Zimbabwe: The Challenges facing the Restoration of Economic Stability and Growth

A little over a year ago, when Zimbabweans were permitted to legally use foreign currency, the choice of US dollars permitted the immediate disappearance of inflation. This change made the early months of 2009 significantly better than the closing months of 2008. The signing of an agreement to form the Government of National Unity then further encouraged the population.

Government claims that these were significant achievements. However, the currency issue reflected, not an achievement, but a string of very serious failures. The failures systematically destroyed the value of the Zimbabwe dollar and, despite severe criticism, government defended every one of the policy decisions that led to it, every step of the way. And the monetary officials did not accept the use of the US dollar willingly. In fact, they were threatening people with prosecution if they were caught using the US dollar right to the end. They were forced to give in when even government’s employees refused to accept their wages in useless Zimbabwe dollars.

Zanu PF, the party that had formed the government ever since independence in 1980, just as reluctantly accepted the Government of National Unity. The Movement for Democratic Change had made considerable progress since it contested its first election in 2000 and in the 2008 Parliamentary elections it won more seats than Zanu PF. However, Zanu PF refused to concede victory to MDC, and only after pressure was brought to bear on Zanu PF from SADC and the President of South Africa was the Government of National Unity formed, and by then it was eleven months after the election.

Progress since then has been slow. Endless debate on whether Zanu PF had the right to re-appoint the Governor of the Reserve Bank or the Attorney General, or whether certain ministers, deputy ministers or permanent secretaries’ appointments should be recognised, has absorbed the GNU’s energies, but the challenges that should have been faced to establish a full economic recovery have been totally ignored. Today, the GNU remains entangled in trivia and discussions on the plans actually needed have not appeared on the agenda.

These discussions should, first, concentrate on the policy changes needed to place the Rule of Law onto a sound footing and to repeal all laws and regulations that interfere with basic pre-requisites for investment, which include the ability to acquire, own and market the assets needed to run a productive enterprise. Ownership rights are needed for all forms of property, whether these are areas of land or mining claims, buildings, financial instruments, patents or shares.

Secondly, a reasonable plan should identify the sequences of events needed to restore Zimbabwe’s physical and social infrastructure to acceptable levels of efficiency and dependability. Preliminary estimates could be made of the scale of restoration work needed to bring existing roads, railways, airways, power, telecommunications, municipal water supplies, hospitals, schools...
and colleges back to acceptable operating standards. These exercises have not been done.

If Zimbabwe had forward-looking policies that showed a commitment to restore an attractive investment climate, experts could be easily commissioned to make estimates of the time and funding that would be needed to restore each of the utilities and services. Formal proposals could then be drafted to invite the participation of local and international bodies.

To be considered to be deserving of assistance, Zimbabwe will have to accept the need to make extensive policy changes. The changed policies are needed to improve the country’s prospects of paying back money that has to be borrowed, so its ability to successfully float syndicated long-term loan stock issues on international capital markets would also improve. Support for these efforts would quickly gather momentum once the first signs of success had become evident.

For some of the challenges, proposals for the privatisation of certain parastatal organisations could be presented in correctly drafted prospectuses. Others might require work to be put out to international tender to meet the requirements of funding organisations or donor countries, while for certain projects the main concern might be to simply attract back to the country the skilled personnel who have left.

A plan that covered this ground would no doubt leave further political problems in need of solutions. All of these would deserve careful thought and special attention, but from specialists qualified in those fields. To meet the economic challenges, the undiluted attention of investment experts needs to be focused on actions that will deliver recovery and growth. Zimbabwe should consciously and deliberately adopt strategies to prevent unresolved problems from the past from derailing efforts to achieve a full recovery.

The country would best achieve this by ensuring that the selected solutions were forward-looking, rather than based on meeting claimed entitlements that stemmed from past events. If this could be achieved, the success would restore dependable flows of income that would then make Zimbabwe far more capable of dealing with remaining challenges caused by past failings, or errors of judgment.

Unfortunately, Zimbabwe has chosen to impose policies that seek first to redress the past. Land Reform is one such policy, and despite the clear evidence that it has done extremely severe damage to the Zimbabwean economy and to the welfare of very nearly the whole population, the political leadership is still vigorously defending this policy decision.

In defiance of all advice, they are also repeatedly declaring that they will not tolerate any thought of returning to arrangements that were clearly more successful. The Zimbabwe government describes the denial of assistance to the country for this reason as an unjust imposition of “illegal sanctions”.

Having achieved almost no lasting or sustainable transfers of wealth through its Land Reform, government has now brought into operation legislation that directs companies to relinquish ownership of 51 percent of their shares to indigenous Zimbabweans. This move, claims Zanu PF, is justified by the need to empower and enrich those who suffered prejudice during the colonial past.

Business sector protests that the forced transfers of shares to indigenous people will neither enrich nor empower them have brought harsh responses from government. These argue that such claims not only insult the population, they also prove the business owners’ opposition to the advancement of indigenous people. Further, their unwillingness to share is clear evidence that they are not worthy of the privilege of running a business in Zimbabwe.

The same Indigenisation and Economic Empowerment Act also requires that external investors starting new businesses should relinquish the same percentage of shares –
and therefore control – to indigenous shareholders within five years.

This, the government claims, will be fair and just because indigenous people in colonial Rhodesia were the victims of racial discrimination. The Zimbabwe government refuses to accept that its case carries no weight with potential new investors, who have no interest in, or responsibility for, Zimbabwe's colonial history, specially as that came to an end thirty years ago.

As demands for control over new ventures has not been accompanied by any official commitment that the 51 percent of the shares, being claimed as an indigenous entitlement, will be paid for when the business is formed, the demands have placed beyond Zimbabwe's reach the investment capital the country might have attracted if more forward-looking policies had been adopted.

However, one of the more fundamental of Zimbabwe's essential requirements is an inflow of new capital, preferably as equity rather than loans. Only by restoring a reasonable proportion of its former production volumes and by re-establishing dependable tax and export revenues, will Zimbabwe begin to restore economic growth, and only by attracting considerable amounts of new capital will this recovery process become possible.

However, if Zimbabwe's indigenisation policies go ahead as planned, neither the needed production volumes nor the export revenues will be restored and, for lack of investment inflows, its development potential will not be realised. Hopes that the government might have assisted that recovery by attracting international support to restore efficiency to the power generation and national transport sectors will not be realised either.

Government appears to be ignoring the basic facts that considerable investment is urgently needed to bring about the recovery of both output volumes and the essential infrastructural services, and that investment is impossible without access to savings.

Zimbabwe has no savings of its own. Zimbabwe’s savings stock was wiped out, first by organised capital confiscation procedures adopted by the Reserve Bank as the economy went into decline, and then by hyperinflation. As unpaid international debts remain firmly in place, Zimbabwe’s credit rating is amongst the lowest in the world; so new loan capital as well as new inflows of investment capital will remain out of reach until imaginative policy revisions completely change the country's acceptability as an investment option.

The search for explanations for the government's policy choices draws the debate away from economic realities into politics. Zanu PF, the party that remains in control even though it did not win most of the seats in the last election, appears to be so determined to win a substantial majority in the next election that its behaviour has become perverse. Rather than propose policies that would make the party stand out as the most worthy of support, it is deliberately undermining MDC's efforts to initiate improvements and it is targeting spheres of influence that are seen to be a threat to its own grip on control.

Zanu PF treats as a threat those who have the ability to form and run successful businesses and seem likely to influence the voters to support political rivals. The demand that 51% of the shares of all such companies should be transferred is to ensure that, in the future, the directors of all companies will be people who will accept directives from the party. Under their management, those companies' policies will therefore be supportive of the party.

While the Zimbabwe government claims to be fully supportive of democratic ideals, the evidence shows a deep-seated preference for command-economy and totalitarian styles of governance. When Zimbabwe gained independence in 1980, it was after a struggle that was as much an ideological contest as it was a fight against colonialism.

Competing liberation movements had combined forces to displace the colonial government, but having been sponsored, trai-
ned and equipped mainly by China and the Soviet Union, and having received further support from North Korea, Cuba and Yugoslavia, they took office with firmly held beliefs that the Zimbabwe of the future should be run on communist lines.

Robert Mugabe announced in 1980 that the country would become a Marxist-Leninist state. His intention, he said, was to eventually bring all business sectors under State control, but he chose first to work on so-called wealth redistribution plans.

These he initiated with generous subsidies to keep staple food prices low, strict price controls on all other goods, a salary freeze for all management and senior business people and accelerated pay increases to all employees below management levels.

Existing controls were tightened on rents, exchange rates, imports, interest rates, dividend remittances, and project approval procedures that had been imposed by the previous Rhodesian government.

Taxes were increased and new taxes were introduced to further the wealth redistribution objective. The size of dividends that could be declared was set at a quarter of after-tax profits and to make up for disappointing incomes and investment inflows, aid was sought from every possible donor country.

With the immediate challenge of fully indigenising the civil service and the uniformed forces absorbing much of government’s energies, all non-indigenous members of the public sector were invited to take early retirement. Those who chose to stay were told that their prospects of promotion had come to an end.

Wealth redistribution policies were so well publicised that large numbers of people, who considered themselves to be deserving of special recognition for their loyalty and support during the liberation struggle, presented themselves to the authorities to collect on the promises being made.

Mugabe had already rewarded the most important of these by making them Cabinet Ministers or MPs, but finding ways to reward the rest became difficult after he had chosen his Politburo and Central Committee members and had allocated the top diplomatic posts, senior civil and uniformed service positions and parastatal directorships.

The next best possibilities for further rewards were seen to come from the business sector, over which the government found it could wield considerable authority. Business owners were forced to seek government permission for company mergers or sales, and permission was often denied unless either the State or the ruling party, or sometimes the minister concerned, was offered a significant proportion of the shares. For sales of farms, government required that all properties be offered to them first.

These measures provided government with the means to reward a few more supporters. Some were given directorships of companies and others were given farms, permitting government to claim that it was making some progress on the promised redistribution of land. However, thousands of others were still claiming to be deserving of rewards.

Government then realised that many more transfers of considerable value were available in the form of allocations of foreign currency. Rhodesia had managed its scarce foreign exchange resources during fifteen years of international sanctions by rationing its limited foreign earnings to ensure that only the most efficient and productive importers would receive the funds.

Mugabe’s government inherited the whole system and kept it going, but saw the transfer of these allocations of foreign currency, plus their accompanying import licences, to be an easy way to achieve several important objectives.

Firstly, the money and licences would be greatly valued by his supporters, who would therefore feel well rewarded, and secondly, by redirecting the funds into the hands of loyal supporters, he would be transferring
wealth-generating capacity to producers who were both indigenous and very supportive of his policies.

As they would also be dependent on his patronage, Mugabe felt he was not only securing their continuing loyalty, but that the transfers would amount to a strong start towards the indigenisation of the economy. His comment at the time was that the new recipients of scarce foreign currency would become the industrialists of the future.

Unfortunately for the government, the conduct of people who successfully claim rights to receive support tends not to be very productive. With very few exceptions, the people receiving allocations of scarce foreign currency found that simply selling it could generate an attractive premium.

As this was typically equivalent to 100 percent of the face value of the allocation, it amounted to a very good income and it required from them no business knowledge or hard work. Even better, having successfully claimed it as an entitlement, they could relax and enjoy a flow of funds that was never expected to end.

As a result, these beneficiaries of government’s wealth transfer process did not become industrialists. The few exceptions mentioned became importers and sellers of finished goods, such as motor spares or electronic equipment. The rest sold their foreign exchange and import licences back to the companies from which these had been taken, so the industrialists who were running the factories before remained in business.

Not all Zanu PF policies in the 1980s failed. A more worthy wealth redistribution initiative was taken to bring about a much-needed improvement in education. Although former Rhodesian governments had achieved a better standard of education than had any other African country, the system’s major shortcoming was that too small a percentage of junior school pupils could find places in the limited number of senior schools. Mugabe promised that senior school places would be created for all children and that the State would bear all the costs.

With considerable help from donor countries and aid agencies, the education promises were kept. By the mid-1980s, tens of thousands of well-educated young people with high hopes were offering themselves to the employment market. Unfortunately, the continuing constraints on the business sector, specially price controls, shortages of foreign currency and threats of eventual take-overs by the Marxist-Leninist State, had discouraged investment.

Very few new jobs were being created, therefore, and very few companies could maintain apprenticeship or other training programmes. Towards the end of the 1980s, the numbers of high school graduates was topping out above 100,000 a year and the lack of employment opportunities had become politically embarrassing. After advice was sought from various institutions, the World Bank presented a very reasoned argument that was to place the country onto a new development path.

World Bank economists were able to persuade government that investment was needed for employment creation, that investment arose from savings and that domestic savings were too difficult to accumulate when taxes were too high and when almost every form of economic activity was controlled.

Investment flows, said the World Bank, also depended upon confidence that ownership would not be threatened, so it recommended that government should abandon its business nationalisation plans.

With offers of financial assistance, the World Bank proposed a programme of trade liberalisation measures that were conditional upon government keeping its promises to reduce controls, and also to reduce its own budget deficits as these were "crowding-out" business activity. The plans were accepted, and when the terms became known, Zimbabwe enjoyed an upsurge of investor interest.
To keep the budget deficit from rising above three percent of Gross Domestic Product, the World Bank advised the government to shed the employees who were not needed. This, they argued, should not be difficult as the jobs of many of them had been to enforce the controls that were being abandoned.

Government agreed, World Bank money arrived, the first of the measures were introduced and business began to warm to its new freedoms. With price controls being lifted and access to more imports, the business sector in 1990 enjoyed the first flush of real optimism it had seen since independence.

Government then announced its proposed 1991 budget. Contrary to the agreed plan, this showed that it intended to raise a substantial sum to fund another large budget deficit. The World Bank was most displeased, and their reasoning soon became clear: when government loan stock was offered to the market to fund the deficit, the private sector investors and institutions ignored it. With trade liberalisation and the removal of controls, every business and all the institutions were looking forward to investing their funds in ways that were much more exciting than purchasing Government Stock.

Further attempts were made to sell government paper, but they also failed. Government officials delivered a plea for help to the World Bank, but as the terms of their agreement with Zimbabwe had been breached, the World Bank decided that Zimbabwe had disqualified itself and the request for more help should be denied. Try the IMF, they said.

The IMF said they could certainly help, but warned that the "conditionalities" they would have to impose would be a good deal tougher that the terms set by the World Bank. And they were. They amounted to very much more than the already demanding instructions to get rid of subsidies and controls, to cut the size of the public sector, to cut taxes and to reign in the budget deficit.

To this list, the IMF added a substantial devaluation and the privatisation of Zimbabwe's loss-making parastatal bodies as well as government-owned businesses such as the steelworks. After much debate, an Economic Structural Adjustment Programme was adopted.

As import licences were abolished, as price and rent controls were removed, as taxes were reduced and as investment regulations were greatly simplified, business conditions improved enormously. New housing schemes were started and new shopping malls were designed around the rising numbers of retailers who at last had access to imported goods.

But not everybody was happy. A severely dissatisfied group was soon to emerge and its members were those who lost their income from the sale of foreign exchange allocations and import licences. With Balance of Payments support from the IMF, the government scrapped the allocation system and left the former recipients of these substantial handouts out in the cold.

But they claimed that they were still entitled to benefits and that their entitlements were not being respected. So they formed themselves into a militant war veteran's pressure group and presented lists of demands to government.

The responses they received angered them and by August 1997 their patience had run out. They confronted Mugabe himself and demanded pensions for the rest of their lives and substantial gratuities to make up for the lack of support they claimed had been shown in previous years. On top of all that, they demanded free farmland.

For reasons that have become the subject of some speculation, Mugabe felt obliged to concede to all their demands. Finding the money for pensions and gratuities proved to be a serious problem, specially as nearly twice as many people as expected presented themselves for registration as war veterans. Additional taxes were proposed to help raise the amounts, but these led to street riots, so the government was forced
Successful farming in Zimbabwe’s uncertain tropical climate was always difficult, but challenges had been overcome by the development of complex management techniques and capital-intensive cultivation procedures. These amounted to very demanding and expensive methods, so the replacement of the skilled farmers with inexperienced, undercapitalised and poorly motivated beneficiaries of political patronage had little prospect of success.

The country’s largest business sector had been forced through a change of ownership, but the new owners were denied the property rights that might have helped them to keep it working. The people given the farms did have a few skills, but because they were not permitted to acquire ownership of the land, they could not use it as collateral for the loans needed to run the farms properly.

A sharp downturn in food production and export revenues was quickly followed by shortages of fuel and other essential imports. Before long, Zimbabwe’s credit rating collapsed and loans from abroad disappeared. Downturns soon followed in every other sector. Tax revenues fell, investment stopped and all the moves to liberalise economic policies were reversed. Zimbabwe became dependent on food aid and was soon experiencing a level of hyperinflation that placed Zimbabwe in the record books.

Today, the Zimbabwe government remains under the control of President Mugabe, even though his party did not win the most seats in the last election. He adamantly rejects any obligation to stand down, but all the evidence shows that he deeply resents the disaffection shown by the voters.

However, new evidence suggests that he hopes to win the next election by forcing yet another massive change of ownership. This time the target is the companies that are still in the hands of non-indigenous people. This time, he says, the transfer will really enrich and empower his supporters.

To bring this about, laws have been enacted that empower the government to demand that all non-indigenous business owners...
must transfer 51 percent of the shares in their companies to indigenous shareholders. With controlling interests, which come with more than half the shares in each company, the indigenous shareholders will then be empowered to elect the members of all boards of directors, either from their own ranks, but more probably from lists of reward-deserving people supplied by the party.

Other descriptions of Zimbabwe’s recent history can easily be constructed, but the more difficult challenge is to explain why policies that are so damaging would be chosen, defended and even repeated. This is specially difficult when all reasonable descriptions of events would have to concede that the economy has declined steeply, thousands of Zimbabweans have suffered terrible trauma and millions have had to leave the country to earn a living.

Evidence offered by Mugabe’s hostility towards property rights, by his eagerness to impose controls on successful businesses and by his repeated demonstrations that loyalty to him yields recognition and enrichment, strongly supports at least one theory: Mugabe has been determined to re-establish a feudal State and is equally determined to be recognised as its feudal king.

For appearances sake, he has pretended to aspire to democratic ideals. But while he is required to say that voters are free to elect somebody else, he would prefer to think that they would not dare do so. To make sure, typical pre-election tactics over the years have included widespread intimidation that has cost many lives.

Measures taken to ensure the failure of competitors have also included attacks on journalists, the physical destruction of opposition newspaper premises, and attacks on independent radio stations as well as opposition party headquarters. Mugabe’s vote-catching strategy mainly takes the form of reminders to everybody that those showing disloyalty to the party face a serious risk of being punished by the party.

Very nearly all the arguments launched by Zanu PF against political opponents have rested on its claim that it is the only legitimate ruling party as it was responsible for liberating the country from colonialism, and it alone has been unwavering in its determination to restore pre-colonial values and social structures.

This approach has prevented the party from acknowledging many of the vitally important changes that took place over the period of nearly a century throughout the world, and Zimbabwe was not excluded. These scientific, engineering and even financial changes brought about physical and social developments that transformed the fortunes of almost every country, and Zimbabwe’s adoption of a wide cross-section of the rapidly evolving technologies helped it become the most developed country in Africa outside South Africa and the country with the most advanced educational services in Africa bar none.

What made all this development possible was respect for property rights. Within the areas chosen for settlement by the colonisers, those who acquired property were able to approach the banks for funding and invest to the limits of their imaginations, and the reinvested money helped create an infrastructure as well build manufacturing, mining and agricultural businesses that ranked among the most efficient in the Third World. In the process, Zimbabwe’s rapidly growing population attained standards of living that outpaced the achievements of every other African country. However, the imposition of Zanu PF’s policies has reversed the trend.

And far from amounting to an era of exploitation and profiteering, which is the only way the period is ever described by Zanu PF, the developments prove that the investors were happy to reinvest their savings in the country, and the reinvested money helped create an infrastructure as well build manufacturing, mining and agricultural businesses that ranked among the most efficient in the Third World. In the process, Zimbabwe’s rapidly growing population attained standards of living that outpaced the achievements of every other African country. However, the imposition of Zanu PF’s policies has reversed the trend.

After independence, property ownership rights could have been extended across the whole country, but the traditional chiefs said again what they had said before: their
rights, privileges and powers were tied to traditional, communal or collective ownership rights and under no circumstances were they prepared to relinquish these powers to permit the freehold ownership of land by individuals in their communal areas.

Since those traditions evolved, the world has changed and Zimbabwe has changed, but the traditions have made many important traditional leaders reluctant to adapt. And history appears to them to be on their side. Before colonisation, carefully defined and stable relationships are claimed to have remained constant in Africa for centuries at a time, and people can be all too easily persuaded that traditions now endangered supported much more stable and appropriate social structures and happier, more contented people.

However, romanticised versions of idyllic past lifestyles can easily be exaggerated and are often dishonest. Studies and historical accounts show that infant mortality rates were often as high as 80 percent, life expectancy for those who made it through childhood was short, crops were often wiped out by droughts, fires, locusts or crop diseases and starvation or epidemics caused frequent population declines. All of these were overcome by 20th Century sciences and technologies.

The changes that have taken place over the past century are far too penetrating and profound to be reversed and Zimbabwe’s much larger population depends upon much larger production volumes being sustained. Most importantly, the governments of every country that experienced this population growth have forfeited the option to return to less efficient agricultural practices.

In Zimbabwe, where the people multiplied at about three times the average for the rest of Africa, the growth was sustained by improvements in agricultural practices as well as development in other industries. Investments in water storage dams and irrigation schemes helped reduce the impacts of frequent low rainfall seasons, crop pests and diseases were brought under control, tsetse fly infestations were eradicated from millions of hectares of land, which then became suitable for raising livestock, and new crop and livestock varieties were introduced to make previously unproductive areas profitable.

The colonial process that affected almost every country in Africa was also driven by the accelerating technological changes, especially to the transport systems that so greatly affected world trade. World politics in the 19th Century and early 20th Century stepped up competition for resources and the world’s more powerful countries became totally absorbed by political and technological upheavals that made national rivalries, which already had long histories, become much more acute.

Before long these contests were being played out on the territories of other countries, specially as the possibilities mounted that if rival countries gained ground that would make them more powerful, the stability of existing relationships would be threatened. It was then that the scramble for influence over African people, territory and resources gathered momentum.

Whether they liked it or not, every country was drawn into the process and Zimbabwe did not escape. It was identified as important when Germany colonised Namibia in 1884 and Tanganyika in 1885. Fears that efforts to link these territories by occupying the lands between them prompted moves by the British to be there first. The British were also anxious to prevent the Portuguese from linking their territories by occupying the same lands.

With good reason, the people already living in these areas had cause to resent the power politics being played out on their territories. They had no interest at all in the fact that those same nations had been engaged in similar contests for influence in Europe for thousands of years, or that their armies had swept across broad swathes of European territory as they tried to claim for their kings or emperors ownership of everything they conquered.
When medical breakthroughs and improving transport systems made Africa’s interior more accessible, the same European countries became concerned that their rivals would gain strength from secure bases in Africa. Two world wars, plus the formation of the Soviet Union in the 20th Century showed that the process was still unfolding, long after Zimbabwe had been colonised and occupied.

Of course, that did not make Zimbabwe’s colonisation right. But it did make it inevitable. If the British had not arrived first, one of the other countries would have jumped at the chance. Studies of the styles of colonisation practices by other nations do not suggest the possibility of a more agreeable colonial experience if one of the other colonising nations had been the first to arrive.

Zimbabweans were clearly given no choices about being colonised, but since then, they have had frequent choices about how to react to the process. An appreciable number accepted it as inevitable and have chosen to make the most of any opportunities that came their way. Many have done extremely well, but others have struggled and some have chosen to remain resentful and even to cultivate resentment among others.

The resentful ones might have scored political points and might even have been specially favoured when the colonial scenes changed, specially when the political rewards started flowing. However, their resentment has probably been most responsible for the limitations imposed on the pace of Zimbabwe’s development. This could easily have been considerably faster, especially since the achievement of independence thirty years ago.

It is the resentful people who have yet to accept that times have changed. Today’s Zimbabwean population is too big to be provided for by the traditional political and social structures they wish to see restored. Far too many Zimbabweans have moved with the times and shown themselves to be as capable and resourceful as their counterparts in developed countries.

Zanu PF politicians are wrong to think that most people will be happy to be forced back into the much more confining range of options that was the lot of their forefathers. Many have already chosen to leave Zimbabwe for other countries where they can take full advantage of civil rights in general and property rights in particular. These did not feature in traditional Zimbabwean society, but many were introduced in more recent years. The problem today is that these rights are under attack and are currently being dismantled.

At a more technical level, the principal missing elements in Zimbabwe’s hoped-for recovery are the security and encouragement that investors need, whether they are Zimbabweans or foreigners. The stepping-stones to Zimbabwe’s economic recovery and progress are simply the basic essentials that have to be in place to support the country as well as each investor and every investment process:

- Because the latest technologies are so expensive, and because they are all needed if Zimbabwe is to compete with other countries that use them, Zimbabwe needs money to pay for them.
- As Zimbabwe now has virtually no savings of its own, the needed funds have to come from elsewhere. That means investors and funding have to be enticed to Zimbabwe from abroad.
- While a few Zimbabweans harbour resentments and carry on presenting a hostile face to potential investors, very few investors will choose to place equity capital in Zimbabwe and loan capital will not be offered either.
- Investors have basic requirements. Their investments have to come under the protection of the Rule of Law and the laws themselves have to be entirely acceptable.
Without protection from the Rule of Law, investors will feel unsafe and they will know that their investments will be unsafe.

They will therefore take their capital, their technologies and their ideas elsewhere.

Without respect for the Rule of Law, which embraces respect for property rights, the economic recovery that Zimbabwe so desperately needs will remain beyond the country’s reach.

The rapid changes in technology make continuing investment essential for any country wishing to remain competitive.

Zimbabwe has fallen behind and considerable sums will have to be invested in refurbishing and restoring capacity if Zimbabwe is to recapture its former markets.

Large inflows of capital will be essential if this is to be achieved. To be successful in its efforts to attract the amounts required, Zimbabwe will have to become deserving of investor confidence.