

On Corruption and Economic Development: Review of Actions Taken by the Government of Zimbabwe in July 2019

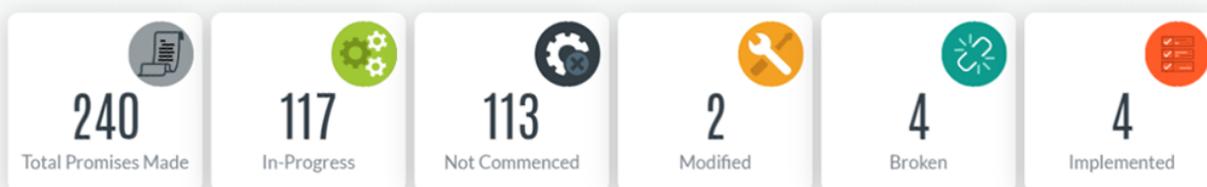
Introduction

Zimbabwe is living through one of its worst winters; with no electricity and no fuel. While we understood the daily toil of long petrol lines and life without power to cook, work and communicate, the depth of the challenge became clear when Advocate Fortune Chasi was appointed Minister of Energy and told to fix the mess. We learnt that we owe USD\$ 23 million to Eskom of South Africa and USD\$ 37 million to Hidroeléctrica de Cahora Bassa (HCB) of Mozambique. We also learnt that the electricity authority, ZESA, has been selling electricity at below market prices. In other words, the money we as citizens and entities paid to ZESA was not enough to import the same unit of electricity. A recipe for disaster? The price of fuel has been going up in line with changing rates of exchange between the RTGS Dollar and the United States Dollar. Generally socio-economic conditions continue to worsen. What has the government of Zimbabwe done? In this digest we revisit some of the actions taken by government in July 2019 and explore their significance in terms of improving the state of the economy.

Figure 1.1 provides an analysis of the different actions taken by government in July based on our ongoing tracker www.zimcitizenswatch.org. Annex 1 provides a more detailed breakdown of the different actions taken by the government of Zimbabwe.

zimcitizenswatch.org Monthly Update - July 2019

Summary of Promises as at 31/07/2019



Summary of Actions Taken in July 2019

New actions taken on promises : 9 | Additional actions taken on promises : 26 | Total actions taken on promises : 35

Overview of Actions Taken by the GoZ in July 2019

Sector	No of Promises	No. of Actions Take in July	Status
Agriculture	33	2	Addition to work in progress
Civil Rights	11	3	Addition to work in progress
Corruption	4	3	Addition to work in progress

Economy	117	7	Addition to work in progress
Local Government	2	1	Addition to work in progress
Social Services	43	4	1 new action and 3 additions to work in progress
Trade and International Relations	15	7	Addition to work in progress
Youth and Gender	16	2	Addition to work in progress

Source: Based on analysis carried out on www.zimcitizenswatch.org

ZACC and the Fight Against Corruption

The recent arrest of former Minister Tourism and Hospitality Industry Priscah Mupfumira and the subsequent publication of the forensic audit on NSSA done by BDO Zimbabwe has served to reinforce thinking that corruption (especially the abuse of office by elected officials and senior government officials) is the root cause of the crisis in Zimbabwe. The report raises several concerns about the goings on at NSSA and the relationships it entered with local banks and building contractors. To date, only Minister Mupfumira has been arrested in connection with that report and there are possibilities that many more arrests could follow. This leads us to an important question- if corruption is one of the main problems of our economic crisis, what is the Government doing to stop it¹? We note that since inauguration after elections, the Government of Zimbabwe has carried out the following actions as part of measures:

- Establishment of 6 Anti-Corruption Courts

¹ Transparency International's 2018 on the countries with the least corruption has placed ranked Zimbabwe at 160 out of 175. (see www.transparency.org)

- Amendment of the Money Laundering and Proceeds of Crime Act and Exchange Control Act (Regulations, 2018) which empowers Government to seize assets of people who fail to disclose the source of their wealth
- Recruitment of new ZACC commissioners including the Chairperson
- Giving the Zimbabwe Anti-Corruption Commission (ZACC) arresting powers
- Arrest of Minister Priscah Mupfumira, Douglas Tapfuma (former Director of State Residences)

Is this enough? Many will argue that the wheels of justice are moving too slowly in terms of responding to the scourge of corruption. The following are areas of concern as far as the fight against corruption is concerned:

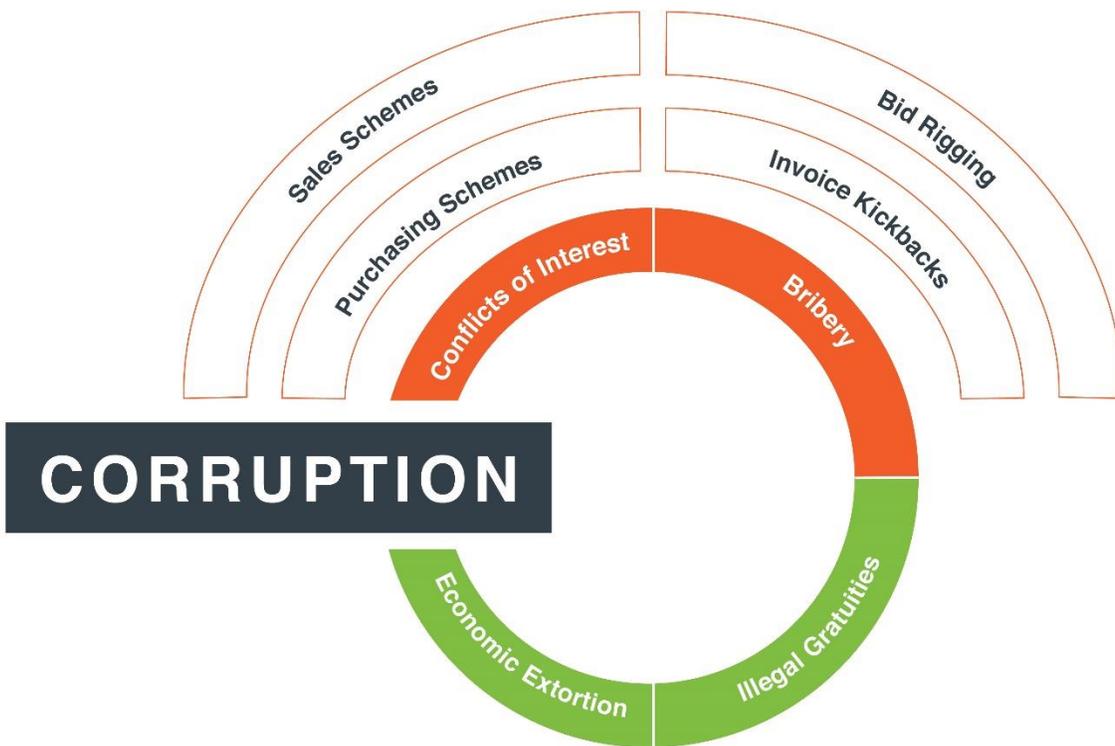
- Allegations of multiple farm ownership in fast track areas (The President revealed on radio that the former first lady owns 16 farms)
- Allegations of issuing of multi-million-dollar tenders to undeserving entities especially at ZESA
- Allegations of corruption at Hwange Colliery Company Limited
- Allegations of corruption within local authorities. For instance, the MDC-A led Gweru city council is also under scrutiny for receiving USD\$ 1 million in 2017, from ZINWA, which was to be used for the purchase of a pump yet there is no record on what the money was used for or in which account the money is being held

The GoZ has chosen a predominantly legal route to addressing corruption. They have sought to increase the cost of corruption by keeping suspects of corruption incarcerated for 21 days whilst investigations continue. However, to date there has been no conviction at all. Could it be time to rethink the legal strategy?

How Do We Define Corruption?

Corruption by its very nature is multifaceted and very complex, making it difficult to successfully investigate and prosecute perpetrators. It is also a two-way street made up of the corruptor (e.g. those who pay the bribes) and those

willing to be corrupted (those who receive bribes). We seem to have gone after those who receive the bribes and rarely focused on those who seek out these corrupt arrangements for their profit. The figure below, an adaptation of one created by the [White Collar Crime Bureau](#), is an attempt at demonstrating how corruption works.



We must note that corruption is not a straightforward problem like the need for food security, for instance. In the case of food insecurity, the government either imports more food or creates incentives for improved production. But corruption belongs to a category of problems that have been classified as ‘wicked problems².’ The wicked problems like corruption have several defining characteristics; one is that, people disagree on what is the cause of the

² The term ‘wicked’ in this context is used, not in the sense of evil, but as a crossword puzzle addict or mathematician would use it—an issue highly resistant to resolution

problem and what should be done about it. Corruption is usually a manifestation of a whole range of problems within a society such as weak and underperforming institutions, poverty, and weak economies that lead to shortages of necessary goods and services. Just imagine what is happening at agencies characterised by shortages such as the passport office or even at fuel service stations. Most of the public discourse has been focused on public officials; rarely do we discuss the role of economic players such as private local and international firms.

Secondly people are troubled by the discrepancies between what is happening to the problem and what they think should be happening (Mathews 2014:61³). As already noted, we have a hammer and nail approach when it comes to corruption. Our expert legal minds think that all we need is a strong hammer (laws) and sharper nails (good investigators and prosecutors) to fix the problem. Others think that the *real* corrupt people have not yet been arrested and see the ongoing arrests as a smokescreen. We also note that the current approaches to dealing with corruption do not include the people at all (ordinary citizens). We have literally surrendered the problem back to the political class for them to fix a mess they are part of creating and perpetuating. Another defining characteristic of a wicked problem is that citizens must respond. There is ongoing chatter on social media platforms around corruption. Is that enough?

Finally, wicked problems have many interdependencies and are often multi-causal. There are also often internally conflicting goals or objectives within the broader wicked problem.

There is thus a need for a comprehensive and broader strategy against corruption. Maybe we can learn from the Public Health space and the fight against HIV/AIDS. In the 1990s, Zimbabwe faced a huge challenge with HIV/AIDS. Our infection rates and numbers of deaths were higher than any other in the region. But today we are recognized as one of the success stories against HIV/AIDS. What did we do right? We recognized that it wasn't government's problem alone; we had to change our behaviours, we had to take care of each other, we spoke about the risks of unprotected sex and sexually

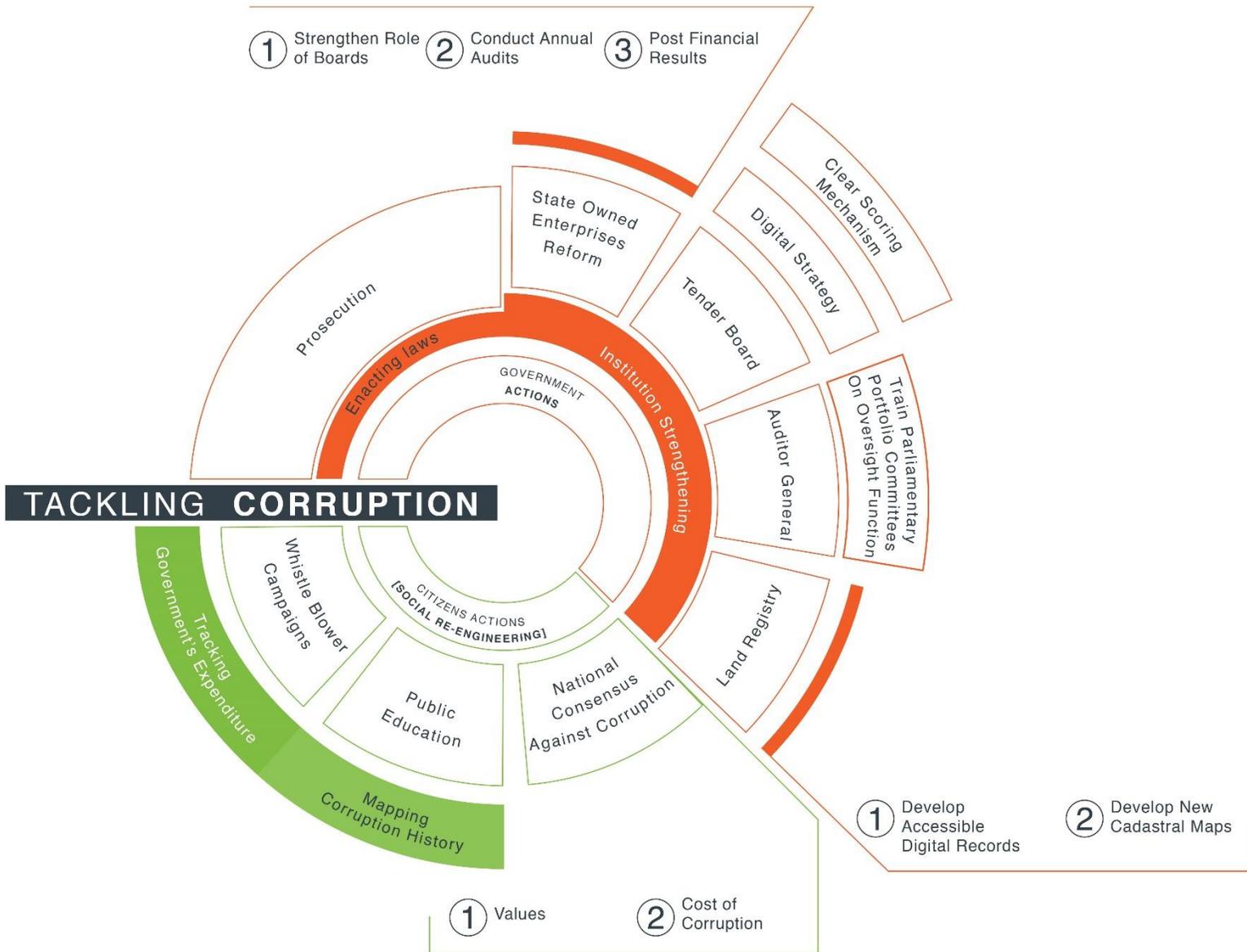
³ David Mathews (2014), *The Ecology of Democracy*, Kettering Foundation Press, Dayton
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transmitted diseases. We were engaged! There is need for a new approach that we will describe as the 'With'⁴ strategy in the fight against corruption.

Government (especially the courts) alone cannot successfully tackle the scourge of corruption. Citizens cannot just complain and wish away corruption; we all must act. A 'with' approach towards eradicating corruption is based on the recognition that there are certain things only government can do for instance carrying out arrests, prosecutions and incarcerating perpetrators and also that there are certain things only citizens can do such as refusing to deal with a corrupt entity, exercising values of integrity and mobilising others to action. The Figure below provides a comprehensive description of the different actions that can be taken by government and citizens. We note that currently we do not have a coherent framework or agency able to pull altogether all the necessary pieces required for the fight against corruption.

The proposed comprehensive strategy (see Figure below) should help us reach a stage in our society where corruption is viewed as morally repulsive a major cost to the economy and to our wellbeing.

⁴ This is a concept we have adapted from David Mathews forthcoming book entitled 'With'.
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Recreating Values in Governance Must Be Critical to Tackling Corruption

At the root of it all is the erosion of values and a moral framework in our governance systems. There is an urgent need for social re-engineering around the values that we promote as a society. When we began the process of nation building in 1980 our heroes were those who had played a valiant role in dismantling colonial oppression. Today's heroes are a mixture of the super-

rich who can't explain how they got their wealth. We do not question rampant wealth and the ways in which it is flaunted. Social media is awash with images of fellow Zimbabweans flaunting their wealth but without explaining how they made it.

The first major task in the fight against corruption is to demonstrate the extent to which corruption is a threat not only to our economic well-being but to our moral fabric as a nation. This can't be done by the political class; we need moral influencers that we can all trust to carry out this assignment. These come in the form of religious leaders, retired politicians, philanthropists and our sports heroes.

The second task is to open wide the fight against corruption beyond the legal approach by creating a distinct connection between corruption and the economic crisis. We need studies, blogs and chat shows which create the connection between corruption and the economic crisis in a more direct way. Related to this is the need for a naming and shaming campaign. Is it not strange that we must wait for government to give us names of who is corrupt? What happened to investigative journalism? The paper trail is there to follow.

The third task is to continuously communicate the risks that comes with corruption. We must not miss opportunities to engage with others and seek to reduce the consequences of increasing inequality and putting power within the hands of a small powerful but corrupt elite. The 'Zimbabwe is Open for Business' mantra is just empty words if it's not accompanied by an aggressive fight against corruption. The legal approach is important but it's not sufficient to effectively deal with the scale of corruption in our country. We propose a multifaceted and complimentary approach; *umkhulu lomsebenzi!*

What Needs to Be Done?

We would like the Government to do the following:

Change some laws

There is need to shift the burden of proof from the prosecution to the defendant. The Amendment of the Money Laundering and Proceeds of Crime Act and Exchange Control Act (Regulations, 2018) empowers Government to seize assets of people who fail to disclose the source of their wealth. We are

yet to see government and (in this case, ZACC), taking advantage of this new law. If properly used, the new law could help resolve allegations being made by members of the public of certain politically connected elites seen to be benefitting from their close relationship with power.

Strengthen Institutions

Corruption thrives in contexts where institutions operate within opaque legal environments. There is need to ensure that government departments and state-owned enterprise are accountable. There are many ways of enhancing accountability, but the most effective way is a comprehensive digital strategy. In other countries such as Botswana, citizens no longer go to the passport office, instead they complete their applications online or at the post office. That reduces contact with the team responsible for issuing passports and creates a clear paper trail. Many other service-oriented government departments should pursue a similar strategy. There is need for revamping the digital strategy in lands registry and companies' registration.

The NSSA incident has demonstrated the extent to which Ministers and board chairs can interfere in the day to day running of such institutions. The rules should be clear on reporting structures. The selection of board members can no longer be the responsibility of the Minister alone; there is a lot at stake. There should be clear criteria of the role of the board and Parliament should have a final say on who sits on these boards.

We also need citizens to engage:

Building a new consensus on what it means to be a good citizen

There is need for a new discussion of what it means to be a good citizen in the country and one of the values we should cherish is integrity. For instance, there is a loose network made of Christian, Business and Civic leaders called Network58 which is seeking to popularize a values renewal approach under their RADICAL (an acronym standing for *Respect, Accountability, Discipline, Integrity, Attitude and Love*) campaign. The fight against corruption needs a moral dimension more than the legalistic route. The ongoing prosecutions and investigations should continue and where possible be accelerated but we also need to consider other interventions. Perhaps the renewal of our values

combined with a real threat of being incarcerated, shamed and losing all ill-gotten assets could be the antidote we need to fix our country.

Social Mobilisation Against Corruption

There is a need for a strong countervailing social force engaged in the fight against corruption. We currently do not have a social movement against corruption. We need one. The initiative by Network58 around values renewal through the RADICAL campaign is a good example of citizen led action. Although at its infancy, the RADICAL campaign serves to demonstrate what citizens can do in the fight against corruption. The emphasis is on restoring values at the centre of our everyday lives, be it in commerce, politics, religion and our everyday interactions. The social mobilisation cannot be done by one entity; it must go into many places and be part of everyday conversations. We should also consider a school curriculum that seeks to restore a values-based perspective on life as part of the outstanding course on Citizenship in Zimbabwe.

Whither the Economy

The economy is in the Intensive Care Unit. Since the beginning of the year, everyone is living with the erosion of their earnings and savings. Despite the signing of several important mega deals especially in mining, the economy continues to lose jobs (see Table below for all the mining mega deals concluded to date).

Sector	Sub Sector	Promise (Policy)	Actions (Mega Deals)	Date
Economy	Mining	Implement the amended Indigenisation and Economic Empowerment Act [Chapter 14:33] to attract foreign investment into the mining sector while also promoting the local content policy.	Zimbabwe and Russia sign a deal to build a USD4 Billion Worth Mine.	11-Apr-19

Economy	Mining	Implement the amended Indigenisation and Economic Empowerment Act [Chapter 14:33] to attract foreign investment into the mining sector while also promoting the local content policy.	The government of Zimbabwe signed 5-billion-dollar deal with the Chinese Steel Giant Tsingshan.	11-Apr-19
Economy	Mining	Implement the amended Indigenisation and Economic Empowerment Act [Chapter 14:33] to attract foreign investment into the mining sector while also promoting the local content policy.	Zimbabwe awards concession to explore for and mine platinum to Bavura Holdings a company linked to Nigerian Billionaire Benedict Peters.	23-May-19
Economy	Mining	Implement the amended Indigenisation and Economic Empowerment Act [Chapter 14:33] to attract foreign investment into the mining sector while also promoting the local content policy.	President ED Mnangagwa Commissions a USD\$62 Million Smelter at Unki Mine	15-May-19
Economy	Mining	Ensure that State Enterprises and Parastatals remain active in the mining sector.	Zimbabwe Consolidated Diamond Company (ZCDC), Alrosa Seal Joint Venture Deal	17-Jul-19
Economy	Mining	Develop Diamond and Lithium Policies to facilitate investment.	The Diamond Mining Sector has received 2 new players; Anjin from China and Alrosa from Russia	10-Jul-19
Economy	Mining	Prioritise beneficiation of iron ore and the production of steel as a solid foundation for industrialisation.	Government signs an investment deal with ZimCoke for Iron Ore beneficiation.	17-Apr-19
Economy	Mining	Support the mining companies to increase export through export incentives, retention of export proceeds, favourable taxes, levies and utilities.	Cabinet approves USD\$350 Million ZISCO Deal	17-Apr-19

We are not naive to assume that the investments described above would have created jobs overnight, but we are concerned that the GoZ has done very little to protect local industry. The combination of 2% tax on mobile transactions

and the RTGS1.2Billion that banks had to surrender to the RBZ as part of their foreign payments commitments has led to a dry market and in the process slowing down consumer demand. There is very little cash doing the rounds. This is so unlike the previous period of hyperinflation when Dr. Gono was Governor of the Central Bank. Prices have continued to go up and we have seen cases here and there where prices came down but that is not the dominant trend.

Worryingly, the GoZ does not seem to be in a hurry to come up with short term fixes. Everything is about the long run. They are sticking to their austerity mantra. Take for instance the launch of the industrialisation strategy that states the country needs to re-invest into industry. However, will that bring jobs tomorrow? No! There is no investment in popular infrastructure projects which could be a quick stimulus for an increase in demand especially of consumer goods and provision of a temporary cushion to the multitude of unemployed youths.

In [another related piece](#), we suggested that the US and Europe should consider lifting sanctions against Zimbabwe to allow the country to tap into Balance of Payment support facilities and other foreign direct investment and export related opportunities such as AGOA. In a recent article David Pilling of Financial Times makes the same argument with regards to normalizing the economy. He states that ‘...there is a case for the US to drop its objection to financial re-engagement with the country. Without a new injection of money even the most competent government could not solve Zimbabwe’s economic woes. Cutting it off from finance amounts to backing it into submission’.

Lack of Consensus Building Processes

There is limited buy-in of government policies and programs. Government has not started on the process of building relationships of trust with citizens. They continue to use top-down expert-based approaches to policy making. A good example is this; captains of industry, civil society leaders and other elected officials were only invited to discuss the mid-term budget review when the Minister had already officially presented it. There is no evidence to suggest that sensitive government programs such as the Transitional Stabilisation Plan (TSP) and even the budget statements are influenced by the input of non-state

actors. In fact, the top-down approach has created challenges even within government.

Recently other members of the ruling party were questioning how the Minister of Finance could independently announce the lifting of the indigenisation requirements in the Platinum and Diamond sectors without any evidence of consultations. There is currently no consensus on the Transitional Stabilisation Plan (TSP) and the call for protests on the state of the economy by the MDC-Alliance attests to that. Government needs to spend more time deliberating with others on its intended policy direction. According to a survey carried out by SIVIO Institute, the lack of space for participation can be summarised as follows:

- Very few citizens recall an instance where they have been consulted about policy direction
- Citizens have lost trust in government and financial institutions
- Most citizens believe that the economic problem is due to corruption. Approximately 29% of respondents to a survey carried out by SIVIO Institute felt that corruption was the main limitation to effectiveness of government
- Government does not care about corruption-allegations of corruption are in the public domain but there is very little evidence that the Government is doing anything to resolve them⁵.

Conclusion

We have no capacity to accurately foretell the future, however, from what we've gathered using our tracker the following may happen:

- An increase in the incidences of protest
- Stabilisation of the rate of exchange and prices in the last quarter of the year

⁵ See <http://beyondthecrises.org/this-is-how-we-vote/> and <https://www.sivioinstitute.org/wp-content/uploads/2019/03/SIVO-National-Citizens-Baseline-Survey-Report.pdf>

- Inadequate preparations for the agricultural season
- More arrests related to corruption.

What is your analysis of the situation? What alternatives would you suggest? To be part of the dialogue check out our website, ZimCitizensWatch <https://www.zimcitizenswatch.org/> for more resources.

Annex 1 Detailed Analysis of Actions Taken by GoZ

SECTOR	PROMISE	ACTIONS	STATUS
Agriculture	Accelerated irrigation schemes for enhanced agricultural productivity especially during drought spells.	Government through Agribank has, secured a USD \$10 million facility to finance irrigation	New
	Rationalizing farm sizes and eliminating multiple farm ownership.	President Mnangagwa resolve dispute over ownership of farm.	Addition
Civil Rights	Promote sound governance, inclusivity, transparency and accountability	Cabinet approves principles for the amendment of the Administrative Justice Act	Addition
	Promote sound governance, inclusivity, transparency and accountability	The Zimbabwe parliament welcomes the gazetting of the Freedom of Information Bill.	Addition
	Decentralisation of planning, approval and decision-making processes to promote growth of local industries in the provinces and districts.	Provinces receive devolution funds	Addition
	Eradicate every aspect of tribalism, regionalism and all forms of human exploitation and alienation.	NPRC spells out Gukurahundi strategy	Addition
	Ensure equal access to opportunities for all people in Zimbabwe regardless of race, tribe, sex, religion or origin.	National documentation hearings start in Matebelelend North	Addition
Corruption	Ensure a corruption-free environment in both the private and public sectors.	Senior officials at the Ministry of Local Government, Public Works and National Housing head office have been nailed for interfering with the allocation of land.	Addition
	Ensure a corruption-free environment in both the private and public sectors.	Tourism Minister Prisca Mupfumira arrested over NSSA corruption	Addition
	Swift justice will be served on perpetrators of crime and other acts of economic sabotage. Anyone found guilty of corruption will be immediately fired and punished accordingly- nobody is above the law. (Modification from pledge card):	The Zimbabwe Anti-Corruption Commission (ZACC) Now Has Arresting Powers	Addition
	Swift justice will be served on perpetrators of crime and other acts of economic sabotage. Anyone found guilty of corruption will be immediately fired and punished accordingly- nobody is above the law. (Modification from pledge card):	Former Director of State Residences Douglas Tapfuma arrested for criminal abuse of office.	Addition

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	Swift justice will be served on perpetrators of crime and other acts of economic sabotage. Anyone found guilty of corruption will be immediately fired and punished accordingly- nobody is above the law. (Modification from pledge card):	President Mnangagwa Appoints New Commissioners of the Zimbabwe Anti-Corruption Commission (ZACC)	Addition
Economy	Implement the SADC industrialisation strategy.	Government launches the Zimbabwe National Industrialisation policy	New
	Promote investments and use of renewable clean energy resources such as solar, hydro, wind and biogas.	National project status for Harava Solar venture	Addition
	Develop Diamond and Lithium Policies to facilitate investment.	The Diamond Mining Sector has received 2 new players	Addition
	Develop tourism products and implement projects that are informed by the national tourism sector strategy.	Expo 2020 Dubai roadmap laid out	Addition
	Increased funding for national development project and programs.	Zimbabwe Joins Africa 50 Group	New
	Ensure that State Enterprises and Parastatals remain active in the mining sector.	Zimbabwe Consolidated Diamond Company ZCDC and Alrosa Seal Joint Venture Deal.	Addition
	Promote investments and use of renewable clean energy resources such as solar, hydro, wind and biogas.	Government Waivers Duty on Solar Equipment	Addition
Local Governance	Re-alignment of the service provision standards in all areas that include water reticulation, electricity, roads and other support infrastructure.	Government set up an advisory board for Harare	New
Social Services	Provide educational loans to students undertaking tertiary education in partnership with the private sector.	1. Government has re-introduced grants for students in State institutions 2. Govt secures \$40m for student grants	New
	Create social safety nets.	The government distributes food in both urban and rural areas for the first time.	Addition
	Ensure that people with disabilities can conveniently access public service and polling stations	ZPCS sends officers for sign language course	New
	Create social safety nets	Mid-year bonus for pensioners	Addition
	Create social safety nets	Govt leads support for the vulnerable	Addition
	Improve Health service delivery in line with the SDGs by year 2023.	President E.D. Mnangagwa hand over medical equipment	New

Trade & International Relations	Normalise the country's relations with the UK, USA, EU, and the white farmers including those who were protected under BIPPAs.	Let's focus on future, President urges UK	Addition
	Improved inflows of international investments that will complement local investments.	Improved inflows of international investments that will complement local investments.	Addition
	Strengthen bilateral relationships with China, India, Japan, South Korea, Russia and Brazil as well as countries in our regional trading blocs namely SADC, ECOWAS and COMESA.	Twinning agreements signed between Zhezhiang Province and the provinces of Mashonaland West and Matabeleland North.	Addition
	Engage Zimbabwean diaspora to contribute towards the social and economic development of the country.	Zimbabwe working on Diaspora Strategy	Addition
	Respecting international protocols through their ratification and domestication where necessary.	Cabinet approves principles for the amendment of the Radiation Protection Act (Chapter 15:15)	Addition
	Normalise the country's relations with the UK, USA, EU, and the white farmers including those who were protected under BIPPAs.	The Minister of Foreign Affairs and International Trade has gone to the United Kingdom on a 4-day re-engagement programme.	Addition
	Engage Zimbabwean Diaspora to contribute towards the social and economic development of the country.	The Ministry of Environment Tourism and Hospitality Industry leads an engagement drive modelled on road shows in the UK.	Addition
Youth & Gender	Increase the participation of women in value chains of the key economic sectors.	Govt rolls out community bakeries	New
	Facilitate female ownership and control of productive resources, including land and mineral claims, by ensuring that women can own land as individuals or jointly with their spouses.	RBZ offers lifeline for women in mining	New