful of countries where the UNDP Human Development Index (which is a composite measure of health, education and income) has consistently declined since the start of the 1990s.

Zimbabwe government’s freezing of prices at the end of June 2007 is without a clear strategy of addressing the increasing acquisition and replacement of costs to business, and devoid of any normal semblance of tackling the country’s runaway inflation. On the contrary, it is a strategy of masking the real source of the hyperinflationary spiral. Zimbabwe’s inflation is fundamentally caused by excess expenditure financed by printing of money in an economy with a real GDP that has been declining for the last

² There are different poverty figures in different publications, with disagreement even in official documents. The 2003 Poverty Assessment Study Survey used a different methodology from that used in PASS I in 1995/96 and reworked the 1995 poverty levels. The proportion of the population below the Food Poverty Line (very poor) increased from 29% in 1995 to 58% in 2003 (a 102% increase), while the proportion of people below the Total Consumption Poverty Line increased from 55% in 1995 to 72% in 2003, a 30% increase.

seven years. Money supply growth is completely out of step with economic growth, the inevitable result being accelerating inflation.

As part of the stance on disruptive price controls, the government continues to subsidize parastatals, e.g. NOCZIM, ZESA and others, mainly by affording them foreign currency at the rate of USD1/ZWD250, when such foreign currency is being purchased at many multiples of this level. This distortion is further exacerbated by the regular purchasing of foreign currency in the parallel market by the Reserve Bank of Zimbabwe. Subsidies are thus funded through printing of money in a vain attempt to compensate for revenue from the real sectors of the economy, which has sharply dwindled over the years.

Immediate tasks

In the economic realm, there are three immediate, inter-related areas to be tackled by a *Progressive Zimbabwe* government: stabilisation, pursuit of shared (equitable) and inclusive growth and sustainable poverty reduction.

'Stabilisation' refers to the achievement of price and exchange rate stability, which can also be referred to as restoring internal and external balance. With inflation at 7251% pa as at end of June 2007 and the certainty that it will accelerate further as long as the incumbent government's pro-inflationary macro-economic policies remain in place, price stabilisation and the unlocking of the foreign exchange constraint may seem distant prospects. Yet the experience of other countries has shown that with a properly co-ordinated package of fiscal and monetary policies and a government that has a firm commitment to reducing inflation and restoring order in foreign exchange markets, stabilisation can be achieved remarkably quickly.

The short-term political problem for a people-oriented government would be that the measures required for stabilisation often start by making the dire income inequalities resulting from hyperinflation even worse. The lesson though, from countries such as Brazil, is that it is a mistake to try to correct income disparities at the same time. Trying to do both at once raises the probability of the stabilization programme failing, high inflation resuming and income disparities widening further. The solution being sought in a Zimbabwe context is for those who have already borne a disproportionate share of the crisis to be relieved of further burdening through a carefully constructed Social Contract. The burden of adjustment has to fall on the bloated system of government. Central government needs to be contracted to a maximum of 15 ministries, with the duplication and waste of the present structures giving way to a streamlined bureaucracy that serves the people's needs and is affordable in macro-economic terms.

A macro-economy moving towards stability will help to re-establish business confidence, but to **restore positive growth** it will be necessary to finance a large increase in import capacity so as to ensure adequate supplies of imported inputs and to begin to rehabilitate and expand basic infrastructure. Aggregate gross investment needs to increase from the present derisory levels of 5% of GDP to around 30% of GDP. At 5% of GDP, net investment is negative – the capital stock in the economy is rapidly being eaten away. To increase the imports of capital goods, one of the vital

components will be the re-establishment of proper relations with the international community.

The third challenge is to *tackle poverty*, which has become much more widespread and more severe in recent years. This can be done in the context of the UN's MDGs which seek to attain poverty reduction and social achievement targets by 2015. In addition to specific interventions in areas such as HIV/AIDS and access to water, what is needed in Zimbabwe's case is to profoundly re-direct the nature of economic growth so as to transform the dualistic structure created under colonialism and made worse after independence.

Pre-requisites for moving forward

It is quite clear that the nature of the crisis in Zimbabwe is political rather than economic. No sustained economic recovery will be possible until there is a government in place with a completely different orientation towards national development. To start the process of economic recovery, any new government will have to establish the following conditions:

- proper governance, including restoration of the rule of law
- a new people-driven constitution
- formulation and implementation of a comprehensive, internally consistent economic programme (embracing fiscal, monetary, sectoral and social aspects) that is owned and fully supported by Zimbabweans
- commitment to a final, just, lawful resolution of the land issue
- assignation of proper roles to macro-economic institutions
- de-militarisation of state structures
- reversal of the brain drain
- obtaining significant external support.

Initial dependence on donor support (figures given in next section) is an issue that will inevitably be contentious. The best way to handle this is to take seriously donor requirements that external assistance must contribute to poverty reduction and that the poverty reduction strategy must be the result of a consultative and participatory process. The focus for this is the *Poverty Reduction Strategy Paper (PRSP)*. Initiating a participatory process in the formulation of a PRSP, and placing poverty reduction strategies within the framework of an agreed Sustainable Human Development Strategy to meet the *Millennium Development Goals (MDGs)* will be a priority of *Progressive Zimbabwe*.

The External Assistance Programme

When change comes, Zimbabwe will in effect be in the position of a post-conflict state. Received wisdom in such circumstances is for external assistance to be given

with a degree of caution at the outset, so as not to derail the necessary changes. In the sphere of macro-economic policy, having external assistance too readily available would make it easy for the difficult choices to be avoided. For the productive sectors, massive foreign exchange inflows would overvalue the exchange rate, making it difficult for exporters to be competitive and thus suppressing the supply response so urgently needed to kick-start GDP growth (this phenomenon is known as ‘Dutch disease’).

Against this background, what are the required and likely amounts of foreign assistance for *Progressive Zimbabwe*? To address urgent social needs during the stabilisation phase, donors are likely to be willing to finance an emergency programme embracing food, health, and education as well as governance and the restructuring process itself (local government development and civil service reform). In the tables that follow, the emergency programme in the first five years is assumed to be funded entirely by grants, with the infrastructure component thereafter being mainly loans. Budgetary/balance of payments support would be in addition to the Emergency Programme, but some of this could from the start be in the form of loans.

Table 1: Progressive Zimbabwe External Assistance

| US\$ millions | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Yrs 6-10 | Total |
|--------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|--------------|
| Food | 125 | 25 | | | | | 150 |
| Governance | 100 | 100 | 75 | 75 | 75 | 225 | 650 |
| Land/agrarian reform | 50 | 100 | 100 | 100 | 100 | 300 | 750 |
| Health & Education | 100 | 100 | 100 | 100 | 100 | 300 | 800 |
| Other MDGs | 75 | 75 | 75 | 75 | 75 | 225 | 600 |
| Infrastructure | 50 | 100 | 200 | 200 | 200 | 1,600 | 2350 |
| Emergency | 500 | 500 | 550 | 550 | 550 | 2650 | 5,300 |
| Debt Relief /BOP support | 350 | 400 | 450 | 550 | 600 | 1,850 | 4,200 |
| Total | 850 | 900 | 1,000 | 1,100 | 1,150 | 4,500 | 9,500 |
| Standby facility | 500 | | | | | | 500 |

Indicative levels of external assistance for the *Progressive Zimbabwe* programme are presented in Table 1. The full package of **US\$ 10 billion** would consist of:

- **External assistance / emergency: US\$5,3 billion;**
- **A standby facility of US\$500 million** equivalent to 3 months of imports in the first year (this is needed because³ of the absence of international reserves³);
- **Debt relief:** consisting of **US\$2,4 billion** will be required in the first 5 years to put Zimbabwe on a secure growth path.
- **An additional figure of \$1,8 billion** will also be required to smoothen out debt relief / budget support for Years 6–10. This could be an outright cancellation, or a rescheduling on extended terms which would have the effect of reducing the net present value of external debt by a commensurate amount, with frontloading. This would likely come about two years into the programme and would involve a mix of multilateral debt relief and Paris Club

³ Net reserves (gross reserves less short-term liabilities) are actually negative (see IMF Statistical Annex 2005, Table 37)

concessions on Naples terms for the roughly 50% of Zimbabwe's public debt which falls within the ambit of the Paris Club⁴.

It is important that the re-engagement of Zimbabwe with the international community leads to strengthened understanding by both state and non-state actors in Zimbabwe of thinking in the field of development and the modalities for management of ODA flows. The country needs to make the best use of the resources made available for stabilisation and recovery, while at the same time planning and preparing for the subsequent scaling down and exit of large-scale aid flows.

Table 2 provides a glossary of some of the terms used in relation to international aid flows and debt management. There is need for awareness of various aspects:

- **International aid architecture** – including processes such as PRSPs, HIPC, MDGs, the Rome Declaration, the Millennium Challenge Account, the International Financing Facility, etc
- **Delivery mechanisms** – examining developments in terms of Medium Term Expenditure Frameworks (MLTFs), Sector-wide Approaches to Planning (SWAPs), Sector Investment Programmes (SIPs) and donor requirements for General Budget Support.
- **Sector-Specific developments** - including the latest thinking in such areas as Governance (Public Sector Reform, Decentralisation in its administrative, financial, fiscal budgetary and political variants), the current debates in the areas of health, education and infrastructure (including cost recovery and public-private partnerships etc).
- **Aid and trade** - in the medium to long-term, trade will have far more important and sustained benefits for Zimbabwe than aid. Concerns in the area of trade are on moving ahead with regional trade integration (with regional customs unions being the next major step) and getting the most out of international negotiations (such as the EPA negotiations with the EU, the EBA offer if Zimbabwe officially becomes an LDC, and bilateral programmes such as the US AGOA program).

There will be an urgent need for *Progressive Zimbabwe* to overcome the current state of estrangement from the international donor community and the pattern within government structures of focussing only on short-term crisis management. Long-term development planning is required, rooted in fair, efficient, transparent and accountable fiscal policy to cope with fluctuations in economic activity and to create the necessary 'fiscal space' for sustaining investments in human development and infrastructure. The new government will need to cultivate international relations which complement its pro-poor, employment-friendly macroeconomic policy agenda at the national level.

Table 2: International aid, debt and trade concepts and programmes

⁴ Further details are available in the *Progressive Zimbabwe* Macro-economic Background paper.

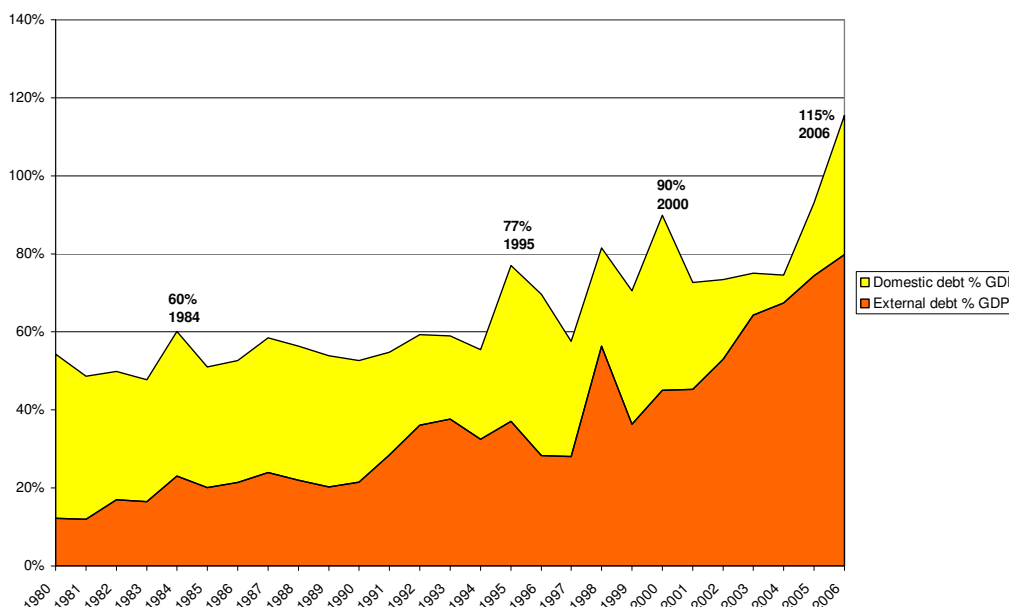
| <u>Term</u> | <u>Acronym</u> | <u>Definition / comment</u> |
|--|----------------|---|
| <u>Overseas Development Assistance</u> | <u>ODA</u> | <u>Term used by the OECD countries for international aid</u> |
| <u>Technical assistance</u> | <u>TA</u> | <u>International experts supporting development efforts. No net inflow of foreign currency is involved</u> |
| <u>Project and budget support</u> | | <u>Financial support disbursed either for specific projects or via general support to the national budget. Latter requires tight agreement on budget framework</u> |
| <u>Medium term expenditure framework</u> | <u>MTEF</u> | <u>3 to 5 year agreed expenditure framework to be used as the basis for annual budgets</u> |
| <u>Sector-wide approach</u> | <u>SWAP</u> | <u>Generalised support to a sector with an agreed development strategy; allows both capital and recurrent costs to be covered</u> |
| <u>Sector investment programme</u> | <u>SIP</u> | <u>Commitment by donors to support programmed capital investment in a sector over a prescribed period (such as 5 years)</u> |
| <u>Public-private partnership</u> | <u>PPP</u> | <u>Service which is financed and/or operated through a partnership between government, public enterprises and private sector companies</u> |
| <u>Poverty Reduction Strategy Paper</u> | <u>PRSP</u> | <u>National commitment and strategy for tackling poverty. For credibility and effectiveness, has to be outcome of consultative and participatory process</u> |
| <u>Millennium Development Goals</u> | <u>MDGs</u> | <u>Eight internationally agreed poverty reduction targets to be achieved by 2015</u> |
| <u>Rome Declaration on Harmonisation</u> | | <u>Declaration made in 2003 by major donors to improve coordination and efficiency of disbursement of aid</u> |
| <u>Millennium Challenge Account</u> | <u>MCA</u> | <u>US bilateral development fund created in 2004. It is run by the Millennium Challenge Corporation.</u> |
| <u>International Finance Facility</u> | <u>IFF</u> | <u>British initiative to increase financial flows for attainment of the MDGs. Controversial as involves borrowing on bond markets against future aid flows.</u> |
| <u>Highly Indebted Poor Country</u> | <u>HIPC</u> | <u>Multilateral debt relief programme that is no longer open for new candidates, but future approach to multilateral debt relief will be based on HIPC principles (eg centrality of PRSPs)</u> |
| <u>Paris Club</u> | | <u>Informal group of financial officials from 19 of the world's richest countries, which provide debt restructuring, debt relief, and debt cancellation to indebted countries and their creditors</u> |
| <u>London Club</u> | | <u>Similar to Paris Club but limited to private creditors</u> |
| <u>Economic Partnership Agreement</u> | <u>EPA</u> | <u>Agreement on reciprocal trade liberalisation (unless a country is an LDC) and a package of development support between ACP countries and the EU</u> |
| <u>Everything But Arms</u> | <u>EBA</u> | <u>Duty and quota free access to developed country markets by LDCs</u> |
| <u>Africa Growth and Opportunity Act</u> | <u>AGOA</u> | <u>US legal provision allowing preferential access to US markets for clothing and other exports from African countries meeting certain governance standards</u> |

Timeframe

As mentioned previously, the stabilisation phase could well be quite rapid. From where *Progressive Zimbabwe* will be starting from in the real economy, however, the full recovery process is bound to be protracted. Like falling down a well – one reaches the bottom in seconds, but getting back out again is far more difficult and may involve sometimes falling back again before finally struggling back to the surface. This is illustrated in the following graphs which assume a recovery process starting in 2008 and taking, under the most favourable scenario, 11 years to get back to the per capita GDP which existed in 1996 (the last year of significant GDP growth in Zimbabwe).

This recovery assumes 5% pa GDP per capita growth to 2018 and 7% thereafter. In view of the fact that the highest 5 year per capita growth recorded since independence is only 2.4% pa (achieved between 1987-1991), these levels may be considered by some as overly optimistic. The sceptical view is also based on the fact that there are many aspects of the Zanu-PF legacy which a new government will have to overcome, including reversing the moral decay of recent years and the structural imbalances arising from the collapse of productive sectors and of infrastructure. There are bound to be considerable difficulties in implementing a recovery strategy in a society which is significantly more unequal than it was before due to the corrosive effects of hyperinflation, which concentrates incomes in the hands of the rich while further impoverishing the poor.

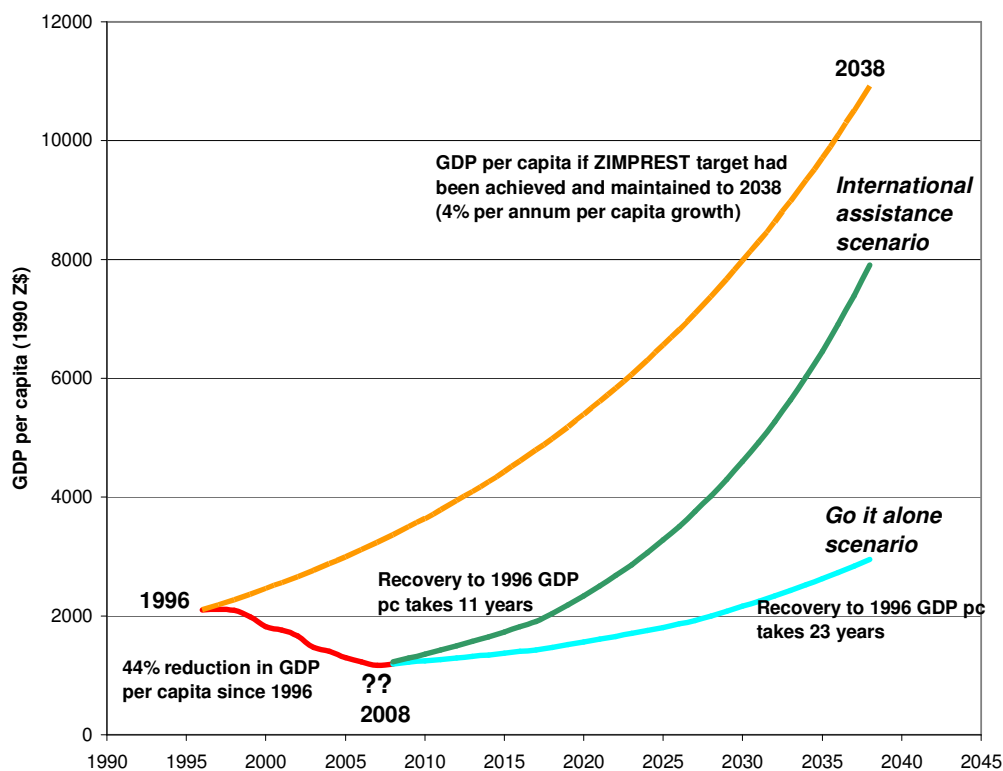
Figure 6: Zimbabwe’s public debt as proportion of GDP (1980-2006)



Other obvious remnants of Zanu-PF’s time in power which will constrain the actions of future governments include the very high levels of domestic and international debt (see Figure 6). Assumptions about the degree to which the *Progressive Zimbabwe* government will be able to negotiate foreign debt rescheduling and manage domestic

debt as part of its fiscal framework are fully taken into account in the scenarios presented in Figure 7⁵.

Figure 7: Time required to get back to 1996 GDP per capita



What the graphs there show is the degree to which the more optimistic scenario is dependent on the programme achieving significant levels of external assistance. The alternative scenario that is illustrated is a ‘go-it-alone’ scenario in which there is no external assistance but there is a coherent assault on inflation and a gradual restoration of positive economic growth. This is totally unlike the situation currently prevailing in Zimbabwe, where fiscal, monetary and exchange rate policies are directed towards accelerating inflation, reducing foreign currency availability and further contracting the economy.

Economic prospects have never before been so dependent on donors. There is a supreme irony in the present government talking incessantly of so-called ‘sovereignty’ while making the economy ever more dependent on external assistance if it is to recover in a half-way reasonable timeframe.

⁵ Details are available in the *Progressive Zimbabwe* Macro-economic Background paper.

However, in line with its social democracy values and principles, the *Progressive Zimbabwe* government needs to ensure that its initial dependence on donors does not become addictive. The macro-economic model used to develop the scenarios illustrated in Figure 7 shows that once the inherited debt position has been written down to a sustainable level and sufficient ‘kick-start’ assistance has been provided to enable the economy to stabilise and recover, there will not be need for substantial levels of donor assistance on a continuing basis. In a relatively short time, the country can get back onto a path of sustainable growth and transformation. Once there, Zimbabwe will have the capacity to finance its investment and social needs from its own tax revenues and financial resources.

6. The Land Issue

Bringing closure on land

Land was the key issue in the liberation struggle. At independence, the new government began to tackle the land issue by experimenting with different resettlement models, but the programme soon ran out of steam. Even after the restrictions imposed by the Lancaster House constitution expired in 1990, little was done to redress the historical land imbalance. It was only when the government found itself challenged by an effective, well organised opposition that land reform came back onto the agenda.

The precipitous ‘fast track’ land reform process which ensued produced a result which has been disastrous in both social and economic terms. Far from resolving the land question, the allocation of farms to supporters of the ruling party, rather than on the basis of need and ability, has produced a result which is patently unacceptable to the majority of the population in whose name the land reform process was supposedly carried out.

To bring closure to the land issue, *Progressive Zimbabwe* will:

- institute a fair and equitable land reform programme based on selection criteria that is non partisan; a depoliticised process that will maximise agricultural growth and optimise land use
- tackle all aspects of rural poverty, in particular by encouraging the commercialisation of smallholder agriculture in the communal lands.

Resolving the land issue, restoring the agricultural sector and achieving agrarian reform in the communal areas need to be simultaneously addressed. The measures to be adopted on land and agriculture are laid out in Section 16, while the agrarian reform is discussed further in Section 11. This section lays out the basic principles which will form the basis of *Progressive Zimbabwe*’s land and agriculture policies and programmes⁶.

⁶ Details of all programmes are given in the *Progressive Zimbabwe* Agriculture, Land and Agrarian Reform background paper.

Land reform principles

There was never any dispute about the need for land reform to correct the historical imbalances in land ownership. Closure can only be achieved, first, when there is a political consensus that sufficient land has been transferred into the hands of the black majority farmers, second, that those who benefit from resettlement are equipped with the necessary farming skills or the experience and third, that compensation is paid to those commercial farmers who lost their land and livelihoods at the hands of their own government.

To reach this stage, and be able to draw a line under this tragic aspect of Zimbabwe's history, the following principles will be adopted in *Progressive Zimbabwe's* land programme:

- ***General principles regarding land***
 - Reconciliation is to be based on justice: those who have corruptly benefited from land reform and enriched themselves at the expense of the nation will be dealt with transparently to bring about an end to the culture of impunity and ensure a new beginning. Compensation to the fullest extent possible is to be paid to the victims
 - Selection of settlers is to be on the basis of training, skills and experience: this is fundamental to achieving a fair and transparent land reform programme. This applies absolutely to any large-scale forms of resettlement. In small-scale schemes, young people settled on the basis of need and (crucially) aptitude will be given training opportunities.
 - The rule of law is to be fully restored
 - Human rights are to be respected in terms of the constitution's Bill of Rights
 - The property rights of all citizens are to be respected
 - Once the historical imbalances have been addressed, no agricultural land to be classified on the basis of race.

- ***Land reform and resettlement***
 - The land reform agenda is to be addressed urgently in a fair, lawful and transparent manner
 - All citizens with agricultural aptitude and skills are to be entitled to earn their living through farming
 - Anyone affected by acquisition and settlement decisions will be consulted, and any disputes settled by an independent and impartial court of law
 - The reduction of poverty and increasing agricultural productivity are fundamental objectives of the land reform programme.

- **Land tenure**
 - Land tenure systems are to be developed that provide security of tenure and incentives for investment throughout the agriculture sector
 - Ownership of communal land in due course must pass to the people
 - All communal land is to be surveyed and registered
 - All agricultural land, including communal land, is to evolve towards a system of tenure under long lease with options for title.

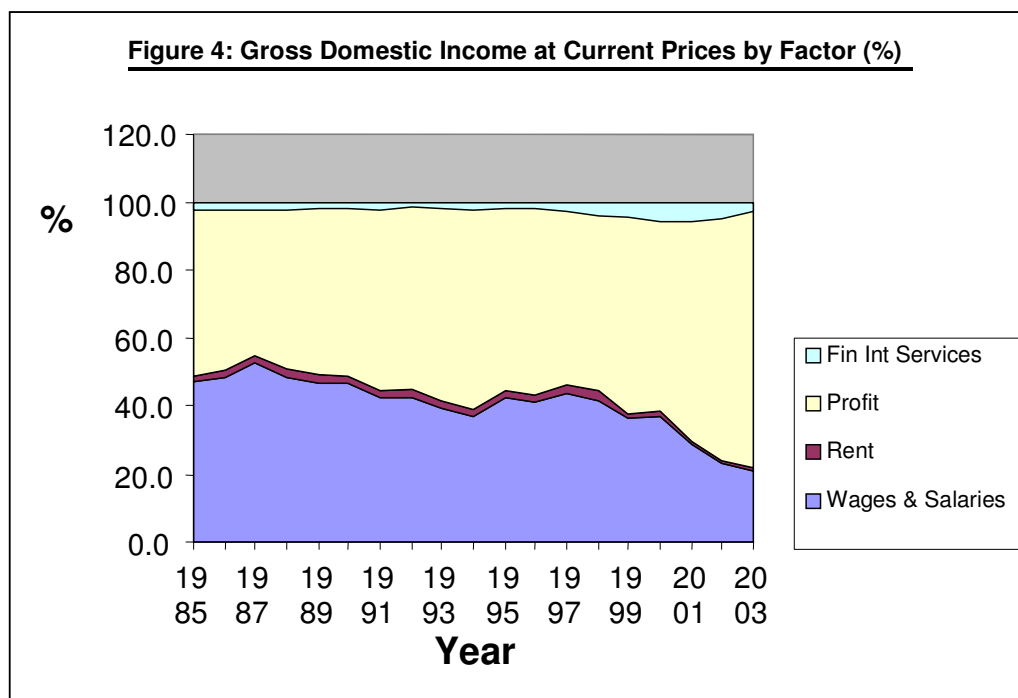
- **Agricultural transformation**
 - A resurgent agricultural sector will be based on the integration of subsistence farming into the mainstream of commercial agriculture
 - The private sector will play a key role, including 'smart partnerships' with the public sector, involving agricultural support services, research and extension
 - Agricultural parastatals will be refocused and restructured or privatised
 - Farmers' representative unions will be urged to build consensus through a coordinating council and, if possible, merge under one roof
 - Over time, a market for agricultural land will be developed to ensure that it is more efficiently allocated.

7. Jobs and the Plight of Labour

The effect of the economic crisis on labour has been devastating. Even on official figures, formal sector employment has fallen from a peak of 1.3 million employees in 1998 to less than one million by 2004. Unofficial estimates put the decline in employment at more than 500,000 by 2006. Given the extended family structure in Zimbabwe, the consequences for poverty of such a precipitous decline in formal employment are dire.

Those who have remained in employment have seen their real wages decline to levels which are scarcely credible. According to official figures, with real average earnings indexed at 100 in 1990, the average wage had declined 9% to 90.7 by 2000, but by 90% to an index of 10 by 2004. As shown in Figure 8, the consequence of the dramatic decline in both employment and real wages was a sharp contraction in labour's share in GDP, with a commensurate increase in profits⁷.

⁷ Further details are available in the *Progressive Zimbabwe* background paper on the Labour Market, Sustainable Growth and Transformation in Zimbabwe.



In addition to losing employment and real incomes, workers have also been subject to the loss of labour rights which in theory were protected by Zimbabwe’s accession to various international agreements. While the law recognises the right to strike in Zimbabwe it is heavily curtailed by procedural requirements with the net effect that in practice the right to strike does not exist for workers. Over the period since independence various other rights have been curtailed. The attacks on workers’ rights were a response to the growing militancy of labour which culminated in a labour-based political party being formed in September 1999. Amongst the repressive dictates, mention can be made of the Presidential Powers (Temporary Measures) (Labour Relations) Regulations of 1998 and the Labour Amendment Act no 17 of 2002. The effect of these and other anti-labour measures has been to ban stay-aways as well as strikes, restrict freedom of organisation and assembly and bring ‘essential services’ under the direct control of the government.

Progressive Zimbabwe will immediately rescind repressive legislation, including that relating to workers’ rights. All of the economic policies described elsewhere in this document will be biased towards the creation of jobs and the recovery of real wages. Specific programmes will be launched to attract back the large proportion of skilled workers who have left Zimbabwe in recent years for ‘greener pastures’ in neighbouring and overseas countries. While Zimbabwe is well endowed with natural resources, more important in the modern world is its human resources. As described in more detail in section 12, the talents, creativity and skills of all of Zimbabwe’s people are to be garnered and enhanced to enrich people’s lives and to make it possible for the country to compete effectively in the global economy.

Part III – Agenda for Transformation

8. Governance

The restoration of good governance must be the main guiding principle in the *Progressive Zimbabwe* government's approach to national development. The main governance issues affecting the economy will be:

- Restoration of the **rule of law** in all its dimensions, this being a fundamental requirement for the operation and growth of a modern economy.
- Restoration of an **anti-corruption** ethos, backed by the establishment of anti-corruption institutions (in particular, an autonomous **Anti-Corruption Commission**), procedures to obviate and detect corruption (including **asset disclosure** requirements binding on politicians and senior civil servants), and mechanisms to deal with corruption, with no one being immune from corruption investigations and charges.
- **Restructuring of government** to achieve a civil service appropriate for the twenty-first century. A proactive state must have strong, relevant public institutions, but this does not necessitate a large bureaucracy. By contracting the number of ministries and refocusing development functions, government will be restructured so that the state apparatus is fiscally sustainable, while at the same time having adequate service-delivery capability.
- Institutionalising **participatory decision-making** at all levels of government. One major aspect of this will be the meaningful **de-concentration and decentralisation** of power and decision-making to **local government** and community levels. If social democracy is to have real meaning, ordinary people must have the opportunity to participate in decisions that directly affect their lives, including those that relate to the schools and clinics their children attend, and to local structures and institutions to which they have access.

To make participatory decision-making operational at the national level, the *Progressive Zimbabwe* government will establish via an Act of Parliament the **Zimbabwe Economic Development Council (ZEDC)** (first proposed by the ZCTU in its 1996 document "Beyond ESAP") as the main consultative body to work closely with Parliament, economic ministries and the Reserve Bank to formulate and supervise the implementation of specific policies and programmes. The exact structure and composition of ZEDC will be decided after a consultative process involving all major stakeholders.

9. Transitional Justice and National Integration

The major objective of a political settlement of the Zimbabwean crisis is to bring about stability that will allow for economic development and growth in the interests of all Zimbabweans.

However, the serious human rights abuses that occurred prior to the transition to a new order cannot be ignored and need to be confronted in a way that will produce a just outcome, focusing on the needs and feelings of the victims. The emphasis will thus be on restorative justice for victims of abuse. This will involve affording, within the limits of available resources, compensation to victims for injuries and losses they have suffered and by development programmes aimed at uplifting communities that have been adversely affected by human rights abuses and discrimination.

It is essential to set up a Truth Commission to open up the discussion and move towards the truth of past human rights violations and atrocities. This will begin a journey away from the culture of impunity that has characterised both the settler colonial and post-colonial periods. There is need to ensure that there is no impunity and further that such abuses will not happen in the future.

A crucial factor for stability is a resolution of the key issues of security, justice and reconciliation. A negotiated settlement in Zimbabwe will enable the political parties in Zimbabwe, the region and the international community to set agreements and guarantees in relation to atrocities and human rights abuses. It is only through a negotiated settlement that guarantees and protection may be provided to those who are liable for such atrocities. If there is to be no such resolution, then those liable may face the International Criminal Court. Different political parties may believe in varying values, policies and methods but they all ultimately seek one goal – a united, peaceful and prosperous Zimbabwe. It is the duty of all patriotic individuals and political parties – a duty to the citizens of Zimbabwe – to work towards that goal. To this end, *Progressive Zimbabwe* will adopt a widely agreed National Ethos to promote a sense of belonging and oneness, which puts Zimbabwe first in everything we do as Zimbabweans.

10. Gender and Youth

Women and young people are disproportionately represented and therefore disadvantaged groups in the economic life of Zimbabwe. Unemployment, underemployment and poverty are considerably higher among women and young people than in the population as a whole. It is mainly the women and youth who are forced to rely on low productivity activities in the communal areas and the informal sector.

To redress this situation, particular attention will be paid to providing better opportunities for women and youth. There will be deliberate emphasis on their participation in the fastest-growing sectors of the economy, which will initially be tourism and agriculture. During the reconstruction period, efforts will be made to

redress the fact that women have been the greatest victims of the collapse of public infrastructure, health, education and transport.

The achievement of more equitable gender and youth participation in the economy will be a special focus of the Zimbabwe Economic Development Council. Female and youth members of ZEDC will represent their constituencies from all walks of life, having links with women and youth committees and organisations at provincial, district, ward and branch levels. These structures must work hand-in-hand with their communities and other civil society institutions to ensure grassroots ownership of the process of gender equalisation and emancipation of the country's youth.

Specific *Progressive Zimbabwe* programmes to address the needs of women will include:

- Transforming negative patriarchal and stereotypical attitudes and practices through changes to education curricula and systems, ensuring open access to the media, encouraging cultural institutions to facilitate social inclusion, and ensuring the political participation and leadership of women from community to national level.
- Raising the social, economic and political literacy of women and promoting their general education.
- Where broad economic, social and political policies do not adequately address unequal opportunity for women, applying affirmative action to promote women's roles and participation while ensuring competent performance.
- Ensuring that programmes and services providing for child care, health, education and social welfare prioritise and reach women appropriately and effectively, and that they deal with issues of particular significance to them, including HIV/AIDS and reproductive health.
- Ensuring that mechanisms for social mobilisation, inclusion, service provision and economic empowerment will give priority to specific measures for reducing the increased risk and vulnerability of women and youth, and particularly female youth, to the impact of HIV/AIDS.

Corresponding *Progressive Zimbabwe* initiatives specifically targeted at young people will include:

- Ensuring that programmes and services providing for health and education, for promoting civic and electoral rights, and for social welfare prioritise and reach youth appropriately and effectively, and deal with issues of particular significance to them in a socially and culturally appropriate manner, involving them in planning.
- Using education and the media to encourage debate among young people that promotes values of tolerance, peace and justice.
- Stopping the partisan training of the youth with state resources and supporting the rehabilitation of young people who have been perpetrators or victims of violence.
- Ensuring that *Progressive Zimbabwe's* mechanisms for social mobilisation, inclusion, service provision and economic empowerment give priority to

specific measures for reducing the risk and mitigating the impact of HIV/AIDS in young people.

11. Empowerment for transformation

Agrarian Reform

About 42% of the land in Zimbabwe is Communal Land, on which 73% of the population live and eke out a living from subsistence agriculture. The *Progressive Zimbabwe* government should be committed not just to a just resolution of the distribution of what was previously large-scale commercial farmland but to ensuring that productivity and incomes are increased in both the communal and the resettlement areas.

Progressive Zimbabwe's agrarian reform programme thus has broad scope, seeking the comprehensive restructuring of the agricultural sector. Land reform is an important aspect, but of similar significance is the provision of support services such as credit, marketing, pricing, rural infrastructure (dams, roads, bridges, electricity supplies, hospitals, schools) and farmer training. The objectives are to increase productivity throughout the agricultural sector and facilitate rural industrialisation.

To achieve the overall transformation of rural production across all rural sectors, *Progressive Zimbabwe's* agrarian reform embraces four key programme areas:

- **Transformation of Zimbabwe's dual agrarian structure:** This will involve moving from a pattern of a few large and successful commercial farms alongside many tiny and uneconomic subsistence plots into a more "unimodal" structure. This shift towards viable small and medium-sized family farms will be achieved by: a) sub-division of large farms (whose economic potential would not be compromised thereby) for occupation by new commercial farmers and settlers; b) building strong agro-industrial linkages to create non-agricultural jobs in rural and urban centres to decongest the communal areas; and c) stimulating much higher levels of agricultural production in the communal areas (see below).
- **Security of tenure:** Farm investment and productivity is to be encouraged by improving the security of tenure for all Zimbabwean farmers. This will be achieved by maintaining freehold tenure where it exists, and offering resettlement and small-scale farmers long-term leases with options for title. Resettlement schemes operating with communal grazing will be given the option of being re-planned and demarcated into individual, self-contained family farms. In the communal areas, rights over land and resources will pass from the state to members of the village or ward assemblies. All land in villages will be surveyed and households issued with land registration certificates for residential and arable land.
- **Transformation of the communal or small-holder farming areas:** This is premised on three major programmes. The first will improve the administrative mechanisms that facilitate the evolution of well-defined, secure, and transferable

rights to land – especially for women – and the ability to exchange these land rights at low cost. Over time, the value of land can be unlocked by its use as collateral for credit, enabling farmers to invest and develop their smallholdings to their full productive potential and maximising market surpluses. The second will explore alternative policy options to simultaneously raise smallholder production and dissolve the dual agrarian structure. These options include (but are not limited to) syndicates, tenant schemes, and out-grower programmes with centralised processing and marketing of produce. The third programme element will initiate public-sector investment in infrastructure and social services to support the transformation process. *Progressive Zimbabwe* aims to achieve universal access to modern infrastructural services at the earliest possible date.

- **Rural industrialisation and growth of urban centres in the rural areas:** industrialisation is fundamental to rural transformation. To begin the process, existing rural centres need to be revitalised and new worker centres within the resettlement and commercial-farming areas created, with the intention that these gradually evolve into development nodes and growth centres. These would provide housing and social services for farm-workers and serve as “incubators” for the development of small and medium-sized agricultural services provided by former skilled farm-workers and other entrepreneurs, as well as agro-based industrial production. Public-sector investment in communications, power and social services is to be directed to centres with the potential to be economically viable.

Small-scale Entrepreneur Access to Capital and Other Support

A number of complementary measures will be introduced by the *Progressive Zimbabwe* government to empower small-scale farmers and entrepreneurs (whether rural or urban based) by providing them with access to capital and other necessary inputs and support services. Some of the key measures, relating particularly to skills development, will be spelt out in Sections 12 and 14, while others relating to industry and trade are discussed in Section 18.

To overcome the dualist structures in the economy and strengthen small enterprise production, the *Progressive Zimbabwe* government will provide the support and the incentives for precarious informal enterprises to grow into substantive formal-sector concerns. Specific measures to facilitate this will include:

- Provision of contracting opportunities in public works programmes
- Encouragement of initiatives to link large and small enterprises
- Finance from government and development-partner sources for small-scale enterprise development (to be channelled through Agribank, SEDCO, the Credit Guarantee Company, commercial banks, venture capital companies and other financial and support institutions)
- Disposal by the Industrial Development Corporation of its present holdings and the use of the capital base generated to invest in promising small enterprises on a venture capital basis
- The development of joint strategies between local authorities and central government and development partners to promote small-scale enterprises, including the removal of constraining procedures and regulations and the

provision of serviced work-spaces in urban and rural areas, linked to equipment leasing schemes

- Requiring institutions such as the Productivity Centre and the Scientific and Industrial Research and Development Centre (SIRDC) to facilitate access by producers and exporters to information on market and technological developments, as well as the acquisition of skills to be adaptable to new technologies, with a particular focus on small enterprises.

Particular attention will be paid to encouraging people to find their own sources of livelihood. Drawing on lessons from successful self-employment programmes elsewhere, support will be based on the following:

- Consistent focus on self-employment principles and practices throughout the training process
- Considerable emphasis on selection, with selection in most cases based on a careful balance of equity and self-employment potential
- Extensive use of enterprise-based training and traditional training techniques, particularly traditional apprenticeships
- Extensive and multifaceted involvement with local markets and local communities, active membership of local institutional networks
- Successful programmes tend to have a 'minimalist' approach, relatively little start-up or follow-up support is provided by the programmes directly
- Well-coordinated, demand-driven interventions.

Part IV – Sectoral Strategies**12. Employment and Labour**

A *Progressive Zimbabwe* government will adopt an approach to employment and labour which is holistic and fully integrated with the overall economic strategy. The approach recognises that the structure of the economy is such that the market on its own will exacerbate the enclave and dualistic challenges, and hence there is need for a strategic role of the state in empowering the disadvantaged groups and sectors so that they are fully incorporated into the economy. The way forward therefore requires a multi-faceted approach rooted in the sustainable human development paradigm.

Economic transformation: redressing enclivity and dualism through an equity-growth approach (Sustainable Human Development)

To sustainably address the challenges posed by un- and under-employment and widespread poverty, it is necessary to fully integrate the non-formal sector into the mainstream of the economy to ensure a broad-based, inclusive growth strategy. In this context, the economic strategy has to be autocentric (internally-driven) as opposed to the current situation where the economy is externally (exogenously) determined.

This integrative, transformative agenda should also focus on strengthening backward and forward linkages through the exploitation of value chains and value systems among firms and sectors. Various business linkage programmes, mentorship and internship programmes are to be encouraged.

Active labour market strategy

An active labour market approach, will integrate and mainstream hitherto marginalized groups and sectors:

i) Employability

- Innovative, gender-sensitive training and skills development programmes, such as apprenticeship programmes, mentorship, business incubators, promoting a culture of entrepreneurship, etc
- Vocational training programmes designed and implemented in partnership with the private sector
- Basic education programmes for school dropouts.

ii) Employment creation

- SME and cooperatives promotion and development
- Labour-based public works
- Business linkages
- Self-employment programmes
- Service provision in fields such as HIV/AIDS, waste management and environmental protection, through public/private partnership

- Community-based service provision such as access to micro-credit.

iii) **Equal Opportunity**

- The reintegration of ex-combatants
- Promoting the employment of young women
- Programmes targeting people with disabilities and other vulnerable groups.

Creating an enabling macroeconomic environment and a culture of social dialogue

For the transformational agenda to be sustainable in job creation and employment terms requires the adoption of an enabling macroeconomic environment. Efficient markets, as well as a sound macroeconomic context should complement active labour market policy programmes. A central component of a pro-employment policy matrix involves the adoption of a *competitive exchange rate policy*, which ultimately favours labour-intensive activities. Such an approach is not only relevant for the transformative agenda, but also for the recovery of the formal sector. The role of the State needs to be refocused towards a transparent, strategic, developmental role.

The process of stabilising and growing the economy should be spearheaded by the *Tripartite Negotiating Forum (TNF)*, which was created to negotiate a Social Contract. A stakeholder-approach that underlies the TNF is critical in that it allows groups to develop and share a common vision, harmonise policies and achieve win-win outcomes with respect to key policies. Under *Progressive Zimbabwe*, labour will also play a prominent part in the Zimbabwe Economic Development Council (see Section 8).

Integrated, co-ordinated and inclusive approach to labour administration

Under *Progressive Zimbabwe*, labour responsibilities will be coordinated within a unitary government structure that streamlines functions and makes them more accessible to the public. To ensure proper co-ordination and harmony of labour market policies, a tripartite **Labour Market Commission (LMC)** will be formed. Because of its tripartite nature, the LMC will benefit from close and active participation of the social partners, facilitating swift decision-making and their smooth implementation. When labour market policy falls under one authority, it is easier to create conditions for co-ordinated effort and develop a common vision. The involvement of workers and employers creates a culture of joint responsibility, which promotes a long-term commitment to problem solving.

A national employment strategy

Growth in GDP will not in itself produce jobs. Labour-intensive growth will be promoted via a two-pronged approach involving both a top-down formal sector driven policy and a bottom-up transformation of the non-formal sectors and economic empowerment of marginalized and vulnerable groups such as women, youths and people living with disabilities. This will address the simultaneous need to promote and upgrade the economy to enhance its international competitiveness and to transform the non-formal sectors so as to tap the hidden potential of the economy.

Rationalising regulations and other barriers that hamper the labour market entry of young people and the establishment and growth of small and medium-scale enterprises

The measures to be adopted in this area have already been spelt out in Section 11. Two of the major aspects will be the reduction of unnecessary barriers to small business activity and the provision of finance. To maximise employment impacts, the following key principles will be adopted for finance schemes:

- Offer services that fit the preference of poor entrepreneurs (convenient location, flexible opening hours, friendly service, small minimum loans, short-term loans, growing repeat loans, small, frequent repayments, no traditional collateral, affordable interest rate, simple procedures, timely delivery, relatively unrestricted use)
- Increase the efficiency of lending methods (standardise and simplify the lending process, decentralise borrower selection, loan application analysis and approval, use inexpensive offices, means of transport and staff, increase outreach to build on economies of scale)
- Motivate clients to repay loans (be serious about loan collection and do not allow late repayment, use incentives such as repeat loans, gradual loans, preferential pricing; require alternate collateral, such as joint liability groups, do not accept political interference with repayment)
- Strive for broad and sustainable provision of loans (reduce interest rates by increasing the efficiency and scale of lending, charge an interest rate high enough to permit reaching the target group, use any subsidies for reducing the costs of lending, use any guarantees for reducing the risks of lending).

Developing an education and training system geared towards employment creation and the provision of skills that meet the needs of the economy

The policies and programmes outlined in Section 14 are relevant. What can be emphasized here is that in respect of technical and managerial training, productive synergies will be developed under *Progressive Zimbabwe* between the public and private sectors. On-the-job training is usually cost effective and efficient. Bringing in the private sector also tends to make training more responsive to the dynamism of a modern economy. Government-sponsored training schemes can then concentrate on

identifying and meeting the specific demands of the non-formal (including informal) and small-scale sectors.

Strengthening the capacity for policy research, analysis, formulation and implementation

The success of targeted employment strategies depends heavily on the provision of accurate, reliable and up-to-date information. Under *Progressive Zimbabwe*, a ***Labour Market Information System*** will be developed by government, labour and business. Key sources of information will be the results of regularly conducted, detailed labour force surveys covering a wide range of issues and tracer studies to ascertain the success or otherwise of training provision, micro-credit schemes and other interventions designed to combat youth unemployment and marginalisation.

13. Health

Progressive Zimbabwe will stand for the upholding of people's health rights and will ensure that health rights are included in the Constitution and law. The new government will fulfil the state's obligation to provide sound health services, equitably distributed, directed towards priority health concerns and with adequate staff, drugs and other essential supplies to deliver those services. In a resource-scarce environment, this will be achieved by directing available resources towards consistent and reliable support for the preventive, primary-care and district-level services used by the majority of the population.

Progressive Zimbabwe's health programme will have to respond to a number of challenges:

- the collapse of the health-delivery system;
- increasing levels of malnutrition, illness and mortality, and falling life expectancy;
- an HIV/AIDS epidemic with (on official figures) 23% of adults HIV positive, this having significant negative impacts on household incomes and well-being;
- weak political leadership and poor coherence in the national response to HIV/AIDS ;
- falling access to safe water, immunisation, access to essential drugs and other core elements of primary health care, at a time when poverty, falling real incomes and severe food insecurity are increasing ill health.;
- violence and subsequent mental illnesses because of trauma and stress;
- discontent among, and the flight of, health-care staff that is causing human-resource gaps.

Progressive Zimbabwe will implement its **policy principles for health** from the bottom up, using the remaining strengths within the system (infrastructure, human, and skills approaches) that exist at district and community level to provide for creative approaches to improving health care and to directing resources at priority health problems. Zimbabwe has a majority of poor people, and the limits placed by poverty

on household capacities must be responded to by the provision of effective, quality and relevant health services.

The *Progressive Zimbabwe* government's health programmes will aim towards and monitor the progressive achievement of a platform of **basic health rights**, provided for in law and the Constitution, including rights to:

- public health and public goods – clean environments, adequate food and safe water, and safe living and work environments that are not harmful to health;
- adequate health services, including access to primary health care and to emergency medical treatment, irrespective of ability to pay, leading to equity in access to health-care services;
- make informed choices (e.g. on reproduction), to mental/physical integrity, to information and consent, to privacy, to humane care, to participate in treatment, to redress when aggrieved, and to be treated with respect and dignity.

Progressive Zimbabwe will put **people** at the centre of health systems in three major ways:

- *Progressive Zimbabwe* health programmes will build on approaches for **public and population health**, directing resources towards prevention, primary health care and the treatment of priority public-health problems. The *Progressive Zimbabwe* government will initiate a process for review and harmonisation of the policy and legal framework for public health and health care. This process will set national health values and goals and embed these in a comprehensive Health Act that will provide an enabling legal framework for all health legislation.
- *Progressive Zimbabwe* will establish, strengthen, invest in and provide resources and technical support for mechanisms for **public participation in health systems** from clinic to national level of the health system.
 - At health-centres at district, provincial and national level, stakeholder bodies will incorporate community representatives and health providers and will identify health needs and priorities, plan and monitor services at each level, review quality-of-care issues, receive, provide and review information to the next levels, co-ordinate health activities, and organise, allocate and monitor the mobilisation and allocation of resources at each level.
 - A **National Health Board** will be set up, integrating key economic and social sectors and stakeholders, and overseen by the Parliamentary Committee on Health. The Board will monitor, oversee and report publicly on the integration of health impact assessments and public health measures in key development areas, and on the effective, relevant and equitable functioning of health care and related services. The Board will support local authorities in implementing their public health obligations and will promote community action on public health. Meaningful stakeholder roles will be strengthened in

other health-related regulatory boards and councils, and overlap and duplication in these bodies will be rationalised.

- The *Progressive Zimbabwe* government will recognise and reinforce the critical role of **health personnel**. No health system can run without personnel, nor can new resources for health be used without trained people. *Progressive Zimbabwe* will prioritise programmes that deal with the current crisis of personnel. Public-health training across a number of professional disciplines will be promoted, with immediate measures being provided to reduce factors pushing health personnel out of the system (such as pay, professional conditions, infection risk, and housing). Special incentives for personnel working in district health systems will be provided.

Progressive Zimbabwe will put in place measures to attract quality staff in health and medical training institutions, and set up mechanisms to provide for in-service supervision from skilled personnel in the public and private sectors. Health personnel roles will be reviewed and rationalised. *Progressive Zimbabwe* will invest in the community health worker as the core of the primary health care system, accountable to the community, supported by the health centre staff and committee, and funded by public budgets and locally mobilised community resources.

Turning the health system around will demand significantly more resources than have been provided in the past decade. *Progressive Zimbabwe* will inject an adequate level of **public funds** to support core health services and build a quality public-health service that can meaningfully engage communities, donors and the private sector. The aim will be to provide the WHO minimum of US\$21 per capita per annum public expenditure on health. There will be rapid movement to comply with African Union (AU), SADC and UN standards of allocating at least 15% of the national public budget to health. National resources will complement and not substitute public budgets for priority health tasks. New resources for health will be released through reallocations within the government budget, complemented by international and private sector financing. Within the health sector, resources will be directed to the primary-care clinics and district hospitals.

Risk-pooling in funding will be strengthened at all levels of services, and a social health insurance (SHI) scheme established. SHI will improve revenues in higher-level hospitals, encourage the use of these services, and remove the barriers of direct fees for care. Key public health work, such as the National Health Board and its research, will be funded through earmarked taxes on activities with negative public health implications and fines for the infringement of public health standards in areas such as pollution. Import tariffs, duties and other taxes that increase the costs of essential health-service inputs and essential drugs for low-income groups will be reviewed.

Progressive Zimbabwe will systematically **rebuild the health services** by:

- strengthening the district health system, i.e. primary health care, the clinic network and district hospitals;

- building virtuous linkages between our responses to AIDS and the overall strengthening of our health system (see Section 4);
- auditing strategic national health institutions, including teaching hospitals, laboratories, the blood transfusion service and medical stores to identify and address shortfalls in capacities and functioning;
- auditing the public-health infrastructure with local authorities to assess capital investment or maintenance requirements, especially in critical service areas relating to water treatment, waste disposal, sewage, ambulance services and mortuaries;
- co-ordinating public, private (profit and non-profit) and traditional health services to ensure information flow, avoid the duplication of services, and ensure adequacy of resources from all three sectors towards priority areas of health promotion and prevention, treatment and control of disease;
- co-operating with the traditional health sector in research, patent protection and use of traditional remedies.

14. Education

The *Progressive Zimbabwe* government will rebuild Zimbabwe's education system. It will recognize the right to high-quality education for every Zimbabwean as a means to both personal growth and knowledge, and to participation in economic and human-centred development.

The *Progressive Zimbabwe* government will respond to challenges of deteriorating standards of and inadequate resources for education, poor learning facilities, shortages of textbooks, high teacher–pupil ratios, high drop-out rates and low pass rates in schools, poor working conditions for teaching staff and the exodus of qualified Zimbabwean teachers into neighbouring countries and overseas. The underlying challenges of the inadequate management of conflict, poor administration, corruption, favouritism, political interference and nepotism in institutions of higher education will also be dealt with.

The two ministries of Education, Sport and Culture and Higher Education and Technology will be merged into one Ministry of Education.

As in the health sector, *Progressive Zimbabwe's* approach to education will be to recognise and secure in policy and in law children's fundamental rights to education, and to provide the resources, institutional mechanisms, investment in personnel and regulatory support to progressively meet this value. *Progressive Zimbabwe's* philosophy is to give children and adults opportunities to acquire knowledge, this being the means to achieve human-centred development. *Progressive Zimbabwe* will protect rights, including rights to academic freedom as fundamental to enquiry and the advancement of knowledge.

Progressive Zimbabwe will improve the conditions of schools, teachers and children. Links with national associations of **teachers** and international organisations will be strengthened to jointly improve conditions of service of teachers, adopt and implement a code of ethics for teachers, implement staff-development programmes, and prepare

teachers for changes in education. *Progressive Zimbabwe* will orient teachers to introduce a deliberate bias in the curriculum towards science, mathematics, information technology, technical, commercial and management skills, as well as civic and environmental awareness and HIV/AIDS education. *Progressive Zimbabwe* will ensure the teaching of national languages, and national, African and international history.

The *Progressive Zimbabwe* government will aim to improve pay and non pay incentives for teachers, including housing, professional development, ICT and other support for teachers working in disadvantaged areas. The general working conditions for teachers and ancillary staff will be improved, with special incentives for rural teachers being provided. *Progressive Zimbabwe* will strengthen the supervisory systems and procedures to ensure that a high standard and quality of tuition is maintained.

Progressive Zimbabwe will **strengthen the school system**. At **pre-school level**, the *Progressive Zimbabwe* government will:

- ensure that all pre-schools are registered;
- aim at all infants between three and six years of age accessing and attending at least one year of pre-school education;
- provide for the child's mother tongue to be used as a medium of instruction;
- ensure adequate resources, standardised curricula, and enhance the supply of professional educators in the pre-school sector;
- provide adequate organisational structures and monitoring;
- provide for infants with special learning needs.

At **primary level** *Progressive Zimbabwe* will:

- ensure through legal, financing and institutional means that all children of school-going age receive seven years' compulsory, basic education in quality schools. To make this possible, there will be state support for those in need;
- develop effective assessment procedures to ensure that children are effectively prepared and evaluated for secondary education;
- improve the teaching of basic or foundation subjects such as social studies, music, science, mathematics, sports, culture, languages, AIDS, religious and moral education, civic education and current affairs and physical education;
- expand the coverage of science, information technology, culture and local languages;
- promote inquiry, active learning, discovery, creativity and problem-solving, supported by the provision of books and learning resources;
- make remedial education compulsory for those in need;
- remove automatic promotion.

At **secondary level** *Progressive Zimbabwe* will:

- ensure that all students have access to secondary-school education; especially girls;

- professionalise the School Development Committees, Associations and Boards;
- strengthen staff levels and build a system of skills-strengthening programmes to ensure that the professional competence of teachers is constantly renewed;
- broaden the range of secondary-school subjects to increase the career choices of the students upon graduation from secondary school;
- include AIDS and sex education and strengthen the teaching of and resources for science and information technology;
- ensure that periodic curriculum reviews are undertaken so that syllabuses remain relevant technically, commercially and academically;
- strengthen school supervision and support systems in order to enhance and guarantee the quality of tuition;
- strengthen the provision of sports, culture and recreational activities;
- ensure the provision of school libraries that are adequately supplied with books and other learning resources, and are managed by suitably qualified staff;
- provide opportunities for students at senior secondary level to pursue either academic or vocational and technical education;
- reinstate the Zimbabwe Junior Certificate Examination as a recognised terminal for technical and academic achievements.

At **tertiary level** *Progressive Zimbabwe* will:

- ensure financing mechanisms that enable children from worker and poor communities to access tertiary-level institutions;
- ensure competent leadership on the basis of proven merit and experience, and representative, autonomous and competent university councils and college management boards;
- strengthen the universities' ability to mobilise resources, in particular to invest in information technology;
- establish a grant to finance major programmes of innovation and structural change;
- deploy significant resources into research and technological development;
- reverse the decline in the capacity of libraries in tertiary institutions to carry out their essential role in support of learning and research through the provision of up-to-date books, journals and Internet-based resources, and of services managed by professionally qualified staff;
- achieve adequate levels of student funding based on fair public-private shares and provide for public loans to students;
- reverse the privatisation of catering and accommodation services and restore them to the responsibility of institutions;
- provide mechanisms for improved involvement of the student and staff body in the running of the university.

Progressive Zimbabwe will foster a continuum of learning in adult education from basic literacy to high-skills training through short courses, in-service training, distance learning and other forms of training. *Progressive Zimbabwe* will foster the creation of

centres of continuous education at all national institutions of higher and further learning.

In respect of **sports** and **culture**, the *Progressive Zimbabwe* government will:

- encourage and support participation in sporting activities by all sectors of society for their health and enjoyment, and facilitate the participation of national teams and individuals in regional and international competitions in all sports.
- encourage and support the promotion and development of all the arts, including the visual arts, performing arts, music and literature, as reflections of the diverse and vibrant cultures of Zimbabwe.
- review the effectiveness of the National Library and Documentation Service (NLDS) with a view to providing the necessary resources for it to fulfil its functions in the provision of books, information and ICT resources to the public.

15. Housing

Lack of adequate shelter is one of the most pressing social issues in Zimbabwe. There is an urban housing backlog of more than 500,000 units, and another 250,000 units are needed on farms and mines. A large proportion of families are separated by migrancy, making reuniting families in decent accommodation one of the key challenges in *Progressive Zimbabwe's* social agenda. The housing programme also seeks to further *Progressive Zimbabwe's* economic objectives: by dramatically increasing the rate of house-building, a large number of jobs will be created, incomes will expand, and there will be multiplier effects in the economy through linkages back into the building material supply industries.

Progressive Zimbabwe seeks to substantially reduce the urban housing backlog within five years and to provide good basic family housing on farms and mines. Tenure issues will be clarified as part of the mandate of the Land Commission, allowing farmland to be legally sub-divided to provide farm-worker housing, together with water and sanitation, according to set standards.

The *Progressive Zimbabwe* government's commitment to housing will involve a number of complementary **financing strategies** with the public and private sectors, as well as home-owners themselves:

- **Public sector:** There will be allocations of public investment funds through the national budget and support to local councils to expand housing provision and provide the stands for site-and-service housing schemes. Local authorities will carry out demonstration projects involving innovative designs for affordable, low-income housing schemes using local materials.
- **Home-owners and housing co-operatives:** On site-and-service and co-operative schemes, home-owners and co-operative members can undertake the subsequent building themselves, or do their own contracting as and when they

have the means to do so. There will be a public media campaign to provide designs and other information to assist people to make the best use of their resources. Discussions and competitions will be used to raise awareness. This will be the dominant route which new housing stock is created.

- **Private sector:** Legal and taxation changes will be made to provide an effective secondary mortgage market. This will enable institutional savings (pension and life-insurance funds) to be channelled into mortgage financing, resulting in an immediate dramatic increase in the resources available to people to borrow for home building.

Progressive Zimbabwe will streamline and simplify the planning and other bureaucratic procedures required for house construction and occupation. Steps will be taken to enhance the skills and capacity of the local construction industry and its workforce, not just for house construction but every type of construction activity. The construction sector has the potential to provide a substantial number of jobs, which can be sustained as investment and economic growth are restored.

16. Land and Agriculture⁸

Land Programme

To execute the land programme, an impartial, independent, well-resourced, professional agency, to be known as the **Land Commission**, is to be established by an Act of Parliament. A Rural Development Fund Act will be brought into law at the same time in order to provide an institutional financing framework. The powers of the Land Commission will be to:

- carry out a land audit;
- rationalise the use of land
- plan and co-ordinate the implementation of the land reform programme
- take charge of land tenure reform in the communal areas
- administer the *Rural Development Fund Act* to allow funds to be channelled into the land reform programme, the development of the communal areas, and pay compensation for land, improvements and consequential losses.

The starting point for the work of the Land Commission will be a comprehensive Land Audit embracing three dimensions:

- *physical audit:* settlement and production on former commercial farmland
- *acquisition audit:* the process of acquisition and occupation of commercial farms
- *legal study* to bring an authoritative judicial opinion to bear on the legality acquisition, possession and usage.

⁸ Details of all programmes in this section are available in the *Progressive Zimbabwe Agriculture, Land and Agrarian Reform* background paper.

While the audit is taking place and the land programme is being planned in detail, it will be necessary to make *transitional arrangements* for the occupation of land and get agricultural recovery underway at the earliest opportunity. A *consultation and policy evaluation process* to engage all key stakeholders and build trust, confidence and consensus on the main principles and policies will underlie the entire land reform programme.

Once the results of the audit have been analysed, the Commission will proceed to the next stage of *rationalisation*. This will be based on fairness and practicality. The Land Commission will deal with both A1 and A2 settlers professionally, fairly and sensitively in order to avoid any unnecessary antagonism or conflict. Legitimate settlers (those settled in accordance with the non-partisan criteria established by the Commission) will be given ‘certificates of occupation’. Commercial farmers who fall in this category will be encouraged to build good neighbourliness and contribute to national healing through ‘co-development’, that is offering their farming expertise to assist and mentor new farmers.

Comprehensive planning will precede the *acquisition* of land by the Land Commission and payment of *compensation* to former owners, with the levels being determined by internationally accepted formulae. The planning will include the subdivision of large commercial farms into smaller economic units, and consideration of grouping into ‘communities of farms’ within a district so as to enable agricultural and social services to be economically provided.

The next step in the process will be the *selection of the farmers* for resettlement. This is the key element in ensuring a transparent, fair and productive land reform programme. To achieve this outcome, the following considerations will need to be taken into account in the selection process:

- Ensure that any citizen may apply to be considered for selection for settlement regardless of their gender, race, ethnic origin or political opinions.
- Select farmers for settlement in a transparent and objective manner to give every applicant the confidence that their application will be fairly processed according to carefully laid down criteria and procedures.
- Give preference to those applicants who have farming knowledge and proven farming ability, and those who do not have an alternative source of livelihood but who have a demonstrable commitment to farming.
- Allocate only one farm per family.
- Wherever possible, settle successful applicants in their own areas, close to their areas, in their areas of their choice, or on the specific farm for which they apply.
- Settlers will pay for the use of their land, either through purchasing the farm or leasing it.
- Arrange for the training of less experienced settlers in farm management and practice as a condition of being settled. Practical training could take the form of a contractual mentoring arrangement between new farmers and experienced commercial farmers.
- Arrange loans for settlers to purchase land and buildings, equipment, inputs and services – whose terms and conditions will vary according to need.

- Prepare farm plans and establish performance indicators to monitor the progress of settled farmers.
- The government will State clearly – if it exercises its discretion to give preference to any group, such as caretakers for AIDS orphans, women’s groups or black commercial farmers – how affirmative action is justified, the extent of the benefit, and how this benefit will impact upon other applicants and the programme as a whole.
- Settle farmers only on schemes where there is sufficient technical advisory and extension support, and where the provision of infrastructure, facilities and social services – from roads and water, to schools and clinics – gives settlers every opportunity to succeed.

Agriculture

The different sectors of agriculture have been affected to different extents by the fast track land reform programme. Crops such as maize, tobacco and wheat have been decimated, while crops produced predominantly by small scale farmers (cotton) or by large estates that have not been occupied (sugar) have had to contend with factors such as high inflation and shortages of inputs, but generally have been less affected by the post-2000 crisis. As laid out in the background paper, the *Progressive Zimbabwe* agricultural recovery strategy will have specific ‘road maps’ for recovery of each sector.

Cutting across sectoral priorities, the common recovery strategies will be in respect of restoring the basic elements of the agricultural production system:

- agricultural input supplies
- product marketing systems
- prices that will make production viable
- finance: seasonal credit and long-term loans for capital items
- research and extension services appropriate for different types of farming and different crops.

In the face of the crisis and the urgent need to restore food security and agricultural production, there will be pressures on the new government to intervene heavily in the agricultural sector. The approach of the *Progressive Zimbabwe* government will, however, be to move as quickly as possible to the goal of the agricultural sector being self-sufficient with as most of the services required by farmers being provided by the private sector. The government’s role will be to provide an enabling environment and to focus its direct interventions on areas where market forces fail to meet national requirements. For example, aspects of agricultural research, training and extension are likely to fall into this category.

In line with this approach, the *Progressive Zimbabwe* strategy of agricultural recovery is premised on the building of institutions and initiation of programmes at three levels:

- **Farmer support**

- Farmers unions – encouraging national institutions which can deliver services to farmers as well as represent farmers in national policy debates
 - Pricing and marketing support – secure farmer incentives by removing impediments to prices being based on border price equivalents (once macro-economic stability is restored)
 - Irrigation – rebuild irrigation infrastructure
 - Seed and Fertilizer – remove constraints on the revival of local input supply industries, in competition with imported products
 - Financial support: seasonal, capital and land loans can be provided by commercial banks as well as the Rural Development Fund.
- **Government support**
 - Rebuild the institutional capacity of the Ministry of Agriculture
 - Develop an efficacious agricultural regulatory framework
 - Review agricultural boards and parastatal organisations
 - Rebuild and develop infrastructure: water (irrigation), roads, energy.
 - **Smart partnerships (private-public ventures)**
 - Research
 - Training
 - Extension services.

17. Mining

The *Progressive Zimbabwe* government will introduce a comprehensive package of measures to revitalise the mining sector and unlock its developmental potential. These measures will include:

- A legal and fiscal regime that is stable, encourages resource exploitation in conformity with international best practices (with particular provisions to discourage pegged claims being left idle), and that is regionally and globally competitive.
- Tax incentives, where justified, sensitive to the high capital costs incurred, especially during the initial stages of a mining project's life, thereby promoting new and expansion investment.
- Review of the financial framework negotiated with the previous government for the resumption of platinum mining.
- Harmonisation of the environmental and mining legislation to provide for an Environmental Impact Assessment policy and require environment management plans for all new and expansion projects and existing mines.
- Deregulation of minerals marketing to allow for competition, with the Minerals Marketing Corporation of Zimbabwe being restructured to service the marketing needs of small-scale miners.
- Investment in applied research to promote mineral-based import substitution and value addition.

- Encouragement of cross-border investments and mergers that will lead to optimum capacity utilisation of current plants and value addition.

Indigenous participation in the minerals sector is to be facilitated and promoted by the *Progressive Zimbabwe* government through:

- packaging information on mining regulations, environmental standards and laws, health and safety standards and regulations, prospecting, mining, mineral processing and marketing for small-scale miners;
- investing in human-resources development, prioritising local employment backed by training support;
- providing finance to Zimbabweans with mining skills seeking to start their own mining ventures;
- encouraging joint ventures with local investors in large-scale mining investments;
- forming partnerships with the private sector, researchers and other stakeholders to focus on enhancing the small-scale mining sector;
- developing and promoting the concept of shared processing facilities to minimise entry costs to small-scale mining;
- halting the activities of illegal gold-panners that have caused severe environmental and infrastructural damage.

Other *Progressive Zimbabwe* mining sector policies include:

- Promotion of health and safety standards and health services for miners and mining communities through:
 - targeted fiscal rebates on investment in health and safety;
 - an effective mining inspectorate with modern technology and skilled staff to enforce health and safety standards;
 - protection of labour rights and standards, including those to health and safety and freedom of expression/association.
- Developing a mining title system that is simple to apply and administer through:
 - computerised administration of mining titles for easy acquisition and administration;
 - decentralised processing of mining, training and extension services to district centres.
- Developing environmental management guidelines for small-scale operations which will then be applied to operators at this level and enforced by the Mining Engineering department, including application of the “polluter pays” principle.
- Seeking greater co-operation within the SADC region in mining and environment research and development.
- Building linkages between the minerals sector and other sectors of the economy through local beneficiation of mineral resources, to the maximum extent possible, through public–community–private-sector co-operation, supported by incentives and other instruments.

18. Trade & Industry

In the medium and long term, industry must become the primary source of growth and jobs in the formal sector. The immediate objective of *Progressive Zimbabwe's* trade and industrial policy will be to restore the vitality and dynamism of the country's manufacturing base. This requires the creation of a reliable infrastructural and manufacturing capability to produce for both domestic and export markets.

It is necessary to recognise and exploit the opportunities in the global trade and financing system, while minimising the very real threats arising from globalisation. The major thrust of trade policy will be the establishment of a thriving, competitive, modern society with a high level of economic growth, providing opportunities to all Zimbabweans and enhancing living standards.

The policy objectives will be achieved through the following:

- establishing a business environment in which individual firms can build on their competitive advantage;
- investing in and encouraging far-sighted, sustained public-sector building of competitiveness through supportive policies in the area of education, training, human-resource development, industry relations and taxation;
- adopting a co-ordinated approach to industrial development and its environmental impact to ensure sustainable development;
- improving infrastructure, and acquiring up-to-date technology and technology support to the industrial and the services sectors;
- encouraging flows of foreign direct investment, particularly in industries and services sectors where the foreign investor brings specialised skills or market access;
- beneficiating to add value to agricultural and mineral raw materials and promoting the exploitation of value chains and systems to strengthen backward and forward linkages within and between firms and sectors to maximise growth and employment creation;
- deepening and diversifying the country's industrial base, in part through the concerted development of industrial clusters.

The specific industry and trade policy interventions of the *Progressive Zimbabwe* government will be:

Competitiveness of Zimbabwean firms: Achieving and sustaining the competitiveness of Zimbabwean products in regional and international markets is fundamental to restoring the country's economic base and achieving the necessary dynamism to make inroads into poverty and unemployment. Domestic producers' awareness of the importance of competitiveness needs to be dramatically increased, through a combination of changed economic incentives, advocacy, education and access to the requisite information technology. Zimbabwe firms have to face up to the challenge of producing to international quality and price standards without subsidies or protection. This requires an ongoing programme of investment in human-resources

development to improve management performance, productivity, and adaptability to changes in market demand and in technology options for production.

Under the *Progressive Zimbabwe* government, international competitiveness will be underpinned by a stabilised macro-economy, providing firms with a predictable environment in which to formulate coherent competitive strategies and back these up with investments oriented to both the domestic and export markets. The necessary improvement in the environment will take time to come fully into effect, and there will be need for immediate measures to bolster the competitiveness of Zimbabwean firms as soon as a new government comes into office. These will be targeted to reversing the ills inherited from the ZANU-PF regime:

- reducing inflation and stabilising the exchange rate;
- restoring Zimbabwe's credibility and business confidence;
- resuscitating the rail transport system, encouraging more airlines to come to Zimbabwe, and expanding container-handling facilities;
- restoring reliable supplies of coal, electricity, liquid fuels and water;
- ensuring supply of all other inputs to production, including access to foreign currency for imported raw materials and intermediate goods;
- overcoming telecommunications constraints and reinvigorating postal services;
- eliminating undue delays of trucks at border posts;
- improving the operation of duty rebate schemes and reviewing the efficiency of the recently introduced Value Added Tax to further improve the indirect tax regime for exporters.

Domestic investment: *Progressive Zimbabwe* will act quickly to reverse the now pervasively risky economic environment, in order to send a signal to investors to turn to long-term investment options in Zimbabwe. A strong domestic investment policy will be the driving factor for foreign investors to assess the attractiveness of Zimbabwe as an investment destination. Domestic investors will be the primary target for the *Progressive Zimbabwe* government, with a reoriented civil service facilitating rather than inhibiting the investment initiatives of local entrepreneurs.

Export commitment: Rebuilding export confidence is essential for Zimbabwe to achieve the levels of imports necessary for self-sustained growth. The *Progressive Zimbabwe* government's policy will be to have a stable and predictable export-oriented environment, maintaining a competitive exchange rate rather than having specific export incentives. Bureaucratic hurdles to exporting are to be reduced, and all arms of government sensitised to the importance of assisting exporters.

Tariffs and regional trade policy: The new government will work with global alliances to shape international economic and trade agreements to the country's advantage. Particular attention will be paid at the regional and continental level to maximising the gains for Zimbabwe from participation in COMESA, SADC and NEPAD as an integral cross-cutting socio-economic programme of the African Union, while at the international level the negotiations with the European Union (for new Economic Partnership Agreements under Cotonou) and at the World Trade Organisation (the Doha Round) will be forcefully pursued.

Zimbabwe will also review its position vis à vis all bilateral partners and the General Systems of Preferences.

Industrialisation partnerships: *Progressive Zimbabwe's* industrial and trade policy will be implemented through partnerships with the private sector and support institutions, including NGOs, in the following areas:

- Development of integrated national trade and industrial **clusters** characterised by increased specialisation and growing interdependence within and among sectors (industry, agriculture, transport and infrastructure, education, technology, etc.).
- Fostering of linkages between industry and agriculture, thus engendering efficient and diversified production of goods and services for export and the domestic market.
- Attraction of foreign direct investment which creates synergies for the development of the clusters and creates jobs.
- A proactive strategy for structuring finance for export industries.

The fostering of entrepreneurship in the industrial sector and promotion of small and medium-scale manufacturing enterprises would be a central component of *Progressive Zimbabwe's* industrial policies. Specific **small-scale enterprise (SME)** measures are laid out in the material on empowerment (see Section 11).

The *Progressive Zimbabwe* government, recognising the importance of **science and technology** to Zimbabwe's future industrialisation prospects, will seek to restore the country's capacity for scientific research and technological development and to develop strategies to enhance the adoption and application of science and technology in all types of productive activities. The private sector will be encouraged to work with the Productivity Centre and SIRDC to achieve the sort of product and production process advances that helped sustain rapid industrial growth in the Newly Industrialised Countries.

19. Tourism

After independence, Zimbabwe's tourism grew at an impressive rate, ending the 1990s with an annual average growth rate of 18%. Tourism is a labour-intensive industry, employing 233,000 people and contributing 8% of GDP at its peak in 1998. There were probably a comparable number of people working in the informal sector producing arts and crafts, predominantly bought by tourists. Foreign currency earnings amounted to at least US\$200 million per annum. Trends and government policies since 2000 have decimated the tourism industry, and caused a steep decline in overseas visitor arrivals, particularly in high-value tourism.

Progressive Zimbabwe's programmes will reinforce the dividends of political recovery under a legitimate government and improvement in security with proactive programmes to increase domestic, regional and international tourism. The overall goal of its tourism policy will be to realise Zimbabwe's tourism potential in an integrated approach that emphasises local participation and beneficiation. Tourism will be an

increasingly important element of the economy, utilising local resources and mainly domestic capital to generate employment and foreign-currency benefits for the nation as a whole.

The specific measures to be deployed will be:

- an international campaign to advertise the New Zimbabwe under the *Progressive Zimbabwe* government and the wealth of different tourism experiences on offer;
- careful consideration of tourism in the finalisation of land reform by the Land Commission, including stopping the current depletion of wildlife and other natural resources and the destructive effects of gold-panning;
- active participation in regional and cross-border tourism initiatives (including the Great Transfrontier Park project with Mozambique and South Africa, which is presently undermined by the irresponsible and destructive policies of the incumbent Zimbabwe government);
- diversification of tourism into cultural tourism, village-based tourism, ecotourism, conference and incentive travel, sports and recreation (particularly golf), these strategies extending the employment and income benefits of tourism to a much wider range of Zimbabwean workers;
- strategies to encourage tourists to buy Zimbabwean products while visiting the country, particularly crafts and works of art, gold and jewellery;
- identification of zones for the accelerated development of tourism infrastructure;
- strategies to enable more Zimbabweans to enjoy national tourist destinations;
- provision of clear mandates and adequate resources to institutions responsible for the promotion of tourism within Zimbabwe.

20. Environment

Zimbabwe is richly endowed with natural resources (particularly land, water, minerals, forests and wildlife), but these are not being used in an equitable and efficient manner in the interests of overall national development. In the current crisis, the majority of the population have been forced into survival mode. The present situation is thus one marked by the destruction of woodlands and forests, the degradation of soil and river catchments (most visibly through highly destructive gold-panning), massive slaughter of wildlife, and foot-and-mouth outbreaks in cattle. Cities and towns that were once clean are now teeming with uncollected garbage, and health standards are being threatened by reduced supplies of water.

The *Progressive Zimbabwe* government will have the challenge of resolving immediate environmental crises while at the same time building the institutional structures and procedures within government to ensure that the goal of sustainable development is promoted in all national programmes. The starting point will be to create a new environmental consciousness that is rooted in the people's right to a clean, healthy environment, as well as access to natural resources for economic

advancement, and the obligation of the state to uphold the environment as a constitutional obligation.

The main principles of *Progressive Zimbabwe's* environmental policy are:

- **Equity:** achievement of more equitable access to natural resources.
- **Property rights:** balancing respect for property rights with clear national interest and the public good, as is reasonable in any democratic society.
- **Participation:** a high level of consultation with and involvement of the beneficiaries of environment policy, particularly people in the rural areas, whose very survival depends on the exploitation of natural resources.

To achieve the objective of sustainable development of the country's natural resources that uplifts the disadvantaged segments of our population, *Progressive Zimbabwe's* environmental policy programme will embrace the following elements:

- Deal with the immediate crisis by:
 - re-establishing the rule of law in the rural areas, thereby protecting trees, wildlife and livestock;
 - repairing and restoring fences and implementing veterinary measures to eliminate foot-and-mouth, allowing exports of meat and meat products to resume;
 - integrating sustainability principles fully in *Progressive Zimbabwe's* Agrarian Reform programme.
- Strengthen the institutional mechanisms for participation by:
 - consolidating institutional arrangements for environmental planning, regulation and enforcement, after collective consultation and stakeholder participation;
 - building the capacity of representative bodies at river catchment and sub-catchment levels to enable the participation of local communities in the management of the full range of natural resources, under an umbrella national environment agency;
 - re-establishing environment and conservation clubs in schools and communities;
 - facilitating and supporting initiatives arising from the local level, including community-based conservation and biodiversity projects drawing on indigenous knowledge.
- Setting up incentive and regulatory structures and planning requirements by:
 - reviewing and refining incentive and other forms of regulatory structures to ensure efficient natural resource utilisation, waste management and cleaner production;
 - ensuring the adequacy of measures (based on the "polluter pays" principle) to control pollution;
 - making more stringent the requirements for properly conducted environmental impact assessments for development projects and programmes;
 - encouraging the establishment of green zones in and around cities and towns.

- Securing genetic resources and biodiversity by:
 - establishing a national code of conduct governing the collection and use of naturally occurring genetic plant materials;
 - strengthening the capacity of and co-operation between institutions that research forest and genetic plant resources;
 - promoting equitable access to genetic plant resources when they reach the stage of commercialisation and dissemination.
- Promoting regional and international agreements, obligations and roles by:
 - implementing and enforcing commitments made in respect of regional and international environmental treaties and conventions;
 - participating vigorously in regional and international initiatives on environmental sustainability.

21. Infrastructure – overall

The challenge of restoring Zimbabwe’s infrastructure base is one of the most urgent reconstruction tasks. The overall objectives that the *Progressive Zimbabwe* government will pursue in respect of infrastructure provision in energy, transport, communications and water are as follows:

- In each infrastructural sub-sector, to have a modern, efficient infrastructural base, adequately maintained, and sufficient to meet the country’s needs.
- Assured investment to keep pace with growth in demand and facilitate investment in the productive sectors, but not over-rapid investment which might “crowd out” productive investment.
- A rapid increase in the levels of access by the mass of the population to modern infrastructural services, with clear goals being set for the achievement of universal access.
- Access to state-of-the-art skills, expertise and infrastructure technology.
- Participation and development of Zimbabwean enterprises and skilled personnel wherever possible in the country and in exporting infrastructural services to neighbouring states.

To take account of these demands, the *Progressive Zimbabwe* government will restore the coherence and viability of the major infrastructure utilities, retaining current ownership patterns but improving commercial operations and pursuing social objectives in an explicit and transparent fashion. In the past, social objectives have been used as a pretext for subsidising consumers well able to pay the full price of infrastructural services. This has resulted in the utilities not having the resources to maintain their networks adequately, nor being able to extend service provision to those without access to modern infrastructure. Such subsidy policies actually make the poor worse off.

Poor tariff and subsidy regimes will be avoided by establishing a proper governance framework for infrastructure. For this, modern, professional regulation is required. Given the size of the Zimbabwe economy, the high level of skills required for world-class infrastructural regulation and the limited pool of people to draw on, *Progressive*

Zimbabwe will seek to rationalise regulatory agencies across sub-sectors. It will explore the establishment of a single or at least a limited number of multi-sectoral Infrastructure Regulatory Agencies covering energy, transport, telecommunications and water. Successful multi-sectoral regulators of this kind are in operation in countries such as Ghana and Jamaica. The regulatory responsibilities and powers of the agency for each infrastructural sub-sector will be established under one or more Acts of Parliament.

The role of the Infrastructure Regulatory Agency or Agencies will be to protect the interests of consumers by ensuring that utilities are viable and able not simply to maintain but rather to expand networks, reaching the goal of universal access to modern infrastructural services at the earliest date possible. Licensing and other regulatory mechanisms will be put in place to achieve this goal. At the same time, low-income consumers will have access to basic levels of consumption through lifeline tariffs that are cross-subsidised by high-income consumers, who will in turn be discouraged from wasteful consumption by the high prices at the top-end of “rising block” tariff structures. The regulatory agency will encourage the formation of consumer associations and put mechanisms in place to ensure information flow to and in consultation with consumers.

The four major infrastructure sectors – energy, transport, communications, and water – are now considered individually below.

22. Energy

The immediate objective in the energy sector will be to restore normal supplies of liquid fuels, electricity and coal. The basic problem in all the energy sub-sectors has been the shortage of foreign currency, which has been compounded by mismanagement, corruption and inefficiency in the parastatal institutions involved (including the National Railways of Zimbabwe (NRZ), which now constitutes a major bottleneck in the coal-delivery system).

While tackling the immediate supply problems, *Progressive Zimbabwe* will from the start also seek to address structural weaknesses in the energy sector. This will involve rationalising the respective roles of the public and private sectors in the various energy sub-sectors, and bringing them all under the independent, professional Infrastructure Regulatory Agency or Agencies discussed in the previous section. This energy regulator must have the competence and the enforcement capability to protect consumer and national interests in respect of energy.

The main **objectives** of *Progressive Zimbabwe* energy policy are to ensure adequate energy supplies at least cost for national development and for enhancement of household living standards, and to achieve equitable access to energy. In order to meet these objectives most effectively, *Progressive Zimbabwe* will encourage the participation and empowerment of all Zimbabweans in the development and distribution of energy resources.

Strategies to address the immediate challenges and the longer-term development requirements in the various energy sub-sectors are as follows:

- **Liquid fuels:** The legislated role of NOCZIM as a single national procurement agency was replaced de facto in mid-2003 by a system of private importation. The carefully formulated proposals agreed in 2000 between the ZANU-PF government and the fuel industry have been ignored, with the actual system being characterised by privileged access by the politically well connected, and no effective controls over prices.

The *Progressive Zimbabwe* government will move quickly to create a fair and transparent system for predominantly private-sector importation, but with proper regulatory mechanisms in place to protect consumer interests. NOCZIM will be disbanded, its physical assets being sold and its debts being managed through a special-purpose vehicle created for the purpose. The fuel price build-up will immediately be made the subject of public discussion and scrutiny, and not be a state secret as have been the case in the past.

- **Electricity:** With the failure of past investment strategies, Zimbabwe has become increasingly dependent on imports of electricity from the Southern African Power Pool (SAPP). This has been very beneficial, because the costs of imports have been well below even the foreign-exchange component of the costs of production from new capacity in Zimbabwe.

Unfortunately, however, the present overcapacity in the region, which has made such low import prices for Zimbabwe possible, will soon be taken up. Import prices are bound to rise. In addition, Zimbabwe's bargaining position has been greatly undermined by the present government's failure to make payments to the principal suppliers (Hidroelétrica de Cahora Bassa of Mozambique and ESKOM of South Africa).

Nonetheless, as long as SAPP power is available at a cost below that of developing new power stations, the *Progressive Zimbabwe* government will encourage continued imports. This will give a short period in which to prepare for future investment projects (possibly in neighbouring countries, if these would be cheaper than power stations physically located on Zimbabwean soil). This will require inter alia an increase in tariffs from the current totally unrealistic levels of less than 0,5 US¢/kWh, as against present production and import costs of the order of 3 US¢/kWh and the future cost from new plant of the order of 7–10 US¢/kWh. To mitigate the impact of the necessary tariff adjustments, load management will be necessary, via strategies such as promoting efficient consumption and energy saving, extending the ripple control network (allowing domestic hot-water geysers to be switched off by ZESA when load conditions require this) and planned load shedding.

Having a professional, autonomous regulator is particularly important in the electricity sub-sector because of the complexity of the supply-and-demand interactions and the design of tariff structures to meet multiple objectives. The *Progressive Zimbabwe* government will ensure that the capacity to properly

regulate the electricity sector is in place as a precursor to further consideration of the unbundling of the industry and the likely incorporation of private-sector participation in the next major supply-augmentation project. Based on the “smart subsidy” strategies that have been successfully implemented in a number of developing countries, the deployment of domestic private capital and expertise in extending the coverage of rural electrification will also be explored.

- **Coal:** In the current crisis, the inability of Wankie Colliery Company (WCC) and NRZ to produce and deliver coal has shown its strategic importance within the economy. Many downstream industries depend on coal, not least other energy producers (electricity, railways for moving liquid fuels, etc.). The *Progressive Zimbabwe* government will move quickly to resolve problems in the railways and ensure that WCC has access to the foreign currency needed to restore the colliery’s productive capacity.

The most abundant mineral in Zimbabwe is coal, yet under ZANU-PF it is only the Hwange coalfield that has been developed, and the monopoly of Wankie Colliery Company (until recently government controlled) has been protected by the state. Under a new government, coal pricing should be properly regulated in the national interest. Small-scale mining companies will be assisted to develop other coalfields, opening up new poles of economic growth (often in remote parts of the country), and producing, in some cases, special coals which will have privileged export markets.

- **Coal-bed methane:** It was in the late 1980s that the existence of extensive coal-bed methane deposits was drawn to the attention of the ZANU-PF government. Since then it has sat passively on a major new resource for more than a dozen years when the resource is potentially so important for the country. Coal-bed methane holds the promise of a cheap and relatively clean source of power for peak-opping power-stations and/or of a feedstock for the petrochemical industry. This would initially allow gas to replace electricity as a feedstock for nitrogenous fertiliser production at Sable Chemicals, releasing electricity into the grid from ZESA’s single largest customer, and could subsequently open up a range of new possible industries. These might even include producing methanol as a fuel for defined transport fleets (e.g. taxis and buses), thereby reducing the country’s dependence on imported petroleum products.

Under a *Progressive Zimbabwe* government, strategies should immediately be put in place so that the country can realise the potential of coal-bed methane. The first step would be to clarify the policy framework for coal-bed methane and encourage local promoters to find international partners with the resources and technology to prove and extract coal-bed methane effectively. One or more distributors to move the coal-bed methane from the production sites to various markets would be encouraged, and the conditions created for competitive marketing of the gas to final users.

- **Renewable forms of energy:** These should be actively promoted by the *Progressive Zimbabwe* government. In particular, relevant renewable technologies should be integrated into the rural electrification programme. Dissemination of information about the increasingly competitive costs of renewables for urban applications (as the real price of electricity and other energy sources rises in real terms) will be encouraged.

23. Transport

The immediate challenges in the transport sector are to restore the run-down road and rail infrastructure, renew the ageing national transport fleet, and ensure competitive provision of transport services to the public.

The objectives of *Progressive Zimbabwe's* transport policy would be to:

- restore adequate and affordable urban transport;
- ensure all-weather road access to cities, towns and rural areas, complemented by efficient, comfortable, competitive, affordable and safe passenger services;
- restore the national rail network and ensure provision of efficient freight and passenger railway services;
- create the environment to encourage competitive provision of air transport services domestically, regionally and internationally;
- facilitate the growth of passenger and freight services on inland lakes;
- regulate the transport sector to ensure a high standard of safety, discipline, and protection of transport infrastructure while encouraging public and private-sector investment in infrastructure and transport service provision.

Under a new government, relevant ministries should work together with municipalities and representatives of commuters to develop innovative solutions to urban transport problems. There are examples from elsewhere in the world of successful strategies to deal simultaneously with improving urban transport services, reducing pollution, and making greater use of indigenous fuels and technologies. Options for improving passenger services between Chitungwiza and Harare must receive particular attention.

The Road Sector Reform and Development Programme, launched in 1997, had the intention of ensuring sustainable funding for the maintenance of the national road network. In practice, however, there has been a lack of transparency and a collapse in the availability of resources for maintenance. A *Progressive Zimbabwe* government should establish the Road Fund on a proper footing and ensure that the road-levy element in the price build-up of diesel and petrol, together with the carbon tax, are progressively restored to levels adequate to generate the resources required. Development-partner funds will be sought to assist in extending and improving the rural road network.

In respect to the resuscitation of infrastructure, a particular area of concern requiring priority attention is the signalling system on the railways. Besides causing a number of accidents in recent years, the signalling has become so dysfunctional that there are now severe restrictions on the number of trains that can be operated on key lines.

The arrangements made between NRZ and various railway companies will be subjected to close scrutiny and a reform process which serves national interests established in the railways sector. Increased competition will be encouraged in road and water transport, in respect of both passenger services and the movement of goods.

The establishment of the multi-sector Infrastructure Regulatory Agency or Agencies (discussed in Section 21), which will have responsibility *inter alia* for modern, professional regulation of the transport sector, will be a priority for the *Progressive Zimbabwe* government. The desirability of different options for privatising various transport services that are currently in the public domain will be considered once the regulatory framework is established, including whether strategic partners should be sought for the National Railways of Zimbabwe and Air Zimbabwe. In such cases, this would be done through international competitive tender.

24. Communications

Communications are a critical factor in sustainable development, reconstruction and economic growth. Their role is recognised as both an economic sector and in strengthening democracy, cultural diversity, pluralism, and enhancing the knowledge base of all citizens through the free exchange of and access to information and ideas.

Postal and telecommunication services are currently dominated by the public sector and have thus suffered the full effects of the government-induced economic crisis – shortages of foreign currency, deterioration of capital stock, under-investment, low wages, demoralised staff. There is some degree of competition in the communications sector – notably private couriers in the case of postal services and two private cellular phone operators and various Internet Service Providers in telecommunications – but the dominant position of the increasingly constrained public-sector enterprises has led to a sharp deterioration in communications services in recent years.

The immediate priorities will be to ensure that Zimpost and TelOne are operating efficiently. In the case of Zimpost, the morale of the employees needs to be restored and strategic investments made to re-establish what was until recently a fine postal service. In the case of TelOne, more significant investment will be required to overcome bottlenecks in the TelOne network and specific strategies pursued to restore the skills base of the company.

The regulator for the posts and telecommunications sector established by the present government (POTRAZ) will be disbanded, as it fails to meet the criteria of independence and professionalism that is required. In its place, the communications wing of the proposed multi-sector Infrastructure Regulatory Agency or Agencies (discussed in Section 21) will be established as a matter of urgency. When the regulatory framework is in place, ownership patterns, including the desirability of strategic partners, will be reviewed in relation to options for improved commercial viability and achieving greater equity in access to communications services.

The Zanu-PF government has completely failed to recognise the crucial significance of information and communications technologies (ICTs) for social and economic development. In the twenty-first century, any country seeking to empower its citizens and offer them an improved quality of life must strive to make ICTs accessible not just in urban but also in rural areas. The starting point would be to extend access to the Internet, encouraging the establishment of Internet café facilities in small towns and

rural centres, as well as Internet facilities in primary and secondary schools and public libraries.

Progressive Zimbabwe must work hard to achieve universal access to ICTs, recognising that in so doing Zimbabwe can “leapfrog” laborious steps that other countries had to make to provide its people with access to a range of sources of knowledge and opportunities for high-value employment, as well as entertainment, which were unimaginable even ten years ago. For the economy as a whole, a modern telecommunications system is a prerequisite for Zimbabwe becoming a serious player in the region and in the global economy.

Under the *Progressive Zimbabwe* government, Zimbabwe will take radical measures to participate in the information society, including instituting a policy on the convergence of telecommunications and information technologies, combined with a strongly competitive operating environment. Bringing about convergence will require large investments in network facilities and service sectors. Higher bandwidths will be required both at the local loop and at the carrier level.

Progressive Zimbabwe’s specific ICT objectives are to be:

- The creation of an enabling environment for the growth of the ICT industry in the country.
- The provision of universal service and access to information and communications facilities in the country.
- Making Zimbabwe a regional ICT hub so as to make the service sector in the country globally competitive.

25. Water

Although vulnerable to drought, Zimbabwe is relatively well endowed with water resources. However, the main problems are inequitable access to water and a failure to exploit the development potential of water, arising from poor management of water resources in the past. *Progressive Zimbabwe’s* water policy would be designed to markedly improve the management of water resources, the goal being to promote the sustainable, efficient and integrated utilisation of water resources for the benefit of all Zimbabweans.

Progressive Zimbabwe is committed to meeting this goal by applying the principles of **integrated water resource management (IWRM)**. These include recognising the need for holistic management of land and water, the importance of user participation, particularly of women (who bear the brunt of water problems at the household level), and the need to treat water as an economic as well as a social good.

To achieve these overall goals and objectives in the water sector, the new government must address the following challenges:

- Harnessing water for enhanced agricultural production (as well as clean water for domestic purposes).

- Rehabilitating commercial irrigation capacity damaged or destroyed during the fast-track resettlement programme.
- Setting and enforcing standards of service, and ensuring that prices relate to the costs of supply in specific localities, while protecting vulnerable groups.
- Separating the roles of regulation from service provision, both of which are at present vested in the Zimbabwe National Water Authority (ZINWA).
- Introducing a culture of stakeholder participation in the planning, implementation and management of water resources.
- Avoiding waste: the cheapest water in the future is the water that is being wasted today.
- Ensuring the full integration of water into the agrarian reform programme.
- Adhering to both the letter and the spirit of the SADC Protocol on Shared Watercourses.

The existing Water Resources Management Strategy (WRMS) document was formulated with a high level of stakeholder consultation and is based on IWRM principles, but these have been abandoned in the wake of the fast-track land reform programme. *Progressive Zimbabwe* should take the policy document and legislation which emerged from the WRMS process as the starting point for formulating a national water policy, but should introduce some crucial changes. It should ensure vigorous implementation, particularly in respect of:

- enhancing measures to enforce the required **water quality** standards in public watercourses through implementing "polluter pays" principles and other measures;
- reinforcing **decentralised structures** at the catchment and sub-catchment level, with particular emphasis on the participation of women, and encouraging the integrated utilisation of land, water and other natural resources at each level;
- providing a range of **sanitation** technologies (including Blair ventilated improved privies and ecological sanitation options), the objective being to reach universal access to hygienic sanitation as quickly as possible, with upgrading of technological options thereafter;
- ensuring that **water tariffs** are set to recover the costs of supply, but that poor people will be able to afford basic water requirements; this is to be achieved in urban tariffs by cross-subsidies within rising block tariff structures;
- promote **rainwater harvesting** and other low-cost productive water technologies, which can be made available to a very large number of households, this being a key component of *Progressive Zimbabwe's* comprehensive agrarian reform programme;
- develop a comprehensive **water demand management** strategy to ensure that the control of water wastage is realised at all levels within the water sector;
- strengthen the **regional institutions** to which Zimbabwe belongs (notably the Joint Water Commission with Mozambique, the Limpopo River Basin Commission and the Zambezi Water Course Commission), and involve non-governmental stakeholders in regional water management.

There will also be new elements and priorities in *Progressive Zimbabwe's* national water strategy, the main items being:

- **Productive water:** As part of *Progressive Zimbabwe's* Agrarian Reform Programme, water will be provided to rural households for enhanced agricultural production (as well as clean water for domestic purposes).
- **Formal irrigation:** Following the rehabilitation of irrigation capacity damaged or destroyed during the fast-track land reform programme, new capacity will be opened up on an economically viable basis, with strong export orientation and linkages to the industrial sector.
- **Pricing:** The blend price system for bulk water will be phased out and replaced with economic pricing, co-ordinated with achieving the development potential of each catchment, while at all times ensuring the protection of vulnerable groups.
- **Separation of regulation from service provision:** This will involve regulatory functions being removed from ZINWA and the Department of Water, these becoming the responsibility of two new regulatory institutions:
 - Natural resource regulation through a multi-functional Environment Agency, responsible for the sustainable use of land, soil, wildlife, forests, etc., as well as water.
 - Service provision regulation (licensing of water sector operators, setting and enforcement of service and quality standards, water pricing) by the multi-sector Infrastructure Regulatory Agency or Agencies discussed in Section 21.

Community-based organisations, NGOs and the private sector will be encouraged to participate in providing water services, particularly to rural communities. Opportunities for supportive privatisation in urban water, such as the sub-contracting of certain specialised functions, will be explored once there is adequate regulatory capacity in place.

Part V – Conclusion

26. The Way Forward

The recent past has been associated with complete disregard for the principles of good governance and their replacement with asset stripping, corruption and other forms of rapacious rent-seeking by those in power. *Progressive Zimbabwe* will pose a sharp break with the past. The elements which will be refreshingly new in *Progressive Zimbabwe* are:

- development driven by a guiding vision and National Ethos
- policies informed and inspired by inclusive social dialogue
- endogenous or auto-centric economic growth - taking seriously:
 - the destruction of dualism
 - agrarian reform that goes beyond land reform
 - expansion of urban economic activities that create well paid employment and enhance skills
 - special focus on addressing the needs of disadvantaged groups
 - integrating women fully into the workforce.

The ‘Sustainable Growth and Transformation’ programme that has been presented here is not an agenda which can be adequately captured in a single, static document. In the spirit of inclusive social dialogue, the strategies to achieve the goals and ideals of *Progressive Zimbabwe* need to be continuously reviewed and reassessed and will certainly need to be adapted and fine-tuned to immediate circumstances when the programme is implemented.

The phasing of the programme will be difficult. There will be a need to have a basic plan in place before the moment of political change and then to consolidate as rapidly as possible once a new political authority with a progressive orientation is in place. The steps need to involve ensuring that all domestic stakeholders are on board while at the same time satisfying the requirements of external development partners so that they are able to resource the programme quickly with adequate balance of payments and budgetary support.

During the stabilisation phase, the biggest implementation risk relates to maintaining the credibility of the programme. For this, it is essential that the macro-economic programme be consistently implemented, following the rule established under the successful Brazilian *Plano Real*: “announce only what will be implemented and do only what has been announced”. There will thus need to be a high level of discipline, which will be difficult to maintain in the face of pressures to soften the harshness of some of the measures necessary to bring down inflation and restart growth and development.

Zimbabweans have faced many vicissitudes in the past. There is no doubt that they will eventually emerge from the present dark period of our country’s history. However, the immediate challenges are enormous and the potential obstacles great.

Committed and inspired leadership will be required to move *Progressive Zimbabwe* from a set of ideals, goals and aspirations to a living reality that enriches and transforms the lives of all Zimbabweans.