IMPLICATIONS OF AID

AND DOMESTIC RESOURCE FINANCING

ON THE

POST 2015 MDG AGENDA

We confront a world divided between rich and poor as never before in human history. Around one sixth of humanity has achieved levels of well-being that were impossible to contemplate even a few decades back. At the same time, another one sixth of humanity struggles for daily survival, in a life-and-death battle against disease, hunger and environmental catastrophe. In between, are around four billion people in developing countries, who no longer live right on the cliff-edge of disaster, but who remain very far away from the security, capabilities and material well-being enjoyed by the peoples of the developed world".

(United Nations Secretary General's Report: MDG 31 July 2002.)

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List of Abbreviations and Acronyms used

CSO	Civil Society Organisation
DR	Diaspora Remittances
FDI	Foreign Direct Investment
FSN	Female Students Network
GDP	Gross Domestic Product
GoZ	Government of Zimbabwe
HARA	Harare Residents Association
HIV Aids	Human Immuno Virus/Acquired Immune Deficiency Syndrome
IDS	Institute for Development Studies
MDG	Millennium Development Goals
MoE	Ministry of Education
MoF	Ministry of Finance
MoH	Ministry of Health
NANGO	National Association of Non Government Organisations
ODI	Overseas Development Institute
RoA	Reality of Aid
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children and Education Fund
UNMS	United Nations Millennium Summit.
WB	World Bank
WDR	World Development Report
WHO	World Health Organisation
YF	Youth Forum
ZCBTA	Zimbabwe Cross Border Traders Association
ZIMCODD	Zimbabwe Coalition on Debt and Development
Zimprest	Zimbabwe Programme for Economic and Social Transformation
ZINASU	Zimbabwe National Students Union

EXECUTIVE SUMMARY

This report presents the findings of a desk and field study that was commissioned by the Zimbabwe Coalition on Debt and Development, ZIMCODD over April –May 2014 with support from the Reality of Aid (ROA). The study sought to analyse Aid and domestic resource financing in Zimbabwe, and the implications of these on the Post 2015 MDG Agenda. This meant determining Zimbabwe's (i) resource mobilisation status, including historical, current and projected trends, (ii) resource deficit, (iii) domestic mobilisation prospects, and implications for Post 2015 MDG financing.

Failure of governing authorities to develop appropriate financial and economic policies largely accounts for the deterioration in living conditions and in particular the erosion of capacity to save at the national, as well as household levels in Zimbabwe. Since 1990, World Bank Inspired cost recovery policies undermined the capacity of Zimbabwean households to save. Zimbabwe's education and health user fees and charges wiped out meager earnings, savings, and consumption among the poor and marginalized. While user fees effectively barred population access to basic services, on the other hand government's declining public investments undermined the quality of public goods. Against the background of widening gaps and contradictions between cost savings and rising social spending imperatives, the country's celebrated post-independence advances in health, primary and secondary education have been destroyed. World Bank and IMF policies calling for the government to reduce government spending meant fewer funds were directed towards social spending thus affecting negatively the achievement of the MDGs.

In the aftermath of the country's fast track land reform exercise of the late 1990's and 2000's, and the hyperinflation of the 2002-2008, there were steep declines in ODA and FDI inflows. Hyperinflation came with the contraction of savings, the reallocation of wealth, the widening of inequalities and the deepening of poverty. Zimbabwe's hyperinflation undermined domestic savings as people sought to keep their wealth in non-monetary assets or in a relatively stable foreign currency. Just as the purchasing power of private and public savings was wiped out, the economy became distorted in favor of extreme consumption and hoarding of real assets, as the monetary base shrunk, and as people tend to barter instead of using money as a way of exchanging goods. As a result of the various factors, over the 3 decades Zimbabwe's savings remained significantly below the African average of about 22%, the 45% recorded for the East Asian and Pacific region and 30 % for middle income countries.

In terms of its external position Zimbabwe's current account has been in deficit for the 2 decades since the end of ESAP. Inadequate infrastructure, high operational (food and fuel) and wage costs, and the poor business environment have, among other factors, combined to make Zimbabwe less attractive as an investment destination. As a result of its large current account deficit and its inability to meet its external financial obligations Zimbabwe was exposed to significant capital account vulnerabilities. Presently, external arrears account for a large portion of the country's external financing. Additionally, Zimbabwe has been unable to attract large long-term capital flows, tending to rely instead on short-term flows, which on the other hand, are more vulnerable to fluctuations.[i]

In 2009, the Zimbabwe government started converting a one-time SDR allocation to finance budgetary expenditures. While this contributed to a rapid depletion of international reserves, it also made Zimbabwe particularly vulnerable to adverse shocks to its balance of payments. Anxiety and uncertainty among international investors about indigenization legislation further undermined investors confidence and contributed to the slowing down of capital inflows which added pressure on the already vulnerable external position.

Zimbabwe's economic blueprint, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIM ASSET), launched in November 2013 by the newly elected ZANU PF after its victory in the July 2013 national election, projects an economic growth rate of 6-7% over 2013-2018, and a financing margin of US$27billion over the same period. These targets however remain unfeasible in Zimbabwe's context of negative savings rates, low and declining Foreign Direct Investment and Official Development Assistance (ODA) levels, primarily a result of poorly developed state revenue accountability and political governance structures in the country**;**

The study results indicate that in 2014 and Post 2015 MDGs period, Zimbabwe urgently needs adequate, stable and predictable domestic resources to finance priority MDG development programs and projects. This is a challenging task as, for the greater part of the three decades since independence in 1980, Zimbabwe's economic and human development indicators depict persistent deterioration. In 2014 in excess of 70% of Zimbabweans lives below the ($1.25) poverty datum line, unemployment affects more than 80% of the labor force and life expectancy at birth is declining. Resources must of necessity grow with population growth, so that the state can address pertinent human development needs in a sustainable manner.

In 2014, Zimbabwe's country's savings to GDP ratio is well below the level of 25% recommended in the international development community. As a result of the depletion of savings Zimbabwe is not able to pay external and domestic debt obligations. Further as a result of the country's poor export performance, the country's ability to settle obligations was severely undermined, culminating in the accumulation of external payment arrears. Increases in external payment arrears have meant that meager foreign currency resources are available within the country for allocation to critical human development needs such as poverty eradication, improvements in education, health delivery child mortality and gender equality.

Within the Post 2015 MDGs, billions of dollars are required for new investments in, or rehabilitation of physical and socio-economic infrastructure in Zimbabwe. Figures have been estimated to be around US$5 billion per year over the next five years for Zimbabwe to really recover and starting meeting its human development obligations. This will also correspond to the Post 2015 MDGs period. The country's roads, railway lines, airports, power stations, electricity transmission lines, industrial machinery and equipment, ICT, water and sanitation systems, housing, schools and hospitals need to be upgraded and developed to enhance productivity.

With the Post 2015 MDG process in perspective, Zimbabwe needs to implement a host of new mechanisms which seek to maximize the domestic resource potential. Zimbabwe's immense wealth in diamonds, gold and platinum has an estimated global market value of over US$100 million on the global markets. In 2011 Finance Minister Tendai Biti claimed that at least US$1 billion in diamond related revenue owed to the national treasury remained unaccounted for as a result of misappropriations, leakages, and illicit flows. Biti claimed misappropriation and lack of transparency for the systematic underselling of diamonds and the failure to recoup losses. President Mugabe and his politburo have also came under criticism for making personal benefits by assigning lucrative concessions in the Marange diamond fields to Chinese firms and Zimbabwean military.

In the Post 2015 MDGs, Zimbabwe faces 5 options in terms of the country's development resource mobilization efforts. These include (i) domestic resources, (ii) Official Development Assistance and (iii) Foreign Direct Investment (FDI) (iv) global bi-lateral and multi-lateral loans (v) remittances. The study observes that these options are not mutually exclusive, and particularly that they all exist within a broader context of economic or development policy. The study however concludes that the building block towards any resource mobilization effort is a strong domestic resource base. This means effective tax and public revenue administration, minerals revenues, remittances from the diaspora, and robust financial systems.

The conventional standard, or benchmark for a country to 'take off' in terms of its economic development, is when national savings reach 25% of the gross domestic product. While public confidence in a country's financial system is key in the mobilization of private savings, underpinned by the intermediary role of commercial banks, the capacity of the state to collect and administer taxes is critical in the mobilization of public savings. In 2014 Zimbabwe's domestic savings are less than 15% of the country's GDP. Domestic savings deficit necessarily implies reliance on Official Development Assistance and international loans. ODA tends to be volatile, depicting a general tendency to diminish over time. ODA inflows into Zimbabwe have declined significantly, by a magnitude of over 25% since independence. Other things being constant, ODA inflows are projected to fall over 2014- 2018 to levels below 3% of GDP.

On the other hand Zimbabwe cannot turn to global lenders for funding assistance, as the country fails the legibility test due to arrears from previous loans. These trends imply growing pressure on domestic resources for the financing of development projects and programs. The focus of global attention on Post 2015 development financing prospects is increasingly on domestic revenue mobilization.

The study findings further confirm that domestic resource mobilization is critical for Zimbabwe as it helps build national ownership and accountability of development processes, while also creating important opportunities out of Aid dependency. This fits in well with global trends which are increasingly drawing towards redirecting development co-operation towards building accountable tax systems, strengthening state-building, enhancing the credibility of governments, innovative domestic financing mechanisms for non state actors, and engaging citizens in the poor countries.

The research findings also indicate that domestic resource mobilization needs to be complemented by appropriate financial and economic policies that bolster financial management and supervision systems in the country, as well as a sustained advocacy for debt cancellation. Zimbabwe is presently locked in a quagmire of expanding foreign indebtedness. In 2014 Zimbabwe's external debt stock is about 120% of GDP, which is above international debt sustainability benchmark of 60%. Zimbabwe is also in default on its debts. But while debt payments are relatively low, at about 0.5 per cent of government revenue, the public debt burden remains a major deterrent on savings mobilization efforts through its impacts on monetary stability and interest rates, and crowding-out effects. This impact negatively on the country's international credit rating, and on foreign investment and credit inflows.

Within the MDG context, rich countries have reneged on their promises to cancel debts, including Zimbabwe's debts. Within the specific context of Zimbabwe, the Post 2015 MDGs process creates unique opportunities to build support for calls to write off the country's debt, whilst at the same time attending to domestic challenges of building state governance and, specifically, revenue accountability

CHAPTER 1

INTRODUCTION

1. This is a study of Implications of Aid and domestic resource financing on the Post 2015 MDG Agenda. The study was commissioned by the Zimbabwe Coalition on Debt and Development, ZIMCODD in April –May 2014 and supported by ROA. This study entailed determining Zimbabwe's (i) resource mobilisation status, (including historical, current and projected trends), (ii) resource deficit, (iii) domestic mobilisation prospects, and implications for Post 2015 MDG financing.

Study Objectives

The specific study objectives were as follows;

1. To analyse the quantity and quality of MDG related Aid and domestic resource financing for development in Zimbabwe, and determine how these elements of development cooperation have adjusted to the demands of the financing needs of the MDGs in the country;
2. To analyse the implications of MDG related Aid and domestic resource financing lessons and proposals on the Post 2015 Agenda in Zimbabwe;
3. To assess the strategies, institutional frameworks and develop policy alternatives towards the Post 2015 Agenda in Zimbabwe;
4. To propose to RoA Africa specific actions that multi-stakeholders can take to ensure that the post 2015 era reflects the needs and goals of Zimbabwean citizens.

Study Methodology

2. The study methodology principally included desk studies/analyses of literature on the 2015 MDGs, as well as interviews with implementing agencies, these including Government of Zimbabwe departments, community based organisations, civil society organizations affiliated to the Zimbabwe Coalition on Debt and

Development (ZIMCODD), United Nations organizations and affiliates. From this the study extends a detailed analysis of results to maximize interpretation and to develop community/grassroots driven policy alternatives that are relevant to Zimbabwe in the Post 2015 MDGs context.

CHAPTER 2

Zimbabwe in the MDGs Context

Background

3. This section presents an overview of the MDG agenda, specifically the experiences of different countries with resource mobilisation. The chapter draws from desk studies, covering development literature by various authors on the subject of resource mobilisation for the MDG agenda.

4. In 2014 Zimbabwe is, among other countries in the World, less than 700 days to the (December) 2015 targets of the Millennium Development Goals (2015 MDGs). The 2015 MDGs were set in September 2000 by 149 world leaders as an outcome of the United Nations Millennium summit, in an unprecedented bid to deal resolutely with the challenge of poverty afflicting a growing two thirds of the world's growing population.

5. These commitments by world leaders had a greater bearing on the African, Asian and Latin American continents, where the world's poverty has historically been entrenched in its most extreme forms. Studies have indicated that the achievements of MDGs have fallen far short of the targets set in 2000, (ODI Report). Poverty remains intractable, deeply rooted, with its multi-faceted nature and its pertinent threats to peace and security in the world.

6. Through the 2000 Millennium (MDGs) Declaration world leaders expressed the commitment of member states to stem the problem of poverty and its attendant manifestations globally, so as to improve economic well being, social and human development and ensure environmental sustainability and regeneration in the Least Developed Countries (LDGs) of the world.

7. The Millennium Declaration encompassed the following Millennium Development Goals by 2015.

Goal 1: Eradicate extreme poverty and hunger

Goal 2: Achieve universal basic education

Goal 3 Promote gender equality and empower women

Goal 4: Reduce child mortality

Goal 5: Improve maternal health

Goal 6: Combat HIV/AIDS, Malaria and other diseases

Goal 7: Ensure environmental sustainability

Goal 8: Develop global partnership for development

8. A critical feature in experiences with the MDG program is the widening resource deficit in the different countries to meet the MDGs over the past 14 years when the MDGs were launched. The resource deficit in developing countries today highlights the prevalence of conflicts in resource mobilization, itself a principal feature of a pervasive development crisis. Studies show that since the 2000 Millennium Declaration the resource gap in the low income countries and fragile states has continued to widen, as taxes, savings and Official Development Assistance (ODA) have continued to plummet, against the background of expanding human development needs in the different countries.

9. Internal reviews by the United Nations and its global partners highlight 'minimal progress achieved in the lives of more than 2 billion people in Africa, Asia and Latin America. A 2005 article in Economist magazine 'The Best Story in Development, Africa is experiencing some of the biggest falls in child mortality ever seen', and World Bank Policy Research Working Paper 6057 presents optimistic views of African development trends and scenarios, suggesting that 16 of 20 African countries which have conducted detailed surveys of living conditions since 2005 have reported falls in their Under 5 Mortality Rate. (www.economist.org) However the results of household surveys conducted around the world by the Overseas Development Institute (ODI) " (Post-2015 Health MDGs' July 2012), presents a general picture of deterioration. The report shows that the poor nearly always spend a surprising amount (and share of income) on health care, even in the remotest and least-well-served areas, often on traditional healers and informal "pill vendors". (www.odi.org).

10. Looking ahead, it is by now clear that aid budgets are likely to come under increasing pressure over the medium term, owing to the protracted downturn in traditional donor countries. This tendency is likely to reinforce the importance attached to ensuring "value for money", but in several donor countries there are also signs of a pure contraction in ODA disbursements. Indeed, preliminary data analyzed in the MDG Gap Task Force Report 2012

suggest that in real terms the volume of ODA fell by almost 3 percentage points in 2011.[1] The post-2015 development agenda needs to build on the lessons learnt so far, and to take into account the evolving global landscape, notably by granting more prominence to emerging partnerships within the South thereby focusing more on regional integration of which Zimbabwe can also tap into, in addition to domestic resource mobilization.

11. Reviews also highlight complex challenges that have emerged in the world alongside the limited progress experienced. A report by OXFAM "From Poverty to Power" of October 29 2012 pinpoints a need for new global arrangements to influence national governments to direct resource flows as Aid becomes less important, just as it is projected to decline in volume over the 2015-2020 period.).

12. OXFAM indicates that the greatest benefit from the information flowing from progress reports on the MDGs is the opportunity to learn. "To have impact, any post-2015 arrangement has to take into account the lessons of over a decade of implementing the existing MDGs, and be shaped by the profound global change since the MDGs were debated over the course of the 1990s and 1990s". OXFAM advocates the urgent need to bring power and politics into the focus of the post-2015 MDG discussion. *(*http://oxfamblogs.org*)*. Otherwise billions of people will remain trapped in a quagmire of debt as well as a deepening crisis of unemployment, lack of access to water, power, basic education, health and other public goods, and poverty.

13. Studies by the Institute of Development Studies highlight that progress with the MDGs is limited, on account of the rising levels of inequality within countries, large increases in the world's poorest people living in middle-income countries, as well as in the towns and cities, and the worsening human security in conflict-ridden countries.

14. Nonetheless, in light of the various developments that have taken place since the Millennium Declaration, there are many reasons to pursue an analysis of Post 2015 MDGs prospects. A particular area of focus in many reviews and studies is resource mobilization. As a universal principle of development, the investment of human, material and financial resources is a fundamental prerequisite for the achievement of human development goals. However as many studies show the poverty that afflicts

growing numbers of the world's population is explained by the scarcity of resources, specifically development finances.

15. In this context of the Post 2015 MDGs, Aid to fragile states continues to decline, and that new sources of financing are needed; and By 2018, half of the world's poor (living on less than USD 1.25 a day) will be in fragile states. Progress on the MDGs has been much slower in fragile states than in other developing countries of which Zimbabwe used to be classified as a fragile state by the Western countries. Remittances from migrants were the largest financial inflow in fragile states (56%), compared to aid (29%) and foreign direct investment (15%).

16. The international community has yet to harness remittances as a development resource - for instance by facilitating their transfer, supporting their use to secure access to financial capital and matching them with aid where they are used to finance development. Over the past decade overseas remittances increased into Zimbabwe averaging US$2 billion per year since 2000 and in 2014 this will top US$3.5 billion as more people went abroad seeking better employment due to the economic, social and political down turn. The Reserve Bank of Zimbabwe had to open an office to attract diaspora people to use when sending money from abroad and this really supported the economy. In this regard Zimbabwe should consider the issue of overseas remittances during the post 2015 MDGs.

17. With aid on the decline, the volatility and difficult access to foreign direct investment, and the insufficient use of remittances as a development resource, securing other sources of financing is ever more important.

18. Another source of finance after the decline of aid is tap more into domestic revenue mobilization. Zimbabwe should take this option because domestic revenue is considered the most sustainable resource for development and a way out of aid dependency.

Overview of Zimbabwean Context

19. In 2012 Zimbabwe had a population of about 13.7 million, a GDP value of about US$9 billion, an external debt of US$6.7 billion debt, and annual payments and an annual budget of also about US$4 billion. But while debt payments are relatively low, at about $15 million a year, (or 0.5 per cent of government revenue), the public debt burden remains a major deterrent on local savings mobilization efforts through adverse impacts on monetary stability, interest rates, crowding-out effects. Zimbabwe's public debt impacts negatively on the country's international credit rating, and on foreign investment and credit inflows.

20. The cumulative effects of these factors were depressed savings, a looming resource deficit, and conflicts in resource allocation. In such contexts the burdens emanating from resource conflicts tend to be shared disproportionately between ruling elites and poorer sections of society. In the Post 2015 MDGs era, the adverse impacts of Zimbabwe's perennial economic crisis are increasingly evident, as household savings have practically been wiped out, unemployment is estimated at more than 75% and life expectancy is 51 years and declining. In the context of diminishing ODA, FDI, Diaspora remittances and public revenues this highlights the urgency of survival strategies that are complemented by innovative domestic resource financing mechanisms. (Reality of Aid in Africa. Does Africa need Aid?' AFRODAD 2002, Harare Zimbabwe*(*'Zimbabwe 2012 Millenium Development Goals Progress Report', UNDP, Government of Zimbabwe, 2012*)*

21. Yet in many ways, Zimbabwe's resource conflicts and the associated burdens on the poor and marginalized are incomprehensible in view of the country's endowments of land, mineral and other natural resources. It is estimated that Zimbabwe's natural resources have the potential to earn the country more than $100 billion every year. Yet in 2014 more than 70% of Zimbabweans languish in poverty; Gross domestic savings and taxes are important indicators of a country's capacity to fund its development projects and programs. In January 2011 Deputy Mines Minister Fred Moyo announced the discovery of a large new diamond field "almost the size of Swaziland', that is, some 10,000 square kilometers. (www.goz.mining, Reports 2013).

22. In different reports to Parliamentarians over 2011-2013 by the Parliamentary Portfolio Committee on Mines and Energy, the Zimbabwe Diamonds Technology

Centre (ZDTC) and the Zimbabwe Association of Producers of Precious Minerals, as well as Bain consultancy firm, the world gemstone industry generates some $71 billion USD every year, with $41 billion USD of that figure realized from cut and polished stones. Reports highlight that Zimbabwe is missing out on important opportunities to realize enhanced revenue, by prioritizing the sale of raw diamonds. Addressing parliamentarians in 2013 ZDTC chairman Lovemore Kurotwi suggested that the policy be updated immediately to sell finished products instead, thus preventing other nations from seizing the advantage in the international market. "*Some countries did not own as much as a single diamond mine but realized billions in revenue by finishing and reselling the diamonds*", he said.http://www.plenglish.com/index.php,

23. Zimbabwe's failure to tap into diamond and other mineral revenues highlights a failure of public revenue accountability mechanisms, which has led to illicit outflows and losses to the state of more than US$12 billion since 2008. There is need for public policy management, as well as strong public revenue accountability mechanisms to ensure that savings and taxes in Zimbabwe must grow with the population, so that the state can address pertinent human development needs in a sustainable way.

Table 1
Zimbabwe Agriculture and Mining Growth Rates
2009-2015

Sector	**2009**	**2010**	**2011**	**2012**	**2013**	**2014 (projected)**	**2015 (projected)**
Agriculture Forestry and Fishing	37.6	3.48	9.9	4.6	6.4	6.4	6.1
Mining and Quarrying	18.9	60.1	43.2	10.1	17.1	17	15

(www.zimstats.co.zw, 2012)

24. At the African continental level, illicit financial outflows have increased in recent years, with estimates of annual average illicit financial flows reaching US$ 50 billion over 2000 and 2008. Various channels are used in illicit financial resources, these including transfer pricing, bank transfers, trade under and mis-invoicing, and investment related transactions. Many studies show that Multi-National Corporations (MNCs) tend to be the most significant perpetrators in illicit financial outflows, as they have designed a

variety of techniques to protect profits from different forms of taxes, through tax avoidance and tax evasion. It is estimated that about 60% of global illicit financial flows originate from commercial transactions through MNCs.

25. After a rise in the first 8 years of independence, from about US$1 billion in 1980 to a peak of almost US$2 billion in 1988, the trend of Zimbabwe's gross domestic savings depicts a persistent downward trend. (fig 1) Over 2003-2004 the county's savings fell from US$134 million to a negative US$150 million. In 2011 Zimbabwe's savings plunged to an all time low of US$1.5 billion. Failure of savings is traced to failure of GDP and export performance. Along with these trends the country's public indebtedness also grew.

26. In 2014, the country's savings to GDP ratio is well below the 25% benchmark recommended by the international development community. As a result of the depletion of savings and the country's poor export performance, the country's ability to settle obligations was undermined, culminating in the accumulation of external payment arrears from under US$2 million in 1980, to US$2.75 million in 2000, US$4 487 million in 2009, and over US$5 million in 2013. The over 80% increase in external payment arrears since 1980 has meant that meager foreign currency resources are available in the country for allocation to critical human development needs such as poverty eradication, improvements in education, health delivery child mortality and gender equality. (www.undp 2011)

27. Zimbabwe's earliest attempts to mobilize resources to fund the country' development programs can be traced to the Zimbabwe Conference on Reconstruction and Development (ZIMCORD), a major fund raising conference which was convened 6 months after attainment of independence in 1980 to support post war infrastructure rehabilitation and economic recovery programs. But while US$2 billion was pledged at ZIMCORD, subsequent inflows only amounted to less than 5% (US$100 million). A principal lesson from ZIMCORD was the volatility of international aid funding, and the need to focus on domestic resource mobilisation. (Jacob W. Chikuhwa Zimbabwe: The End of the First Republic, 1982).

28. During the first decade of independence (1980-1990), Zimbabwe prioritized sector spending with emphasis on the expansion of rural infrastructure and the redress of social and economic inequalities. This was to be accomplished through state

subsidies, land resettlement and agricultural support services to the historically marginalized 'black' sectors. In-spite of lower than anticipated inflows from ZIMCORD, for a full decade, (1980-1988), policy interventions remained interventionist, redistributive, social welfare oriented, expansionary, all with a high note on local ownership and social acceptance.

29. With the meager resources at the disposal of the Zimbabwe Government over 1980-1985, the country registered some of the lowest infant, child and maternal mortality rates, as well as highest primary education enrolment and literacy rates in Africa. This was primarily a result of large state subsidies to fund free education and health programs introduced as part of the Government's Growth With Equity policy. (www.Growth With Equity.co.za, First Five Year National Development Plan, Government of Zimbabwe 1985). Over this period Zimbabwe also became a net food exporter, the 'Breadbasket of Africa'.

30. However these substantial gains of the welfare state, and in agricultural production, were short-lived. These gains were to be reversed within a decade, following the introduction of market reforms in the form of the Economic Structural Adjustment Program (ESAP; 1990-1995), and its successor program, the Zimbabwe Program for Economic and Structural Transformation (ZIMPREST 1996-1998).

31. But towards the late 1980s, expanding population needs against the background of dwindling resources meant the welfare state became increasingly unsustainable. Over 1988-1989 country's domestic savings fell by 20% over 1988-1989, and by 57% over 1988-1992. In a new bid to enhance market competiveness, increase performance of the country's GDP (to average annual 5% growth), exports, and domestic savings (to 25% of GDP), economic policy swayed in the direction of market efficiency and corporate profits. In 1990 Government embarked on a 'home grown' neo-liberal Economic Structural Adjustment Program (ESAP) initiative.

32. While the failure of ZIMCORD in the early 1980s set critical precedents, as this created ever widening gaps in Zimbabwe's development financing, ESAP accentuated these trends. As the country waded through the neo-liberalism of the second decade of independence, and the collapse of public governance systems in the third decade, Zimbabwe's development financing gap widened, literally pushing the country against the wall in state attempts to mobilize resources for local development.

Domestic savings under neoliberal reforms

33. At the time of the Millennium Declaration in 2000 Zimbabwe had just emerged *('with deep scars from an experiment of sorts')* with the neo-liberal Economic Structural Adjustment Program (ESAP) policy initiative. (Patrick Bond, 'Zimbabwe's Plunge' Weaver Press 1st Edition 2002). ESAP was introduced in Zimbabwe in 1990, after a decade of state redistributive and welfarist programs which, in-spite of the largely negative public budgetary constraints then, positioned Zimbabwe well ahead of many African countries in terms of health and education achievements.

34. Structural adjustment is founded on the notion that market reforms stimulate economic growth, incomes and savings growth. Structural Adjustment primarily involves loans advanced by International Financial Institutions (IFIs), principally the World Bank (WB) and International Monetary Fund, (IMF) on the basis of strict conditions. (Crisp, Brian; Kelly, Michael. (1999) The Socioeconomic Impacts of Structural Adjustment. International Studies Quarterly. Vol. 43. No. 3 (Sept. 1999). 533-552, http://www.jstor.org/stable/2600942, (2006) The White Man's Burden. Penguin Books. Pages 68-72).

35. As Zimbabwe's Economic Structural Adjustment Policy (ESAP) sought to reverse expansionary policies of earlier decades, it prescribed policy measures that entailed reduction of government expenditure and subsequent retrenchment of 25% of the civil service, reduction of subsidies, commercialization and privatization of parastatals, and introduction user fees in health and education. As outlined in the ESAP blueprint (1990:6) the new emphasis of Zimbabwe's public policy would be on "investment in the material production sectors such as agriculture, mining and manufacturing and not expenditure on social services". (Government of Zimbabwe 'Economic Structural Adjustment Policy Document' (1990:6)

36. Specific targets of ESAP included;

a. Achieving an annual GDP growth rate of 5% during the period 1991 – 1995;

b. Raising savings to 25% of GDP;

c. Raising investment to 25% of GDP;

d. Achieving export growth rate of 9% per annum during the period 1991-1995;

e. Reducing budget deficit from 10% of GDP 5% by 1995; and

f. Reducing inflation from over 17% to 10% by 1995.

37. These targets would address the primary goals of ESAP which included building public and domestic savings through fiscal discipline, redirecting public spending from subsidies toward broad-based provision of key pro-growth services and infrastructure investment, broadening the tax base, lowering marginal tax rates, and allowing market determination of tax rates. As envisaged, higher Foreign Direct Investment inflows would result from trade liberalization, competitive exchange rates, and the devaluation of currency to stimulate exports, the privatization of state owned enterprises, and deregulation. (Richard Saunders "Zimbabwe" ESAP'S Fables II, Southern Africa Report, SAR, Vol 11, No 4, July 1996). ESAP sought, within a short 5 year period, to achieve the goal of a modern, competitive, export-led industrialized Zimbabwe economy experiencing high savings and consumption rates.

38. Zimbabwe's GDP and savings performance since 1990 displays the intensity of Zimbabwe's struggles to mobilize resources to fund its own development after ESAP. At 1% average annual growth, economic growth was significantly less than the 5% target. (ZIMPREST, 1998, 5). Instead of reductions, by the end of ESAP in 1995 the budget deficit had increased to 13% of GDP while inflation levels exceeded set targets, reaching an unprecedented 50% in 1999. In-spite of targets losses of public enterprises continued to mount rather than decline, this representing a major drain on the fiscus. (Zhou, 2001). The Zimbabwe Program for Economic and Social Transformation (ZIMPREST) document refers to "only modest reductions in the aggregate public enterprise sector financial deficit during …ESAP" (ZIMPREST 1998, 4).

39. ESAP targeted a 25% savings/GDP ratio. In 1995 when the program commenced Zimbabwe's savings were about 16%. In 1995, at the end of the program, gross domestic savings, at $1,205 million, amounted to 19%, 6 points below target. The failure of ESAP to

achieve its target savings/GDP ratio had varied implications in the mobilization of domestic resources to fund development programs. (Source ZIMSTAT, Government of Zimbabwe 2012)

40. The commercialization and privatization of public enterprises was supposed to result in increases in national savings. But progress in this regard also below target, with no public enterprise in Zimbabwe having been fully privatized by 1995. (Zhou, 2000). The failure of public sector restructuring and privatization, and the consequent high public spending levels in a context of declining tax revenues implied a deepening public domestic debt, the onset of macro-fiscal imbalances and the high risks of monetary instability and the hyperinflation that characterized the 2005-2008 period. Hyperinflation destroyed capacity to mobilize domestic savings, and the potential for new domestic investment.
41. The expansion of Zimbabwe's public debt over 1990-1995 further highlights the destructive impacts of market reforms. In 1990 Zimbabwe's total debt amounted to US$2.9 billion. In 2014 the country owes almost US$7billion in external debt to foreign governments, international institutions and foreign private creditors. As at May 2014, the external debt stock was about 120% of GDP, which is above international debt sustainability benchmark of 60%.
42. Zimbabwe is in default on most of its debts, with debt payments relatively low; at about $15 million a year, or 0.5 per cent of government revenue. The public debt burden deters savings mobilization efforts through its impacts on monetary stability and interest rates, crowding-out effects, and as all this impacts negatively on the country's international credit rating, and on foreign investment and credit inflows.
43. Cost recovery in a context of economic stagnation undermines the capacity of households to save. Education and health user fees and charges wiped out the meager earnings of particularly poor and marginalized sections of society. As a result, real per capita education spending and average spending per pupil plummeted to unprecedented levels since independence. Thus, just as government's declining public investments undermined the quality of health and education, user fees effectively barred easy access to education for millions from poorer households.
44. Cost recovery measures brought a heavy toll to bear on social welfare, particularly among the rural poor. Cost recovery measures compromised access of the poor and marginalized sectors of the population to basic education and health services. (GoZ

MDGs Report, 2009:2). As a result of fee imposition there was a 5% decline in education enrollments in urban primary schools, against the background of growth in the school-going population. (GoZ MDGs Report, 2009:2). In the context of widening gaps and contradictions between cost savings and rising social spending imperatives, the country's celebrated post-independence advances in health, primary and secondary education came under immediate threat.

45. The Social Dimensions of Adjustment (SDA) Program (in the Ministry of Finance) and the accompanying Social Dimensions Fund (SDF, in the Ministry of Public Service Labour and Social Welfare) were introduced to cushion the overwhelmingly negative impacts of ESAP in the urban and rural areas had minimum impact on social welfare (Mlambo, 1992).
46. In 1995, the final year of ESAP, government introduced a relief system, spending $53 million to assist 265,000 students with tuition and examination fees. But this was barely adequate in addressing the actual basic need, apart from additional heavy school attendance expenses such as school levies, materials, uniforms and other costly items. Over 1992-1993 educational fees and charges raised a paltry $50 million (0.5% of budgeted government expenditure). In another attempt to offset negative impacts of ESAP on retrenched public sector workers, government sought, through its newly introduced Social Development Fund (SDF), to assist poor households with school fees, health fees and food money subsidies.
47. Despite the 1990-1995 market reforms, Zimbabwe has since been firmly lodged in a quagmire of mounting debt, contracting savings, erratic growth and rising poverty levels. 'In a short time, ESAP ....ripped into the existing economic and social infrastructure, shifting the focus of many mass-oriented development social programs away from redistribution towards management of defined and limited, even declining, public resources.' Instead of narrowing the gap between investment needs and savings ESAP widened the margins. As a result of the market reforms and depletion of savings economic growth has become more uncertain and erratic.
48. In less than decade, Zimbabwe's capacity to mobilize enough local resources to finance its development programs was curtailed. This confirms a general experience among developing countries that cost recovery programs undermine the ability of nations, as well as households to save, just as debt repayments also crowd out important public

savings that could be used for important human development activities. For individual households, and for the nation at large, the gap between needs and savings widened further. In 1996 Zimbabwe was in the same predicament as many other African countries found themselves in after implementing neoliberal reforms. *'While the state continued to borrow heavily to pay back swelling debt obligations, most Zimbabweans would be compelled increasingly to make savings of a more basic sort to sustain their lives - and those of the next generation'.* (Patrick Bond, Masimba Manyanya, 'Zimbabwe's Plunge' Weaver Press 2nd Edition 2007).

Zimbabwe's Hyperinflation and Domestic Savings

49. In the aftermath of the country's fast track land reform exercise, and the hyperinflation of the 2002-2008, there were steep declines in ODA and FDI inflows. Zimbabwe's hyperinflation was mainly caused by an extremely rapid growth in money supply over 2000-2003, as monetary and fiscal authorities then issued large quantities of money to pay for a large stream of government expenditures. Hyperinflation is mostly associated with negative consequences, principally in the form of the contraction of savings, and the reallocation of wealth, as this is transferred from the general public, (which holds money), to government, (which issues money).

50. In 1980 the Zimbabwe dollar was worth about USD 1.25. Over June 2006- June 2007, Zimbabwe's year-on-year inflation rose from 9000% to 11000%. On May 5th, 2008 the Reserve Bank of Zimbabwe (RBZ) issued bank notes or "bearer checks" for the value of ZWD 100 million and ZWD 250 million. However in July 22nd, 2008, the value of the ZWD had fallen to approximately 688 billion per 1 USD.

51. Zimbabwe's hyperinflation undermined domestic savings as people sought to keep their wealth in non-monetary assets or in a relatively stable foreign currency. Just as the purchasing power of private and public savings was wiped out, the economy became distorted in favor of extreme consumption and hoarding of real assets, as the monetary base shrunk, and as people tend to barter instead of using money as a way of exchanging goods. Zimbabwe's private sector and the economy contracted by over 8% over 1998-2008.

52. As a result of the various factors, over the 3 decades Zimbabwe's savings remained significantly below the African average of about 22%, the 45% recorded for the East Asian and Pacific region and 30 % for middle income countries. And in spite of spurts of recovery over 2009-2012, in 2010 in excess of 70% of Zimbabwe's population was below the ($1.25) poverty datum line.

Progress on Zimbabwe's 2015 MDGs

53. While progress towards the 2015 MDGs was limited in terms of the set goals and targets agreed to by world leaders at the 2000 Millennium Development Summit progress was also substantial when considered within the context of the challenges of external indebtedness, social and economic decline and resource scarcities in the low income countries. Outside the context of the resource constraints in low income countries a review of 2015 MDGs and 2015 prospects only points to lofty idealism in Zimbabwe and its development partners.

MDG Goals where Zimbabwe Performed Better

54. Progress in Zimbabwe towards the achievement has been minimal but performance was exceptional on MDG Goal Number 6 dealing with health (especially HIV/Aids and malaria). According to the 2011 Zimbabwe Demographic Health Survey (ZDHS) the percentage of Zimbabweans in the age group 15-49 years who are infected with the HIV Aids fell from 18% in 2007 to 15% in 2011. This is where the donors poured money funds through the Global Fund.

55. Zimbabwe is one of 34 Africa countries that have stabilized spread of HIV Aids, with a 49% reduction in new cases over 2000-2011. The critical factor in the progress registered in this sector is the country's successful domestic resource mobilization through the Aids levy, which generated over $15 million per year since its introduction. In 2011 the levy generated $26 million. Malaria incidence also declined by 64% over 2000-2011 and reported TB cases dropped from a peak of 782/100000 in 2007 to 633/100000 in 2010.

56. Zimbabwe also performed better on addressing MDG Goal Number 2 addressing universal access to education performed remarkably. Progress towards gender equality and women empowerment (MDG Goal Number 3) has also been exceptional as more women are now involved into politics and more women are into leadership potions as well as participating in economic activities especially mining and agricultural acclivities.

57. Zimbabwe managed to cement global partnerships (MDG Goal Number 8) especially with the "Look East Policy" thereby cementing ties with China, India and most of the Asian countries as well regionally within SADC and COMESA. In this regard, there in need to consolidate these gains during the Post 2015 MDGs phase and emphasis should be directed towards regional integration.

58. Zimbabwe is making progress towards resolution of its foreign debt burden, through the creation of an office in the Ministry of Finance dealing with policy alternatives for debt cancellation or alleviation. However until Zimbabwe is fully accepted into the world community of nations as a democratic nation that respects human rights it will be difficult to establish partnerships that guarantee higher inflows of ODA and FDI.

59. Zimbabwe's $387 million ODA flows in 2011 remained the lowest in the region. ODA trend has been as follows; $617 million in 2010, $617million in 2011, and $205.7 million in 2011. FDI of less than 3% was also the lowest and average levels of 19% of domestic investment also remain well below levels necessary for sustainable development. On the other hand, the country's external debt presents a serious impediment to capital flows. Debt as a % of GDP increased from 103% in 2010, to 111% in 2011, and 113% in 2012.

MDG Goals where Zimbabwe Performed Badly

60. Progress has been at its lowest in dealing with maternal deaths and child mortality. The other MDG Goal that Zimbabwe performed badly was MDG Goal number 1 (addressing poverty and hunger).More people are still trapped in poverty and around 70 percent of the total population are not formally employed though there are now calls for recognizing informal employment as formal.

61. Zimbabwe has been importing food over the past 10 years due to low performance in the agricultural sector since Zimbabwe depends on agriculture. In 2011 72.3% of all Zimbabweans are poor, and 62.6 % of all households are deemed poor. 94% of all paid employees received an income equal to below the total consumption poverty line.

62. On promoting environmental sustainability (MDG Goal Number 7), Zimbabwe also performed badly due to mining activities and production of tobacco whereby large areas of land are now semi-deserts due to people cutting tress to cure their tobacco.

63. Deforestation remains a serious concern in rural areas as poor people lack access to alternative `sources of energy. The increase in tobacco production has also led to people cutting down more trees for curing their tobacco resulting in deforestation. Access to safe water sources increased from 761% in 2009 to 79% in 2010. But there is still need for detailed review of the situation of urban centres. These concerns all bear on the issue of resources to finance sustainable devel0opment in rural and urban areas.

64. Progress on MDG Goal number 5 is far below the expected outcomes. The maternal mortality ratio (MMR) in Zimbabwe has worsened significantly over the past 20 years. The targets are unlikely to be reached by 2015.Maternal deaths are still very high figures vary widely by source.

65. Data from the 2010/11 Demographic Health Survey (DHS) indicate that the maternal mortality ratio (MMR) in Zimbabwe stands at 960 deaths per 100,000 live births (uncertainty range 778-1142 deaths per 100,000 live births) having increased from 612 deaths per 100,000 live births (uncertainty range 458-767 deaths per 100,000) recorded in the 2005/06 DHS based on a seven year recall period. According to the MMIEG, maternal mortality has worsened by 28% from 1990 to 2010. ZDHS figures suggest at least a two fold increase in the MMR from 1994 to 2010. According to the UN Report of 2013, it recommended that to achieve the MDG number 4 there was need for:

i. Increased efforts and investment to strengthen the healthcare system and scale-up coverage of maternity waiting homes, including adopting and implementing pro-poor, predict able and enhanced health-financing policies;

ii. Coverage by village health workers and ad dressing those religious and cultural practices that limit institutional deliveries;

iii. Investing in improving the contraception method mix, strengthening the availability of information and commodities at community level, and sustaining the current support to commodities supply chain management.

66. Addressing Goal Number 4(reducing infant mortality rate) was also at a slow progress. Studies indicate that In Zimbabwe, infant and under-five mortality rates decreased substantially after Independence in 1980, but began to increase in 1996, possibly in response to the start of economic challenges and the introduction of cost-recovery policies. The under-five mortality rate has risen from 77 per 1000 live births in 1994 to 82 per 1,000 live births in 2005. The infant mortality rate (IMR) followed the same trend. Neonatal mortality decreased from 29 per 1,000 live births in 1999 to 24 live births per 1000 in 2006.

67. According to the Zimbabwe Demographic and Health Survey Report of 2006, perinatal mortality was 25 per 1,000 live births. The Multiple Indicator Monitoring Survey (MIMS) of 2009 reported a small increase in the under-five mortality rate of 86 per 1,000 live births compared to 82 in 2005 while the 2009 estimates by the Inter-agency Group for Child Mortality Estimation, using a method adjusting for HIV and AIDS-related mortality for each data observation, showed an under-five mortality of 96 per 1,000 live births.

68. This rise is mainly attributed to the direct and indirect impacts of the HIV and AIDS epidemic and the concomitant rise in poverty levels due to economic challenges. HIV and AIDS is one of the leading causes of under-five mortality in Zimbabwe, accounting for 21% of the deaths. Over 95% of the paediatric cases of HIV in children less than five years of age are vertically transmitted from mother to child during pregnancy, childbirth and/or breastfeeding. Despite proactive policies, hospital user fees continue to be a barrier to accessing healthcare for expecting mother, infants and children.

69. Internal reviews by NANGO reveal that lack of consultation of Global partners with stakeholders in the design of MDGs was problematic in that grassroots communities could not make meaningful contributions to the

implementation process. "In addition the MDGs were not mostly targets and there were no specific measures to be taken to achieve the MDGs."

70. The failure to capture resource constraints facing Zimbabwe and other developing countries was caused by failure within the 2015 management processes in adopting common procedures for reporting monitoring and evaluation that include civil society. Even the setting of the MDGs Needs assessment was undertaken without the participation of civil society and the indented beneficiaries of the programme. Responsibility was left to the government, UN agencies and the donor community.

71. To a significant extent, progress reports on the MDGs are essentially from internal UN based reporting systems. Intended beneficiaries of the 2015 MDGs, largely the poor people in the low income countries, lack resources and capacity to participate meaningfully in MDG monitoring and evaluation processes. This perceptions of 2015 MDGs progress tend to be biased in favor of implementing agencies. With the post 2015 processes in perspectives, there is need to strengthen the capacity of civil society organizations so that they also work in close partnership with national governments in the management of the MDG process.

72. In terms of progress towards MDGs, with the exception of Goals pertaining to Gender, Universal Primary Education and HIV AIDs progress on the MDGs was marginal, and the major limiting factor was to do with inadequate financial, human and technical resources in Zimbabwe. Thus in the Post 2015 MDGs, there is need to mobilise domestic resource be it financial or human and technical rather than to rely on the donor and UN agencies. It is the opinion of NANGO that government needs to allocate more resource for the implementation of the MDGs and there is need for to involve a lot of stakeholders when coming up with targets of that magnitude rather than just giving people to implement things they have not been part of. There is need to prioritise those goals which we feel we can be able to accelerate in the progress and this will give more confidence for achieving other goals. This was not the case when the MDGs needs assessment was undertaken as civil society was not involved and the poor people.

73. These different considerations highlight a critical need for research discussion and debate that seek to inform understanding of weaknesses in the 2015 MDG process.

This research seeks to ensure that the most vulnerable and marginalised communities in Zimbabwe have the opportunity to shape post-2015 policymaking and that a future global framework reflects the priorities of those directly affected by poverty and injustice. It is important that these sectors help shape thinking in the direction of future opportunities and challenges, and the design and implementation of an inclusive, integrated and universally applicable post-2015 framework. (http://ncp2015.go.tz/introduction).

CHAPTER 3

DOMESTIC RESOURCE

MOBILISATION AND MDGS IN ZIMBABWE

74. Zimbabwe's principal lesson over the 3 decades of independence is the urgent need to mobilize adequate, stable and predictable domestic resources to finance priority development programs and projects. Since 1980, Zimbabwe struggled to mobilize resources to fund expanded welfare programs, and to fund investment programs in the post 1990 phase, in a context of dwindling aid and foreign investment inflows.

75. As Table 2 below shows, Zimbabwe's human development indicators depict a deteriorating trend in terms of a broad set of indicators which include life expectancy at birth, education, GNI per capita and HDI values. As the table indicates while the variance between the expected and mean years of schooling continues grew over 1980-2012, GNI per capita fell over the same period by about 20%, while life expectancy at birth declined from 59.2 years to 51.4 years. Broadly these indicators confirm that Zimbabwe's progress in the attainment of 2015 MDGs is constrained.

Table 2
The Zimbabwe Human
Development Trends1980-2012

YEAR	LIFE EXPECTANCY AT BIRTH	EXPECTED YEARS OF SCHOOLING	MEAN YEARS OF SCHOOLING	GNI PER CAPITA 2005 PPP	HDI VALUE
1980	59.2	6.5	3.2	0.585	0.367
1985	61.5	11.4	4	0.593	0.426
1990	60.6	10.1	4.5	0.622	0.427
1995	53.1	10.1	5.5	0.582	0.408
2000	44.7	10.1	5.9	0.604	0.376
2005	44	10.1	6.7	0.412	0.352
2010	50	10.1	7.2	0.373	0.374
2011	51.4	10.1	7.2	0.404	0.387
2012	51.4	10.1	7.2	0.424	0.397

Source www.undp.org 2012)

76. Against this background, Zimbabwe must mobilize adequate, stable and predictable domestic resources to finance priority development programs and projects. Closing Zimbabwe's development financing gap requires strengthening domestic resource

mobilization efforts and developing innovative approaches to mobilize development finance. In the context of diminishing ODA and FDI inflows, there is need for innovative mechanisms in the country to mobilize domestic revenues so as to reduce the gap between investment requirements and domestic resources. Billions of dollars are required for new investments in, or rehabilitation of physical and socio-economic infrastructure in Zimbabwe.

77. The country's roads, railway lines, airports, power stations, electricity transmission lines, industrial machinery and equipment, ICT, water and sanitation systems, housing, schools and hospitals need to be upgraded and developed to enhance productivity. (World Bank 2012, AFRODAD 2013). Restoration of productive capacity in agriculture, mining, manufacturing and tourism requires sizeable investments in public infrastructure, without which recurrent power deficits, transport bottlenecks, raw material scarcities, and the demands of external competition and high labor costs will continue to impose heavy burdens on the economy.

78. Two critical questions arise for Zimbabwe. Firstly, what is the size of the country's development financing deficit, and what are its principal causes? Secondly, what innovative financing mechanisms are available to address the country's development financing deficit?

Zimbabwe's Resource Deficit and Implications for Post 2015 MDG Financing

79. In 2014 Zimbabwe faces 5 options in terms of her development resource mobilization. These include (i) domestic resources, (ii) Official Development Assistance and (iii) Foreign Direct Investment (FDI) (iv) global bi-lateral and multi-lateral loans (v) remittances. This is important for the country to reach the benchmark used in the development discourse of 25% of GDP for a country to achieve self sustaining growth. In 2014 Zimbabwe's domestic savings are significantly less than this benchmark.

80. This study concludes that the building block towards any resource mobilization effort is a strong domestic resource base. This means effective tax and public revenue administration, minerals revenues, remittances from the diaspora, and robust financial systems. This also means effective tax administration. While public confidence in a country's financial system is key in the mobilization of private savings, underpinned by

the intermediary role of commercial banks, the capacity of the state to collect and administer taxes is critical in the mobilization of public savings.

81. ODA is volatile, and it depicts a general tendency to diminish over time. ODA inflows into Zimbabwe have declined significantly over the past decade, by 56%, from $800 million to $350 million over the period 2009 - 2011. In 2012, ODA inflows into the country amounted to less than $200 million, less than 2% of ODA inflows of US$10 billion into Southern Africa in the same year. ODA inflows into Zimbabwe amounted to less than 5% of the country's Gross National Income in 2012. Other things being constant, ODA inflows are projected to fall over 2014- 2018 to levels below 3% of GDP. This implies growing pressure on domestic resources, FDI, and global lenders. (World Bank 2012)

82. Domestic resource mobilization also revolves around taxation, and this implies the institutional, administrative strength or consolidation of capacity of state formation to tax, or to collect public revenues. (Schumpeter 1918 [1954]; Tilly 1990; Brewer 1990, Newberry and Stern 1987; Burgess and Stern 1993). In view of leakages in the tax and public revenue systems, this study calls for greater perspective on reform of tax administration and revenue accountability systems in Zimbabwe as a priority.

83. In terms of global lending option, Zimbabwe can, ordinarily, like other developing countries, turn to global lenders for funding assistance. However this option is not available as the country fails the legibility test due to arrears from previous loans. In addition, Zimbabwe's 'Look East' policy has also implied hostile relations with western countries, who in the opinion of the political leaders, engineered structural adjustment programs to undermine the country's economic and political base.

84. Since bi-lateral lenders tend to take their cue from multi-lateral lenders (International Monetary Fund and the World Bank) Zimbabwe's views about 'western imperialism', and in particular the country's land redistribution program in the year 2000 in which land occupied by whites was redistributed to blacks has closed the doors of opportunity for the country to borrow money from these institutions.

85. Against this background, the focus of global attention on Post 2015 development financing prospects is increasingly on domestic revenue mobilization. Domestic revenue becomes the most feasible short-medium term option way of establishing a sustainable resource base that not only builds national ownership and accountability of development processes, but also creates new avenues out of Aid dependency. It is in this regard that Zimbabwe must direct attention towards building accountable tax systems, strengthening state-building, enhancing the credibility of governments and engaging citizens in the poor countries. These are important lessons for Zimbabwe.

86. In addition, attention is also being redirected towards Debt cancellation. The national debt ordinarily comprises domestic debt and foreign debt. African countries are today locked in a challenging position; defining sustainable economic policy reforms in the quagmire of expanding domestic and foreign indebtedness. As countries seek to provide for the basic needs of their citizens they must also find ways of escaping huge fiscal deficits, macroeconomic and exchange rate instability and a bludgeoning debt crisis that crowds out savings and undermines the potential for any further investment, sustainable growth and development.

87. Within the specific context of Zimbabwe, the Post 2015 MDGs process creates unique opportunities to build support for calls to write off the country's debt, whilst at the same time attending to challenges of building state governance and, specifically, revenue accountability systems that are underpinned by values and principles of transparency, community involvement, and participation; expanding the economy, domestic savings and investment, public health and education infrastructure, employment, incomes, and reducing infant, child and maternal mortality rates, and the high malnutrition levels.

88. In this regard reference is made to the 2000 Millennium Declaration which called on rich nations "…to adopt duty and quota free access for all exports from the poor countries, to implement enhanced programs of debt relief for the poor countries, and without further delay, to cancel all official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction; and to make more generous assistance, especially to countries that are genuinely making an effort to apply their resources to poverty reduction" (United Nations 2000).

89. In the light of these commitments, it is important to note that rich countries have reneged on their promises. The indebtedness of low income countries remains a moral concern, in addition to being policy and technical issues, and the call for Debt Cancellation and Economic Justice also remains valid in 2014 just as it was for churches, economic justice movements, trade unions, community based organisations and civil society in the 1970s, 1980s and 1990s. Debt cancellation agenda must take advantage of the emergence of the United Nations as a global institution and agency offering the best opportunities for "wide consensus building, (as well as) the most inclusive and comprehensive platform for putting a global development agenda together, and for bringing to the table the views of all Governments and a range of other stakeholders, from civil society, the private sector, academia and research institutes, to philanthropic foundations and international institutions. Through its affiliates and networks UN has technical capacity to mobilize, or marshal vast resources to advance philanthropic goals of human development and poverty alleviation in the different countries of the world". (http://www.un.org/en/ecosoc).

90. Just as the failure of public accountability mechanisms reduce the capacity of Government to implement donor funded projects and programs there is need for enhanced external support to non organizations participating in MDG programs in the country. These amounts are more than the size of Zimbabwe's foreign debt. Judicious management of the country's mineral resources is critical in view of pertinent human development demands, and within the perspective of Post 2015 MDG resource mobilization efforts.

91. While trends in Africa over 2005-2010 depict declining domestic resource capacities tax ratios have tended to remain high. Tax ratios are generally high, at levels of 20%, compared to 15% for high income countries, 13% for middle income countries, and 11% for the East Asia and the Pacific region. Professor Emmanuel Nnadozie (United *Journal of African Finance and Economic Development* [currently *Journal of African Development*]. Nations Economic Commission for Africa (ECA, 2011).

92. In terms of its external position Zimbabwe's current account has been in deficit for the 2 decades since the end of ESAP. Inadequate infrastructure, high operational (food and fuel) and wage costs, and the poor business environment have, among other factors, combined to make Zimbabwe less attractive as an investment destination. This has contributed to falling exports. Following increased import demand boosted by public spending and the expansion of private sector credit, the current account deficit reached 30% of GDP in 2009.

93. Over 1995-2010 Zimbabwe's external debt rose to US$7.1 billion (162 percent of GDP), with external arrears accounting for more than 60%. Over this period

dependence on donor aid has also increased significantly, with current and capital transfers through NGOs estimated at 12 percent of GDP in 2009. The current account deficit, excluding transfers through NGOs, amounted to about 41% of GDP in 2009.

94. Against this backdrop, it is imperative that the country develop sustainable strategies to deal with its resource mobilization challenges, and specifically, its debt overhang problem. As at October 2010, the external debt stock was 118.4% of GDP, which is above international debt sustainability benchmark of 60%.

95. As a result of its large current account deficit and its inability to meet its external financial obligations Zimbabwe is exposed to significant capital account vulnerabilities. Presently, external arrears account for a large portion of the country's external financing. Additionally, Zimbabwe has been unable to attract large long-term capital flows, tending to rely instead on short-term flows, which on the other hand, are more vulnerable to fluctuations.[ii]

96. In 2009, the Zimbabwe government started converting a one-time SDR allocation (US$410 million) to finance budgetary expenditures. While this contributed to a rapid depletion of international reserves, it also made Zimbabwe particularly vulnerable to adverse shocks to its balance of payments. Anxiety and uncertainty among international investors about indigenization legislation further undermined investors confidence and contributed to the slowing down of capital inflows which added pressure to the already vulnerable external position. External arrears include principal and interest obligations in arrears and estimated penalties on interest and principal arrears. (Richard Saunders, 1996)

97. Principal lessons from ESAP have been the cyclical downward GDP trend, deepening debt, worsening financial and economic instability, capital flight, domestic savings depletion, and political instability. While the fast-track land grabs of 1998-2005 constituted a political reaction by the Zimbabwe state to an unfolding, and deep economic crisis whose roots were in the neo liberal experiment of the 1990's, the hyperinflation of 2005-2008 only accentuated financial and monetary instability, and domestic resource constraints, against the background of expanding development needs.

98. Zimbabwe's economic blueprint, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIM ASSET), launched in November 2013 by the newly elected ZANU PF after its victory in the July 2013 national election, projects an economic growth rate of 6-7% over 2013-2018, and a financing margin of billions of US dollars over the same period. These targets however remain unfeasible in Zimbabwe's context of negative savings rates, low and declining Foreign Direct Investment and Official Development Assistance (ODA) levels, primarily a result of poorly developed state revenue accountability and political governance structures in the country**;**

99. Reviews indicate that, in the absence of concrete development financing strategies, the situation in Zimbabwe and other low income countries will continue to deteriorate in the Post 2015 period, in the form of conflicts between expanding human development needs on the one hand, and shrinking resources.

100. However, at about 33% of GDP, Zimbabwe has a high tax rate, incomparable with other developing countries in the world, and the need for improved public revenue accountability and tax administration is particularly important for the country.

101. Trends in Africa which depict low and declining savings ratios confirms an urgent need for countries like Zimbabwe to strengthen domestic resource mobilization so as to close gaps between domestic savings and investment requirements. In terms of taxation, trends show that average tax ratios in Africa today are comparable to high income countries and are actually higher than in the average middle income developing economies**.**

102. Many studies also highlight the need for greater focus on the strengthening of public revenue accountability and governance systems so as to attract greater investment inflows, ODA, and to build domestic resource capacities in developing countries.

103. Zimbabwe needs an average of US$20 billion annually to achieve economic development over the next five years but the government can raise only about US$2 billion with an expenditure above US$5 billion (Budget Statement 2013) In 2014, only a few months before the December 2015 deadlines, Zimbabwe will still struggle with possibilities of overcoming resource allocation/development finance constraints, restrictions or limitations, while taking advantage of opportunities in terms of human development and poverty alleviation. In the post 2015 MDGs, Zimbabwe should

develop a strategy and policy options and may score better against governments' priorities, shifting its sectoral focus more and more towards infrastructure development targeting the poor people especially women and youths.

104. In 2014 Zimbabwe's resource deficit is estimated by the World Bank (WB, 2012), the African Development Bank (ADB, 2012) and AFRODAD (2013) at more than US$25 billion, constituted as follows;

Infrastructure (for 7 years)	14
Agriculture (annually for 5 years)	2
Industry (for 7 years)	2.5
Mining (over 7 years)	7
Total	**25.5**

105. This compares with Zimbabwe Government estimates of US$27 billion required to fund its (ZIMASSET, 2014-2018) program. As indicated in ZIMASSET, the bulk of the $27 billion would be targeted into infrastructure development. Addressing a Confederation of Zimbabwe Industry Zim-Asset workshop in Harare in January 2014, a senior Government of Zimbabwe official said Government intended to mobilise the money from the Diaspora, mortgaging of minerals, and long term credit. The Government would also pursue joint ventures and public private partnerships. "This is not however to underestimate the amount of money required to revive the economy. …Zimbabwe requires the quantum of the resources needed for the implementation of the Zim-Asset," said the senior official."This is quite a huge figure but over the planned period, by 2018 we hope to raise the money. The bulk of it has been earmarked for water and sanitation, transport, energy, ICT housing and social services…We have identified sources of funding which are harnessing Diaspora resources, domestic resource mobilisation, accessing external financing and the issue of debt relief." (Zimbabwe 2012 Millennium Development Goals Progress Report', UNDP, Government of Zimbabwe, 2012

106. With the Post 2015 in perspective, this calls for innovations in the direction of new sources of development finance in Zimbabwe. It is important that Zimbabwe, among other countries, take advantage of unique opportunities created through Post 2015 MDGs processes to galvanise global energies against poverty. Post 2015 MDGs

processes present unique opportunities for marshalling massive amounts of material (financial, technical and human) and non material (knowledge) resources on global platforms for pro-poor development. Results indicate that the situation in Zimbabwe will continue to deteriorate in the Post 2015 period, in the form of conflicts between expanding human development needs on the one hand, and shrinking resource frontiers (falling savings, ODA and FDI levels) on the other. Countries still need to find a lasting solution to break out of the cumulative downward cycles characterized by persistent economic decline and contracting resource bases. Researchers have called on the government of Zimbabwe to shift of focus of MDG activities from welfarist consumptive activities, towards infrastructural investment activities that generate wealth, as well as public accountability and governance systems that build states. The hypothesis still holds that poverty is an outcome and reflection of poor state governance. By addressing these issues, much needed resources will be unlocked to finance local development in Zimbabwe in the Post 2015 period;

107. The focus by the Zimbabwean government on the Post 2015 development financing prospects should be on domestic revenue mobilization. Domestic revenue is increasingly considered the most sustainable resource for development that builds national ownership and accountability of development processes, while also creating new avenues out of Aid dependency. In this regard emphasis can be noted that there is huge potential of domestic tax and savings revenue sources in financing development in Zimbabwe. Attention is increasingly drawing towards redirecting development co-operation towards building accountable tax systems, strengthening state-building, enhancing the credibility of governments and engaging citizens in the poor countries. These are important lessons for Zimbabwe.

108. In addition, attention is also being redirected towards Debt cancellation. The national debt ordinarily comprises domestic debt and foreign debt. As Zimbabwe seek to provide for the basic needs of citizens it must also find ways of escaping huge fiscal deficits, macroeconomic and a bludgeoning debt crisis that crowds out savings and undermines the potential for any further investment, sustainable growth and development. In this regard reference is made to the 2000 Millennium Declaration which called on rich nations "…to adopt duty and quota free access for all exports from the poor countries, to implement enhanced programs of debt relief for the poor

countries, and without further delay, to cancel all official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction; and to make more generous assistance, especially to countries that are genuinely making an effort to apply their resources to poverty reduction" (United Nations 2000).

109. In the light of these commitments, it is fair to note that rich countries have reneged on their promises. The indebtedness of low income countries remains a moral concern, in addition to being policy and technical issues, and the call for Debt Cancellation and Economic Justice also remains valid in 2014 just as it was for churches, economic justice movements, trade unions, community based organisations and civil society in the 1970s, 1980s and 1990s.

110. Within the specific context of Zimbabwe, the Post 2015 MDGs process creates unique opportunities to build support for calls to write off the country's $10.7 billion debt, whilst at the same time attending to challenges of building state governance and, specifically, revenue accountability systems that are underpinned by values and principles of transparency, community involvement, and participation; expanding the economy, domestic savings and investment, public health and education infrastructure, employment, incomes, and reducing infant, child and maternal mortality rates, and the high malnutrition levels.

111. With aid on the decline, the volatility and difficult access to foreign direct investment, and the insufficient use of remittances as a development resource, securing other sources of financing is ever more important. Another source of finance after the decline of aid is top tap more into domestic revenue mobilization. Zimbabwe should take this option because domestic revenue is considered the most sustainable resource for development and a way out of aid dependency. Tax systems are also a crucial factor in building states. On average, developing countries raise 17% and OECD countries 34% of GDP in taxes. Fragile states, however, mobilise less than 14% of their GDP in taxes. ; Zimbabwe is one of the countries that have the highest tax regime reaching 45% for people earning above US$1000. The problem is that now there are only a few people employed formally who can be taxed. The government should consider taxing more on private companies and remove tax havens for

companies. The other problem on collecting tax is that some companies have closed especially in the manufacturing sectors thus reducing the tax base.

112. Zimbabwe can use the ZIMRA to collect more on toll gates and import duty as people are importing more ex-Japanese cars into the country.

113. There is need to make sure that the Zimbabwe Revue Authority has more power to deal with tax evaders and do away with tax havens, tax exemptions and tax holidays and that ZIMRA is accountable and transparent and the parliament should have an oversight. ZIMRA should have the capacities in revenue collection both human and technical so as to curb tax leaks.

114. Within the context of the Post 2015 MDGs, there is need for greater consultation and participation of civil society and the ordinary people that were not involved in the 2000 MDGs Needs Assessment phase so that it reaches to a wider audience and that the beneficiaries also contribute. There is need for more sensitization about what are the MDGs and that people are aware of the MDGs. In this regard, this calls for more resources (financially, human and technical) being channeled towards addressing MDGs. In the first 14 years of the implementation of MDGs in Zimbabwe, the government, World Bank, UNDP and IMF concentrated on social service delivery especially the UNDP while the IMF and World Bank focused o infrastructural development.

115. As a recommendation, In the Post 2015 MDGs phase, there is need for participation of all stakeholders; civil society, government, private sector, the ordinary people, the donor community and researchers from the planning, implementation and monitoring of the processes.

116. In the Post 2015 MDG phase, Civil society can play civic education and sensitization roles, government provide domestic resource mobilization roles, conducive policy environment and infrastructural development, the donor community proving the necessary resources while the ordinary people can give their ideas on what they want to see being addressed. There is need for a massive resource mobilisation domestically considering that foreign aid has been dwindling over the years.

117. Zimbabwe need also to tap from diaspora remittances either individuals or companies. Zimbabwe need also to curb mismanagement of funds and deal with corruption thoroughly; for example managers in government institutions are earning

an average of US$5 000 excluding allowances but the country has low revenue generating capacities.

118. Zimbabwe also needs to put in place a monitoring mechanism on the diamond sector and the overall mining sector.

119. Appropriate economic policies are important to attract foreign investment. Yash Tandon proposes that governments should budget for the people and not for companies. (Yash Tandon **Ending Aid Dependence** (pp:79) 2012

120. In the 2014 National Budget Statement in December 2013 the Minister of Finance and Economic Development Patrick Chinamasa alluded to the fact that Zimbabwe urgently needed new debt management approaches, as well as public expenditure control and revenue generation mechanisms that help reduce significant amounts of money being lost through accumulating debt arrears and forgone revenues that could be earned were the economy operating at optimum. Zimbabwe's public debt crowds out spending on important public goods including health and education, and the fiscal, monetary and financial crisis it engenders in the economy undermines growth of savings and investment.

Results of the Research with Regards to Agenda Setting

121. According to surveys conducted during the research, progress in attaining the MDGs in Zimbabwe was due to lack of public awareness and civic education programmes in the MDG process, lack of political will/enthusiasm in Government among civil society organisations in the implementation of MDGs, and shortages of financial and manpower resources. There was no adequate funding from donors and the government o implement fully the MDGs during the first 14 years and this was also marked by a declined in foreign aid into Zimbabwe due to various reasons such due to sanctions and withdrawal of financial support from the World Bank and IMF.

122. The outcome of all this was the partial attainment of the MDGs during the first 14 years thus the need fr concerted effort from all stakeholders and all of them need to be proactive in contributing human, financial and technical resources.

Addressing the Post 2015 MDGs Challenges

123. To address the MDGs plan, there is an urgent need to have more human resources with the capacities to implement and monitor the Post 2015 MDGs plan. There is also an urgent need to mobilize resources internally and Zimbabwe has the capacity to do that due to its rich mineral resource base and contributions from the agricultural sector especially tobacco.

124. Results also indicate that Government and Local Authorities have critical roles to play in the coordination of the MDGs, particularly as they interface with the general public through the Local Government Ministry. Government must seek to develop credibilty with the international community and engage them to access resources for the Post 2015 process. Most civil organisations affilited to ZIMCODD reported that they received no funding for the MDGs process. Areas that need critical attention in development include training and expertise, provision of safe drinking water , clean environment, and greater attention to be paid to the Disability sector in crafting the Post 2015 Agenda.

125. Recommendations from the surveys conducted indicated that there must be participation of civil society and the grassroots during the Post 2015 MDGs planning phase. The MDG process is presently dominated by academics, and Government bureaucrats, United Nations professionals to the exclusion of intended communities; the grassroots communities. There is need for Government, through local authorities to organize workshops to educate the grassroots on MDGs.

126. Bottom up meetings are needed to involve citizens, civic and grassroots organizations and community leaders, using participatory, consultative approaches, for public/community education and awareness. With the Post 2015 in perspective, there is need to set achievable targets that are politically feasible. There is also need to align local homegrown initiatives and plans with the MDGs process. Government must allocate budgetary allocations to basic social economic justice and human rights concerns.

127. In terms of environmental concerns there is need to protect wet lands, avoid littering, the need to reduce the use of fossil fuels and the effects of global warming. Public education about the environment will assist curb the deforestation, littering and fossil fuels.

128. There is need for workshops on sanitation, health, the extent to which accommodation is acute. Health and education, more houses to be build, provision of clean and safe water, limited water cuts, more drugs in hospitals. Activities must focus on provision of food aid, medication, mosquito nets, and also drug abuse prevention campaigns.

129. MDGs do not deal with people who are disabled so it was proposed to include Goal 9 that focuses on the disabled.

130. 88% of ZIMCODD members are of the opinion that MDGs were not successful, and 60% do not have monitoring systems for the MDGs

131. For the success of MDGs, there is need for effective planning, and participatory program design, policy promulgation, greater of governmental support, political stability and establishing networks with the international community

132. **A media report** on Wednesday, 31 January 2014 by the World Health Organisation (WHO) representative David Okello suggested that Zimbabwe would not be able to achieve the Millennium Development Goal (MDG) that seeks to reduce by three-quarters the maternal mortality rate and achieve universal access to reproductive health by 2015. "Perhaps it is because of how our health is functioning, perhaps because there are not enough midwives, perhaps because they are not well motivated. Perhaps it is because some mothers do not want to go to hospitals for certain reasons."Perhaps because pregnancy is not a disease, it is a natural physiological process; after nine months, mothers give birth, but they are dying." http://www.dailynews.co.zw/articles/2014/01/31/zim-won-t-achieve-mdgs-by-2015-who.

133. The implementation and Monitoring Framework of the 2015 MDGs in Zimbabwe is organized as follows;

a) Ministry of Finance, (responsibility for Chairing and backstopping of the MDG report, all Goals)
b) Ministry of Education Sport and Culture (education and social issues, Goal 1-6)
c) Ministry of Health and Child welfare (Health, Goals 4-6)
d) Ministry of Women's Affairs, Gender and Community Development (Gender and Social Issues (Goals 1-6)
e) Ministry of Environment and Natural Resource Management (Goals 1-7)
f) Ministry of Labour and Social Services (Goals 1-6)
g) Zimbabwe National Statistics Agency (ZIMSTAT)

134. At the centre of the civil society organisational framework for the implementation of the MDGs in Zimbabwe is the National Association of Non Governmental Organisations (NANGO). NANGO coordinates the work of civil society in advocating in terms of advocacy and capacity building. NANGO facilitates disbursement of national resources to ensure that the MDGs are met, and also conducts training sessions for civil society organizations to sensitise them on the MDGs and to assist them in mainstreaming their work.

135. Since the Millennium Declaration in 2000, four progress reports were produced by the Government system (in 2004, 2007, 2011, 2012) with the coordination of the Ministry of Finance, (through the Department of Policy and Planning), sector ministries such as health and education and international development partners, including in particular the United Nations (NANGO). The most recent progress report, the 2012 MDG Progress report, presents an assessment of progress in the achievement of 21 targets. The progress report notes that against the background of severe funding and economic constraints Zimbabwe achieved commendable progress in addressing 2 MDGs. According to the report shortages of critical funding are affecting macroeconomic and microeconomic growth interventions. Particularly noteworthy, with details provided further below, the Zimbabwe national HIV Aids Strategic Plans 1 and 2 and the National Aids Trust Fund buttressed efforts of Government in addressing fundamental health related issues.

136. The 2012 Progress Assessment suggests a less than 20% success rate (4 targets) 6 targets that are still within the potential to be reached, whilst 11 targets (52%) were unlikely to be reached. The report summarizes progress as follows;

Chapter 4

Summary of recommendations

For the Government of Zimbabwe and International Community

1. With the Post 2015 MDGs in perspective, there is the general recommendation for Zimbabwe to engage the international community to secure comprehensive external debt clearance and debt relief, as well as restoring the country's credibility with international development partners.
2. One principal outcome of the market reforms (ESAP) period in Zimbabwe was the deepening public indebtedness. In all countries where they were introduced, structural adjustment reforms undermined domestic savings and the capacity of states to attend to important human development challenges.

3. Against the background of vast amounts of knowledge accumulated, and insights developed on the deleterious impacts of structural adjustment and debt on savings and poverty there is critical need, in terms of Post 2015 development financing prospects, for world leaders to adopt a principled position on neoliberal economic reforms and the pertinent need for the cancellation of debts of low income countries. In the 2014 National Budget Statement in December 2013 the Minister of Finance and Economic Development Patrick Chinamasa alluded to the fact that Zimbabwe urgently needed new debt management approaches, as well as public expenditure control and revenue generation mechanisms that will help reduce significant amounts of money being lost through accumulating debt arrears and forgone revenues that could be earned were the economy operating at optimum. Zimbabwe's public debt crowds out spending on important public goods including health and education, and the fiscal, monetary and financial crisis it engenders in the economy undermines growth of savings and investment. . ((SADC Human Development Report 1998, UNDP, SADC, SAPES, Harare, 1998, www.undp.sapes)

4. Within the specific context of Zimbabwe, the Post 2015 MDGs process creates unique opportunities to build support for calls to write off the country's $6.7 billion debt, whilst at the same time attending to challenges of building state governance and, specifically, revenue accountability systems that are underpinned by values and principles of transparency, community involvement, and participation. Debt focused policies must explore opportunities to expand the economy, domestic savings and investment, public health and education infrastructure, employment, incomes, and reducing infant, child and maternal mortality rates, and the high malnutrition levels, and rising HIV Aids prevalence. In this regard the study calls for greater perspective on interfaces between the subjects of debt and the Post 2015 MDGs processes.

5. In a historical context of deepening scarcity of financial resources for investment in critical human development sectors such as food and nutrition, health, HIV Aids prevention, education, water and sanitation in Africa, billions of dollars are spent annually on repayment of debt. In the medium term, debt management, specifically borrowing, and expenditure controls will help reduce both the government debt and deficit, through cut-backs on non-essential public and social services, while revenue generation will ensure the government has access to adequate resources to finance its public and administrative activities.

6. Expenditure rationalization implies tough public policy choices, granted the political risks that it carries. But this still nevertheless, is critical for the country to build a sustainable domestic resource base to finance (2015 and Post 2015) human development programs, given in particular present declining ODA trends for the Africa region and how this relates to Post MDG 2015 prospects, with a greater focus on the cancellation of debt.

7. Domestic resource mobilization is necessary precondition facilitating development programmes that are owned nationally, and for investments in infrastructure improvement, and poverty eradication. The foreign debt burden renders Zimbabwe less creditworthy, and therefore making it difficult to access funds to support Zim Asset, the national socioeconomic blueprint.

8. In this regard reference is made to the 2000 Millennium Declaration which called on rich nations *"…to adopt duty and quota free access for all exports from the poor countries, to implement enhanced programs of debt relief for the poor countries, and without further delay, to cancel all official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction; and to make more generous assistance, especially to countries that are genuinely making an effort to apply their resources to poverty reduction*" (United Nations 2000). In the light of these commitments, it is fair to note that rich countries have reneged on their promises. The indebtedness of low income countries remains a moral concern.

Summary of Recommendations for Reality of Aid and other CSOs

1. There is an urgent need for ROA to urgently engage other CSOs and share with them the research findings and gather support in calling for countries to concentrate more on domestic resource mobilization.
2. There is a need for civic education and sensitization of communities calling for them to demand the governments to concentrate more on domestic resources rather than rely on aid that comes with conditionalities.
3. There is need for campaign on transparency and accountability in resources mobilization especially from the extractive industries
4. There is need to strengthen the ***Publish What You Produce (PWYP) campaign.*** This will ensure that companies in the resource extractive industries to publish how much they are getting from their operations and bring transparency.
5. There is need for ROA to forge alliances with Northern NGOs that are also powerful in their lobby and advocacy.
6. There is need to lobby governments to have their parliaments an increased oversight role in resources mobilized.

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[iiii] Long-term flows include long-term capital and foreign direct investment whereas short-term flows are comprised of portfolio investment, capital transfers and short-term capital