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IMPROVING ZIMBABWE'S PUBLIC POLICY ENVIRONMENT AS A REGIONAL AND GLOBAL STRATEGY FOR RE-ENGAGEMENT

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ABSTRACT
For almost four decades, Zimbabwe's economy has been on a downward trend. Several economic policies have been adopted in an effort to mend the ailing economy, to no avail. According to the World Bank (2005), for public policies to be effectively implemented, political and economic fundamentals should balance. However, the politics of Zimbabwe continues to negatively impact on economic recovery and integration with regional and international trade networks. The net effect of this public policy imbalance is the ballooning of the national debt, skyrocketing of national inflation and pathetic positioning of the country on the human development index. The current government's 'Zimbabwe is now open for business' mantra is failing to turn the country's economic fortunes. It is against this backdrop that this qualitative research paper interrogated through desk research, the main challenges curtailing Zimbabwe's complete re-engagement with international economic communities so as to proffer recommendations for successful economic re-engagement.

Keywords: *Zimbabwe, economic policies, re-engagement challenges, economic recovery strategies*

INTRODUCTION
From 1980 to date, the political economy of Zimbabwe has been unstable due to inconsistent economic policies which have resulted in unbridled inflation and disastrous currency reforms. This economic roller coaster which is bedeviling the country has thwarted all hopes of the much anticipated economic prosperity in the post Mugabe era. The new dispensation is making frantic efforts to come up with transformative models which can positively turn around the ailing economy but the economic fundamentals are not adding up. The severity of the economic crisis has forced the government of Zimbabwe into a process of re-engagement with international economic communities under the banner – 'Zimbabwe is Now Open for Business'.

According to the Transitional Stabilization Programme (TSP), the current economic blueprint, the government is embarking on implementation of national development policy initiatives and programmes in order to transform the economy and ensure realization of the country's Vision 2030, the African Union (AU) Agenda 2063 and the United Nations 2030 Agenda for Sustainable Development (UN SDGs). It is envisaged that amongst other initiatives, economic re-engagement will eventually unlock the much anticipated business opportunities. The paper is a product of desk research whose purpose is to proffer recommendations for effective economic re-engagement of Zimbabwe so as to re-invigorate the economy which is currently in the intensive care.

METHODOLOGY
This paper adopted a qualitative approach, which helped to fully explore the issue under study. The methodology entailed systematic analysis of literature on public policy, economics and statistics. Such as journals, authoritative texts, legal and policy frameworks. Data analysis was carried out through the analytical narratives approach and thematic content analysis.

THE ECONOMIC POLICY ENVIRONMENT IN ZIMBABWE (1980-2017)

Fox and Meyer (1995) defined public policy as a guide of action or statement of goals that should be followed in an institution to deal with a particular problem or phenomenon or a set of problems or phenomena. Since 1980 the government of Zimbabwe has been adopting a mixture of both progressive and regressive economic policies. Zhou and Hardlife (2012) categorised these policies into three distinct decades: first decade, second decade and third decade. The first decade of Zimbabwe's independence ushered in a number of progressive policies which received overwhelming support both locally and internationally. These included education-for-all and health-for-all policies. During this initial post-independence period, policy-making mainly focused on redressing social and economic imbalances and injustices created by the colonial administration so as to remedy colonial inequalities. The new government faced the pressing challenge of reconstituting and realigning the inherited national policy-making structures in line with the new set up since the colonial governance structure and policies harbored inequalities and injustices at every level of the society (Zhou and Hardlife, 2012).

However, in the second decade the government adopted disastrous socio-economic policies which reversed the gains of the first decade. Some of the regressive economic policies are the Economic Structural Adjustment Programme (ESAP) adopted in 1990, which was implemented in line with prescriptions by the Bretton Woods Institutions (BWIs) (Makoni, 2000). According to Zhou and Hardlife (2012) the policy was supposed to de-emphasize expenditure on social services and emphasize investment in the material production sectors such as agriculture, mining and manufacturing. The structural and situational constraints which resulted from ESAP, led to the adoption of the Zimbabwe Programme for Economic and Social Transformation (ZIMPREST). ZIMPREST was launched in February 1998 to restore macro-economic stability, poverty alleviation, facilitate public and private savings and investment, and to invest in human resources (African Development Bank and African Development Fund, 1999). Furthermore, it was hoped that ZIMPREST would extend and broaden the policy reforms implemented under the ESAP. However, the programme failed to meet the target set due to lack of international financial support to back up policy implementation (Zhou and Hardlife 2012). ZIMPREST was however, doomed because of too many unachievable goals which included poverty reduction, land reform, employment creation, institutional reforms and decentralization.

Howard-Hassmann (2010) highlights that policy making in the third decade coincided with the inclusive government framework. The decade was characterised by intense economic crisis and political turmoil. Some of the policies adopted during this decade are the Fast-track land reform policy; Access to Information and Protection of Privacy Act (AIPPA) and Public Order and Security Act (POSA); the Indigenisation and Economic Empowerment Policy; Diamonds Policy and Mid-term Economic Policy (2011 – 2015). Post inclusive government policies included the economic blueprint launched in October 2013, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim-Asset). This continuous adoption of inflexible national policies is one of the reasons why Zimbabwe continues to face isolation by the international community.

THE ECONOMIC POLICY ENVIRONMENT IN ZIMBABWE IN THE NEW DISPENSATION (2017-2020)

From 2017-2020 the current government (New Dispensation), crafted the Vision 2030 policy framework, which has the objective of transforming Zimbabwe's economy through creation of an open economy capable of attracting the much needed foreign direct investment. The Vision's target is to ensure that Zimbabwe becomes a middle income economy with a per capita income of US$3500 per person by 2030. As a response to Vision 2030, the new administration coined the 'Zimbabwe is Now Open for Business' mantra after realisation that investment is a vital component for reinvigorating the productive sectors. In order to support Vision 2030 the government crafted the Transitional Stabilisation Programme (TSP) in a bid to resuscitate the economy after years of gradual deterioration. The TSP which is a roadmap for achieving Vision 2030 outlines policy reform initiatives which aim to awaken domestic production, increase exports, and promote reconstruction and transformation of the economy to an upper middle income status by 2030.

CHALLENGES AFFECTING ZIMBABWE'S ECONOMIC POLICY ENVIRONMENT

The following are some of the challenges which are affecting Zimbabwe's economic policy environment and subsequently repelling foreign investors:

- **Aggressive Diplomatic Character**

Since the turn of the third millennium the former government of Zimbabwe sacrificed diplomatic relations and economic networks on the altar of political expediency. The late former head of state and government tongue-lashed foreign leaders who accused his government of 'bad governance', labelling them as agents of regime change. This resulted in acrimonious diplomatic relations and isolation of Harare by the international community. A combination of an ambitious foreign policy and a rigid diplomatic style reduced the country to a pariah state. Instead of accepting responsibility for the collapse of the economy, the government adopted the sanctions mantra as a scapegoat for its malgovernance. The narrative that has been maintained is that the present crisis that the country finds itself in is a result of the sanctions imposed by the west on Zimbabwe (Chenga, 2016).

- **Protracted Company Incorporation Processes**

The Zimbabwe Economic Policy Analysis and Research Unit (2012) posits that progressive governments play a critical role in putting in place enabling policy frameworks that expedite economic development. As such processes for incorporation of companies should be simplified. Previously, registration of new businesses in Zimbabwe was a protracted process until the recently introduced 'Ease of Doing Business' reforms. The hostile company incorporation process has been attributed to corruption by bureaucrats and is viewed as the leading factor which has been scaring away foreign investors (Choruma, 2016). That is why the World Bank (WB) Ease of Doing Business 2013 Indicators portrayed Zimbabwe's poor rankings of position 157 out of 185 countries in 2011 and then position 173 in 2012 (African Development Bank Group, 2013). Due to the absence of a favourable business environment foreign investors continue to shun long-term investment in Zimbabwe.

- **Investment Repelling Economic Policies**

Politicking on policy issues is a vice which has negatively affected Zimbabwe's economic policy environment. Political interests of the ruling party influence national policies since there is prioritization of the interests of the party at the expense of national interests. Partyhood takes precedence over nationhood (Zhou and Hardlife 2012). For example policies on access to natural resources have been crafted in such a way that they mainly benefit senior ruling party and government officials, especially in agro-business, mining and wildlife management. This politicking on policy issues has therefore created a negative image of the country in the international community which has resulted in imposition of preconditions for meaningful re-engagement such as solid evidence of credible and noticeable progress on political and democratic reforms.

There has also been concern with protectionist policies such as Statutory Instrument SI/64 of 2016, which imposed trade restrictions on locals and neighbouring trade partners. These policies make it difficult for locals to import basic goods and trade with their neighbours creating undue socio-economic hardships (Chitiyo, Vines and Vandome, 2016). Another major hurdle has been lack of political will for implementation of adopted policies. Well-crafted economic blue prints gather dust without transforming the economic fortunes of the country. This has resulted in deterioration of economic performance (Chenga, 2016).

- **National Debts**

The TSP (2018) states that the major economic challenges faced by Zimbabwe relates to the unsustainable and prolonged fiscal deficits that perpetuate uncontrolled domestic borrowing thereby causing macro-economic instability. Further, the African Development Bank and African Development Fund (1999), highlight that the country's external debt stock was estimated at the equivalent of 101.5% of the GDP in 1997. The external debt service ratio of the country was 20.8% in 1998 and projected to fall from 20.8% in 1999 to 19% in 2000 and 16.8% in the year 2001. However, as of September 30 2015, Zimbabwe's public and publicly guaranteed debt inclusive of arrears stood at $8, 368 billion of which $1, 29 billion was domestic debt, whilst $7, 078 billion was external debt (Gwanyanya, 2016).

In March 2012, the government adopted a debt clearance plan called the Zimbabwe Accelerated Arrears Clearance, Debt and Development Strategy (ZAADDS), aimed at normalising relations with the International Financial Institutions (IFIs). Zimbabwe entered into a Staff Monitored Programme (SMP) with the International Monetary Fund (IMF), as a sign of commitment to clear arrears on its debt repayments (Chitiyo et al, 2016). The review of the SMP in March 2016 concluded that targets had been met but this was not sufficient enough to enable the country to obtain new finance from the IFIs (Chitiyo et al, 2016).

In 2015 the Lima agreement, required the government to clear its arrears of $1, 8 billion to IFIs namely WB ($1, 1 billion), ADB ($601 million) and the IMF ($111 million) as of 30 June 2016, however, the government failed to honour the agreed timelines. The government's failure to service its debts particularly with multilateral institutions has created a high economic risk profile for the country, which is encountering challenges in accessing lines of credit (Gwanyanya, 2016). This state of affairs has made Zimbabwe an extremely unattractive destination for Foreign Direct Investment (FDI).

- **Failure To Adhere To Principles Of Good Governance**

Sections 3(1) (h) and 9 of the Constitution of Zimbabwe provide that good governance is one of the principles guiding Zimbabwe. The WB views good governance as the manner in which power is exercised in the management of a country's economic and social resources for development. It is measured by indicators which assess the country's capacity to achieve tasks assigned to it, with rules and regulations laid down by it, and within the context of favourable environmental conditions. Indicators of good governance include accountability, political stability, government effectiveness, and regulatory quality, rule of law and control of corruption. In Zimbabwe there has been extensive failure to adhere to these principles of good governance through lack of transparency and accountability, systemic corruption as well as violation of human rights, hence the economic sanctions which have been imposed on Zimbabwe by the West, and the United States through the Zimbabwe Democracy and Economic Recovery Act (2001) and the subsequent amendment in 2018.

The TSP emphasizes that transparency and accountability by all stakeholders and citizens is key for the transformation of the economy and realization of the aspirations of Vision 2030. There is however, serious concern with transparency and accountability particularly in the management of public funds in government, parastatals and state owned enterprises in Zimbabwe. The Auditor-General's Report (AG) for the financial year ended December 31, 2014 flagged out governance weaknesses and rampant misappropriation of public funds in government and the public sector. Furthermore, the AG's Report for the financial year ended December 31, 2018 unearthed, amongst others, massive corruption; misuse of public funds; public sector mismanagement; corporate governance weaknesses; lack of transparency and accountability in State Enterprises and Parastatals (SEPs). Weaknesses in governance practices have seriously compromised accountability and transparency. Corporate governance shortfalls have resulted in lack of transparency, accountability and effective monitoring mechanisms.

Zimbabwe has signed and ratified several regional and international human rights standards, which place obligations on the State to promote, protect and enforce human rights. In spite of these human rights obligations, civil and political rights as well as socio-economic rights are still violated with impunity. There is still a big gap between human rights in theory and practice. Zimbabwe Human Rights NGO Forum (2018) opined that Multi-National Companies (MNCs) are regulated by the United Nations Guiding Principles on Business and Human Rights (2011) which prohibit them from investing in countries which violate human rights. The government should therefore adopt a foreign policy that is both responsive to human needs and sensitive to human rights. Some of the governance reforms recommended by the TSP include: fairness in application of the rule of law, as well as upholding of human and property rights. The Open for Business mantra should be accompanied by tangible improvements in human rights conditions which promote human security for both citizens and investors. That is why the Zimbabwe Human Rights NGO Forum (2018) opined that the 'Zimbabwe is Now Open for Business' mantra can only succeed if there is roust fidelity to constitutional provisions that promote responsible resource management and fiscal accountability as envisaged by the Constitution of Zimbabwe.

- **Corruption**

Corruption is one of the major threats to Zimbabwe's economic development agenda. According to Choruma (2016) Zimbabwe has become so embedded with rampant grand corruption that it has now become the tormentor of its own economic development agenda. Hlatywayo and Mukono (2014) also view this misuse or the abuse of public office for private gain as systemic and institutionalised such that it is now a socially accepted practice. The most prevalent forms of corruption in Zimbabwe include fraud, bribery, embezzlement of public funds/property, smuggling, externalisation of funds, concealment of information, misuse/abuse of office/position for personal gain, extortion, misrepresentation, nepotism and tax evasion (Chitiyo et al, 2016). Corrupt activities resulted in the loss of US$15 billion worth of diamonds which were siphoned out of the country. Public sector entities such as the National Social Security Authority (NSSA), Premier Service Medical Aid Society (PSMAS), Zimbabwe Broadcasting Corporation (ZBC), Zimbabwe Revenue Authority (ZIMRA), Air Zimbabwe, Zimbabwe Electricity Supply Authority (ZESA), Net One, have all been fingered out in corrupt dealings involving millions of dollars.

Because of this extensive and systemic corruption, Zimbabwe was ranked 150/168 on the 2015 Corruption Perception Index (CPI) survey published by Transparency International (TI). This poor ranking compromises the competiveness of Zimbabwe in attracting FDI and thwarts its grand plans for economic revival. It is therefore evident that the government of Zimbabwe is failing to deliver on its promises of economic prosperity for all citizens due to lack of political will to eradicate the deep-rooted corruption and the propensity for extravagant non-official expenditures.

- **Violation Of Bilateral And Multilateral Agreements, And Property Rights**

Zimbabwe is bound by several bilateral and multilateral agreements entered into with the Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA) and World Trade Organisation (WTO) among others. Government's failure to comply with provisions of these agreements compromises the process of re-engagement. Makoshori (2015) affirmed that the government has shown minimum commitment to honour and implement provisions of the Bilateral Investment Promotion and Protection Agreements (BIPPAs) and the Vision 2030. It was also reported in the Newsday of 24 February 2016 that Zimbabwe violated its 1996 agreement with China by unilaterally stopping Chinese-owned diamond producers from operating at Marange Diamond Fields. Such conduct reduces external confidence in the government (Chitiyo et al, 2016).

CONCLUSION

From the discussion, it is evident that Zimbabwe is still far from being open for business. Full international re-engagement is determined by the level of political will by government which should strengthen its policy making and implementation capacities. However, holistic structural economic reforms can propel Zimbabwe to its yesteryear status of being the bread basket of Africa, and become a middle income economy by 2030.

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RECOMMENDATIONS

For successful re-engagement to occur, the government should address the following issues:

- There is need for review of policies and laws which are counter-developmental so that they comply with principles of good governance.
- The government should eliminate corruption which is making the country unattractive to foreign investors due to increase in costs of setting up and running businesses.
- There should be full commitment to a long-term development strategy which promotes local economic initiatives so as to build investor confidence.
- The government should promote good governance as part of its political reform agenda as a sign of its commitment to economic re-engagement with the international community.
- There is also need to avoid politicization of the policy making process which currently reflects ruling party political interests.
- In relation to the ballooning national debt, the government should finalize the arrears clearance process and restructure debts with the institutions it owes.
- The government should be willing to adopt a long term plan for economic reform and abide to terms and conditions set.

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