

MOVEMENT FOR DEMOCRATIC CHANGE



Jobs, Upliftment, Investment Capital & the Environment (JUICE)

... a comprehensive approach to sustainable, inclusive and people centred development ...

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ACRONYMS AND ABBREVIATIONS

ARF	Agricultural Revival Fund
BEE	Black Economic Empowerment
BOT	Build Operate Transfer
COMESA	Common Market for Eastern and Southern Africa
ESAP	Economic Structural Adjustment Programme
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HDI	Human Development Index
ICT	Information Communication Technology
IRF	Industrial Resuscitation Fund
IPAs	Investment Promotion Agencies
JUICE	Jobs, Upliftment, Investment Capital and the Environment
LEDRIZ	Labour and Economic Development Research Institute of Zimbabwe
M3	Broad Money Supply
MDC	Movement for Democratic Change
MDG	Millennium Development Goals
MTP	Medium Term Plan
NEDLAC	National Economic Development and Labor Council
NEPAD	New Partnership for Africa Development
PPP	Public Private Partnerships
RBZ	Reserve Bank of Zimbabwe
SADC	Southern African Development Community
SEZ	Special Economic Zones
SME	Small Medium Enterprises
STERP	Short Term Economic Recovery Programme
UNDP	United National Development Programme
WEF	World Economic Forum
ZAADDs	Zimbabwe Accelerated Arrears clearance, Debt and Development Strategy
ZANU PF	Zimbabwe African National Union (Patriotic Front)
ZIA	Zimbabwe Investment Authority
ZIMRA	Zimbabwe Revenue Authority
ZINWA	Zimbabwe National Water Authority
ZSE	Zimbabwe Stock Exchange



Foreword

The biggest challenge that confronts our economy today is unemployment. Millions of our youths face a bleak future with rising joblessness, which is a result of the growth stagnation of our economy. The issue of jobs is no longer just an economic issue. It has become an issue of political stability and social cohesion. The country is sitting on a time bomb because of youth unemployment. We have to generate decent jobs for the hundreds of thousands of young men and women that are leaving colleges, vocational training centres, polytechnics and universities every year.

In order to do this we need to build a sustainable economic framework that grows the economy. The MDC believes that in order to spur sustainable economic growth, it is imperative to grow the national cake. Concentrating on sharing the existing small and diminishing cake is a recipe for disaster. The current version of indigenisation is tantamount to nationalization and expropriation and it is clearly a political gimmick by ZANU PF. The MDC's jobs plan entitled Jobs, Upliftment Investment Capital and the Environment (JUICE) is a comprehensive plan for the generation of decent jobs that will not only end poverty but also empower citizens. JUICE advocates for a Broad Based Economic (BBE) upliftment of citizens by expanding people's choices in attaining sustainable livelihoods not through asset stripping and looting. Zimbabwe desperately needs new domestic and foreign investment in order to increase capital formation. This can be achieved by policies that increase investor confidence. As JUICE clearly demonstrates, it is possible to achieve upliftment without suffocating the economy. We should never allow a situation where the goose that lays the golden egg is killed.

Zimbabweans who are committed to sustainable development know that our society can do better if we can combine job creation with durable human upliftment, sustained investment capital and respect for our environment. Instead of indigenization for a few elites based on unsustainable extraction and exploitation, it is vital for Zimbabwe and the world to know that the degeneration of our great country's investment climate, the appearance of renewed shake-downs on behalf of cronies, and the return to patronage can be reversed, in the interests of genuinely inclusive, pro-poor development and job creation. This document marks the beginning of that alternative national process that will lead Zimbabwe back to a firm path to sustainable development.

Morgan Richard Tsvangirai
MDC President

SECTION ONE - EXECUTIVE SUMMARY

1. Introduction

Zimbabwe is a structurally weak economy arrested by “enclavity”, huge levels of poverty, social underdevelopment, decayed infrastructure and a crippling debt overhang. Regrettably, 32 years of a Zanu PF government have compounded the country’s structural problems as self-induced policy distortions we implemented by a government with neither the vision nor the craft competence of moving the country forward.

At the epicenter of Zimbabwe’s woes is the economy’s failure to create jobs. Jobs are not just the engine of poverty reduction or a derivative of growth – they are transformative in and of themselves, and can help drive the pathways to development.

This policy document is the MDC’s job plan and sets out the foundations of a multi-sectoral approach to job creation, wealth creation and poverty alleviation.

In its first 5 years an MDC government will implement coherent, effective and forward looking policies to address Zimbabwe’s long-standing economic problems of high unemployment, deepening poverty and inequality. It will establish a pathway for inclusive and sustainable long-term growth based on a broad based human upliftment model.

The MDC’s entry into a coalition government in 2009 led to a structural recovery of the economy and the restoration of our international dignity following a decade of negative economic growth and economic mismanagement. The MDC government will consolidate the recovery we initiated and provide a firm foundation for macroeconomic stabilization and growth.

The MDC Policy – *Jobs, Upliftment, Investment Capital and the Environment* (JUICE) is our framework to create jobs, and build a strong, growing economy that is financially and environmentally sustainable, where growth is evenly shared across the country and not by a privileged few. With more than 8 in every 10 people unemployed, the pressing need for our government will be to create new jobs, which are more empowering than indeterminate share ownership. This policy document sets our plan

for spurring growth, long term prosperity and a credible route to a 21st century economy.

In conceiving JUICE, the MDC is guided by the following objectives:

1. Creating decent employment opportunities for all Zimbabweans.
2. Creating an enabling environment for citizens to acquire entrepreneurial skills and to flourish in doing business with no hindrance aside from standard laws that protect workers, communities, consumers and our ecology.
3. Establishing a friendly environment for both domestic and Foreign Direct Investment (FDI) to rapidly increase the productive sector's capacity utilization to a level that ensures job creation through genuine capital investment.
4. Enabling policies that promote capital formation through efficient financial markets.
5. Greater integration with regional and global markets to facilitate sustainable growth.
6. Implementing a comprehensive program that provides for the delivery of good-quality social services such as education and healthcare, in a way that is affordable to all.
7. Restructuring the ownership and control of the economy through a broad based economic empowerment programme, which meets the needs of all Zimbabweans.
8. Provide opportunities to every citizen to pursue happiness, achieve social justice and nurture our natural environment in a democratic society without state bureaucratic hindrance.
9. Manage our foreign debt.

2. Strategies for Building a Strong, Sustainable, Balanced Economy

JUICE is based on ten (10) strategies that will be implemented as part of the economic transformation process, each with complementary themes. These strategies are clear, transparent and forward-looking. Implementing these strategies will mean we are putting Zimbabwe back on its feet using a fresh, dynamic and new economic model. JUICE is our plan for a strong economy and our plan to transform Zimbabwe into one of Africa's strongest and competitive economy, restoring our 'Breadbasket of *Southern Africa*' status.

In the short term, immediate measures will be implemented to consolidate the stabilization of macroeconomic fundamentals. Our

medium to long term policies will set us on a path for sustainable growth. We will focus on resuscitating our industries, reforming and making the public sector more competitive, creating new jobs, developing and supporting our SMEs sector and the informal sector.

Our policies for sustainable growth will mobilize state resources towards a common national vision of uplifting every Zimbabwean out of poverty and improving the daily experiences of our people and reducing inequality.

The following policies will drive this strategy;

1. Transformation to a Democratic Developmental State

1.1 How the state should do business

1.2 Political governance

2. Creating Sustainable Jobs & SMEs Development

2.1 Entrepreneurship

2.2 SMEs development

2.3 Formalising the informal sector

2.4 Enhancing skills development

2.5 Sector specific job creation potential

3. Creating an Enabling Environment for Inclusive Economic Participation

3.1 Social dialogue and social contract

3.2 Respect for property rights and rule of law

3.3 Mainstreaming gender

3.4 Upliftment and poverty reduction

4. Creating a Safer and More Stable Macroeconomic and Financial System

4.1 Fiscal reforms

4.2 Tax reforms

4.3 Reforming the financial sector

4.4 Debt sustainability and debt relief

5. Reforming Public Services to Deliver Quality Social Services

5.1A performance driven civil service

6. Sustainable Growth Strategies

6.1Private sector development and industrial transformation

6.2Resuscitation of industry

6.3Increasing productivity

6.4Value addition

6.5Infrastructural development

6.6Public-private partnerships to deliver infrastructure

7. A broad based Economic Empowerment Agenda

7.1The Pitfalls of the current indigenization policy

7.2Tenets of a broad based empowerment strategy

8. Creating a more balanced economy

8.1Cluster based development

8.2Rural transformation

8.3Special Economic Zones (SEZs)

9. Opening Zimbabwe for business

9.1Investment Promotion and Facilitation

9.2Regional and Global integration

10.Environmental Responsibility

10.1 Resource Governance

10.2 The Environment

2.3 What Will our Policies Achieve?

Implementing JUICE will be a critical conduit for development. Our policies will deliver tangible outcomes towards poverty reduction, employment creation, equity and social cohesion. JUICE will direct resources towards development within the constraints of our fiscal resources achieving some of the following benchmarks;

Figure 1: Key Benchmarks

JUICE KEY BENCHMARKS

As a direct result of JUICE we expect to achieve the following;

1. One million new jobs to be created between 2013-2018
2. Projected average growth rate of 8% per annum between 2013-2018.
3. Macro economic stability anchored by single digit inflation.
4. Deepening and strengthening the role of SMEs.
5. Domestic savings mobilization.
6. Normalization of Zimbabwe's international relations.
7. Implementation of a Natural Resources Charter.
8. Running a green economy.
9. A US\$100 billion first world economy by 2040.
10. An increase in power generation capacity to 6,000 Megawatt by 2018.
11. Reconstruction of the country's infrastructure.
12. Building a social contract and ensuring sustainable and decent wages.
13. Attracting FDI that is at least 30% of GDP.

SECTION TWO - THE CURRENT ECONOMIC ENVIRONMENT

1. Introduction

Zimbabwe has suffered a decade of decline and structural challenges that turned the country into one of the world's worst performing economies, characterised by grinding poverty and high unemployment. This policy outlines our framework for full economic recovery, with a return to sustainable and inclusive growth policies aimed at uplifting every Zimbabwean. JUICE is the pathway to macroeconomic stabilization, institutional and structural reforms that will restore hope and pride in our economy and spur long term economic growth.

Consistent with our vision to create a better future for our citizens, the MDC approach is a comprehensive economic strategy aimed at job creation, upliftment, capital investment and sound environmental management. Through a cluster based development model, our policy approach will facilitate the development of economic growth nodes in peri-urban zones to create a more balanced economy, all of which is aimed at reducing high levels of unemployment, poverty and inequality.

2. Background and Recent Developments

2.1 Economic Improvements Since the Coalition Government

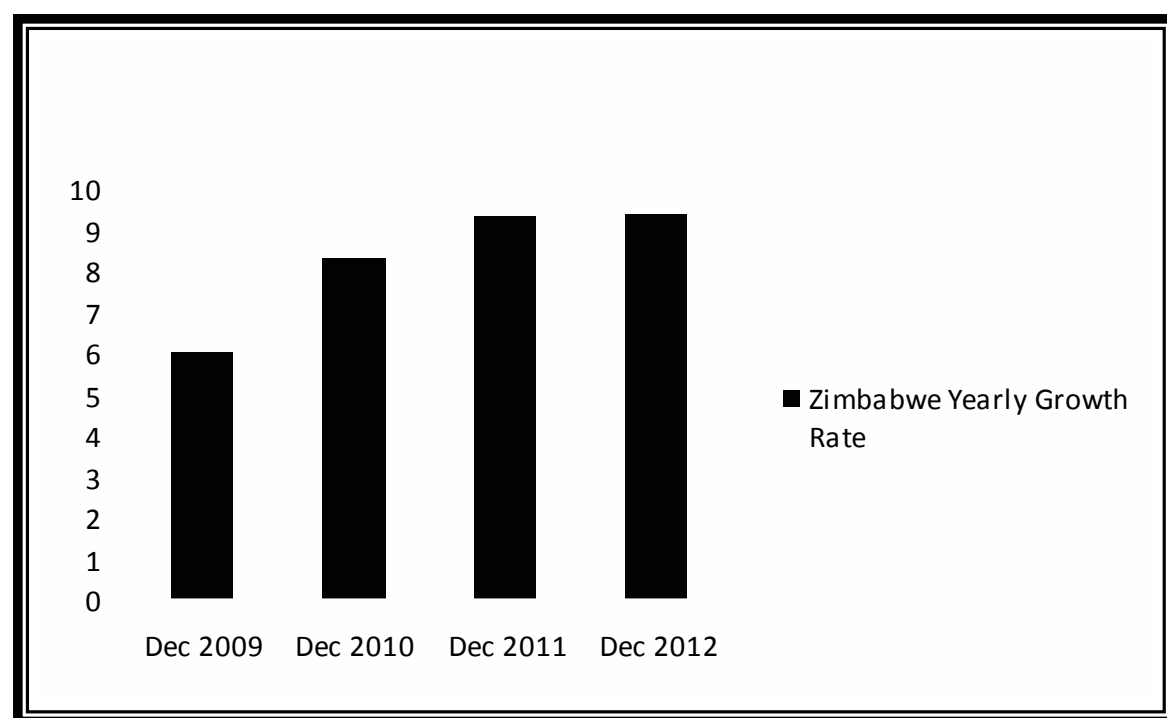
It is no coincidence that following a decade of negative growth, the Zimbabwean economy stabilized when MDC became a partner in the coalition government¹, which resulted in stabilization and recovery. The coalition government adopted the multi-currency system (in which the US dollar, the South African Rand, Botswana Pula, the Euro, the British Pound became legal tender), cash budgeting approach, and the discontinuation of quasi-fiscal activities by RBZ helped to restore price stability and kick start financial intermediation.

Macroeconomic instability was one of the most critical shortcomings of the prior government. Once the MDC became a partner in government, the Short-Term Economic Recovery Programs (STERP 1 and 2) laid the foundations for the present macro-economic environment, which is characterized by an unprecedented degree of stability and low inflation. Although this is not yet grounds for a developmental state, it does at

¹ A full analysis of the background of Zimbabwe's economic crisis is attached as Annexure 1.

least show that rapid economic growth is possible in Zimbabwe once macroeconomic policies are more realistic (Figure 2).

Figure 2: Economic Growth During the era of the Inclusive Government



Source: 2012 Budget Statement, published in November 2011

The economy responded by recording positive growth rates of 6 percent (2009), 8.3 percent (2010), 9.3 percent (2011) outperforming most countries in the region with average growth rates of 5 percent in the same period. This was against a background of successive negative growth rates from 2000 to 2008 and record hyperinflation. It is all the more remarkable because during this period (2009-10) most countries in the world were recording negative or very low growth rates. The biggest accomplishment of this turnaround was achieving single digit inflation following years of hyperinflation. Currently, inflation remains below 4.5 percent per annum, far lower even than neighbouring South Africa's. However, the impressive growth rates have not been accompanied by job creation, a commensurate reduction in poverty levels or increased capital investment to the degree required.

The Medium-Term Plan (MTP), a brainchild of MDC in the inclusive government, was also introduced, aimed at sustaining the economic recovery and addressing the problems of joblessness and non-inclusive growth caused by far deeper structural issues. Such structural issues

require the economy to be fundamentally transformed from its dual and enclave character to a more inclusive one. The MTP set for the economy the target of an average growth rate of 7 percent between 2011 and 2015. Indeed this is a very conservative estimate of the country's potential. It is now widely accepted that, given the right policy menu, Zimbabwe can do far much better.

Despite these early gains, there are still some weaknesses, which have threatened the recovery process. The main risks to the economic outlook include political instability, a decline in exports as a result of the global economic crisis, fiscal slippages, financial sector fragility and uncertainties created by policies such as the indigenisation policy. JUICE is therefore a development framework for dealing with our long and short-term economic challenges. It will achieve inclusive and sustainable long-term growth.

The first phase will be a vigorous program of consolidating the stabilization made under the Medium Term Plan (MTP). The short-term stabilization efforts are geared towards restoring domestic and international credibility to local businesses. This will be achieved by creating an atmosphere for inclusive economic participation by improving political governance, policy consistency, respect for property rights and the rule of law and improving the business and investment climate

The second phase will consist of structural reforms intended to provide a platform for strong sustainable long-term growth to address joblessness and the inequitable ownership of the economy. The key drivers of economic growth with transformation will be investment, infrastructural development, agricultural and industrial recovery and labour market reforms. These objectives can only be reached with capable and committed leadership, which in turn requires that the MDC leads the next government of the Republic of Zimbabwe.

SECTION THREE - STRATEGIES FOR SUSTAINABLE GROWTH

Introduction

JUICE is a broad based citizen upliftment strategy that is 'people-centered' focusing on entrepreneurship, job creation, rural development and poverty alleviation. The policy is based on specific measures to uplift and support workers, women, youths and the informal economy through skills development and vocational training and access to finance. The policy will implement innovative, cohesive, and homegrown and empirically sound strategies to achieve economic growth. JUICE addresses some of the poor economic policy outcomes of the previous government and the structural problems inherent in a dual and enclave economy, which has impeded the participation of most people in mainstream economic activities.

The policy framework is aimed at increasing the economic and productive base by creating new wealth, meeting the needs of all citizens in spite of race, promoting clusters and development hubs (based on availability of natural resources and geography), supporting small businesses to become part and parcel of the formal economy. This policy will promote regional value chains and systems (horticulture, poultry, piggery, fish farming) and realization of economic democracy through devolution of decision-making power. This therefore implies the imperative of strengthening the role of the state to make it more developmental to achieve sustainable growth.

JUICE strategies are as follows;

1. TRANSFORMATION TO A DEMOCRATIC DEVELOPMENTAL STATE

Zimbabwe can draw useful lessons from the developmental state model of the East Asian tigers: China, South Korea, Taiwan, Thailand, Malaysia, Singapore, Vietnam and Hong Kong. In these countries, the state played a critical role in initiating and sustaining growth. This transformation has been characterised by a rapid process of industrialization, the adoption of new technologies, and the move to higher value-added production processes. A majority of Zimbabwe's working population are either unemployed or engaged in informal employment. A developmental state is needed to integrate the informal

economy and promote a growth process in a manner that allows the majority of the labour force to be involved in productive activities. Integrating the informal economy is therefore an important building block of a strategy that is pro-poor, to create decent work and generate high growth. The informal economy will be crucial in the development and transformation of the Zimbabwean economy.

The MDC will transform the role of the state from the previous dictatorial, command and control structure to a democratic developmental state. In this regard, the state will play a critical role in directing resources towards development-oriented initiatives through enabling legislation, sound policies, budgetary support and strengthening of linkages with the private sector.

1.1 How the State Should do Business

The MDC's economic vision is an entrepreneurial role for the state in which the government plays a critical role in designing sound, long-term national development agenda to sustain growth directing and mobilizing resources towards a common national agenda. In this role, we believe in partnering with the private sector and expanding opportunities for every Zimbabwean to participate in a modern economy with fewer impediments. The MDC government will improve the provision and expansion of core public services such as health, education and social services. Sound management of public finances, effective borrowing, investment in human capital and the provision and development of good infrastructure systems have also been identified as key engines of growth.

A democratic developmental state will be the catalyst and custodian of a pro-poor growth strategy that focuses on job creation and investment promotion. If growth continues at double-digit rates, which we believe is possible under conditions of greater political and economic freedom, it is possible to achieve a **'First World' economy by 2040**, the way many Asian economies did over a similar time span. Zimbabwe's state will stimulate active labour market programs, which generate employment, training and retraining of labour within the context of a Social Dialogue. Social Dialogue will be necessary so as to come up with the necessary *quid pro quo* that trades off labour market flexibility and job creation. Productivity, profitability, and growing employment will be sought through collective bargaining within the framework of a Harmonized Labour Act. The democratic developmental state will invest in

infrastructure and put in place investor friendly policies, as well as implement institutional reforms that support growth and job creation.

1.2 Political Governance

The formulation and implementation of stabilization and growth policies require us to win the confidence of both domestic and international economic actors. For us to achieve this, we will shift government processes from a highly dirigist, authoritarian and centralized system to an inclusive pro-poor social democratic economy with well managed institutions informed by the party's democratic principles. At the core of our policies will be respect for the rule of law and the sanctity of property rights and accountability to the people.

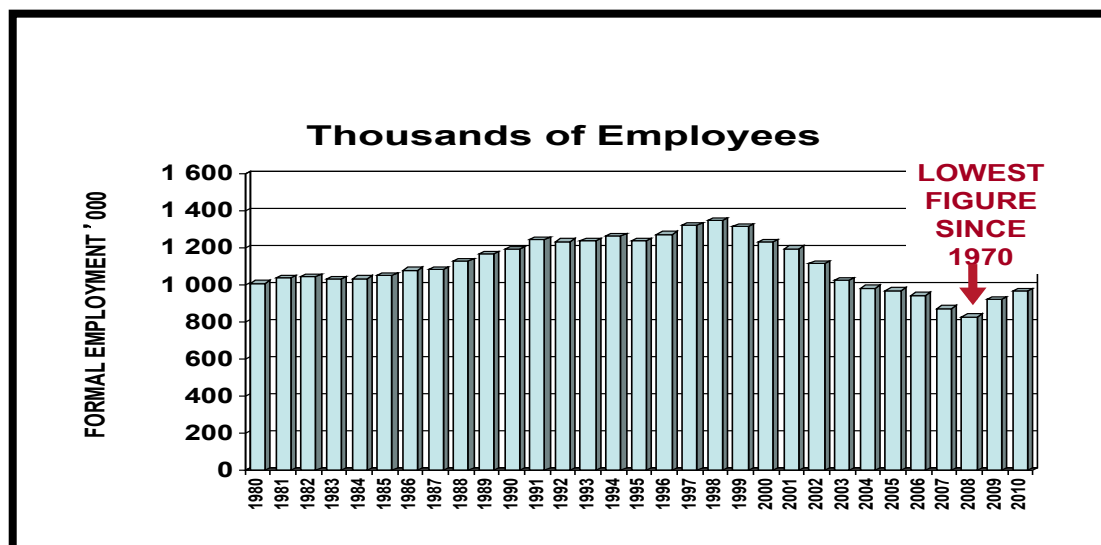
The government will move from the current relationship based system of government which has led to cronyism and corruption, benefiting only a few connected political elite to a more functional rule based system. The powers of Parliament will be extended to constrain executive powers and hold government accountable in the manner in which policies are implemented.

Political governance will also mean effectively dealing with corruption. The MDC will implement stringent measures to control the use of public power for political gain, including all forms corruption to reduce leakages from the fiscus and promoting fairness and shared participation in the country's economic growth.

2. CREATING SUSTAINABLE JOBS & SMES DEVELOPMENT

Creating sustainable jobs that pay a good salary is one of the primary objectives of JUICE. The MDC is determined to get Zimbabwe working again. This will mean creating new jobs and restoring job opportunities that have been decimated due to economic mismanagement.

Figure 3: Formal Sector Employment, 1980-2010



Source: Own Research

Whereas employment levels were on an increase from 1980 to 1998, as the country inherited a functional dual economy, largely left unchanged by the nationalist Zanu PF government, the country witnessed a reversal since 1999. As shown in *Figure 3*, the downward trend started at the onset of the economic crisis in 1997 as a result of the government's irrational policies. This repudiates ZANU (PF)'s argument that job losses were a result of targeted restrictive measures, which in reality were only imposed after 2002. Employment levels began to drop from high levels of over 1,35 million to well under 0,9 million by 2008. Data in *Figure 3* also highlights that employment levels only began to improve after the formation of the Inclusive Government, rising to slightly below 0,9 million in 2008 to slightly below 1,0 million by 2010.

Agriculture's contribution to employment remains low at 9,7% in 2010, with 150 000 employees in this sector, compared to 27,2% in 1997 with 355 000 total employment levels in the same year. The largest drop in employment was witnessed from 2000 where employment stood at 325 000 to 20 000 in 2008, following both the Fast track land reform program and macro-economic sabotage characterized by crony capitalism benefiting the elite through quasi-fiscal activities orchestrated by the Reserve of Zimbabwe.

In the manufacturing sector, employment levels dropped from over 207 000 in 1998 to 120 000 in 2008, only rising to 145 000 following the consummation of the inclusive government in 2009. In the construction

industry, the dearth of investment in infrastructure development resulted in a decline of employment levels from slightly below 80 000 to a mere 20 000 in 2010. This is a common trend across all the sectors which resulted in total decline from 1, 350 million jobs in 1998 to 828 000 in 2008.

Our jobs strategy has set a target to reverse job losses and create at least one million new jobs between 2013-2018. Whilst this is hardly enough, it is a strategy that will mean we set the groundwork for further growth. Our jobs strategy will be based on encouraging entrepreneurship, developing SMEs, formalizing the informal economy and an extensive skills enhancement programme.

2.1 Entrepreneurship

While geared towards pro-poor development, JUICE also emphasizes the role played by business in the economy. Zimbabwe's entrepreneurs are the strong drivers of innovation and economic growth. Their success is vital to securing the economic recovery, creating jobs and ensuring we remain competitive in a global market. Talented entrepreneurs will be supported and given the opportunities they need to establish their businesses. Our support for entrepreneurs will include the following;

- i. The MDC government will encourage a more entrepreneurial approach to economic growth by actively seeking and attracting foreign direct investments to support and help Zimbabwean entrepreneurs.
- ii. Women and youths will be financially supported to start their own businesses, contributing to economic growth and employment.
- iii. We will launch a 'Make it in Zimbabwe' campaign where 'Proudly Zimbabwean' products will be showcased to encourage consumption of locally produced goods.
- iv. We will establish enterprise clubs and support networks to help unemployed people set up their own businesses. These will offer support and help them make the most of local knowledge and resources.
- v. We will launch a Growth and Innovation Fund together with venture capital firms to encourage innovation and new business ideas.

Entrepreneurship development is thus, a key objective of JUICE. Skills development will be at the core of educational and training programmes from primary to secondary and tertiary levels.

2.2 SMEs Development

In Zimbabwe, as is the case in many other African countries, SMEs are the main source of employment, income, skills and consumable products for the poor. As such, the constraints to SMEs growth and productivity can directly contribute to poverty. The elimination of these constraints will be a priority.

- i. Our SMEs policy thrust will aim at a variety of incentives and inducements to assist SMEs development by eradicating barriers to entry and a level playing field as much as possible for SMEs.
- ii. Tax incentives will be offered to businesses and firms outsourcing or sub-contracting their operations to SMEs.
- iii. Lack of access to credit remains a major problem for SMEs. With help from international funding organisations, we will ensure that the financial sector is capable of supplying affordable credit that the economy needs to grow, especially to the SMEs.
- iv. The MDC will propose the establishment of a SMEs Exchange as a secondary stock exchange within the next 5 years.
- v. Reducing the tax burden for new businesses and SMEs sized companies.
- vi. Effective use of the competition regulations to reduce the power of monopoly organisations and encourage innovation.

2.3 Formalising the Informal Sector

Given the extent of informalisation, there is need to promote formalization and transition to the mainstream economy. To achieve this requires a comprehensive and integrated strategy that eliminates the negative aspects of informality while preserving the significant job-creation and income-generation potential of the informal economy.

The eight key policy areas for enabling transition to formality are;

- i. Developing pro poor and job-rich growth.
- ii. Implementing an enabling legal framework.
- iii. Facilitating entrepreneurship and enterprise upgrading.
- iv. Increasing access to finance.
- v. Developing skills and vocational training.
- vi. Extending social protection coverage.
- vii. Strengthening the organization and representation of workers and entrepreneurs in the informal economy.

- viii. Extending apprenticeship and work placement opportunities to improve and strengthen ties between businesses and education and training providers.

To improve the employability of Zimbabweans the MDC government will encourage:

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

To increase employment creation in the SMEs sector, the MDC government will encourage:

- i. SMEs and cooperatives promotion and development.
- ii. Labour-based public works.
- iii. Business linkages.
- iv. Self-employment programmes.
- v. Service provision in fields such as HIV/AIDS, waste management and environmental protection, through public/private partnerships.
- vi. Community-based service provision.

To assure equal opportunity the MDC government will encourage:

- Employment of young women and mainstreaming of youths as a priority in programmes.
- Programmes targeting people with disabilities and other vulnerable groups.
- Education for all and in particular the girl child to equip them for employment, entrepreneurship and management.

2.4 Enhancing Skills Development

The dearth of relevant skills and the lack of fit between labour demand and supply is a serious development challenge in Zimbabwe. The necessary reforms have to transcend all the levels of education, from early childhood development to tertiary education. Given the critical role of education and training in promoting employability and in

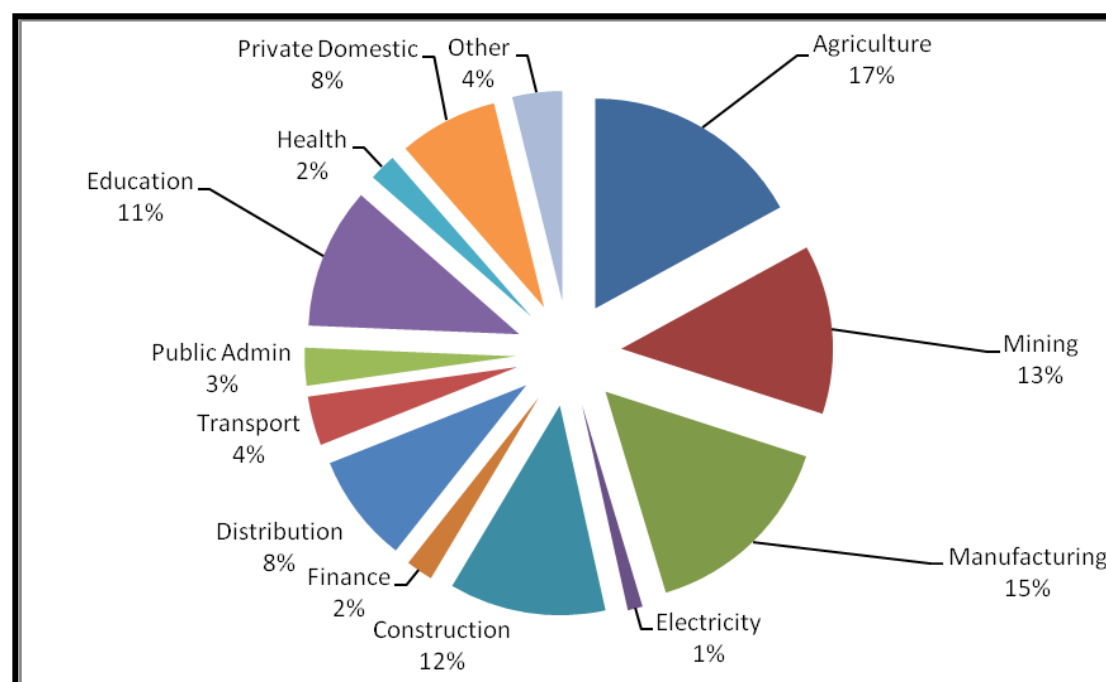
enhancing productivity and competitiveness, in gender equity and in poverty reduction, the MDC government will:

- i. Broaden the scope of early childhood development and care to cover every child.
- ii. Improve the quality of education and training by promoting a partnership and shared approach.
- iii. Foster a pathways approach that caters for the various aptitudes and interests of the students.
- iv. Improve the match between skills demand and supply by encouraging stakeholder participation in the design and provision of education and training curricula.
- v. Establish a National Training Authority as recommended by the Nziramasanga Commission of 1999, to create a more demand-driven and flexible system at the tertiary level.
- vi. Develop a comprehensive National Skills Development Policy Framework for Zimbabwe.
- vii. Develop a manpower recovery plan for the public sector and undertake sector-based human resource audits.
- viii. Adopt and implement the migration and development policy framework.
- ix. Promote return migration and utilization of Diaspora skills.
- x. Adopt immigration policies that make it easier to attract skills.
- xi. Engage in co-development programmes with countries with a high concentration of Zimbabweans.

2.5 Sector Specific Job Creation Potential

Through the implementation of JUICE, the country will restore business confidence resulting in creation of investment and employment opportunities in the economy. JUICE seeks to rapidly restore and surpass the 1998 peak-employment levels of 1.35 million jobs. As depicted in the diagram below, the implementation of JUICE will result in the creation of 1 million jobs between 2012 and 2018 bringing the total employment level to approximately 2 million.

Figure 4: Sector Contribution by 2018



Source: JUICE Projections.

JUICE proposes that sectors anticipated to increase their economic share – e.g., mining with 13% (diamonds and beneficiation of minerals), formalization of the informal, manufacturing with 15% (increase in capacity utilization) and construction with 12% (public works, innovation, infrastructure rehabilitation and development) – will be the key employment creation and economic growth drivers.

2.6 Sector Employment Model

Successful economies in South East Asia developed by identifying niche areas that would spur growth. Exports and FDI were at the centre of the East Asian miracle. In Africa Mauritius's economy was largely based on sugar production (1970s), then it graduated to tourism (1980s), thereafter manufacturing (1990s) and now consumer-driven industries (21st century). The table below outlines the key drivers that the MDC government will target for rapid growth and employment creation.

Table 1: Zimbabwe's Rapid Recovery Sector Model: Input-Output Approach

Sector	Input	Output	Expected Outcome
Agriculture	• Independent Land Audit; • Agrarian Reform (Inputs Supply; Mechanization; • Research and Development; • Extension Services and Training • Commodity Exchange; • Transportation; • Security of tenure, • Agro-processing, • Market accessibility	• Food Security; • Increased export earnings; • Increased GDP and employment contribution; • Raw materials for industry	• Economy rapidly recovers; • Imports slow down; • Liquidity improves, • Bread Basket Status restored within 3 years.
Infrastructure	• Private Equity Investment; • Private Public Partnerships, • Built Operate and Transfer • Government focusing on dam construction, energy generation, rural road maintenance and the • Rehabilitation of existing infrastructure	• Good infrastructure; • Increase in energy generation capacity; • Housing; • ICTs;	• Jobs created • Enabled GDP growth • Trade improves
Mining	• Sector requires \$5bn to recover to 1998 levels • The need to create a conducive environment to attract FDI • Capacitate local mining firms and small scale miners • Cutting and polishing of minerals to be done locally	• Increased Export Earnings • Increased employment and GDP contribution • Increased contribution to the fiscus and Sovereign Wealth Fund.	• Investment in the mining sector • Zimbabwe becomes a mining hub.
Tourism and Services	• Rebranding of Zimbabwe as a tourist destination of choice • New Airlines introduced • Rehabilitation of existing tourism infrastructure • Enact laws to protect wildlife and the environment	• Increased Tourist Arrivals; • Creation of jobs • Increased Market Confidence.	• A rebranded Zimbabwe • Increased sector contribution to GDP
Manufacturing	• Create friendly climate for both domestic and FDI • Establish special economic zones • Robust legal environment • Loans to productive sectors • Attract skills and expertise from citizens in Diaspora, • Invest in agro-processing and mineral value addition and beneficiation.	• Increased manufacturing, import substitution • Creation of jobs • Increased manufacturing contribution to GDP	• Zimbabwe builds a strong manufacturing base that generates employment

Foreign Direct and Domestic Investment	• Open Zimbabwe for Business; • Improve Doing Business and Investment Climate; • Protection of Investors; • Fiscal incentives; • Rebranding; • Review all anti-investment laws • Normalize international relations	• Harnessing domestic investment • Improved inflow of FDI • Growth of the private sector	• Domestic Revenues Strengthened • Increased contribution of FDI to GDP
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JUICE Projections

3. CREATING AN ENABLING ENVIRONMENT FOR INCLUSIVE ECONOMIC PARTICIPATION

3.1. Social Dialogue and Social Contract

The MDC recognizes that it is critical to have institutionalized and legalized dialogue amongst all partners: labour, business, government, women, youths and civil society. We believe that government does not have a monopoly of wisdom to make decisions on behalf of its citizens. Participatory democracy recognizes the importance of putting citizens first. In this regard, the MDC government will establish structures for broad based participation and stakeholder participation.

The MDC, through JUICE and other Party policy blueprints will create a legal framework for social dialogue that is inclusive and binding on all parties including the state as opposed to token consultative forums or talk shows that Zimbabweans have previously experienced.

3.2. Mainstreaming Gender and Group Interests

JUICE seeks to uplift women and other previously disadvantaged groups by ensuring equal participation in all sectors. To lead by example, we will enforce equal gender representation by law in all government institutions and agencies at every level. In this case, our government will lead by example in facilitating a fair and balanced opportunities for both men and women in government positions. Participation also means decision making in all its dimensions.

JUICE will therefore bring broad based upliftment for all citizens including providing equal opportunities to the elderly, the disabled, and our youth.

3.3. Upliftment and Poverty Reduction

It is evident that since independence, the essential needs of Zimbabwe's poor have not been met, and nor has poverty been treated as a serious constraint to human upliftment. One reason is the overarching focus on Gross Domestic Product (GDP) that has motivated economic policy here and across the world. A genuine developmental state must move beyond rhetoric and begin calculating 'genuine progress,' in a way that takes seriously ecological and social values.

If world GDP is corrected for problems such as unaccounted-for resource depletion (which is crucial in extractive economies like Zimbabwe), pollution of our air and water, loss of farmland and wetlands, unpaid women's/community work, family breakdown, crime and other social factors, the 'Genuine Progress Indicator' appears to have peaked around four decades ago (*See Annexure 2*). For Zimbabwe's future developmental state to ensure that more than simply GDP is accounted for, a variety of other variables will have to be collected and publicized so as to achieve a much higher welfare than currently exists. To do so will entail following the example set by the Asian country Bhutan, with its 'Happiness Survey' that measures and then generates policies to promote – these factors: Psychological wellbeing, Ecology, Health, Education, Culture, Living standards, Time use, Community vitality, and Good governance. Our developmental approach will seek to address these areas of life, which were downgraded and neglected during ZANU PF rule.

Under JUICE, the MDC will leverage resources from the Sovereign Wealth Fund and from a National Savings and Development Fund, to fight hunger and poverty. People's livelihoods will be improved, starting with food security, decent jobs, affordable primary healthcare, universal education, access to clean water, sanitation and adequate shelter. These social and economic rights are indivisible and the MDC has advocated for them to be enshrined in the new constitution. The greatest social and economic upliftment of citizens will be achieved through wealth creation, more investment and gainful employment. The democratic developmental state will be the catalyst for creating wealth for the benefit of all Zimbabweans.

Our pro-poor growth approach will be measured against the following international benchmarks;

- How the opportunities for employment, production and enhanced income reach the poor through improved access to credit and markets.
- Improved economic governance, which includes the extent to which growth contributes towards social development in health, education, housing and social security.
- Improving the relationship between pro-poor policy and economic growth, mediated through employment creation.

We believe that the high levels of inequality in the country are largely a result of high unemployment. An increase in income of the unemployed no matter how small will reduce the gini co-efficient (a measure of the income gap). This is why creating sustainable jobs is the central strategy in JUICE.

4. CREATING A SAFE AND STABLE MACROECONOMIC AND FINANCIAL SYSTEM

Within our economic growth thrusts, creating a safer and more stable macroeconomic environment will be a top priority. This jobs plan aims at implementing a long-term macroeconomic management framework. To achieve this, the following key issues will be implemented;

4.1 Fiscal Reforms

Fiscal responsibility will be the foundation of our economic policy. The government should live within its means. Without reform, there is a risk that the lack of a credible fiscal framework could undermine the broader macroeconomic policy framework. Our focus is a fiscal framework that is perceived by domestic and international financial markets to be credible. Government's level of domestic borrowing will have to be consistent with the monetary policy targets. Our long-term strategy will be a government, which lives within its means by focusing on reforming public services and reducing the demands of the state.

With the cessation of quasi-fiscal activities, a balanced budget would in the short term create an overlap and stretch our capacity to fund social service. However, fiscal responsibility aided by domestic borrowing and enabling public sector entities to draw on aid flows or borrow offshore

for critical social service spending (such as education, health, housing, social welfare) would set the country on sustainable long-term growth.

An MDC government will not allow quasi-fiscal activities and will thus create fiscal space by;

- i. expanding the economy by attracting new companies
- ii. strengthening tax administration.
- iii. rationalization of government expenditure
- iv. increasing accountability in the diamond revenues by making sure that treasury is on control of the same.
- v. auditing and rationalisation, civil service jobs will be streamlined to increase efficiency.

4.2 Tax Reforms

The country is overtaxed. Our tax to GDP ratio of 29.5 percent in 2012 is substantially above regional averages of 16.5 percent whilst our capital expenditure at 2.7 percent is one of the lowest. We rely on individual taxes whilst the contribution to taxes by corporates is approximately 3.4 of GDP, which reflects our shrinking private sector.

- In our tax reform measures, we will rationalise the tax structure by reducing the top marginal tax rate, which exceeds 50 percent, and increasing the baseline.
- Our plan to resuscitate industries will increase tax contribution by corporates from 3.4 percent to above 10 percent of GDP by 2018.
- We will make corporate tax competitive by simplifying and reducing the tax rate where necessary. The evidence on the positive impact of lower corporate taxes is strong.² We will also reduce the potential for tax evasion and remove some tax breaks that are often abused by big corporates.

The tax base will be widened by the formalisation of the informal sector and the growth of SMEs.

4.3 Reforming the Financial Sector

Empirical studies have established a link between a well functioning financial sector and growth. The financial sector plays a critical role in the mobilization of savings, in facilitating the payment system and in providing the resources required for investment. Financial sector

² Leading academics such as James Hines (2007) have shown that capital and investment are extremely sensitive to tax rates. See 'Taxing Corporate Income in the 21st Century'.

weaknesses over the past decade, which became evident in the 2003 banking sector crisis have highlighted the urgent need to reform our financial architecture. We will focus on creating a safer banking system that serves the needs of the Zimbabwean economy, improving liquidity and assisting small businesses with their cash flow requirements.

Reforms to improve the financial sector will include the following measures;

- i. Restructuring the financial regulatory framework – Reforming the financial sector will start with the Reserve Bank of Zimbabwe to reposition it to effectively carry out its regulatory function in the supervision and surveillance of a strong banking sector. The reforms to the central banks will target a re-focus of the central bank's core responsibility to foster the liquidity, solvency and proper functioning of the country's financial system.
- ii. Amendments to the Banking Act will be made to address bank fragilities and the creation of a stable banking sector.
- iii. Managing the liquidity crisis, the restructuring and capitalisation of banks and state owned financial institutions. Priority will be given to the restructuring of state banks such as Agribank to allow them to play a reconstructive role in lending to the agricultural sector.
- iv. The development of an effective electronic payment system, which links banks, retailers and consumers. Commercial activity is currently being hampered by 'cash in hand' transactions which are not only inefficient but increase slippages in VAT collections prejudicing the state of much needed revenue.
- v. Improving credit information infrastructure – The absence of verifiable credit profiles of borrowers is one of the reasons for high ratios of non-performing loans (NPLs) and financial exclusion. Zimbabwe is one of the few countries in the world without a functional credit information infrastructure. One of the priorities of our economic policy is to immediately set this up to facilitate our objectives to extend credit to small-scale borrowers and reduce default rates.

4.4 Debt Sustainability and Debt Relief

Zimbabwe is facing an unsustainable external debt burden, which is seriously undermining the country's economic recovery. As part of our debt resolution strategy, the Ministry of Finance led efforts in the formulation and establishment of the Zimbabwe Accelerated Arrears clearance, Debt and Development Strategy (ZAADDs) policy framework

focused on debt resolution for inclusive growth, Job creation and Poverty reduction in March 2012.

Addressing the country's external debt has to be one of the key requirements to facilitate growth. An MDC government will accelerate the implementation of the debt resolution strategies which include;

- The establishing and operationalisation of the Debt Management office in the Ministry of Finance.
- Serious engagement with the international community and development partners with the view to normalise relations that have been damaged as a result of ZANU-PF's militant approach.
- Negotiating an arrears clearance and relief programme.

5. REFORMING PUBLIC SERVICES TO DELIVER QUALITY SOCIAL SERVICES

5.1 Performance Driven Public Sector

Public sector productivity has fallen in the past decade, acting as a drag on growth and reducing the quality of our social services. According to the Reserve Bank of Zimbabwe, parastatals and local authorities account for at least 40 percent of GDP and their contribution is even higher given their backward and forward linkages with the rest of the economy. There is potential for the public sector to be more efficient in how it delivers public services. Major parastatals such as ZESA, ZINWA, Air Zimbabwe, and ZMDC among others have to be restructured to become more efficient and relevant in how they deliver services.

The MDC government will immediately restructure the public sector and raise the level of professionalism, discipline and commitment to service. In the short term, we will improve the performance of the sector by addressing the main causes of poor performance which include; poor operating and financial management structures, under capitalization of infrastructure, corruption and mismanagement, huge debt overhang and deteriorating infrastructure and limited resources. Our priority will be to improve efficiency and reduce unnecessary spending in government, including areas such as government procurement and IT projects.

As part of reform measures we will implement the following strategies;

- i. Reform central government and our public services in order to deliver higher productivity and better value for money for taxpayers. We will expect productivity levels to match international standards.
- ii. Raise public sector productivity by increasing diversity of provision, rewarding productivity, giving more power to consumers and improving financial controls.
- iii. Improve financial discipline by strengthening the role of finance directors in government parastatals, implementing clear financial performance targets for civil servants and implementing a transition from a bureaucratic to an entrepreneurial culture.
- iv. Improve the board of directors and management structures of state owned enterprises.
- v. Conduct regular, systematic and standardised skills audits across government departments in line with the development agenda set out by our Economic Policy and growth agenda.
- vi. Improve our capacity to retain and attract the best technical skills by improving the reputation of government as an employer of choice through competitive remuneration structures and conditions.
- vii. Spearhead computerisation programmes for government services to reduce costs, inefficiency and improve product quality.
- viii. Conduct regular assessments, extensive skills training and constant assessment of the skills matching for government positions.

6. SECTOR SPECIFIC SUSTAINABLE GROWTH STRATEGIES

6.1 Private Sector Development and Industrial Transformation

A thriving private sector is key for our economy to grow. The MDC government will encourage private sector development through business friendly policies, resuscitation of industry, increasing productivity and value addition.

We will seek to remove the obstacles to doing business in the country such as starting a business, the licensing process, enforcing of contracts and payment of taxes. Under ZANU-PF, the government has been quick to threaten, adopt command and control regulatory measures and quick to tax but slow to create the infrastructure, skills and innovation, which the businesses depend on for their survival.

Our strategy is to create the conditions businesses need for growth. That means reforms and investments to improve our transport systems (rail, road and air transport), overcoming telecoms challenges.

In the medium to long term, our strategy will target rebuilding export volumes and reviewing our trade policies to maximise gains from international and regional agreements such as COMESA and SADC. Sectors with clear competitive advantages will be identified and supported. Zimbabwe is a relatively small country; we need to focus on what we do best for us to achieve comparative advantage in the region.

6.2 Resuscitation of Industry

One of the major challenges confronting the Zimbabwean economy is that of rapid de-industrialization, low capacity utilization, obsolete equipment, skills flight, power shortages, low funding, infrastructure decay and policy inconsistency. This has resulted in low capacity utilization or total closure of companies. In Bulawayo for instance, over 92 companies have closed operations resulting in loss of over 30 000 jobs in the last decade. Previously economically active towns such as Kwekwe, Redcliff, Zvishavane, and Kadoma have lost their status as economic hubs.

The MDC government will set up a special Industrial Resuscitation Fund (IRF) aimed at re-establishing Zimbabwe's position as an industrial hub of the region. This will be financed from proceeds from government revenue and will be carefully managed to curtail leakages.

6.3 Increasing Productivity

Improving factor productivity is an important aspect of industrial organization under JUICE. In particular, rising labour productivity is a necessary condition for increased output at work places. Productivity spurs profitability and higher incomes for workers. Profitability leads to increased investible surpluses thereby creating opportunities for industrial expansion and more employment for the people. Zimbabwe is an agro-based economy. It is therefore critical to restore land productivity so that the country can once again become the breadbasket of Southern Africa.

At present, most of the resettled land is insufficiently linked to national agricultural and food industry opportunities. Most of the resettled farmers have no access to lines of credit because under the current land

tenure system, land is dead capital. There is therefore need to achieve food security in the shortest period of time possible. This will be achieved through the setting up of an, which will be available to stakeholders in the agricultural value chain covering inputs, mechanization and farming activities. This will ensure that inputs producers can produce at competitively and timely. The inputs distribution chains (based on market) will be achieved nationwide. Improvements in yields will also be pursued through the introduction of high yield varieties and advances in science and technology. Intensive extension services will be provided to increase farming knowledge.

6.4 Value Addition

Economic transformation can be achieved through adding value across commodity chains. Our minerals should be processed and refined locally. The imperator will be to immediately start the cutting and polishing of diamonds and the refining of platinum and gold in Zimbabwe. Agro-processing must be the buzzword in agriculture and manufacturing sectors. Under JUICE, the MDC government will invest in entities that promote value addition as an avenue to boosting capacity utilization, increase exports and create employment.

6.5 Infrastructural Development

Investment in infrastructure is a critical component in generating growth and reducing poverty. Over the years the poor in Zimbabwe have paid heavily for the dearth in critical infrastructure investment in areas like roads, rail and telecommunications. Experiences of other countries including China show that investment in infrastructure development is critical to generating rapid growth and in lifting people out of poverty.

Our infrastructure development programme will focus on upgrading and maintaining the country's physical infrastructure. The programme will be an important source of permanent job creation and will also provide the government with a basis to stimulate industrial activity and spur economic growth.

6.6 Public - Private Partnerships to Deliver Infrastructure

Our strategy in infrastructure programme will increase private sector participation in the provision of infrastructure services to reduce stress on scarce public investment resources. The public-private sector

partnership in infrastructural development will target the development of infrastructural projects at a profit or break even-scenario.

Priority should be placed on developing infrastructure through employment-intensive techniques for inclusive participation in economic development to attract investment. In the short to medium term, we will focus on some of these infrastructural projects;

- i. **Roads** – 85 percent of our existing roads require urgent repair. Improving the state of the roads is important to improve and influence the flow of private sector investments. We will improve efficiency in the collection of tolls and reinvest revenue collection in our transport network to maintain the high quality of roads. In this regard, it will be critical to mobilise PPPs and BOTs for the development of our major highways. At the epicentre is the modernization and dualization of Beitbridge to Chirundu, Plumtree to Mutare, Harare to Nyamapanda,
- ii. **Energy** – For Zimbabwe to be a competitive economy, we urgently need to address our energy crisis. We need to double our capacity to generate electricity for us to deal with the frequent power cuts. Our target is an investment of US\$6 billion towards power generation to create a 6,000 Megawatt capacity in the next 5 years. We will also focus on improving efficiency and revenue collection mechanisms at ZESA. Alternative energy sources such as solar, bio energy projects will be implemented to increase our power generation capacity. Government will also attract independent power producers through BOTs to boost energy generation.
- iii. **Telecommunication** – Our telecoms systems will be improved through private sector initiatives. Priority will be placed in infrastructure establishment, development and management (e.g. connectivity, optic, fibre, VSAT, wireless, wireline, VoIP). Our goal is to develop, establish and optimise sustainable ICT infrastructure and broadband to expand cross boarder interconnection and access to internet to improve the country's connectivity to the whole world.
- iv. **Railways** – Our railways network has been neglected, with no meaningful investment in the sector since 1980. Under our economic policy, the National Railways of Zimbabwe (NRZ) will be restructured, non-core services will be shed, and concessioning of rail transport will be introduced. Modernization of our rail network will be critical with special emphasis on the provision of quick, safe and efficient rail transport for commuters.

- v. **Water** – Our water infrastructure needs urgent attention. The restructuring of the Zimbabwe National Water Authority (ZINWA) will be required to address the current challenges. An audit of our water requirements will be carried out and resources will be channelled towards upgrading the water network system to reduce seepage and improving the quality of our water supplies. In particular, it is urgent that major damming capacity in all provinces be created including the completion of Tokwe Mukosi, Nyangombe, Kondo, Mutange, Sengwa dams. It is also imperative that a second purification plant for Harare be constructed and the rehabilitation of water plants in the urban areas to reduce water cuts. To complete this massive investment resources will also be directed towards construction of new irrigation schemes and the rehabilitation of existing ones.

7. A BROAD BASED ECONOMIC UPLIFTMENT AGENDA

7.1 The Pitfalls of the Current Indigenization Policy

The need to reform ownership and control of the economy to benefit our people is an undeniable economic imperative. The MDC jobs plan is premised on a broad based economic upliftment agenda in which the whole country and every citizen benefit from the national cake.

The current indigenisation policy is meant to benefit a few in positions of power. In contrast, JUICE seeks to benefit the whole nation. In this context, we define empowerment and upliftment as *‘a multi-dimensional social process that helps people gain control over their own lives. It is a process that fosters power (that is, the capacity to implement) in people, for use in their own lives, their communities, and in their society, by acting on issues that they define as important.’*

ZANU-PF’s indigenization policy is about replacing foreign capitalists with African capitalists connected to power with no difference to accumulation and consumption. There is sufficient evidence to show that ZANU-PF’s current indigenisation policy is fundamentally flawed. The policy is limited in its application and amounts to a form of legalized looting by those with political power and their closest friends.

Where ZANU PF believes in cronyism and distributional cartels and defines indigenisation in the context of grabbing farms and mines for the benefit of those in power, the MDC’s broad based economic

empowerment and upliftment agenda will be based on robust and empirically sound policies which promote economic growth, strengthening industry and creating jobs in the context of wider economic growth.

7.2 Tenets of a Broad Based Empowerment Strategy

In our empowerment strategy, we believe the best way to uplift people is to do the following;

- i. Creating an enabling environment that encourages wealth creation and entrepreneurship.
- ii. Creating an environment that attracts foreign and domestic investment.
- iii. Creating an environment where security of tenure is uncontested.
- iv. Creating forward, backward and spatial linkages in the economy.
- v. Ensuring sustainable access to capital for our people.
- vi. Promoting and deepening the role of SMEs.
- vii. Giving incentives for the formalization of the informal sector.
- viii. Investing in education and training in particular vocational areas such as science and technology.
- ix. Redefining agriculture so that it operates on a business model based on productivity.
- x. Promoting of localization of the economy through genuine community participation, employee ownership schemes.
- xi. Establishing a statutory Sovereign Wealth Fund.
- xii. Enacting legislation of corporate social responsibility.

At the epicenter of the MDC's upliftment agenda is the creation an enabling environment for entrepreneurship to flourish and to extend the right for citizens to own property and claim the protection of the state for their civil, socio-economic and property rights. These rights permit people to enjoy the confidence needed to develop their own capacity. Their activities lead to their improving prosperity and the expansion of the whole economy. Government then more easily collects the taxes needed to invest in infrastructure development and social delivery. It is through this social democratic system that a good government serves its citizens, including the redistributive activities that are required to address inequality.

We believe in empowering and creating space for our people to be entrepreneurs and capacitating small businesses. In an economic context such as ours with enormous challenges of economic development, government policy and funding priorities should be focused on urgent issues such as job creation, macroeconomic stabilization, education, infrastructure development and health as a form of sustainable empowerment and upliftment. Indigenisation and grabbing assets alone cannot solve or cause our economy to grow.

8. CREATING A BALANCED ECONOMY

The aim of our policy is to promote a geographically inclusive economy by unlocking the latent economic potential of specific areas. We will identify nodes that will form the basis of connecting the outlying and previously marginalized areas to the major industrial hubs. The specific aim of our cluster model is to reduce duality and enable more rural development. The following policies will be adopted to advance this approach;

8.1 Cluster Based Development

JUICE is driven by inclusive (shared) and pro-poor growth, which leads to economic transformation and improves people's livelihoods. Under JUICE, growth will be generated from nodes and economic clusters, based on regionally specific economic activities. Prosperous growth nodes will be created across Zimbabwe to reduce the geographical distance between the enclave and the informal economy and especially communal areas.

Manicaland will have nodes specializing in diamonds, coffee and timber; Mashonaland West in commercial agriculture; Midlands in mining, textiles and livestock; Masvingo in livestock, human resources development and trade; Harare in manufacturing, services and high tech industries; Bulawayo in manufacturing; Mashonaland East in agro-processing focusing on fresh vegetable canning and tobacco processing; Mashonaland Central and West in cash crop production; and Matabeleland in eco-tourism, coal and livestock production. These clusters will be transformed into activities that assure backward-forward linkages that benefit all Zimbabweans. Job creation is the most direct way to ensure prosperity. A balanced development trajectory will be created to better connect the dots between different sectors using strategic infrastructure investment.

The sources of national economic growth between now and 2018 will be agriculture, mining, manufacturing, tourism, information and communication technology, while other consumer services, and construction will make an increasing contribution. Cluster based development will mean that when these clusters start to be economically active, there will be a competing demand for services such as improved roads and infrastructure which creates jobs in the peri-urban areas and growth nodes. This will result in increased benefits and more money in people's pockets.

8.2 Rural Transformation

JUICE acknowledges that a majority of the Zimbabwean population resides in rural or communal areas. The challenges affecting the rural areas are poor infrastructure, financial exclusion, lack of essential social services, food insecurity, unemployment, lack of commodity markets and poverty. To address these challenges, the MDC government will:

- i. Encourage the running agriculture on a business model.
- ii. Encourage and incentivize the establishment of rural based industries to create employment and to spur rural transformation.
- iii. Resuscitate rural infrastructure such as roads, bridges, veterinary services, schools, and telecommunication.
- iv. Ensure the provision of essential services such as healthcare, education, financial services, electricity, clean water and sanitation.
- v. Improve access to markets for agricultural products.
- vi. Introduce spatial development initiatives targeting rural communities.

8.3 Special Economic Zones

A Special Economic Zone (SEZ) is a geographically demarcated region with economic laws that are more liberal than the country's typical economic laws and where all the units therein have specific privileges. SEZs are specifically delineated duty-free enclaves and are deemed to be foreign territory for the purposes of trade operations, duties and tariffs. The principal goal is to increase foreign investment. Other goals include generation of additional economic activity, promotion of exports of goods and services, creation of employment opportunities and development of infrastructure facilities.

Special Economic Zones (SEZs) have been successfully introduced in a number of countries, including China, India, Singapore, Taiwan, the

Philippines and Ireland. The MDC government will adopt a flexible approach to using the instruments of special economic zones in the most effective way to make the most of the country's sources of comparative advantage.

This will require much broader national strategies, aimed at:

- Promoting skills development, training, and knowledge sharing.
- Promoting industry clusters.
- Supporting the integration of regional value chains, and
- Supporting public-private institutions, both industry specific and transversal.

Most fundamentally, this will require a change in mindset away from the traditional reliance on fiscal incentives and wage restraint, and will instead require that Zimbabwe businesses focus on facilitating a more effective business environment to foster firm-level competitiveness, local economic integration, innovation, and social and environmental sustainability.

9. OPENING ZIMBABWE FOR BUSINESS

Our strategy will focus on establishing Zimbabwe as a safe investment destination. We will actively promote greater regional and global integration with a view to increasing foreign direct investment into the country. Our policies will be structured to attract the flow of FDI.

9.1 Investment Promotion and Foreign Direct Investment (FDI)

Zimbabwe's greatest economic need is for a democratic developmental state to promote investment capital, in contrast to parasitical capital (the ZANU PF version of Indigenization), idle capital (the world-record underutilization of our productive capacity), and speculative capital (which gave urban real estate and Zimbabwe Stock Exchange shares such high rates of return during the inflationary era) associated with the last 12 years. The challenge of moving from an economy dominated by parasitical, idle and speculative capital to an economy that features productive investment capital is enormous.

During the period of white control of the economy, especially the late 1960s and 1970s, an undemocratic state achieved a measure of

productive capacity by directing investment, leading to the third highest level of industry in relation to GDP anywhere. That undemocratic developmental state worked only for whites, it underdeveloped large sections of the country and it did not respect ecological limits. So although the GDP growth rate was amongst the world's highest from 1965-75, the strategies utilized were not sustainable.

Using our democratic developmental state model, we will seek to maximize investment capital by understanding the experiences of the most important precedents, including East Asia. The MDC strategy will replicate developmental state investment strategies that expand the productive economy.

Foreign Direct Investment (FDI) will play a catalytic role in the development efforts of Zimbabwe. Countries such as Malaysia, Singapore and Thailand made a deliberate policy of reliance upon FDI while others such as South Korea and Taiwan first used state-directed investment to develop local enterprises, while relying on FDI for imported technology, which was quickly adopted and produced locally. FDI can serve as a source of capital, stimulate domestic investment, create employment, promote the transfer of technology as well as enhance economic growth.

Zimbabwe has not been able to successfully attract FDI owing to the cumulative effects of political hostility, macro-economic instability, high external debt, inadequate infrastructure, a small domestic market, bad governance, regulatory and institutional encumbrances and logistics bottlenecks. The importance of political stability in creating a climate of confidence for investors must not be underestimated. Whether perceived or real, political instability constitutes a serious deterrent to FDI as it creates uncertainties and increases risks, and hence costs, of doing business in the country. Also, given Zimbabwe's huge (roughly \$9 billion) external debt, investors perceive that future taxes may have to be increased so as to finance large external transfers to service the debt. The MDC has a debt restructuring strategy to address this problem.

Our strategy to successfully attract FDI will be based on following;

- i. Respect for the Rule of Law.
- ii. The state and citizens will respect property rights.
- iii. A stable and predictable political environment.

- iv. A stable and predictable macroeconomic environment.
- v. A sound infrastructure base.
- vi. An open and competitive domestic market.
- vii. Well functioning and transparent financial markets.
- viii. Ready access to capital.
- ix. Qualified and skilled human capital.
- x. Lower costs of doing business including trade and labour regulations, rules of entry and exit into markets.
- xi. Sustainable debt position.
- xii. Favorable tax structures (lower, uniform and less complex).
- xiii. An efficient and dependable judicial system.

The regulatory and institutional framework for investment should aim specifically at reducing the administrative bottlenecks that have plagued Zimbabwe for so many years. Greater autonomy will be granted to the Zimbabwe Investment Authority (ZIA). Those national Investment Promotion Agencies (IPAs) that usually get the highest accolades worldwide succeed because they go beyond conventional tasks of selling the virtues of their countries by offering fiscal incentives. Most importantly, they coordinate domestic factor markets with the needs of the FDI that they target. The ZIA should also be well funded so that it can discharge its role effectively and efficiently.

9.2 Regional and Global Integration

If managed properly, regional, continental and global integration can generate sustainable economic growth and development for any country. JUICE will promote the full integration of the Zimbabwean economy based on the country's competitive advantage, but aware of the vulnerabilities that are critical to mitigate, such as tumultuous world financial markets or regional trade that is excessively influenced by one country (South Africa). Achieving and sustaining the competitiveness of Zimbabwean products in regional and global markets are prerequisites for restoring the country's economic base.

The MDC government will work with global partners to shape regional, continental and international economic and trade agreements to achieve greater benefit for our country. Particular attention will be paid at the regional and continental level to ensure maximum gains for Zimbabwe from participation in COMESA, SADC and NEPAD (the cross-cutting socio-economic programme of the African Union). At the international level, negotiations with the European Union (for new Economic

Partnership Agreements under Cotonou) and at the World Trade Organization (the Doha Agenda) will be forcefully pursued.

10. ENVIRONMENTAL RESPONSIBILITY

10.1 Resource Governance

The success of JUICE relies upon better management of our natural resources. Zimbabwe is a rich country judged in terms of natural resources per capita. Paradoxically, despite such massive resource endowments, 80 percent of the population is still trapped in poverty. Improvement in resource governance and transparency in the extraction of these resources is critical to poverty eradication.

In this regard, our strategy will be to make sure that treasury harnesses all taxes, royalties, rents and other incomes flowing from the extraction, beneficiation and sale of commodities. This is the only way to ensure the broad based equitable distribution of resources from one kit to the majority of Zimbabweans. Under JUICE, a Natural Resources Charter will be crafted to guide investors regarding the extraction and beneficiation of our natural resources, including environmental impact assessment and good corporate citizenship.

10.2 The Environment

The Brundtland Commission notion of sustainable development is development that ensures that the needs of the present are met without compromising the ability of future generations to meet their own needs, in a way that gives poor people's needs overriding priority and that also respect limits on the environment's ability to meet present and future needs.

Under JUICE, a proper costing of environmental and social factors will be critical to our development strategies. Our need to adapt to climate change – where Zimbabwe is one of the most vulnerable countries to droughts and flood – caused mainly by the Global North's unsustainable use of fossil fuels is another challenge. Under an MDC government, Zimbabwe will play a world leadership role in environmental protection, in a manner that feeds into our own interests in sustainable tourism and a more appropriate harnessing of natural resources. Under the MDC government, Zimbabwe will maximize its use of carbon credits to boost capital investment and encourage the use of clean technology.

CONCLUSION

The people of Zimbabwe have for long been oppressed, depressed, alienated, and abused. Over the years, we have experienced both acts of systematic dislocation at the hands of ZANU PF and a worsening of structural deficiencies within a dual economy. Be it the Gukurahundi era of 1982-1987, the ill-thought Economic Structural Adjustment Programme from 1990-1996, the violent land reform program beginning in 2000, Operation *Murambatsvina* in 2005, price controls during 2006-08, the RBZ Quasi-fiscal activities of 2003-2008 or the June 2008 violence, these acts of destruction will soon be a thing of the past.

JUICE and other MDC programs provide an alternative, and show beyond reasonable doubt that a better future exists for all Zimbabweans. The MDC is determined to implement sound and decisive policies that will transform this country. It's possible to build a 'First World' social democracy with a sound economy, rule of law and constitutionalism, popular participation and environmental protection as foundations upon which social justice and economic prosperity are achieved.

Where ZANU PF believes in cronyism and distributional cartels and defines indigenisation in the context of grabbing farms and mines for the benefit of those in power, the MDC's plan is based on robust and empirically sound policies, which promote economic growth, strengthening industry and creating jobs.

Where ZANU-PF believes in nationalistic fanaticism and command and control policies which are out of touch with the rest of the world, the MDC believes in a social democratic government where the state in partnership with the private sector plays an entrepreneurial or developmental role similar to that of the *East Asian Tigers*. ZANU PF's confrontational approach against the private sector and the international community has led to a poisoned economic and business environment. MDC through JUICE will be engaging, consultative whilst building a strong private sector by mobilizing the whole country behind a common agenda – that of shared prosperity.

JUICE is the ANSWER. The MDC is the FUTURE.

ANNEXURES

ANNEXURE 1

1. BACKGROUND AND RECENT DEVELOPMENTS

1.1 The Economic Crisis

When we attained independence in 1980, Zimbabwe had one of the most developed economies compared to most Sub-Saharan Africa countries. This was due largely to great diversity and a rich endowment in our natural resources. The state inherited a highly developed system of economic controls, which supported high rates of economic growth with GDP averaging 7.5 % between 1965 and 1975.

However, between 1997 and 2007, the Zimbabwean economy shrank 40 percent, unemployment is estimated to have reached 92 percent and cumulative inflation was nearly 3.8 billion percent (the highest in the world) while living standards fell by 38 percent. A quarter of our population is believed to have immigrated to neighbouring countries as political and economic refugees. In the formal economy, most workers continue to earn incomes below the Poverty Datum Line. According to the UNDP, Zimbabwe's 2010 Human Development Index (HDI) of 0.140 is far below the average of 0.389 for countries in Sub-Saharan Africa, and is also far below the average of 0.393 for low human development countries.

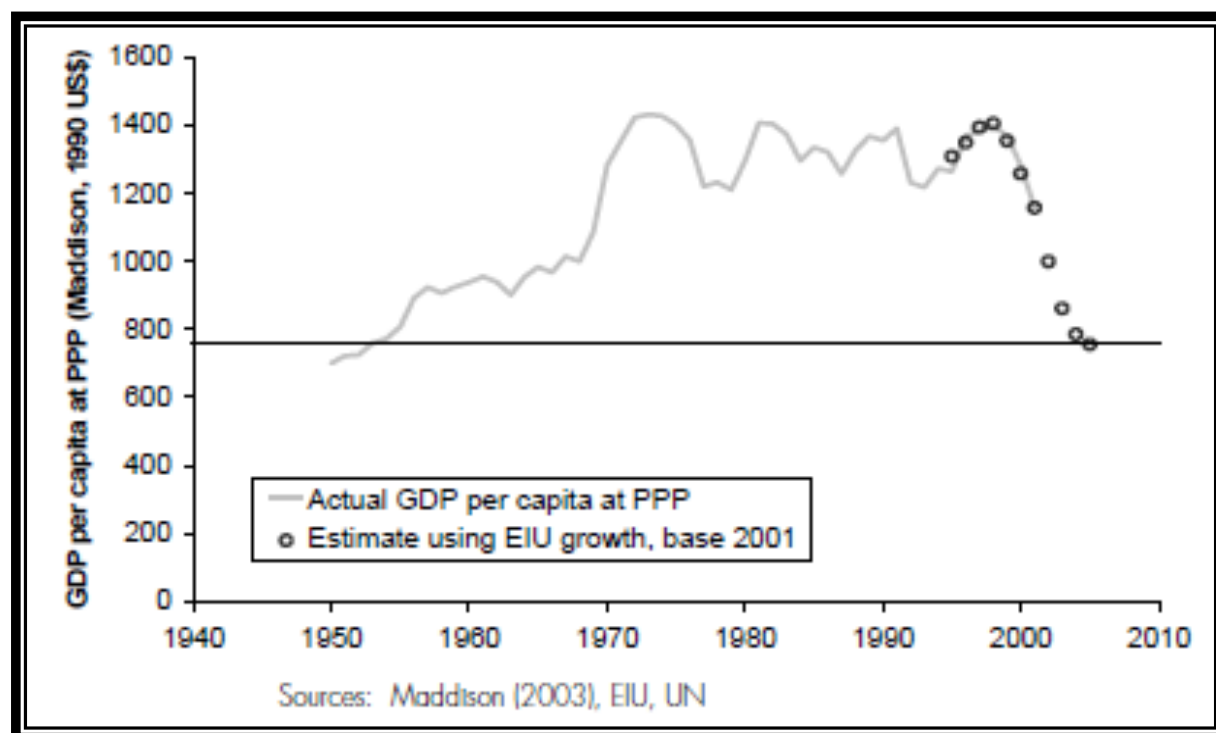
1.2 Zimbabwe's HDI trends from 1980 to 2010

Year	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI Per capita (PPPUS\$)	HDI Value
1980	59.0	6.5	3.4	265	0.241
1985	61.3	11.5	4.1	265	0.278
1990	60.8	10.1	4.5	277	0.284
1995	53.1	10.0	5.5	260	0.262
2000	43.3	9.8	6.0	256	0.232
2005	41.7	9.2	6.7	189	0.159
2010	47.0	9.2	7.2	176	0.140

Source: United Nations Report, June 2010

Since 1994, the average life expectancy in Zimbabwe has fallen to 47 from 60 years. Approximately 3,500 Zimbabweans die every week from the combined effects of HIV/AIDS, poverty and malnutrition. Councils have simply not able to provide residents with basic amenities such as electricity and clean water.

Zimbabwe's per person GDP (1940- 2010)



Source: Center for Global Development, 'Costs and cause of Zimbabwe's crisis'

In 2008 a cholera outbreak in the country claimed more than 3 000 lives with more than 50 000 people infected. In terms of per person GDP (corrected for US\$ terms through a purchasing power parity measure), the country's economic growth hit a ceiling in 1974 (See Figure 1) and started to decelerate at the onset of one of the country's worst economic crisis in 1997.

Even before the economic crisis in 1997, the Zimbabwean economy was already experiencing serious challenges in absorbing new entrants into the labour market, notwithstanding high levels of education. This was largely a result of the government's failure to address the structural deficiencies created by dualism and enclivity. Colonialism, created a dual economy characterised by the majority of the population (which is largely unemployed) residing in the rural areas with a small enclave in the urban areas.

On attaining independence in 1980, Zimbabwe's political leaders used state resources as a source of capital accumulating. This bias towards parasitical, predatory, crony business relations meant that the kind of 'developmental state' incentives that allowed many rural Asians to migrate to prosperous, labor-intensive industries were never established by Zimbabwe's new rulers. The limited patronage-based services enriched a tiny group while impoverishing the rest of the country. In the absence of an explicit focus on employment growth and poverty reduction as development goals, the erratic growth that occurred after 1980 did not create sustainable employment opportunities to keep up with labour force growth. This left the economy highly informalised, with worsening poverty and inequality.

Apart from the poor economic indicators over the past decade, Zimbabwe is also extremely uncompetitive in the global marketplace due to political discord and polarisation, high country risk, policy inconsistency and conflict, disrespect for civil and property rights, economic uncertainties, dilapidated infrastructure, energy constraints, lack of credit, the recent hyperinflation, limited health care and education services, and poor institutional frameworks are some of the challenges faced by the economy.

1.3 Zimbabwe's ranking in ease of doing business

Period	World Economic Forum (WEF) Global Competitiveness Rankings	World Bank (WB) Ease of Doing Business Rankings	World Economic Forum (WEF) Global Enabling Trade Rankings	Heritage Foundation Index of Economic Freedom	Transparency International Corruption Perception Index
2007/08	129 / 131	154 / 183	-	-	150 / 179
2008/09	118 / 121	160 / 183	112 / 118	145 / 147	166 / 180
2009/10	132 / 134	156 / 183	118 / 121	175 / 179	146 / 180
2010/11	136 / 139	157 / 183	122 / 125	178 / 179	134 / 180
2011/12	132 / 142	171 / 183	-	-	-

Source: World Bank, *Ease of Doing Business Report 2012*

Command and control policies from central government and a highly polarized political environment led to a deterioration of the investment climate. As shown in Table 2, the 2011-2012 Global Competitiveness Report compiled by the World Economic Forum (WEF)³ ranked Zimbabwe 132nd out of 142 countries and the World Bank's Ease of Doing Business ranks Zimbabwe 171 out of 183 countries.⁴

Security of investments was also threatened by the Fast Track Land Reform Programme, by confiscations of capital and savings from bank accounts and pension funds, and more recently by indigenization laws which legalized requirements that non-indigenous investors relinquish 51 percent of their companies to indigenous people or to government. Consequently, local businesses remain at dramatically low capacity utilization levels, and there has been very little inflow of investment capital into the country as most potential investors and cooperating partners have adopted a wait and see attitude. FDI declined from \$69 million (2007) to \$60 million (2009) to about \$58 million in 2011.

³ The *Global Competitiveness Report* measures the operating environment and competitiveness of over 140 countries and identifies advantages and impediments to national growth.

⁴ The World Bank's *Ease of Doing Business Report* assesses the local regulatory framework in terms of its conduciveness to the starting and operation of a local firm.

1.4 The Causes

1.4.1 A History of Economic Mismanagement

Whilst the causes of the Zimbabwean economic crisis are multi-dimensional, poor ZANU PF policies over the past decade have been the main contributing factor. These include early populist socialist policies, the failure of structural adjustment programmes, unbudgeted expenditure in the DRC regional conflict and unplanned payouts to war veterans in the mid 1990s. However, the economic crisis of the late 1990s, which was essentially a crisis of over-accumulation of wealth by the ruling ZANU PF elite was nothing compared to the horrors of an entirely man made economic catastrophe crisis which started in 1997.

In this period ZANU PF presided over the greatest destruction of any economy ever recorded in history. Between 1997 and 2008, the economy lost 60 percent of its value, with capacity utilization plummeting to below 10 percent. An estimated 85 percent of the people were living below the Poverty Datum Line, surviving on US\$0.35 a day. By late 2008, any savings they kept in local currency had become worthless. By 2008, as shown in the table below, annual inflation had reached 200 million percent and economic activity had collapsed. The crisis affected Zimbabwe's neighbours as well. According to some estimates, the South African economy suffered damages to the tune of US\$37 billion and adverse effects reverberated through the SADC region.

Hyperinflation, March 2007 – Nov 2008

Date	Month-over-month inflation rate (%)	Year-over-year inflation rate (%)
March 2007	50.54	2,200.20
April 2007	100.70	3,713.90
May 2007	55.40	4,530.00
June 2007	86.20	7,251.10
July 2007	31.60	7,634.80
August 2007	11.80	6,592.80
September 2007	38.70	7,982.10
October 2007	135.62	14,840.65
November 2007	131.42	26,470.78
December 2007	240.06	66,212.30
January 2008	120.83	100,580.16
February 2008	125.86	164,900.29
March 2008	281.29	417,823.13
April 2008	212.54	650,599.00
May 2008	433.40	2,233,713.43
June 2008	839.30	11,268,758.90
July 2008	2,600.24	231,150,888.87
August 2008	3,190.00	9,690,000,000.00
September 2008	12,400.00	471,000,000,000.00
October 2008	690,000,000.00	3,840,000,000,000,000.00
14 November 2008	79,600,000,000.00	89,700,000,000,000,000,000.00

Source: Reserve Bank of Zimbabwe

The economic illiteracy, corruption, sabotage, mal-governance and quasi-fiscal insanity was epitomized by Reserve Bank Governor Gideon Gono who destroyed the economy by monetizing the crisis and ruining the currency. By December 2008, the increase in the Broad Money Supply (M3) exceeded 2000 percent, which meant effectively that the Zimbabwe dollar was not worth the paper it was printed on. By January 2009, the highest denomination was Z\$100 trillion, but even such a note was insufficient to buy two bottles of Coca-Cola.

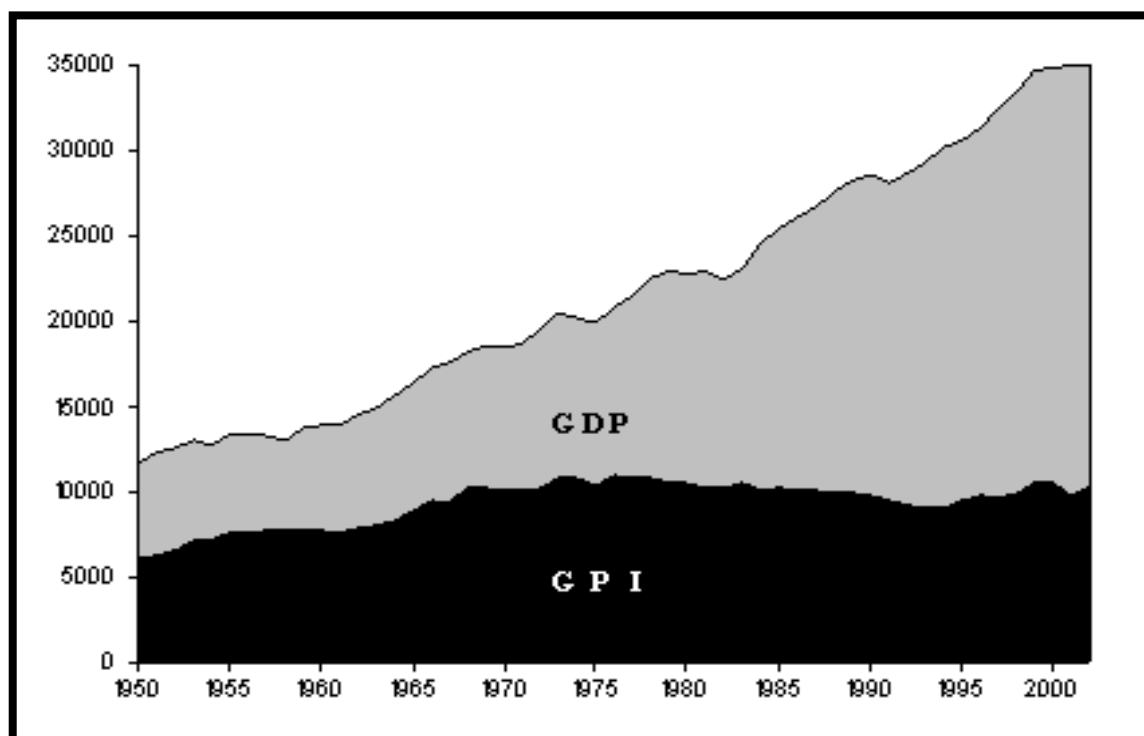
Nearly unique in the world today, this left Zimbabwe without the possibility of setting the currency's value, establishing interest rates and printing money to kick-start economic growth. The monetary and fiscal problems caused by these unsound macroeconomic policies include the following:

- High debt levels of more than \$9 billion and high fiscal deficit
- High inflation
- Industry capacity utilization at 10 percent;
- A technically insolvent Reserve Bank with US\$2,5 billion in quasi fiscal losses.
- The loss of our own currency and adoption of the US dollar.
- No international lines of credit;
- Crumbling air, road and aviation infrastructure and poor public services
- A very polarized business environment.
- 80 percent unemployment and rising poverty
- 70 percent of money out of official circulation.

The ZANU-PF government's ineptitude has cost every Zimbabwean over a decade in progression. Economists have estimated that the economic crisis has also seriously affected the country's income levels and has set the country back by more than half a century. In 1953, the average income was \$760 per year. In 2005, average income had fallen back to that of the 1950s wiping out income gains made over 56 years. Today, more than 80 percent of the population is living on less than £1 a day and half are suffering severe malnutrition. Without a credible plan to address this decay, the country was subjected to half-baked experimental economic policies with the central bank taking over central policy and fiscal responsibilities.

ANNEXURE 2

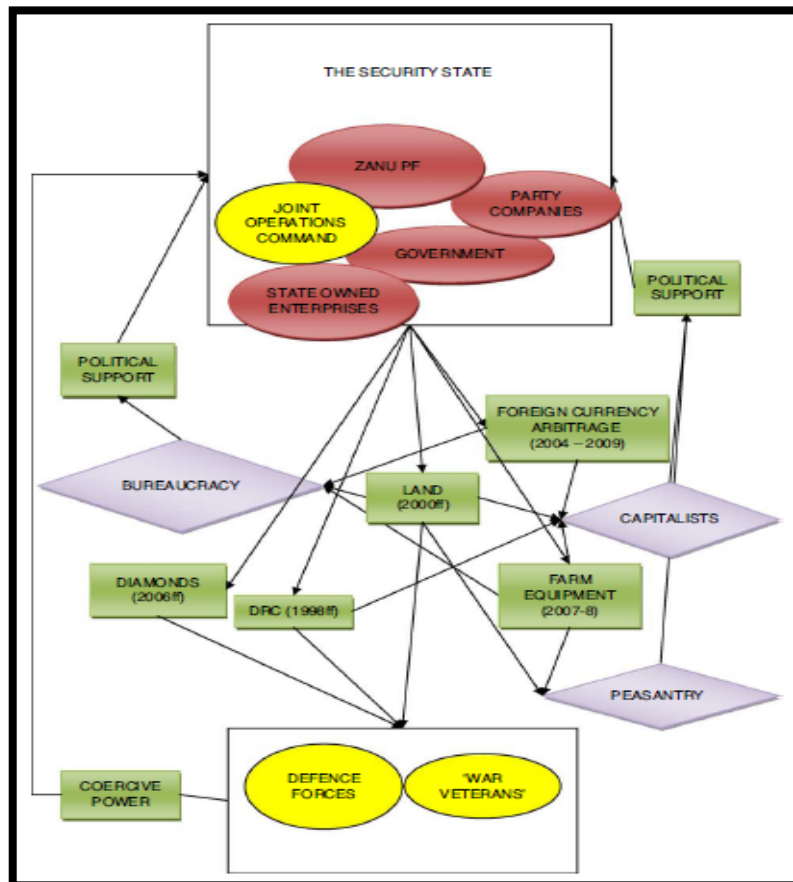
2. GDP or Genuine Progress?



Source: www.redefiningprogress.org

ANNEXURE 3

3. Patronage Relations in Zimbabwe



Martin Dawson and Tim Kelsall, 'Anti-developmental Patrimonialism in Zimbabwe', *Journal of Contemporary African Studies*, 2012, 30:1, 49-6.

3.2 ZANU PF's 'Smash and Grab' Indigenisation Policy - Why we oppose it?

3.2.1 Cronyism (A-looter-continua)

The Indigenisation program is the latest manifestation of cronyism, destructive to the prospects for genuine black business advancement (See Annexure 3). Given ZANU PF's history of economic destruction, the current indigenization program can only result in disaster. There is a disturbing precedent: from February 2000, after losing the Constitutional referendum and faced with rising MDC popularity before the June 2000 parliamentary elections, ZANU PF adopted a self-defense mechanism by embarking on a violent land reform programme. ZANU PF's land grab has mainly benefitted its cronies. The country's best land, on which sits the best infrastructure, has been given to a select few rich and powerful ZANU PF politicians and cronies who now own multiple farms. There is still inadequate support for peasants, and a dozen years later, after falling dramatically in the early 2000s, agricultural output is still behind 1990s levels.

The few people who benefited from the programme were given small A1 units where production is, in most cases, lower than their previous peasant livelihood. Before 1999, communal farmers produced 60 percent of the country's staple food with the national output levels being over 1.8-2.2 million tonnes. Average yields were 3.25 tonnes per hectare for small-scale producers, and 7 tonnes per hectare for large-scale farmers. By 2008, maize output had declined to as little as 400 000 tonnes per annum with yields now as low as 65 kg per hectare.

The lesson from land reform is that ZANU PF does not have the honesty, decency and technical competence to implement genuinely redistributive policies, no matter how noble they appear on paper. Multiple farm ownership by government ministers, the recent scandal regarding the grab of Save Valley Conservancy by ZANU PF Ministers are reminders of the misuse of empowerment policies for 'mass enrichment' by those who are politically connected. The same will happen to our private sector under the indigenization policy.

3.2.2 No Benefit to the Poor, no Job Creation Potential

ZANU PF has failed to articulate how this policy will benefit the poor or create jobs or how it intends to fund the acquisitions. With more than 8 in 10 Zimbabweans out of work, the indigenisation policy is focused on redistributing a small portion of the businesses that are foreign owned with no discernible policies on how to create new sustainable jobs to address the problems of high unemployment.

In the most extreme case, the indigenization of diamond mining in Chiadzwa has resulted in tax evasion worth hundreds of millions of dollars to the state fiscus. In the first quarter of 2012, only \$35.1 million was received by the Zimbabwe Revenue Authority from the four main companies operating at Chiadzwa – Anjin (which paid nothing), Mbada, Diamond Mining Corporation and Marange Resources – even though \$169 million was anticipated.

3.2.3 Harassment of Real Black Entrepreneurs

Where Zimbabwe has produced genuine indigenous entrepreneurs who are not connected to the political elite, ZANU PF has attacked them.⁵ Over the years, black capital has been subjected to all manner of debilitating state interference, including persecution, closure of companies, and the irrational price controls between 2006 and 2008 and the destruction of the confidence and security that local business requires to justify capital investment and job creation. The only businesses that have not been attacked are those associated with ZANU PF cronies.⁶

The MDC will foster a business friendly environment in which indigenous business people are supported in their efforts regardless of political affiliation. Real

⁵ Shingi Mutasa, Shingi Munyeza, Strive Masiyiwa, James Makamba, Nigel Chanakira, Mutumwa Mawere, Enock Kamushinda, William Nyemba, Chris Goromonzi, Mtuli Ncube, Jeffrey Muzwimbwi, Nyasha Watyoka, Gilbert Muponda, David Butau and Chris Kuruneri, to mention a few.

⁶ These include Roger Boka, Oliver Chidavu, Phillip Chiyangwa, Supa Mandiwanzira, Emmerson Mnangagwa, Paddy Zhanda, Saviour Kasukuwere, Gideon Gono, the Shah brothers, Bhadella, Ignatius Chombo, Nicholas van Hoogstraten, John Bredencamp, Billy Rautenbach and Edison Zvobgo.

indigenisation and Upliftment should not be selective and persecuting businesses who don't support your cause.

3.2.4 The Failure of Similar Indigenization Policies in the Region to Empower Locals

Empirical evidence from countries that have implemented similar indigenization models to ZANU PF's proves that there is no automatic route from expropriation to development. Nigeria and South Africa are two close examples. In Nigeria, the state attempted indigenization in 1972 and 1978, but the strategy was abandoned after failing to achieve the desired objectives. In South Africa, the government recently conceded that indigenization – Black Economic Empowerment (BEE) – had failed to transform the South African economy, as it largely benefited a few well-connected elites, including whites who used blacks for fronting. BEE fueled corruption through shaking down large companies to hand over shares to established black businesses through corporate sectoral charters. BEE also fed into '*tenderpreneurship*' in which the state directs tendered subcontracting and outsourcing to cronies. It also failed to support and promote small businesses. Similar negative experiences have also been reported in Namibia, India and Sri Lanka, as well as more positive ones.

However, some schemes in Malaysia and China reflected a merit-based system for redistribution and encouraged more productive activity instead of the parasitism favoured by ZANU PF. Those experiences highlight the need for a developmental state, assessing the relationship of redistribution to FDI, and the undertaking policies to integrate marginalized groups and sectors. Instead, following the worst experiences, the concept of indigenization in Zimbabwe is narrowly defined as the mere transfer of ownership. It focuses on the distribution of existing wealth instead of expanding the productive base of the country.

3.2.5 The Policy is Incoherent

The policy is not carefully thought out. Demanding the surrender of 51 percent of shares in targeted companies to approved recipients is unreasonable. The Indigenisation and Economic Empowerment Act fails to recognize that a company cannot compel shareholders to transfer shares. In the case of public companies whose shares are traded on a stock exchange, the transfer of shares occurs daily so that it is impossible to determine whether, in the event share transfers do occur, the companies' ownership will continue to be held by indigenous Zimbabweans.

By forcing these transfers through a stock market, which has many non-indigenous investors, ZANU PF's strategy will backfire, as the indigenous holders simply sell shares and non-intended recipients take them up. In its current form, the policy is shallow and incoherent. It is intended to improve the party's waning political support ahead of the next election.

3.2.6 Beyond the Indigenisation 'con' ZANU-PF has Nothing

The policy is an example of ZANU PF's history of populist policies which have cost the country a decade of economic growth. Beyond the rhetoric regarding Indigenisation, it is clear that ZANU PF have no other coherent economic policies. The assumption that indigenisation on its own will lead to empowerment and

economic growth is fundamentally flawed. This minimalist approach will not stabilize or transform the Zimbabwean economy to achieve growth. Indigenisation on its own will not create jobs or address inequality.

The indigenization program is selfish, elitist and partisan. It encourages economic aggrandizement and plunder by ZANU PF cronies. Some companies (especially those owned by Chinese investors) are being exempted from compliance which has resulted in a selective application of the law.

3.2.7 Negative Impact on Foreign Direct Investments

Indigenization is the nemesis of FDI, domestic investment and economic growth. It scares away investors because of its undertones of irrational expropriation. There is no transparency in the law's implementation. The indigenisation policy has a potentially destabilising effect.

The indigenisation policy has contributed significantly to a polarised business environment, poor investor confidence and weak FDI flows. Since the IEE Act was enacted, net FDI figures (as a percent of GDP) have recorded an all time low, with negative inflows at -25.9 in 2009, and -21.1 in 2011. The uncertainty and inconsistency around the application of the policy has affected investment decisions particularly for new investments across the productive sector.