



**Movement for Democratic Change (MDC)**

## **RESTART: Our Path to Social Justice**

**The MDC's Economic Programme for  
Reconstruction  
Stabilisation  
Recovery  
and  
Transformation**

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# PREFACE

Almost a quarter of a century after independence, Zimbabweans are as poor as they were in 1970, fewer people have formal sector jobs now than in 1980, and life expectancy is lower than in 1960. No matter which yardstick of human development is used, the country has regressed significantly in the last ten years.

That this should have been allowed to happen in a country once widely described as the “Jewel of Africa” beggars belief, the more so since most of the wounds have been self-inflicted. When ZANU(PF) took over the reins of government, Zimbabwe boasted one of Africa’s most diverse economies, its literacy rates were amongst the continent’s highest, its infrastructure amongst the region’s most developed and its industrial sector second only to that of South Africa. Two decades of misrule and poor governance at the hands of a rapacious clique of power-hungry politicians have transformed the Jewel of Africa into a failed state.

It is only the MDC that is capable of reversing this tragedy and turning Zimbabwe into the success story it should be. To tackle the economic crisis, the MDC has drawn up a comprehensive economic strategy *RESTART: Our Path to Social Justice*. RESTART addresses the country’s immediate stabilisation and reconstruction needs, which will also launch the MDC’s industrialisation strategy, through which jobs and economic growth will be sustained in the long term. With the re-establishment of the rule of law, RESTART will succeed under the transparent and participatory government which MDC will establish.

RESTART is the outcome of a debate inside the Party and with outside experts and stakeholders. It incorporates the MDC’s core values and goals, while at the same time providing a specific programme of action to tackle the economic and social crisis.

We in the MDC are not promising any quick-fix solution – the crisis is far too severe and deep-seated to allow instant recovery. What the MDC is offering in RESTART is Zimbabwe’s best chance for a return to normality within a bearable time-frame, together with the progressive establishment of self-sustained, equitable economic growth and development.

Morgan Tsvangirai  
MDC President



# 1. THE POLITICAL FRAMEWORK

## 1.1 Social Justice

The challenge facing the working people of Zimbabwe, the struggle for social justice, progress and prosperity, is a huge one. Zimbabwe is in the throes of a deep political, economic and social crisis that needs urgent and decisive action. Equally, the persistent structural issues of inequality in access to resources, income-earning opportunities and redistribution of national resources are fundamental and have to be resolved. Successive ZANU(PF) governments have done little to tackle the inequalities inherited at independence. Indeed, since the late 1990s, real incomes have fallen, poverty has deepened, inequality has increased and life expectancy has declined drastically. At the same time a tiny minority have been aggressively enriching themselves at the nation's expense.

The Movement for Democratic Change is a young party with a new generation of leaders, committed to restoring the political and economic integrity of Zimbabwe and putting the country on to a sustainable development path. As a social-democratic party, the MDC's values and principles require a development path that overcomes the established pattern of marginalisation and exclusion and establishes social justice for all the people of Zimbabwe. For the MDC, social justice is not a rhetorical platform, but a concrete ideal based on the party's values of solidarity, justice, freedom and liberty, democracy, empathetic leadership, equity and equality.

The pre- and post-Independence history of Zimbabwe demands that the MDC create opportunities for serious social dialogue, dealing with the political legacies of the liberation struggle and especially the interests of war veterans and nationalist alliances within the region. The MDC will provide space for national healing and justice, responding to the human rights and social abuses that have been perpetrated since Independence. The MDC's conception of nationalism is one that engenders inclusion and democratic participation, not one of coerced involvement and domination. Nationalism provides the foundation for Southern African regionalism that goes beyond a primary concern for the sovereignty of the state to one for the sovereignty of the people.

The MDC's economic development programme detailed in this document lays the basis for a profound transformation of Zimbabwe. This programme presents a major "restart" after more than two decades of ZANU(PF)'s misrule, which has been characterised by policies that have failed to address underlying

structural issues and were implemented via misdirected state intervention, accompanied by massive corruption. The programme's abbreviated name, RESTART, encapsulates four main elements: Reconstruction, Stabilisation, Recovery and Transformation. RESTART is a process and a goal, an ideal and a target, through which the potential of our people will be galvanised towards achieving a just and equitable society.

## **1.2 Background to RESTART**

RESTART is a five-year programme situated within the context of the MDC's overall policies. These policies have been developed from the National Working People's Convention in 1999, at subsequent MDC congresses, in election manifestoes, and as a result of the Party's internal participatory consultation process. RESTART replaces the MDC's earlier economic blueprint, dubbed BRIDGE, which formed a key element of the 2002 presidential election campaign. Behind the evolution of BRIDGE was an understanding and belief that the MDC's candidate would win the election and be free to embark on the party's programmes defined in its February 2002 election manifesto. The figures, forecasts and prognoses in BRIDGE were based on an execution date of March 2002. The economic reality that the country now faces is far more grave, requiring a wholesale revision not just of the numbers but also of the approach.

As is now well known, the March 2002 presidential election was "stolen" as a result of a variety of machinations including massive vote-rigging and crude violence. BRIDGE therefore never saw the light of day as a programme for implementation, but as a policy framework it opened debate within the party on the core objectives of recovery and transformation and how these might best be achieved. RESTART is thus a product both of changing external conditions and of internal political dialogue on meeting economic, social and political goals in a balanced manner.

When a conscious decision was made to develop a fresh approach, key resolutions of the 1999 National Working People's Convention were identified as an important starting point (see Box 1). The defining conclusions of the Convention essentially involved a programme that prioritised the satisfaction of people's needs and demands, yet at the same time ensured stabilisation and growth of the economy. RESTART is a restatement and recommitment to these social-democratic ideals.



## **Box 1: Key Resolutions of the 1999 National Working People's Convention**

"National policies should prioritise the mobilisation and organisation of resources to meet people's basic needs for food, security, shelter, clean water, health and education; the equitable distribution of resources such as land, skills, capital and technology for production and industrialisation strategies that are based on building and using the capabilities of the people for production ..."

"The Convention further resolved that measures be taken to restore a people driven process towards social development, that mobilises and organises capacities within communities and that matches them with complementary inputs from the state, according to agreed and legally defined standards ..."

"The state's role in production systems be redefined towards facilitation rather than interference, with state intervention in strategic, targeted, transparent and time bound; aimed at resolving market failures; augmenting the market in a manner that maximises social welfare and overcoming constraints to or providing incentives for development of areas of future growth and economic opportunity. Where market failures severely weaken the ability of people to procure basic rights to food, shelter, health and education, the state shall intervene with targeted, end user directed and time bound subsidies ..."




"Immediate measures should be taken to reduce inflation, including complementary monetary policy and fiscal policy; rationalisation of ministries and reduction of wasteful expenditure; strengthened independence and powers of state audit and action on transgressions found; widening of export incentives and control of non essential imports; vigorous promotion of local products and self reliant approaches to food security ..."

"These other measure be specified and implemented through a mechanism for national consensus that involves all national stakeholders, that has a mandate to negotiate, implement and evaluate economic measures; that is defined by law and that is mandated to negotiate a social contract on immediate pressing issues in an open, transparent manner that builds trust and accountability between the parties and that is carried out in an environment of respect for the rights of the participating parties ..."

### 1.3 Defining Issues and Principles

Although the current crisis in Zimbabwe is extreme, the country is not alone in facing growing inequality and poverty. In a global context, African countries face trade and market barriers, and do not always meet democratic standards for the protection of security and human rights that are necessary for economic and social justice. RESTART has been planned for implementation in a context of regional and global inequality, not just of income and wealth but of power. The MDC government will not allow the amelioration of pressing economic and social problems to distract from the challenge of uniting with like-minded partners from the region and beyond to forge trade and other arrangements that are conducive to Zimbabwe's development.

RESTART offers immediate, short-term action to initiate the long-term task of eliminating poverty by transforming the structure of the economy to one that makes sustained, equitable growth possible. The social-democratic objectives of the MDC translate into a development strategy based on three pillars:

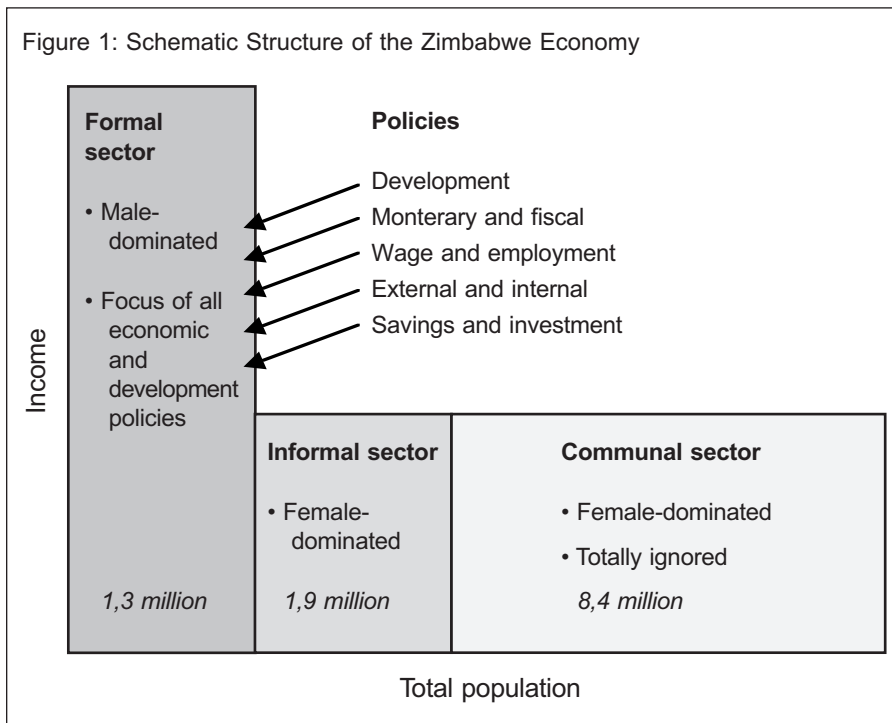
-  Participatory democracy, based on constitutionalism and the rule of law.
-  A strong economy, based on sound market principles.
-  A progressive, growth-oriented, redistributive state.

The party has identified a number of principles to guide policy at this juncture. A full list of these principles is given in Section 1.3 of the document *Values Goals and Policies of the MDC*.

RESTART takes full cognisance of the present structure of the economy (see Figure 1). Past policies have focused on the male-dominated formal sector, and have neglected the non-formal sectors that accommodate the majority of the population, and particularly women; they have therefore reinforced the dual (separate) and enclave (isolated) structure of the inherited economy. The economy cannot rely on the formal economy alone to meet the development needs of the people. The expected development "trickle down" from the formal to the non-formal economy has not occurred – and it is not likely to occur.

RESTART therefore incorporates conscious policies for the integration of non-formal economic activities into the mainstream economy. It is only by tackling the present distortions head-on, and persisting over a period which will extend well beyond RESTART, that an inclusive and sustainable human development path can be achieved.

Figure 1: Schematic Structure of the Zimbabwe Economy



Source: G. Kanyenze, Giving Voice to the Unprotected Workers in the Informal Economy in Africa: The Case of Zimbabwe

## 1.4 The Challenges and Main Components of RESTART

Negative GDP growth rates for a continuous period of six years, massive devaluation of the currency, undermining of the productive capacity of the economy, shortages of food and other necessities and the collapse of social services constitute a classic post-war scenario, with all the attendant challenges. The objectives of RESTART are to **reconstruct** the social fabric and economic infrastructure, to **stabilise** the macro-economy, to **recover** levels of savings, investment and growth, and to begin to **transform** the economy and society to achieve equitable, inclusive national development. RESTART is set to increase real incomes and employment, empowering previously disadvantaged groups by providing them with access to resources and opportunities to increase their incomes in a meaningful way. The programme also seeks to ensure that Zimbabweans have equitable access to high-quality, affordable health, education and social services, which are essential for economic development.

RESTART necessarily involves a massive reconstruction and recovery effort. The following are the major components of the programme:

- 👉 Implementation of a growth-oriented recovery programme, designed to restore price and exchange-rate stability, generate jobs and alleviate poverty.
- 👉 Immediate implementation of social and humanitarian programmes to deal with:
  - the critical and fundamental challenge of HIV/AIDS;
  - the humanitarian crisis, particularly relating to hunger and health;
  - the shortages of essential commodities such as food and fuel.
- 👉 Rehabilitation of the collapsed social, health and education sectors, ensuring access to affordable services.
- 👉 Immediate rebuilding and expansion of physical infrastructure: energy (liquid fuels, coal and electricity), transport (rail, road and air) and telecommunications.
- 👉 An audit and evaluation of public enterprises and all past privatisation programmes with a view to:
  - creating a national asset register;
  - rationalising non-beneficial or non-performing public enterprises;
  - assessing whether past privatisations were above board and in the national interest;
  - examining accusations of asset-stripping.
- 👉 A national land audit, rationalisation of land distribution, and the immediate implementation of a well-constituted agricultural recovery programme involving the communal areas as well as commercial farmlands.
- 👉 An audit of the national debt with a view to repudiating all odious debt and negotiating a rational repayment schedule for the remainder.

## 1.5 The Political Prerequisites of RESTART

A durable political settlement in Zimbabwe is a precondition for the implementation of RESTART. Put in stark terms, it is essential that political legitimacy be restored in Zimbabwe, following the electoral fraud of 2002. Legitimacy can come only through a free and fair election in which Zimbabweans are freely allowed to express their will. Such an election can take place only on the basis of a new constitution to ensure democratic space for Zimbabweans. Thus the following political conditions are essential:

- ✎ Restoration of political legitimacy in Zimbabwe.
- ✎ Restoration of political freedoms and liberties.
- ✎ Restoration of the rule of law and personal security.
- ✎ A new, people-driven, democratic Constitution.

The possibility of a negotiated settlement with ZANU(PF) that leads to a transitional process of change is foreseeable. Any transitional arrangement would be a compromise, with inevitable constraints on the MDC's ability to implement its economic policies and programmes. However, any transitional economic programme should be derived from RESTART, enabling the process of recovery and transformation to begin at the earliest possible opportunity. Every day of delay makes the conditions for implementing RESTART exponentially more difficult.

## 2. NATIONAL ECONOMIC PRIORITY ISSUES

### 2.1 Governance

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

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

To make participatory decision-making operational at the national level, the MDC government will establish via an Act of Parliament the **Zimbabwe Economic Development Council (ZEDC)** (first proposed by the ZCTU in its 1996 document "Beyond ESAP") as the main consultative body to work closely with Parliament, economic ministries and the Reserve Bank to formulate and supervise the implementation of specific policies and programmes under RESTART.

While the MDC is aware of the dangers of having a separate planning function within government, in the context of the challenges Zimbabwe currently faces it is proposed that a **Planning Commission** be established. This will be a small, professional unit, charged with working with and through ZEDC to implement RESTART. The Planning Commissioner will be Chairman of ZEDC. Other senior members of government will also be members of ZEDC.

To enable ZEDC to be effective, it will be supported by a number of sub-committees, constituted as task forces with specific functions. The structure and roles of the task forces are summarised in Figure 2 and Box 2 on the next pages.

## 2.2 Humanitarian Crisis

Since 1999, about 500,000 workers, a third of those employed in the formal sector, have lost their jobs. Those who have remained employed have faced dramatic cuts in their standards of living as wages have failed to keep pace with accelerating inflation, even as measured by the government using official prices.

Basic foods have been in short supply and liquid fuels all but unavailable. A quarter of the adult population is living with HIV/AIDS, and life expectancy has declined dramatically to less than 40 years. For a population grappling with the consequences of the HIV/AIDS pandemic, food shortages and the collapse of the public health system could hardly have come at a worse time.

The shortages of food in 2003 have to some extent been ameliorated through the efforts of NGOs and the World Food Programme, but limited planting and poor rains in the 2003/04 agricultural season, coupled with the government's unwillingness to admit the extent of the shortages and donor fatigue, imply that food deficits in 2004 will be much more severe.

The MDC has formulated and made budgetary provision for an Emergency Programme to operate intensively during the first two years of the MDC government's term, and then progressively decline. The main components of this programme are:



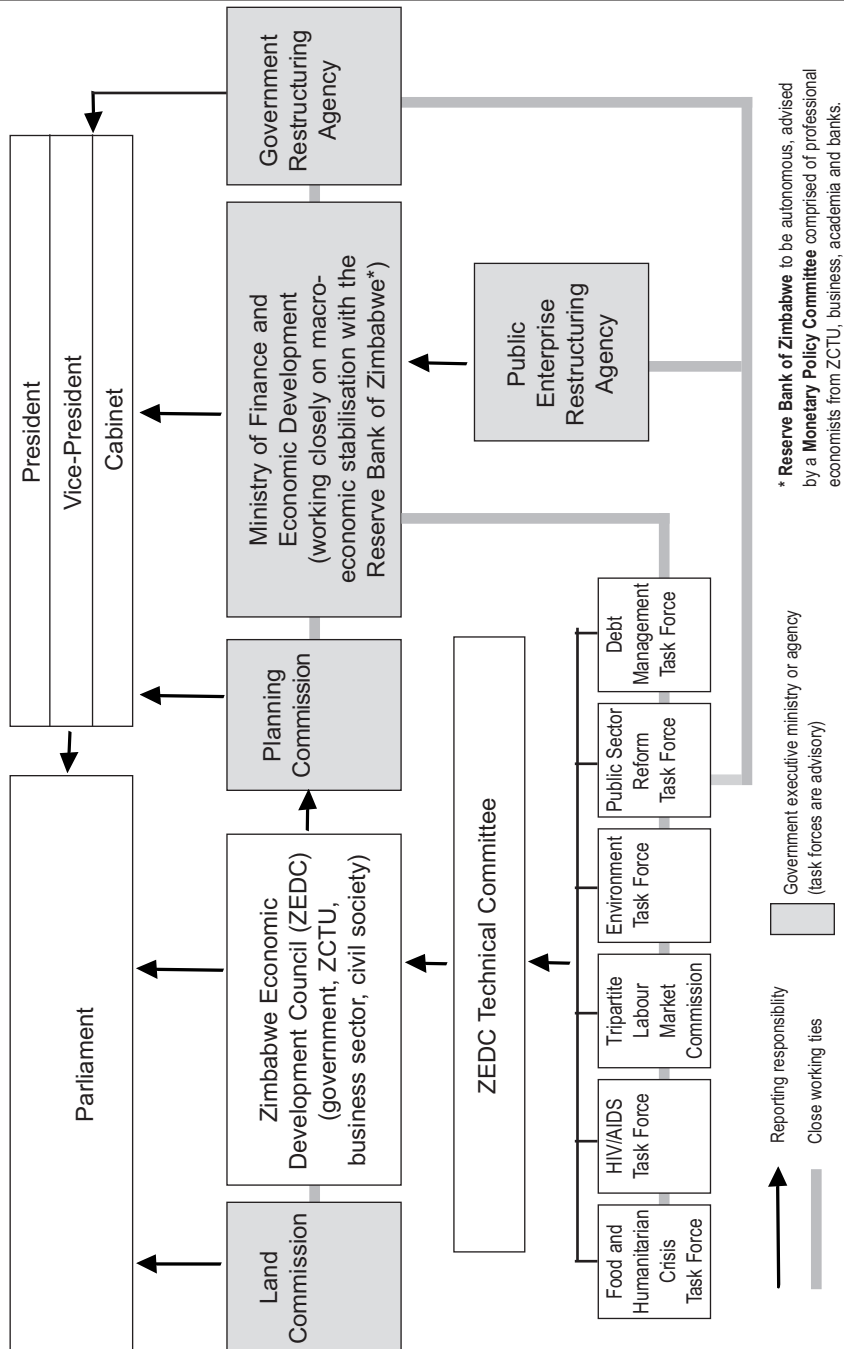
-  Increased availability of food throughout the country.
-  Provision of food to vulnerable groups, this being made available primarily through food-for-work schemes as part of the infrastructure reconstruction programme.

Figure 2: RESTART Participatory Structure to Tackle the Inherited Social and Economic Crisis





## Box 2: The Zimbabwe Economic Development Council

**The Zimbabwe Economic Development Council (ZEDC)** will be a statutory body with advisory and negotiating functions. The Council and its task forces will be constituted in the manner of non-executive boards of directors of private corporations. Participation will not be funded by the state: representatives of trade unions, employers and others will be sponsored by their own organisations. Secretariat functions will be provided by Planning Commission staff. Discussions will be held with all interested parties before this is implemented.

- ✎ **Food and Humanitarian Crisis Task Force** Its immediate task will be to implement the Emergency Programme (see Section 2.2).
- ✎ **HIV/AIDS Task Force** Responsible for the implementation of the national HIV/AIDS strategy (see Section 2.3).
- ✎ **Tripartite Labour Market Commission** Responsible for formulating and negotiating key wage–price elements of the **Social Contract**, as well as for promoting employment and strengthening the position of labour (see Sections 3.3 and 4.1).
- ✎ **Environment Task Force** Its immediate task will be to reverse environmental damage associated with chaotic land reform, the breakdown of law and order, and increased poverty-induced desperation (such as illegal gold-panning).
- ✎ **Public Sector Reform Task Force** Responsible for co-ordinating the reform of public enterprises, including giving direction to their boards, working with the Public Enterprise Restructuring Agency and the Government Restructuring Agency (see below), and with the multi-sector Infrastructure Regulatory Agency or Agencies (see Section 5.6).
- ✎ **Debt Management Task Force** Will give direction on the structuring and management of central and local government debt and public enterprise debt, and on the negotiating position to be adopted with external creditors.

For purposes of co-ordination, the six Task Forces described above will feed into a **ZEDC Technical Committee**, which will prepare consolidated briefings and documents for ratification by the main Council. There will also be two agencies with full-time staff acting as executing arms for part of the ZEDC mandate:

- ✎ **Public Enterprise Restructuring Agency** This will take over from the Privatisation Agency of Zimbabwe, which was created by the previous government under the President's Office but has been politically dominated. In the new structure, the Agency will have a broader mandate than privatisation. While operationally falling under the Ministry of Finance, the Public Enterprise Restructuring Agency will be subject to the ZEDC for policy direction, primarily through the Public Sector Reform Task Force.
- ✎ **Government Restructuring Agency** This will fall directly under the Vice-President, who will have special responsibility for restructuring government for efficiency and sustainability. Gender balance and the implementation of the national HIV/AIDS strategy within the civil service and uniformed services will also be responsibilities of the Government Restructuring Agency.

- ✎ Supplementary feeding for infants, primary-school children, and pregnant and nursing mothers.
- ✎ Increased availability of vaccines, essential drugs and other medical supplies throughout the health system.
- ✎ Special assistance to AIDS orphans, disabled persons and internal refugees (including, but not limited to, homeless and destitute former commercial farm workers).
- ✎ Social safety-net assistance to the most vulnerable groups, in both urban and rural areas.
- ✎ Restoration of supplies of basic materials to the schools.
- ✎ Measures to restore basic staffing levels in rural clinics and schools.
- ✎ Civic education programmes among communities.
- ✎ Restoration of at least minimal levels of support to social-welfare institutions that have been devastated by hyperinflation, particularly orphanages and old-age homes.

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

## 2.3 HIV/AIDS Strategy

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





The MDC government will provide and encourage leadership across the political, public, private and community sectors to face the realities and challenges of HIV/AIDS, to confront social and economic conditions that increase the risk of HIV, to change environments that produce risk, and to

provide equitable treatment of and care for people and communities infected and affected by HIV. The starting point will be to declare HIV/AIDS a public development crisis, and to set up immediate mechanisms for working with national agencies to enhance access to proven prevention methods, access to anti-retroviral drugs for the prevention of mother-to-child transmission, post-exposure prophylaxis, treatment for HIV-related opportunistic infections, and anti-retroviral therapy for AIDS.

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

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

The MDC government will ensure that proven good practice for prevention and care are implemented. In particular, the MDC government will:

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

- ✎ legislate and enforce safety precautions in all settings where people work with body fluids, particularly health workers, and ensure that exposure prophylaxis is available for all in such occupations.

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

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

## 2.4 Jobs

With unemployment and underemployment at unprecedented levels, making job opportunities available and empowering people to create their own employment is a matter of extreme national urgency. Increasing formal employment, thereby also providing the base for informal-sector incomes to grow and informal “jobs” to increase, is not a matter of having a specific job-creation programme. Instead, rapid job creation (with an annual target of at least 50,000 formal-sector jobs) lies at the heart of RESTART’s economic strategy. The following specific components can be identified, further details being given in other chapters and sections of this document, as indicated:

- ✎ **Macro-economic stabilisation:** This will provide a conducive environment for the resumption of national savings and investment (see Chapter 3).
- ✎ **Housing:** Increasing the rate of house-building is a major element of RESTART, not only to address an urgent social need but also because house construction will create a large number of job opportunities (see Section 4.5).

- ✎ **Agrarian reform:** The development of the communal areas and the model A1 resettlement areas is not simply to raise the incomes of small-scale farmers: it will also create employment via backward and forward linkages in rural and urban areas (see Section 4.6).
- ✎ **Public works programme:** This will create jobs in the short term in the rehabilitation of infrastructure destroyed or damaged in recent years as well as in the construction of new infrastructure (see Sections 4.1 and 4.7).
- ✎ **Entrepreneurs and small-scale enterprises:** Support will be available covering access to capital, training, input supply and other support services (see Section 4.7).
- ✎ **Trade policy:** Trade policy will be designed to nurture and sustain Zimbabwe's dynamic comparative advantage, with a short-run imperative to increase exports, many of which are derived from labour-intensive activities such as horticulture, clothing, etc. (see Sections 3.4 and 5.3).
- ✎ **Tourism:** The revival of tourism will be a major thrust of the MDC government, with a view both to increasing foreign currency inflows and to restoring and expanding employment in the tourism industry and related activities, such as art and craft products (see Section 5.4).
- ✎ **Other services:** There is likely to be some rationalisation in the financial sector, involving some job losses, but in other services, particularly **transport**, there should be rapid growth in job opportunities as the economy recovers and demand for both passenger and goods transport increases (see Section 5.8).
- ✎ **Energy and water:** Expansion of these sectors will create only a modest number of direct jobs, but the enhanced availability and reliability of energy and water supplies is a crucial prerequisite for growth and employment creation in other areas of activity (see Sections 5.7 and 5.8).
- ✎ **Main productive sectors:** The traditional main productive sectors (agriculture, mining and manufacturing) will be major beneficiaries of the restoration of a rational economic environment. In the short run, new job opportunities are expected to arise in the mining sector, while the recovery of commercial agriculture and the manufacturing sector, both extremely adversely affected in the past few years, is expected to be more protracted (see Sections 5.1, 5.2 and 5.3).

## 2.5 Resolving the Land Question

The MDC is committed to land reform. The MDC government will bring Zimbabwe's land crisis to closure through a democratic and participatory process that seeks to achieve equitable, transparent, just, lawful and economically efficient distribution and use of land, both for agricultural and for other purposes.

The MDC's land-reform programme will be based on need and ability, and will aim to revitalise the economic and social empowerment of farmers and farming communities, and provide for sustained productivity and growth in rural production. Agricultural recovery will be founded on an unequivocal return to the rule of law and adherence to the fundamental human and legal rights enshrined in the Constitution.

The MDC's laws and measures will recognise and respect individual rights to the protection of person and property as well as the authority of the state to acquire land in the interest of public policy and the public good. Any limits to property rights will be made clear in law and the rule of law will be consistently applied in implementing these limits. The MDC government will provide for reasonable compensation for losses of property, based on independently adjudicated claims.

### *Land Commission*

The MDC will establish, by an Act of Parliament, an impartial, independent and well-resourced professional agency, known as the Land Commission. This will be vested with the powers and authority to fulfil its role of formulating, planning and co-ordinating an all-inclusive and well-planned resettlement programme, with a limited life-span to complete this mission. The Land Commission Bill has been drafted and its terms will be subject to stakeholder scrutiny before being submitted to Parliament.

### *Independent Land Audit*

The Commission's first major task will be to establish the physical and legal status of all land-holdings by carrying out an independent land audit:

- ✎ The physical component of the land audit will include information such as the farm's location, name, size, and legal status, as well as on-farm data, details of Model A1 and A2 occupation, the occupiers and where they came from.
- ✎ The legal component of the land audit will consist of an analysis of the

constitutionality and legality of measures taken, as well as realities on the ground, to clarify the legal status of farmers, settlers, and of the land they own or occupy.

The analysis of relevant and reliable information will provide a basis for an effective land rationalisation exercise as a precursor to the proper planning and implementation of a sustainable resettlement programme. It will also inform any restitution and compensation to be paid for both the land and improvements within a reasonable time.

### *Rationalisation of Land Allocation and Development of the Land*

The rationalisation of land allocation will reconcile the MDC's policy principles with on-the-ground realities of farm occupation by applying the principles of justice, accountability, need and ability. In carrying out this task, the Land Commission will – on a farm-by-farm basis, or by dealing with categories of farms – adjudicate on the fairest and most practical course of action. Those who already own land, or who can afford to buy land, or who have an alternative source of livelihood, will not be eligible for resettlement. The views of local popular structures will be taken into account, as will the character of the land itself, which might be better used for non-agricultural purposes.

There is no possibility that the rationalisation will result in the pre-February 2000 *status quo* being restored on the land, but equally the current *status quo* arising from the fast-track land grab will not be maintained. In other words, the MDC will neither return to the pre-2000 land-ownership patterns nor endorse or condone the inequitable and inappropriate land distribution arising from the fast-track process. Where people are found to have been settled legitimately, according to the Land Commission's criteria, or are subsequently legitimately settled, they will be fully supported, with the state ensuring that they have the inputs, working capital and other assistance needed to make their farming ventures succeed. Under the MDC government, agrarian reform will also embrace the communal areas, where the bulk of the rural population will continue to live. The intentions and scope of the agrarian reform programme is discussed below in Section 4.6.

## **3. MACRO-ECONOMIC STRATEGY**

### **3.1 Comprehensive Package of Measures**

Hyperinflation is the hallmark of failed regimes. It signifies a lack of authority to formulate and implement the system-wide solutions that are needed to restore a coherent environment for growth and development. The incumbent ZANU(PF) government has failed to acknowledge that the policies it is implementing – in particular, the suppression of interest rates, persistently large fiscal deficits, and the maintenance of a fragmented foreign-exchange regime – are the cause of accelerating inflation and damaging distortions in the economy. The politically connected business élite is profiting hugely from the distortions, while the majority of Zimbabweans, particularly the growing numbers of poor, have suffered cruelly from the resulting economic conditions. Since 1999 one third of those who were in formal employment have lost their jobs, while those still in employment have seen the purchasing power of their earnings decimated, as wages have failed to keep pace with inflation.

Less visible, but more damaging, is the fact that the working people of Zimbabwe have seen the value of the main component of their savings (pension fund entitlements) severely diminished. They have in effect been forced to pay for the self-interested profligacy of the ruling clique. People are presently so preoccupied with the daily struggle to survive – greatly exacerbated by shortages of food, fuel, medicines and other basic necessities – that they are less aware of the insidious longer-term implications of ZANU(PF)'s disastrous policies.

Tinkering at the edges with piece-meal policy adjustments would be no solution to the macro-economic crisis that the incumbent government has inflicted on the country. What is required is a comprehensive package of fully co-ordinated fiscal, monetary, exchange-rate, sectoral and trade policies designed to address the macro-economic fundamentals. This chapter concentrates on the macro-economic components, while the sectoral strategies are described in Chapters 4 and 5.

At the outset it must be stressed that, in the 21st century, economic development depends on much more than sensible, well-targeted macro-economic policies. Economies cannot thrive in the absence of strong, honest and efficient institutions, embracing both the public and private sectors. In all modern economies, private enterprise is the prime source of wealth creation and job generation. Economic growth, driven by the private sector, is the essential vehicle for creating jobs, alleviating poverty and funding public-



spending programmes in education, health, social welfare and infrastructural development. As laid out in previous chapters, the role of the social-democratic state is to create a level playing field, in the form of good governance, effective institutions and appropriate incentives, underpinned by strong social policies, not just to protect the weak but to ensure an equitable, inclusive pattern of economic development.



### **3.2 RESTART Macro-economic Strategy**

For the MDC, macro-economic stabilisation is not an end itself, but merely a means to achieve the restoration of positive economic growth, employment creation and the reduction and eventual elimination of poverty in Zimbabwe. The phasing of the macro-economic measures necessary to restore stability has to take into account the pressing social needs of the people. In particular, while seeking to reduce government expenditure overall, higher allocations will initially be needed to address the emergency situation that the MDC will inherit and to improve social-service delivery, particularly in health and education.

This responsibility to the people of Zimbabwe dictates that the stabilisation period will have to be long enough to ensure the achievement of desirable macro-economic targets (inflation and budget deficit) while also allowing a reasonable time for adjustment from the disastrous policies of the previous regime. RESTART has been conceived as a programme covering a five-year period, that initiates and lays the basis for the MDC's long-term programme of industrialisation.

The initial stabilisation challenge will be to tackle the nexus of inflation, interest rates and exchange rates. Initially, the main focus will be price and exchange-rate stabilisation, which requires complementary fiscal and monetary policies.

The MDC government will implement an exchange-rate-based stabilisation programme that takes account of the specific circumstances anticipated when the party comes to power. The specific measures to be implemented under RESTART are:

-  Immediate removal of the foreign-currency surrender requirement: exporters will be allowed to retain all of their foreign-currency earnings.
-  Unification of the foreign-exchange market, with a single exchange rate applying to all transactions.

✎ A sharp increase in interest rates to encourage the markets to shift from speculation and excessive consumption to saving, restoring the basis for investment and economic growth.

The present government's irresponsible monetary policies have encouraged individuals, companies and banks to over-borrow, and a massive increase in interest rates could provoke a systemic crisis in the banking sector. Inflation cannot be tackled without a marked reduction in the rate of monetary expansion, which, in turn, implies a period of very high nominal interest rates. Provided these are underpinned by appropriate fiscal adjustment and exchange-rate management, it will be possible to manage the required consolidation of the financial sector in an orderly fashion while reducing inflation dramatically over a two- to three-year horizon. With a comprehensive macro-economic programme in place, inflationary expectations will decline, and wage demands and price increases will return to normal levels.


To give integrity and credibility to the monetary and exchange-rate aspects of the programme, the Reserve Bank is to be restructured and given an appropriate level of autonomy. An independent, broadly representative Board of Directors is to be appointed to the Reserve Bank, with responsibility for managing the monetary aspects of the transition to stability.

Turning to fiscal policy, the first area of concern is revenue. The MDC's most fundamental principles of taxation will be honesty and transparency, with the tax system being designed to collect the resources needed for national development in the most fair and economically efficient manner possible. To do justice to the social-democratic aspirations of the Zimbabwe population, the MDC government will have a revenue target during the stabilisation period of 29% of GDP, using the resources raised for the intended purposes of restoring services in the health and education sectors, providing a social safety-net for vulnerable groups, and investing in land reform, job creation and infrastructure. An independent board will be appointed to the Zimbabwe National Revenue Authority with the mandate to ensure the efficient, equitable collection of taxes and other revenues. As credibility and confidence grow, taxpayer compliance will be restored.

Under the MDC government, it should not be necessary to increase tax *rates* because increased compliance and more efficient collection of taxes will result in the higher levels of revenue needed to achieve national development goals. The MDC government, while not increasing the overall burden of taxation, will, however, make changes to the tax *structure* to achieve two objectives:

✎ **Personal taxes:** Increase the degree to which the tax system is

“progressive” – that is, giving lower rates of tax to low-income households and progressively higher rates of taxation on people with higher incomes.

 **Business taxes:** Improve the efficiency and incentives within the tax structure to encourage higher levels of investment and production, particularly for export markets.

Taxation of households will be made more equitable and progressive by relating the income tax threshold to the poverty datum line (PDL), and automatically changing the income bands in line with inflation. The social partners will establish an agreed methodology and will appoint an independent body to update relevant poverty datum lines regularly. In the past, high inflation and only sporadic changes to the threshold has resulted in poor people who should not be paying income tax being drawn into the tax net. This constitutes a huge burden on people struggling to make ends meet, yet raises little net revenue for the fiscus when the high administrative costs relative to the tax collected are taken into account.

With the primary objective of improving the enterprise tax structure, the MDC will ensure that Value Added Tax (VAT) is working efficiently. VAT is expected to make producers more competitive by ensuring that they do not pay cascading taxes on inputs at various stages of production, but it is only in efficient, well-run VAT environments that this applies for small enterprises as well as large corporations.

Under the MDC government, the equity principle will also be extended to the setting of fees and charges for government-supplied services. Under the ZANU(PF) government, fees tend to lag behind inflation, and companies and well-off individuals typically pay very low fees. By raising such fees to market levels and linking them to inflation, fees for services consumed predominantly by the poor can be kept at affordable levels.

As the tax base is broadened and faster GDP growth is attained, revenue targets and tax rates will be reviewed. The medium-term objective is to reduce tax rates in order to increase incentives for investment and growth, thus allowing tax revenues to be sustained. Corporate taxes need to be competitive with those of neighbouring countries, with minimal numbers of tax breaks to reduce administrative costs and create an environment that is neutral in its impact on investment decisions.

The RESTART fiscal strategy will aim to achieve a positive primary balance (revenue minus non-interest expenditure) and an overall deficit which is less than 5% within four, or at most five, years. Besides strong revenue

performance, this will require a sharp decrease in and restructuring of expenditures (with defence expenditure being a specific target for reduction), as well as management of the accumulated debt. The fiscal targets will be difficult to achieve, because in the early years the programme will have to accommodate the following demands on the expenditure side:

- ✎ Financing of the Emergency Programme to deal with the humanitarian crisis, including provisions for adequate social safety-nets and to finance public-works schemes to create employment.
- ✎ Increased resource flows to the health and education sectors.
- ✎ Allocations to the land and agrarian reform programmes.
- ✎ A shift in the structure of expenditure from non-productive recurrent items to provide for higher public investment (with the aim of “crowding in” private investment) and also increased allocations for the maintenance of existing capital stock.
- ✎ A special focus on increasing house construction, both through the provision of resources for publicly financed schemes and a fiscal framework to encourage private finance (secondary mortgage market).

The above priority action areas will place severe constraints on the speed at which fiscal balance can be achieved, but they are essential components in fulfilling the objectives that the MDC has set for the recovery period. The models underlying the scenario presented in Section 3.5 indicate that the programme is feasible over a five-year period. The financing part of this scenario includes rather conservative assumptions about support from international development partners: higher levels of assistance would allow more rapid attainment of fiscal and other targets.

### 3.3 Internal Prerequisites: Social Contract and Domestic Investment

A binding **Social Contract**, reached with full understanding of and commitment to the macro-economic strategy by the social partners involved, is an integral part of the exchange-rate-based stabilisation approach. As explained in Section 2.1, the role of social partners is fully recognised and institutionalised under the MDC government as a result of the party’s social-democratic philosophy.

In the initial implementation of RESTART, the intention of the Social Contract will be to ensure an equitable distribution of the burden of adjustment and transition. Creating a common understanding of how the programme is designed to work and what it can deliver over various time-frames is essential to its successful implementation. This applies in particular to expectations about inflation. Specific inflation targets for each stage of the stabilisation process need to be discussed, analysed and agreed.

Rapid reduction in inflation will be the most immediate indication of a coherent economic programme being in place, but a more fundamental challenge will be to reverse the decline in national output and restart positive growth in GDP. Fostering economic **empowerment** and **domestic investment** will be critical to achieving this aim. Empowerment implies encouraging and facilitating entrepreneurship among people presently unemployed or underemployed in the hugely over-traded, undercapitalised informal sector.

In respect of larger-scale investment, investment promotion activities have in the past been primarily directed to foreign investors, overlooking the fact that international experience has shown that foreign investors are attracted to countries that have vibrant domestic-investment-led economies. Coming out of a major political and economic crisis, the priority has to be to build confidence among domestic investors, to simplify investment procedures for domestic firms (especially small-scale enterprises), and to provide whatever incentive and direct financial support is feasible within the fiscal framework.

Foreign investment, adding to the nation's capital stock and creating employment, will always be welcome, particularly where the investor also brings skills and access to markets which would not otherwise be available. The RESTART projections are not, however, based on assumptions about significant levels of foreign investment in the early years. A key long-term economic policy objective of the MDC is to ensure formal-sector employment opportunities for all active members of the labour force. To achieve this will require significant levels of both domestic and foreign investment over time.

### **3.4 External Prerequisites: Export Growth and International Assistance**

Foreign-currency earnings from merchandise and service **exports** amounted to about US\$3,1 billion in 1996. The corresponding figure for 2003 is estimated at no more than US\$1,4 billion, a fall of 55%. To restore supplies of food, fuel and raw materials, and to substantially increase domestic investment, a dramatic and sustained increase in exports, that surpasses the 1996 peak as rapidly as possible, is an essential component of RESTART.

Rather than resorting to specific export incentives, which have been problematic and of limited importance in the past, the main thrust of the MDC's export drive will be through establishing a predictable policy and macro-economic environment and assuring exporters of a stable and competitive exchange rate. Exporting is to be immediately made easier by streamlining bureaucratic requirements and sensitising both state and non-state actors to the economic significance of exports, encouraging them to deal expeditiously with anything related to exports.

In trade policy (discussed in more detail in Section 5.3), particular emphasis will be given to Zimbabwe exploiting the opportunities that the COMESA and SADC free trade area agreements have opened up. As mentioned in Chapter 1, the MDC government will work towards deeper integration in southern Africa across the entire political and economic spectrum. With export growth an urgent priority, improved market access for Zimbabwean exporters will be a major thrust in multilateral and international trade forums, notably the current round of negotiations for Economic Partnership Agreements with the European Union and a new international agreement in the Doha Round of the World Trade Organisation.

The quickest ways of increasing the foreign currency available for national development will be to ensure that exporters revert to using official channels for remitting export proceeds. At present, a large part of foreign earnings do not go through official channels. The starkest example of this is gold, where production is thought to have hardly fallen but where official exports have declined from 27 tonnes in 1999 to around 13 tonnes in 2003. At the moment there is leakage of export revenues in all export sectors and in the major crisis-related source of foreign currency, which is remittances of earnings by Zimbabwean workers now based in foreign countries. Putting a coherent macro-economic programme in place, and working hard to build confidence in it, should result in foreign revenues from these sources flowing through official channels, thereby rapidly improving the country's immediate foreign-exchange position.

Further increases in earned foreign currency will require growth in export volumes. With a few exceptions (notably tourism), that will be a more difficult and longer-term process. In the interim, **international assistance** from development partners will have a critical role in making it possible to achieve RESTART targets, particularly in respect of increasing expenditures in the social sectors while at the same time reducing inflationary domestic financing requirements. There are strong indications that the international community will endorse the programme's objectives and will be willing to give considerable financial support to a properly articulated five-year programme of stabilisation and recovery. However, in compiling the RESTART scenario that is

presented in the next section, cautious assumptions have been made about foreign inflows and the closely related issue of management of foreign debt and arrears. Higher inflows of international assistance and more generous debt rescheduling than has been assumed would allow for the more rapid attainment of reconstruction and stabilisation goals.

While international assistance is crucial for RESTART, the financing of MDC's longer-term economic programme is predominantly to be from domestic sources. A "donor exit strategy" is discussed in the final chapter (Section 6.3).

### **3.5 Projected Macro-economic Outcome**

The installation of a new government of vision, commitment, and ability to formulate and execute coherent economic policies will mark the clear break with the past that is needed to change perceptions and expectations. Having a government that restores the rule of law, clearly understands the requirements of managing a modern economy, takes bold steps to put the economy on a path to recovery, and re-establishes positive relations with the region and the international community, will immediately boost confidence.

This will grow as the macro-economic measures start producing predicted improvements. The tangible results will be an increase in export activity and the start of flows of investment. Increased export revenues and remittances through official channels, together with inflows from the donor budget-support programmes, will stabilise the foreign-currency market. Increased levels of essential imports, at lower prices, will allow economic activity to gather pace and investment programmes to be restored.

Putting numbers to the above is difficult, because the projected starting conditions for the RESTART programme are very sensitive to the assumptions made in a hyperinflationary environment. The assumptions laid out in Box 3, and the outcomes presented in Table 1, have been calculated for a scenario that assumes a transitional arrangement, with some improvement in economic management, in the first half of 2004 and the MDC coming to power, with full implementation of RESTART, from 1 July 2004.

This scenario provides a benchmark against which more adverse scenarios can be compared. These would arise from the incumbent ZANU(PF) government remaining in power and obdurately continuing to implement the destructive economic policies which have caused accelerating inflation and contracting GDP since 2000.

Table 1: Key Economic Indicators for Zimbabwe 1999–2008 for the Scenario of a Transition from January 2004 and MDC Government from July 2004

Item	Ref Year 1999	National Destruction				Growth from 1999	RESTART				Growth from 1999	
		2000	2001	2002	2003		2004	2005	2006	2007		2008
<i>Growth, employment &amp; inflation</i>												
GDP (market prices, Z\$b (nom))	221.6	311.9	502.6	1,051.9	5,058.1		39,302	89,922	118,023	136,387	153,231	
GDP (market prices, Z\$m (1990))	24,537	22,876	20,863	18,192	15,791	-35.6%	16,581	17,244	18,106	19,373	20,730	-15.5%
GDP growth (market prices) % p.a.	-4.1	-6.8	-8.8	-12.8	-13.2		5.0	4.0	5.0	7.0	7.0	
GDP per capita (market prices, Z\$ (1990))	2,184	2,014	1,817	1,568	1,347	-38.3%	1,401	1,443	1,501	1,593	1,691	-22.6%
Employment growth (% p.a.)	-2.4	-6.0	-10.2	-10.9	-9.1		-1.1	7.3	6.8	5.6	5.6	
Investment (GFCF): GDP (%GDP)	15.1	13.3	9.8	9.0	7.0	-70.2	12.0	15.0	20.0	22.0	24.0	33.9%
Savings: GDP (%GDP)	19.3	12.1	7.8	7.0	4.0	-86.7	7.0	10.0	18.0	20.0	22.0	-3.9%
Inflation (CPI) (annual av, % p.a.)	58.5	55.9	76.7	140.0	454.0		640.0	120.0	25.0	8.0	5.0	
<i>Trade &amp; balance of payments</i>												
Exports of goods & services (US\$m)	2,554	2,526	1,855	1,637	1,400	-45.2%	1,735	1,950	2,350	3,000	3,100	21.4%
Imports of goods & services (US\$m)	2,265	2,270	2,156	2,243	1,900	-16.1%	2,350	2,700	3,050	3,200	3,300	45.7%
Current account deficit (excl. grants) (US\$m)	188	-289	-387	-334	-429		-495	-630	-580	-80	-80	
External debt (incl. arrears) (US\$m) of which Arrears (US\$m)	5,045	5,114	5,137	5,177	5,374		5,466	5,561	5,507	4,794	4,203	
Current account deficit (excl. grants) %GDP (p)	109	468	1,010	1,507	1,949		2,300	1,600	1,000	500	0	
External debt (incl. arrears) %GDP (p)	3.2	-5.4	-8.1	-8.2	-12.5		-13.7	-16.8	-14.7	-1.9	-1.8	
	87	95	107	127	156		151	148	139	113	93	

Sources: CSO, RBZ, Ministry of Finance, IMF, MDC Integrated Macro-economic Models



### Box 3: Scenario of Full Implementation of RESTART from July 2004

- ✎ **Real GDP growth** (measured at market prices): High rates of growth in a “recovery bounce-back” might be possible, but for this scenario, modest rates of 4%–5% in 2004–2006, followed by 7% in 2007 and 2008 are assumed (based on analysis of recovery prospects in the various sectors).
- ✎ **Employment elasticities:** Initial recovery of employment should be faster than GDP growth as labour-intensive sectors (such as tourism and agriculture) will be taking the initial lead, but thereafter employment growth is likely to be lower than GDP growth.
- ✎ **Domestic savings:** Responding to progressive restoration of positive real interest rates and monetary stability, these are set to increase from the extremely low rate in 2003 (4% of GDP) to 22% of GDP by 2008, with a corresponding recovery in investment.
- ✎ **Money-supply growth and inflation:** The effect of the RESTART macro-economic strategy will be to dramatically cut the growth in money supply, but the huge inflationary momentum in the system implies a slower reduction in inflation. For 2004 as a whole, the scenario gives an average rate of inflation of 640%.
- ✎ **Exports and imports:** The favourable environment for exporters should result in rapid growth of export revenues (from goods and services), the average growth in US\$ terms over the period being 14.6% p.a. This figure sounds ambitious, but part of what will be reflected as export growth will arise from exporters repatriating export revenues previously diverted into capital flight. Increased availability of foreign currency will allow for growth in imports of around 10% p.a., a significant portion of the increase being importation of capital goods required for much higher levels of investment.
- ✎ **Arrears and external debt:** The programme envisages the clearing of arrears and a start being made on the payment of accumulated debt, less any debt which is found to be odious. The pace will to a large extent depend on the level of external support received for the programme.

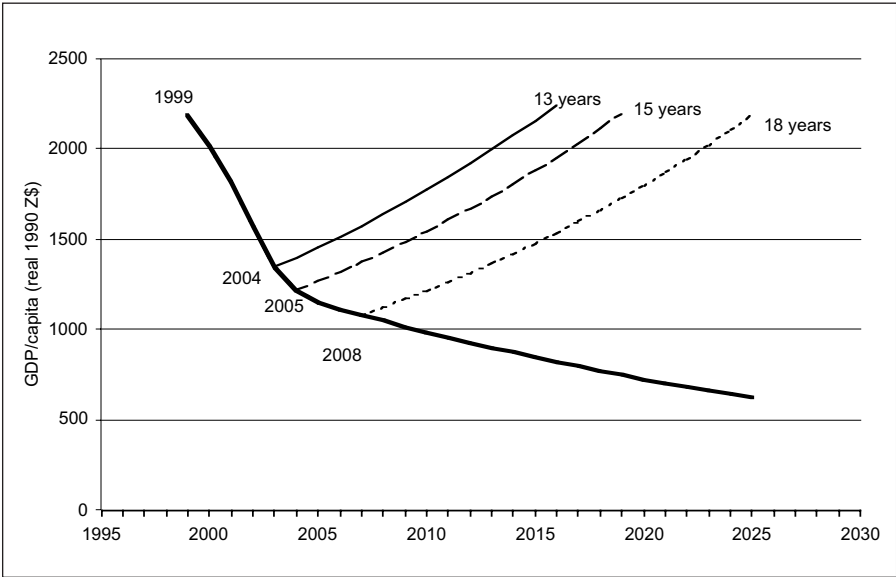
The cost of continuing with ZANU(PF)'s destructive economic policies can be succinctly illustrated by the time required to regain the modest level of GDP per capita that prevailed in 1999. For the purposes of illustration, it is assumed that an average growth in GDP per capita of 4% per annum can be achieved from the time the MDC comes to power.

As shown in Figure 3, if the MDC comes to power in 2004 (as per the base scenario), with an average growth rate of 4% p.a. it would take 13 years to reach the 1999 level. If the MDC comes to power only after the parliamentary elections in 2005, the time required to regain the 1999 level of GDP per capita would be 15 years. For a starting date of 2008, the time required would be 18 years.

It should be noted that sustained growth in GDP per capita of 4% per annum is quite ambitious – the average during the 1990s was less than 2% per annum – but that anything less than 4% per annum would considerably extend the calculated recovery periods. Increasing GDP per capita above the 1999 level, which is only a modest target, is going to take even longer.

These daunting figures point to an obvious conclusion. Every month that the incumbent illegitimate government remains in power, implementing destructive










Figure 3: Recovery at 4% p.a., with Different Starting Dates for the MDC Government



economic policies, makes it progressively more difficult for economic recovery to be initiated. Once an MDC government is installed and is able to make the clean break with past economic policies that RESTART represents, the country's prospects will be turned around, but at least 13 years will be required just to restore the levels of per capita income that prevailed at the start of the fast-track resettlement programme.

### 3.6 Implications for Zimbabweans

What does all this imply for ordinary Zimbabweans? Although there will not be any quick-fix recovery (even with early implementation of RESTART), under the MDC government there will be a number of immediate tangible signs of positive economic change:

-  **Jobs and informal-sector incomes:** a rapid increase in formal-sector jobs, assistance for self-employment, improvement in average incomes in the informal sector.
-  **Basic goods:** will be available, including banknotes in useful denominations.
-  **Emergency programme:** will be in operation to address immediate needs for food, health care and education, including **social safety-nets** for households most in need.
-  **Tax threshold:** people earning below a regularly reviewed poverty datum line will not be required to pay income tax.
-  **Wages:** are to be increased as the economy recovers so that as soon as possible all workers will be earning above the poverty datum line.
-  **Inflation:** reduction in inflation, restoration of value to local currency, and predictability in the real value of earnings.
-  **Pensions:** a rational environment for savings and the provision of adequate pensions for those retiring.
-  **Rural areas** (resettlement and communal): assistance with inputs, production and marketing, with an emphasis on making it possible for farmers to grow and market higher value-added crops.
-  **Health:** immediate improvements in the availability of affordable health care.

- ✎ **HIV/AIDS:** strong political support and much higher levels of resources to boost prevention programmes and improve treatment and care of HIV/AIDS victims in rural and urban areas.
- ✎ **Education:** primary education made accessible to all (free to the poor), together with programmes to restore and improve secondary and tertiary education.
- ✎ **Housing:** a big increase in house building, funded by both the public and private sectors, with many jobs being created in construction itself and related building materials supply industries.
- ✎ **Infrastructure:** improved access to water, sanitation, telecommunications, various forms of energy and transport services.
- ✎ **Security:** economic and political security arising from the restoration of a sound economy, constitutional protection of human rights and confidence in the rule of law.

## 4. SOCIAL AGENDA & EMPOWERMENT

### 4.1 Labour


The MDC government will address the crisis of unemployment, income erosion and insecurity, and reverse decades of neglect of the majority work-force in the non-formal, mainly rural, sectors of the economy. The MDC will build a motivated labour force, supported by respect for labour rights, with enhanced incomes and standards of living. The MDC's policies towards skilled, labour-intensive, knowledge-based, value-added production, the stimulation of links between formal and non-formal sectors of the economy, and policies for an integrated, inclusive economy will enhance incomes and employment equity.

The MDC will implement programmes aimed at labour-market institutions, at employment promotion, at incomes policy and at providing basic labour rights. As discussed elsewhere in this chapter, the MDC's economic programmes will enhance economic participation by labour through land redistribution and agrarian reform, investment in small enterprise and mining development, and employee share ownership (see Section 4.7).

The **Tripartite Labour Market Commission** will be established to oversee the functioning of the labour market. It will be chaired by a restructured Ministry of Labour with equal representation from labour, business and government. The Commission will play a lead role in formulating the Social Contract, which will be ratified by the Zimbabwe Economic Development Council (see Sections 2.1 and 3.3).

A central role will be assigned to the National Employment Councils (NECs) in (re)training, the (re)deployment of workers, career guidance and vocational counselling, and work-place, job and service adaptation to enable marginalised groups such as the disabled and women to participate in the labour market. The NECs will also promote strategies for improvements in productivity and foster debate on industrial strategies to enhance added value and to access new markets.

The MDC government will promote empowerment by the **enhancement of labour skills and entrepreneurship** through:

-  skills-training programmes and the provision of micro-credit for self-employment;

- ✎ the introductions of a system of broad-based learner mentorships based on traditional apprenticeships and formal on-the-job training;
- ✎ The promotion of public works programmes, especially those targeting infrastructural development;
- ✎ the provision of stronger legal options for worker-ownership packages on insolvency, including the use of pension funds;
- ✎ the provision of career guidance and vocational counselling through government, NECs, schools and Schools Development Associations;
- ✎ retraining and redeploying retrenched workers.

There will be a high-profile programme to encourage skilled **diaspora Zimbabweans** to return from neighbouring countries and abroad to contribute to the rebuilding of Zimbabwe under the MDC. Donor support will be sought to establish a programme to assist with relocation costs.

The MDC government will develop a labour-market information system, backed by periodic labour-force and poverty-assessment surveys.

**Employment promotion** programmes will target groups with high levels of unemployment, especially women and youths. Working closely with the private sector, specific programmes will be implemented to:

- ✎ facilitate the job placement of new young entrants on the labour market;
- ✎ enhance the status of women on the labour market and assist disabled and disadvantaged groups, including through the provision of community day-care centres for children;
- ✎ provide training to satisfy enterprise demands, stimulate the creation of new small businesses, and redeploy displaced workers;
- ✎ provide vocational training, tax incentives and capital-based assistance to support employment and enterprises;
- ✎ use public works and infrastructure investment projects, in the short term, to stimulate new employment;
- ✎ adopt measures to prohibit child labour.

The MDC government will overhaul, and establish a new framework for, **labour laws and standards** for all workers. There will be a unified labour law covering all workers and areas of work. By-laws and regulations will be reviewed to encourage employment, and harmonise and ensure basic labour rights. The dispute-handling process will be decentralised to ensure rapid and fair dispute resolution.

## 4.2 Health

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

The MDC health programme has to respond to a number of challenges:

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

The MDC will implement its **policy principles for health** from the bottom up, using the remaining strengths within the system (infrastructure, human, and

skills approaches) that exist at district and community level to provide for creative approaches to improving health care and to directing resources at priority health problems. Zimbabwe has a majority of poor people, and the limits placed by poverty on household capacities must be responded to by the provision of effective, quality and relevant health services.

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

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


The MDC will put **people** at the centre of health systems in three major ways:

- ✎ MDC health programmes will build on approaches for **public and population health**, directing resources towards prevention, primary health care and the treatment of priority public-health problems. The MDC government will initiate a process for review and harmonisation of the policy and legal framework for public health and health care. This process will set national health values and goals and embed these in a comprehensive Health Act that will provide an enabling legal framework for all health legislation.
- ✎ The MDC will establish, strengthen, invest in and provide resources and technical support for mechanisms for **public participation in health systems** from clinic to national level of the health system.
  - At health-centre, district, provincial and national level, stakeholder bodies will incorporate **all** health providers – including traditional providers, elected and traditional leaders and purchasers of health services – and will identify health needs and priorities, plan and monitor services at each level, review quality-of-care issues, receive, provide and review information to the next levels, co-ordinate health



activities, and organise, allocate and monitor the mobilisation and allocation of resources at each level.

- A **National Health Board** will be set up, integrating key economic and social sectors and stakeholders, and overseen by the Parliamentary Committee on Health. The Board will monitor, oversee and report publicly on the integration of health impact assessments and public health measures in key development areas, and on the effective, relevant and equitable functioning of health care and related services. The Board will support local authorities in implementing their public health obligations and will promote community action on public health. Meaningful stakeholder roles will be strengthened in other health-related regulatory boards and councils, and overlap and duplication in these bodies will be rationalised.

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

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

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

complemented by international and private sector financing. Within the health sector, resources will be directed to the primary-care clinics and district hospitals.

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

The MDC will systematically **rebuild the health services** by:

- ✎ strengthening the district health system, i.e. primary health care, the clinic network and district hospitals;
- ✎ building virtuous linkages between our responses to AIDS and the overall strengthening of our health system (see Section 2.3);
- ✎ auditing strategic national health institutions, including teaching hospitals, laboratories, the blood transfusion unit and medical stores to identify and address shortfalls in capacities and functioning;
- ✎ auditing the public-health infrastructure with local authorities to assess capital investment or maintenance requirements, especially in critical service areas relating to water treatment, waste disposal, sewage, ambulance services and mortuaries;
- ✎ co-ordinating public, private (profit and non-profit) and traditional health services to ensure information flow, avoid the duplication of services, and ensure adequacy of resources from all three sectors towards priority areas of health promotion and prevention, treatment and control of disease;
- ✎ co-operating with the traditional health sector in research, patent protection and use of traditional remedies.

### 4.3 Education

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

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

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

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

The MDC will improve the conditions of schools, teachers, learning resources and children. Links with national associations of **teachers** and international organisations will be strengthened to jointly improve conditions of service of teachers, adopt and implement a code of ethics for teachers, implement staff-development programmes, and prepare teachers for changes in education. The MDC will orient teachers to introduce a deliberate bias in the curriculum towards science, mathematics, information technology, technical, commercial and management skills, as well as civic and environmental awareness and HIV/AIDS education. The MDC will ensure the teaching of national languages, and national, African and international history.

The MDC government will aim to improve pay and non pay incentives for teachers, including housing, professional development, ICT and other support for teachers working in disadvantaged areas. The general working conditions for teachers and ancillary staff will be improved, with special incentives for rural teachers being provided. The MDC will strengthen the supervisory

systems and procedures to ensure that a high standard and quality of tuition is maintained.

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

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

At **primary level** the MDC will:

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

At **secondary level** the MDC will:

- ✎ ensure that all students have access to secondary-school education, especially girls;
- ✎ professionalise the School Development Committees, Associations and Boards;
- ✎ strengthen staff levels and build a system of skills-strengthening programmes to ensure that the professional competence of teachers is constantly renewed;
- ✎ broaden the range of secondary-school subjects to increase the career choices of the students upon graduation from secondary school;
- ✎ include AIDS and sex education and strengthen the teaching of and resources for science and information technology;




- ✎ ensure that periodic curriculum reviews are undertaken so that syllabuses remain relevant technically, commercially and academically;
- ✎ strengthen school supervision and support systems in order to enhance and guarantee the quality of tuition;
- ✎ strengthen the provision of sports, culture and recreational activities;
- ✎ ensure the provision of school libraries that are adequately supplied with books and other learning resources, and are managed by suitably qualified staff;
- ✎ provide opportunities for students at senior secondary level to pursue either academic or vocational and technical education;
- ✎ reinstate the Zimbabwe Junior Certificate Examination as a recognised terminal for technical and academic achievements.

At **tertiary level** the MDC will:

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

The MDC will foster a continuum of learning in adult education from basic literacy to high-skills training through short courses, in-service training, distance learning and other forms of training. The MDC will foster the creation of centres of continuous education at all national institutions of higher and further learning.

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

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

## 4.4 Media and Information

Meeting the educational objectives outlined above, together with restoring people's basic constitutional rights of access to information and to freedom of expression, will require dramatic changes in respect of media and information. These will be oriented towards restoring the confidence of citizens in the ability of the state to be a provider of infrastructure and regulator to enhance freedom of movement, expression and real access to information.

The new Constitution will establish a **Media Commission** empowered to safeguard freedom of expression and access to the media. The MDC will immediately repeal laws that restrict rights to information and expression, specifically the Public Order and Security Act (POSA), the Access to Information and Protection of Privacy Act (AIPPA) and disband the Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) and the Broadcast Authority of Zimbabwe (BAZ). The new legal environment and institutions will encourage investment in communications and media, and allow for competition and partnership.

Media laws will be enacted or reformed to reflect constitutional provisions guaranteeing press freedom and provide for right of access to government information. Laws relating to contempt of Parliament, civil defamation, criminal defamation, subversive statements and false statements likely to cause alarm or despondency will be reviewed. A media council will be set up as a voluntary and not a statutory body to promote standards of media ethics, professionalism and practice.

The MDC government will encourage the establishment of competitive, privately owned, independent, national television stations, community-based radio stations, national daily newspapers, and community-based newspapers. The MDC government will seek to enable the whole population to have access to public library services, either those operated by the NLDS or those under the control of local authorities. These services will be linked to the programme for providing access to the Internet throughout the country, which itself is part of the information and communications technology (ICT) strategy outlined in Section 5.9.

## 4.5 Housing

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

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

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

✎ *Public sector:* There will be allocations of public investment funds through the national budget and support to local councils to expand housing provision and provide the stands for site-and-service housing schemes. Local authorities will carry out demonstration projects involving innovative designs for affordable, low-income housing schemes using local materials.

✎ *Home-owners and housing co-operatives:* On site-and-service and co-operative schemes, home-owners and co-operative members can undertake the subsequent building themselves, or do their own contracting as and when they have the means to do so. There will be a public media campaign to provide designs and other information to assist people to

make the best use of their resources. Discussions and competitions will be used to raise awareness.

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

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

## 4.6 Agrarian Reform

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


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


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


👉 **Transformation of Zimbabwe's dual agrarian structure:** This will involve moving from a pattern of a few large and successful commercial farms alongside many tiny and uneconomic subsistence plots into a more "unimodal" structure. This shift towards viable small and medium-sized family farms will be achieved by: a) sub-division of large farms (whose economic potential would not be compromised thereby) for occupation by new commercial farmers and settlers; b) building strong agro-industrial



linkages to create non-agricultural jobs in rural and urban centres to decongest the communal areas; and c) stimulating much higher levels of agricultural production in the communal areas (see below).

 **Security of tenure:** Farm investment and productivity is to be encouraged by improving the security of tenure for all Zimbabwean farmers. This will be achieved by maintaining freehold tenure where it exists, and offering resettlement and small-scale farmers long-term leases with options for title. Resettlement schemes operating with communal grazing will be given the option of being replanned and demarcated into individual, self-contained family farms. In the communal areas, rights over land and resources will pass from the state to members of the village or ward assemblies. All land in villages will be surveyed and households issued with land registration certificates for residential and arable land.

 **Transformation of the communal or small-holder farming areas:** This is premised on three major programmes. The first will improve the administrative mechanisms that facilitate the evolution of well-defined, secure, and transferable rights to land – especially for women – and the ability to exchange these land rights at low cost. Over time, the value of land can be unlocked by its use as collateral for credit, enabling farmers to invest and develop their smallholdings to their full productive potential and maximising market surpluses. The second will explore alternative policy options to simultaneously raise smallholder production and dissolve the dual agrarian structure. These options include (but are not limited to) syndicates, tenant schemes, and out-grower programmes with centralised processing and marketing of produce. The third programme element will initiate public-sector investment in infrastructure and social services to support the transformation process. The MDC aims to achieve universal access to modern infrastructural services at the earliest possible date.

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

## 4.7 Small-scale Entrepreneur Access to Capital and Other Support

A number of complementary measures will be introduced during RESTART to empower small-scale farmers and entrepreneurs (whether rural or urban based) by providing them with access to capital and other necessary inputs and support services. Some of the key measures, relating particularly to skills development, have already been spelt out Section 4.1, while others relating to industry and trade are discussed in Section 5.3.

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




- ✎ Provision of contracting opportunities in public works programmes.
- ✎ Encouragement of initiatives to link large and small enterprises.
- ✎ Finance from government and development-partner sources for small-scale enterprise development (to be channelled through Agribank, SEDCO, the Credit Guarantee Company, commercial banks, venture capital companies and other financial and support institutions).
- ✎ Disposal by the Industrial Development Corporation of its present holdings and the use of the capital base generated to invest in promising small enterprises on a venture capital basis.
- ✎ The development of joint strategies between local authorities and central government and development partners to promote small-scale enterprises, including the removal of constraining procedures and regulations and the provision of serviced work-spaces in urban and rural areas, linked to equipment leasing schemes.
- ✎ Requiring institutions such as the Productivity Centre and the Scientific and Industrial Research and Development Centre (SIRDC) to facilitate access by producers and exporters to information on market and technological developments, as well as the acquisition of skills to be adaptable to new technologies, with a particular focus on small enterprises.

## 5. SECTOR STRATEGIES

### 5.1 Agriculture

The resolution of the land question (Section 2.5) and the MDC's Agrarian Reform Programme (Section 4.6) are both vital to the revival of Zimbabwe's agricultural sector. There is also need, however, for overarching policies for the restoration and future growth of the agricultural sector. The MDC's agriculture sector policies aim to restore and enhance the productivity of the agriculture sector as a whole, assuring its contribution to the national fiscus, export revenues and food self-sufficiency. Agriculture needs to reassume its role as an engine of economic and social development in Zimbabwe.

The main thrust and priorities in the MDC's agricultural programme are as follows:

-  **Food security:** To resolve the depletion of national food reserves, eliminate the threat of starvation and hedge against escalating food import costs, a restructured Ministry of Agriculture will establish a regulatory framework to restore food production by arranging local and offshore agri-finance packages and initiating competitive input schemes for both large-scale commercial and small-scale farmers. At times of drought-induced shortages, equitable food distribution to achieve acceptable nutritional standards will be a fundamental principle of ensuring household food security.
-  **Farming infrastructure:** To reverse the massive collapse in farming infrastructure, the MDC government will encourage public-private partnerships to finance and rehabilitate irrigation systems, electricity connections, storage and curing facilities, communication and general farming equipment in medium-to-large commercial-farming areas. The objective is to restore infrastructure to a fully operational level within two seasons.
-  **National herd:** Successive droughts, disease, stock thefts, and particularly fast-track land acquisition have severely depleted the national herd, particularly breeding herds, resulting in shortages of beef and milk. Under the MDC government, there will be intensive efforts to rebuild this essential component of agriculture to pre-1999 levels in the shortest possible time, as well as to ensure its long-term sustainability.

✎ **Pricing and marketing:** Local, regional and international commodity trading plays a crucial role in triggering socioeconomic development and wealth creation in Zimbabwe. The MDC government will play a regulatory role in ensuring a competitive pricing environment that creates conditions conducive to investment in the sector, while putting in place mechanisms to protect vulnerable groups.

✎ **Seed production:** Realising that the quality of the crop depends mostly on the quality of the seed, the MDC government will ensure private-sector-driven seed production through outgrowing contracting alliances between seed manufacturing companies, and large- and small-scale commercial farmers.

✎ **Research:** The MDC government will maintain the Agricultural Research Council as an independent, non-political body. The Council will advise government on all matters relating to agricultural research and will recommend the provision of grants for research by central government. Research will be supported by grants from central government, agricultural associations and development partners. The government's grants will be oriented to agricultural research to benefit the small-scale resettled and communal farmers.

✎ **Training:** The MDC government will expand and upgrade all agricultural training institutions in the country, transforming these into farmer-trainer entities, as opposed to their more limited function of producing extension officers. Agricultural training institutions will be placed under independent councils selected from the agricultural industry. The objective is to ensure that there are adequate numbers of trained personnel to take up the many opportunities to be created in the farming sector by the MDC's Agrarian Reform Programme.

✎ **Extension services:** The MDC government will provide basic extension services to all farming communities through a system of extension agents who will work with local farm communities and research establishments. Particular regard will be paid to extension services in small-scale, resettlement and communal-farming areas. Private-sector firms with an interest in the agricultural industry will be encouraged to support extension services. Extension will not just be focused on production, but will start from the marketing side, helping farmers to identify the most profitable crops to produce.

✎ **Marketing Services:** The Grain Marketing Board will remain a part of central government but will be required to operate on commercial principles. Non-commercial functions will be financed in an explicit and

transparent fashion from the national budget. The social function will include the GMB being required to maintain a network of buying and supplying depots throughout the country and to act as a residual buyer of food grains and oil seed. The GMB will also be required to manage the food-security strategy, relying on forward market operations and strategic financial planning rather than maintaining expensive physical stocks of food grains.

The national system of livestock sale-pens will be maintained but out-sourced to the private sector under conditions negotiated annually by the Livestock Marketing Trust.

The MDC government will maintain the system of commodity councils made up of representatives of all stakeholders on the production and consumption side of each industry. These councils will be required to publish regular information on stock levels, prices and activity in general in the industry for which they have responsibility. This information will be required, *inter alia*, for the approval of both import and export permits which will be issued by the Ministry of Agriculture.

## 5.2 Mining

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

- ✎ A legal and fiscal regime that is stable, encourages resource exploitation in conformity with international best practices (with particular provisions to discourage pegged claims being left idle), and that is regionally and globally competitive.
- ✎ Tax incentives, where justified, sensitive to the high capital costs incurred, especially during the initial stages of a mining project's life, thereby promoting new and expansion investment.
- ✎ Review of the financial framework negotiated with the previous government for the resumption of platinum mining.
- ✎ Harmonisation of the environmental and mining legislation to provide for an Environmental Impact Assessment policy and require environment management plans for all new and expansion projects and existing mines.

- ✎ Deregulation of minerals marketing to allow for competition, with the Minerals Marketing Corporation of Zimbabwe being restructured to service the marketing needs of small-scale miners.
- ✎ Investment in applied research to promote mineral-based import substitution and value addition.
- ✎ Encouragement of cross-border investments and mergers that will lead to optimum capacity utilisation of current plants and value addition.

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

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

Other MDC mining sector policies include:

- ✎ Promotion of health and safety standards and health services for miners and mining communities through:
  - targeted fiscal rebates on investment in health and safety;
  - an effective mining inspectorate with modern technology and skilled staff to enforce health and safety standards;
  - protection of labour rights and standards, including those to health and safety and freedom of expression/association.

- ✎ Developing a mining title system that is simple to apply and administer through:
  - computerised administration of mining titles for easy acquisition and administration;
  - decentralised processing of mining, training and extension services to district centres.
- ✎ Developing environmental management guidelines for small-scale operations which will then be applied to operators at this level and enforced by the Mining Engineering department, including application of the “polluter pays” principle.
- ✎ Seeking greater co-operation within the SADC region in mining and environment research and development.
- ✎ Building linkages between the minerals sector and other sectors of the economy through local beneficiation of mineral resources, to the maximum extent possible, through public–community–private-sector co-operation, supported by incentives and other instruments.

### 5.3 Trade and Industry

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

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

- ✎ establishing a business environment in which individual firms can build on their competitive advantage;
- ✎ investing in and encouraging far-sighted, sustained public-sector building of competitiveness through supportive policies in the area of education, training, human-resource development, industry relations and taxation;

- ✎ adopting a co-ordinated approach to industrial development and its environmental impact to ensure sustainable development;
- ✎ improving infrastructure, and acquiring up-to-date technology and technology support to the industrial and the services sectors;
- ✎ encouraging flows of foreign direct investment, particularly in industries and services sectors where the foreign investor brings specialised skills or market access;
- ✎ beneficiating to add value to agricultural and mineral raw materials;
- ✎ deepening and diversifying the country's industrial base, in part through the concerted development of industrial clusters.

The specific industry and trade policy interventions of the MDC government will now be considered.

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

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

- ✎ restoring Zimbabwe's credibility and business confidence;



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

**Domestic investment:** The MDC will act quickly to reverse the now pervasive risky economic environment, in order to signal investors to turn to long-term investment options in Zimbabwe. As identified in Section 3.4, a strong domestic investment policy will be the driving factor for foreign investors to assess the attractiveness of Zimbabwe as an investment destination. Domestic investors will be the primary target for the MDC government, with a re-oriented civil service facilitating rather than inhibiting the investment initiatives of local entrepreneurs.

**Export commitment:** As discussed in Section 3.5, rebuilding export confidence is essential for Zimbabwe to achieve the levels of imports necessary for self-sustained growth. The MDC government's policy will be to have a stable and predictable export-oriented environment, maintaining a competitive exchange rate rather than having specific export incentives. Bureaucratic hurdles to exporting are to be reduced, and all arms of government sensitised to the importance of assisting exporters.

**Tariffs and regional trade policy:** As mentioned in Chapter 1, the MDC government will work with global alliances to shape international economic and trade agreements to the country's advantage. Particular attention will be paid at the regional and continental level to maximising the gains for Zimbabwe from participation in COMESA, SADC and NEPAD as an integral cross-cutting socioeconomic programme of the African Union, while at the international level the negotiations with the European Union (for new Economic Partnership Agreements under Cotonou) and at the World Trade Organisation (the Doha Round) will be forcefully pursued.

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

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

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

The fostering of entrepreneurship in the industrial sector and promotion of small and medium-scale manufacturing enterprises is a central component of MDC's industrial policies. Specific **small-scale enterprise (SME)** measures are laid out in the chapter on empowerment (see Section 4.7).

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

## 5.4 Tourism

After independence, tourism grew at an impressive rate, ending the 1990s with an annual average growth rate of 18%. Tourism is a labour-intensive industry, employing 233,000 people and contributing 8% of GDP at its peak in 1998. There were probably a comparable number of people working in the informal sector, producing arts and crafts, predominantly bought by tourists. Foreign-currency earnings amounted to at least US\$200 million per annum. Trends and government policies since 2000 have decimated the tourism industry, and caused a 50% decline in overseas visitor arrivals, particularly in high-value tourism.

The MDC's programmes will reinforce the dividends of political recovery under a legitimate government and improvement in security with proactive programmes to increase domestic, regional and international tourism. The overall goal of MDC's tourism policy is to realise Zimbabwe's tourism potential in an integrated approach that emphasises local participation and beneficiation. Tourism will be an increasingly important integral element of the economy, utilising local resources and mainly domestic capital to generate employment and foreign-currency benefits for the nation as a whole.

The specific measures to be deployed will be:

- ✎ An international campaign to advertise the New Zimbabwe under the MDC government and the wealth of different tourism experiences on offer.
- ✎ Careful consideration of tourism in the finalisation of land reform by the Land Commission, including the arrest of the current depletion of wildlife and other natural resources and the destructive effects of gold-panning (see Section 2.5).
- ✎ Active participation in regional and cross-border tourism initiatives (including the Great Transfrontier Park project with Mozambique and South Africa, which is presently undermined by the irresponsible and destructive policies of the incumbent Zimbabwe government).
- ✎ Diversification of tourism into cultural tourism, village-based tourism, eco-tourism, conference and incentive travel, sports and recreation (particularly golf), these strategies extending the employment and income benefits of tourism to a much wider range of Zimbabwean workers.
- ✎ Strategies to encourage tourists to buy Zimbabwean products while visiting the country, particularly works of art, gold and jewellery.

- ✎ Identification of zones for the accelerated development of tourism infrastructure;
- ✎ Strategies to enable more Zimbabweans to enjoy national tourist destinations.
- ✎ provision of clear mandates and adequate resources to institutions responsible for the promotion of tourism within Zimbabwe.

## 5.5 Environment

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

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

The main principles of MDC's environmental policy are:

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

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

✎ Deal with the immediate crisis by:

- re-establishing the rule of law in the rural areas, thereby protecting trees, wildlife and livestock;
- repairing and restoring fences and implementing veterinary measures to eliminate foot-and-mouth, allowing exports of meat and meat products to resume;
- integrating sustainability principles fully in the MDC's Agrarian Reform programme (see Section 4.6).

✎ Strengthen the institutional mechanisms for participation by:

- consolidating institutional arrangements for environmental planning, regulation and enforcement, after collective consultation and stakeholder participation;
- building the capacity of representative bodies at river catchment and sub-catchment levels to enable the participation of local communities in the management of the full range of natural resources, under an umbrella national environment agency;
- re-establishing environment and conservation clubs in schools and communities;
- facilitating and supporting initiatives arising from the local level, including community-based conservation and biodiversity projects drawing on indigenous knowledge.

✎ Setting up incentive and regulatory structures and planning requirements by:

- reviewing and refining incentive and other forms of regulatory structures to ensure efficient utilisation of natural resources, waste management and cleaner production;
- ensuring the adequacy of measures (based on the "polluter pays" principle) to control pollution;
- making more stringent the requirements for properly conducted environmental impact assessments for development projects and programmes;
- encouraging the establishment of green zones in and around cities and towns.

✎ Securing genetic resources and biodiversity by:

- establishing a national code of conduct governing the collection and use of naturally occurring genetic plant materials;
- strengthening the capacity of and co-operation between institutions that research forest and genetic plant resources;

- promoting equitable access to genetic plant resources when they reach the stage of commercialisation and dissemination.

- ✎ Promoting regional and international agreements, obligations and roles by:
  - implementing and enforcing commitments made in respect of regional and international environmental treaties and conventions;
  - participating vigorously in regional and international initiatives on environmental sustainability.

## 5.6 Infrastructure – overall policies

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

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

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

Poor tariff and subsidy regimes will be avoided by establishing a proper governance framework for infrastructure. For this, modern, professional regulation is required. Given the size of the Zimbabwe economy, the high level of skills required for world-class infrastructural regulation to be achieved and the limited pool of people to draw on, the MDC will seek to rationalise regulatory agencies across sub-sectors with the aim of reducing the number of agencies and of exploring the establishment of one or more autonomous multi-sectoral Infrastructure Regulatory Agency or Agencies covering energy, water, transport and telecommunications. Successful multi-sectoral regulators of this kind are in operation in countries such as Ghana and Jamaica. The regulatory responsibilities and powers of the agency for each infrastructural sub-sector will be established under one or more Acts of Parliament.

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

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

## **5.7 Energy**


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

While tackling the immediate supply problems, the MDC will from the start also seek to address structural weaknesses in the energy sector. This will involve rationalising the respective roles of the public and private sectors in the various energy sub-sectors, and bringing them all under the independent, professional Infrastructure Regulatory Agency or Agencies discussed in the


previous section. This energy regulator will have the competence and the enforcement capability to protect consumer and national interests in respect of energy.

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

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

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

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


 **Electricity:** With the failure of past investment strategies, Zimbabwe has become increasingly dependent on imports of electricity from the Southern African Power Pool (SAPP). This has been very beneficial, because the costs of imports have been well below even the foreign-exchange component of the costs of production from new capacity in Zimbabwe. Unfortunately, however, the present overcapacity in the region, which has made such low import prices for Zimbabwe possible, will soon be taken up. Import prices are bound to rise. In addition, Zimbabwe's bargaining position has been greatly undermined by the present government's failure to make payments to the principal suppliers (Hidroelétrica de Cahora Bassa of Mozambique and ESKOM of South Africa).

Nonetheless, as long as SAPP power is available at a cost below that of developing new power stations, the MDC government will encourage



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

Having a professional, autonomous regulator is particularly important in the electricity sub-sector because of the complexity of the supply-and-demand interactions and the design of tariff structures to meet multiple objectives. The MDC government will ensure that the capacity to properly regulate the electricity sector is in place as a precursor to further consideration of the unbundling of the industry and the likely incorporation of private-sector participation in the next major supply-augmentation project. Based on the “smart subsidy” strategies that have been successfully implemented in a number of developing countries, the deployment of domestic private capital and expertise in extending the coverage of rural electrification will also be explored.


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

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

 **Coal-bed methane:** It was in the late 1980s that the existence of extensive coal-bed methane deposits was drawn to the attention of the ZANU(PF)

government. No other developing country would have sat passively on a major new resource for more than a dozen years when the resource is potentially so important for the country. Coal-bed methane holds the promise of a cheap and relatively clean source of power for peak-opping power-stations and/or of a feedstock for the petrochemical industry. This would initially allow gas to replace electricity as a feedstock for nitrogenous fertiliser production at Sable Chemicals, releasing electricity into the grid from ZESA's single largest customer, and could subsequently open up a range of new possible industries. These might even include producing methanol as a fuel for defined transport fleets (e.g. taxis and buses), thereby reducing the country's dependence on imported petroleum products.



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

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

## 5.8 Transport

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

The objectives of the MDC's transport policy are to:

-  restore adequate and affordable urban transport;
-  ensure all-weather road access to cities, towns and rural areas, complemented by efficient, comfortable, competitive, affordable and safe passenger services;

- ✎ restore the national rail network and ensure provision of efficient freight and passenger railway services;
- ✎ create the environment to encourage competitive provision of air transport services domestically, regionally and internationally;
- ✎ facilitate the growth of passenger and freight services on inland lakes;
- ✎ regulate the transport sector to ensure a high standard of safety, discipline, and protection of transport infrastructure while encouraging public and private-sector investment in infrastructure and transport service provision.

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

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

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

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

The establishment of the multi-sector Infrastructure Regulatory Agency or Agencies (discussed in Section 5.6), which will have responsibility *inter alia* for modern, professional regulation of the transport sector, will be a priority for the MDC government. The desirability of different options for privatising various transport services that are currently in the public domain will be considered once the regulatory framework is established, including whether strategic partners should be sought for the National Railways of Zimbabwe and Air Zimbabwe. In such cases, this would be done through international competitive tender.

## 5.9 Communications

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

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

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

The regulator for the posts and telecommunications sector established by the present government (POTRAZ) will be disbanded, as it fails to meet the criteria of independence and professionalism that is required. In its place, the communications wing of the proposed multi-sector Infrastructure Regulatory Agency or Agencies (discussed in Section 5.6) will be established as a matter of urgency. When the regulatory framework is in place, ownership patterns, including the desirability of strategic partners, will be reviewed in relation to

options for improved commercial viability and achieving greater equity in access to communications services.

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

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

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

The MDC’s specific ICT objectives are:

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

## 5.10 Water

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

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

To achieve the overall goals and objectives in the water sector, the MDC government will address the following challenges:

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

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

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

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

- ✎ **Productive water:** As part of the MDC's Agrarian Reform Programme (see Section 4.6), water will be provided to rural households for enhanced agricultural production (as well as clean water for domestic purposes).
- ✎ **Formal irrigation:** Following the rehabilitation of irrigation capacity damaged or destroyed during the fast-track land reform programme, new capacity will be opened up on an economically viable basis, with strong export orientation and linkages to the industrial sector.
- ✎ **Pricing:** The blend price system for bulk water will be phased out and replaced with economic pricing, co-ordinated with achieving the development potential of each catchment, while at all times ensuring the protection of vulnerable groups.
- ✎ **Separation of regulation from service provision:** This will involve regulatory functions being removed from ZINWA and the Department of Water, these becoming the responsibility of two new regulatory institutions:
  - Natural resource regulation through a multi-functional Environment Agency, responsible for the sustainable use of land, soil, wildlife, forests, etc., as well as water.
  - Service provision regulation (licensing of water sector operators, setting and enforcement of service and quality standards, water pricing) by the multi-sector Infrastructure Regulatory Agency or Agencies discussed in Section 5.6.

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



## **6. IMPLEMENTING RESTART**

### **6.1 Programme Phasing and Accountability**

The success of RESTART depends crucially on the programme being purposefully and effectively implemented. Detailed implementation strategies for RESTART, divided into the first 100 days, the rest of 2004, and then subsequent years of the programme, have been worked out. In the interests of transparency and openness, these include the scheduling of public pronouncements to ensure public awareness and understanding of policies, and subsequent public feedback on progress in implementing the programme.

The establishment of the Zimbabwe Economic Development Council, the Tripartite Labour Market Commission and ZEDC Task Forces, will be an immediate priority. Through this institutional structure, the implementation of RESTART will be a concerted national effort, fully involving the three social partners and development-oriented civil society organisations.

### **6.2 Mainstreaming Participation by Women and Youth**

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

To redress this situation, particular attention will be paid in all components of RESTART to providing better opportunities for women and youth. There will be deliberate emphasis on their participation in the fastest-growing sectors of the economy, which will initially be tourism and agriculture. During the reconstruction period, account will be taken of the fact that women have been the greatest victims of the collapse of public infrastructure, health, education and transport.

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

Specific MDC programmes to address the needs of women will include:

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

Corresponding MDC initiatives specifically targeted at young people will include:

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

- ✎ Ensuring that the MDC's mechanisms for social mobilisation, inclusion, service provision and economic empowerment give priority to specific measures for reducing the risk and mitigating the impact of HIV/AIDS in young people.

### 6.3 Donor Exit Strategy

As stressed in Section 3.4, foreign assistance will play an important role in achieving macro-economic stabilisation within the RESTART time-frame. Much of the external support is expected to come from the large multilateral development agencies, but with substantial and complementary resources from bilateral agencies. Whether grants or soft loans are allocated purely for budgetary support or are earmarked for the key priority sectors, the impact will be the same because the external resources will essentially allow the domestic debt to be bought back to manageable levels. The Zimbabwe dollar resources liberated by this process will be used for the priority sectors for poverty reduction – agrarian reform, health, education and social safety-nets. The foreign-exchange element of the external support will help to stabilise the foreign-exchange market, allowing normal levels of imports to resume and a start to be made in settling arrears.

It has been the experience of many other countries recovering from periods of crisis that foreign assistance becomes addictive, with international agencies becoming increasingly influential in policy-making and the countries becoming ever more dependent on foreign resources. Aware of this danger, the MDC government will remain firmly committed to its formally adopted policy principles in respect of external assistance:

*We will finance our policies by directing domestic resources and savings towards national goals and away from individual speculative interests. We will negotiate for external resources based on clear national policies and agendas. Our external borrowings will be consistent with our national policy goals; they will be used productively for sustainable development, acquired transparently, and monitored publicly against clear targets.*

*(Values, Goals and Policies of the Movement for Democratic Change, page 8)*

The projections show that by the end of programme period, RESTART will have established a sustainable fiscal stance. Foreign debt will still be large, but manageable in relation to restored and growing export revenues and the positive outcome anticipated from debt-rescheduling negotiations.

The MDC's long-term economic programme is therefore based on a predominantly domestic financing strategy, with a high level of national savings being channelled into productive investments, and foreign resources being derived primarily from trade and investment, not from aid. The state will play a strategic role, but transformation will come from the people being empowered to secure their economic prospects.

Industrialisation provides the dynamism in MDC's long-term vision of inclusive, broad-based development. With sustained growth in high-income urban employment, the rural population will decline, with those remaining in the rural areas achieving progressively higher levels of productivity and incomes. In the urban areas, economies of scale will allow basic infrastructure to be provided at low unit costs, while stable incomes will allow families to build or acquire decent housing and upgrade as their incomes grow.

RESTART represents an initial but essential step along the road to empowering Zimbabweans and achieving the country's immense potential.