

CHAPTER 10: WHY PEOPLE, PERFORMANCE AND STRONG INSTITUTIONS MATTER: LESSONS FOR THE NATIONAL DEVELOPMENT STRATEGY 2

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ABSTRACT

This chapter critically examines why people are crucial for the development of an upper-middle economy by 2030, together with performance and strong institutions. The chapter identifies contributions made by these three to the growth of the economy. The chapter was produced through a desktop study in which data from previous studies were used to identify the importance of people, performance and strong institutions to the development of the national economy. Both qualitative and quantitative techniques were applied in this research. Validation of data were done through triangulation of different data sources for reliability purposes. Results indicate that strong institutions, people and performance are significant to the development of an upper-middle-class economy by 2030 in Zimbabwe, as these are the centre of economic growth. Through participation in decision-making, people contribute to how development is implemented. Strong institutions promote the development process and increase the production of different sectors within the economy. It is argued that the vitality of these is recognisable as the strategies set for the national development intertwine with them. Conclusively, there is a great deal in the development of the economy that is measured by the importance of people, performance and institutions. It is recommended that more effort should be made to accommodate and value the people, the performance of different sectors and strong institutions in as far as development is anticipated.

INTRODUCTION

This chapter demonstrates the importance of strong institutes, people and performance to the development of the NDS. It sets lessons that could be harnessed in future decision-making in the development of the NDS2, which is the other guideline leading to the development of an upper

middle-class economy by 2030 in Zimbabwe. It is important to understand what is meant by obtaining an upper-middle class economy. According to World Bank Group (2020), upper-middle-class economies are those with a Gross National Income (GNI) per capita, calculated using the World Bank Atlas method of more than \$4 125. The chapter, therefore, highlights the role which the people perform and the importance of the performance of different sectors within the economy and the vitality of strong institutions that surround development and economic growth. These three are taken as the core attributes to the growth of an economy. This study seeks to analyse the performance of different sectors of the economy of Zimbabwe. It is set to discuss how they are going about regarding the development of the country' economy. These sectors include agriculture, mining, transport, education, health and many more others in which the participation of people is noticed and different institutions are brought together. According to the NDS1 (2020), the key economic sectors of Zimbabwe are mining, manufacturing, agriculture and tourism. Therefore, the study discusses how these sectors can result in the upgrading of the economy from the status to an upper-middle-income economy by 2030. Though the economy is centred on these, it should be noted that the development of the economy constitutes the natural and built environment, service provision, the health and education of the people, not forgetting innovation and technology embracement throughout all the economic sectors of the economy. Institutions which include both private and public sectors are analysed in terms of how strong they are with regards to the growth of the economy and how they can be modified to become strong institutions that increase the capacity of the shoot of the economy into the vision of the country of becoming an upper-middle-class economy by the year 2030 using the strategies set by the government through the NDS1.

The study took a desktop analysis and managed to read several secondary data sources that included articles, journals, books from the already existing studies and studies. Data triangulation was involved for validation purposes and reliability purposes. It was discovered from the results that the three aspects are crucial for the development of the economy of Zimbabwe. The contribution of the people through their participation was found to have both positive and adverse impacts on the growth of the country's economy. The flexibility of people's attitude towards

development is seen to be a threat to development, hence precepts need to be laid for the preference of the government and the country to be met.

Performance of different sectors that make the economy was analysed and results indicated that the best performance of these sectors will only lead to the achievement of a middle-income economy by the year 2030, while the availability of strong institutions reflected a potential for growth of the economy as anticipated by the government. It is argued that the development and growth of the economy relies on these three, thus they should be handled with caution to avoid the degradation of the economy. In conclusion, performance, people and strong institutions are very vital to the economy as they project how the economy is improving in the region or country, in this case, Zimbabwe. This is not something that is attainable without introspecting their functionality that rates whether there is progression or recession. The chapter recommends that a close eye should be kept on these to facilitate the upgrading of the economy to its full capacity that enables the country to fulfil its vision of being an upper-middle-income country by 2030.

LITERATURE REVIEW

Institutions support economic development through four broad channels: determining the costs of economic transactions, the degree of appropriability of return to investment, the level for oppression and expropriation, and the degree to which the environment is conducive to cooperation and increased social capital (Ferrini, 2012). In North (1990), institutions are the rules of the game in a society or, more formally, are the humanly-devised constraints that shape human interaction and have an impact on the economy over time. To understand the contribution of institutions to the development of an economy, it is important to understand the relationship that exists between the rules and the players which North (1990) defines as organisations and their interactions with human beings. It has been discovered that in previous years, the deterioration and weakness of institutions pervaded government, local authorities and public enterprises such that they became a major source of risks in the economy, who are responsible for setting them and changing them, thus the importance of this chapter as it exhibits the three, that is, the people, performance and institutions. The strength of these

institutions contributes to the growth of the economy. Therefore, it should be noted that weak institutions are associated with low economic growth. It is argued that weakened public institutions are characterised by fiscal and debt mismanagement, corruption accompanied by infrastructure and public service degeneration. Thus, institutions determine the extent to which those in power are able to expropriate the economy's resources to their private advantage. Unequal institutions strongly limit development by reducing the capacity of individuals to access resources, expand production and increase their incomes (Ferrini, 2012).

The need for the formulation of strong institutions for the success of the country's vision can be noted in the previous occurrences within the economy due to elasticity of the institutions that seemed to favour the interests of the government instead of the whole population. In Zimbabwe, the prevailing downfall of the economy is attributed to weak institutions that prevailed for several decades, thus making them difficult to be handled. Absence of rules governing government spending is believed to have affected the economy in a negative way as a fiscal deficit caused by uncontrolled spending on government salaries and benefits, is noted. International debt has fallen into arrears, resulting in the country being unable to access external financing. There are low and falling levels of tax collection and letting political goals take precedence over inclusive economic prosperity. It is noted in the previous studies that weak institutions in Zimbabwe have resulted in critical aspects of public goods and services suffering from a lack of funds with a subsequent degeneration in basic infrastructure, health and education services.

This chapter, therefore, puts up ways in which institutions can be strengthened for the development of the country's economy, whereby everyone benefits from them. It identifies whether acts of the Parliament, among other legislatures, are being utilised in different organisations, both private and public, to uplift the economy in all areas within the economic space. Institutions' capacity to control the economy has always been affected by corruption. The Transparency-International Corruption Perception Index (2016) notes that Zimbabwe is one of the countries with a high prevalence of corruption, ranking it at 154 out of 176 countries. Nevertheless, it should be noted that institutions are there to guide

development in different organisations within the current economy to ensure that just development is being partaken and the negative influence of these organisations in which their interests are at the top, are limited for the benefit of all the citizens which is the goal of the vision 2030 that seeks to ensure everyone benefits from the economic growth and prosperity. This chapter, therefore, involves some of the organisations that influence economic growth in Zimbabwe, including service providers, among others, to find out in which way they are promoting growth.

Zimbabwe is rich in mineral resources including platinum, diamonds and gold. Despite the availability of such minerals, the economy of Zimbabwe still struggles to rise and the country is one of those counted as less developed countries in the world. This is because of several factors as noted by the Mid-term Fiscal Review Statement of 2015 which says that though minerals are readily available in the country, they are failing to benefit the economy to full capacity. It is argued in the Budget Statement of 2016 that though Zimbabwe has plentiful of diamonds, this resource seems to have not benefitted the generality of our people. In this case, it is proven that Zimbabwe's mining sector is underperforming, and it is failing to add value to the economy of the country due to theft within mining industries that is noticed through the smuggling of minerals for personal benefit by certain individuals. As one of the main sectors that the economy relies on, this chapter argues that something should be done to correct the problem the sector is facing through the introduction of strong binding institutions.

Secondly, the chapter seeks to discuss the performance of different sectors that contribute to the growth of the economy. How these sectors function is very crucial to the achievement of the upper-middle class economy status by 2030. The economy of Zimbabwe has been performing poorly due to several factors identified in the economic sector by different studies. The economic performance was supported by the inflation of commodity prices and increased global demand that led to rapidly rising exports of these products (Kanyenze, Chitambara and Tyson, 2017). Poor performance is associated with limited outputs, the reason there is a negative growth of the economy, hence the need to enhance the functionality of the sector by looking into the causes of the poor

performance. Lack of transparency and accountability around mineral resources has been a sticking issue for a long time. With the mineral level of the country, the economy of Zimbabwe should be bouncing among other countries, but the existence of some gaps has led to its poor performance. The mining sector, one of the main activities which raise the country's economy, has been performing poorly in previous years due to bad administration and corruption resulting in government losing US\$1.8 billion annually through smuggling, illegal dealing in gold and precious stones, fraud, tax evasion and externalisation, among others.

In a study to investigate public performance among Organisation for Economic Cooperation and Development (OECD) countries, Curristine, Londi and Joumard (2007) postulate that institutional factors that influence the performance of the public sector and their introduction will improve their performance, among them decentralisation of political power and allowing subnational governments to inherit the power in their areas which has been already done by the Government of Zimbabwe in a bid to increase economic growth and development. The other is the presence of appropriate human resource management practices in which education and health systems increase the scale of operations for efficiency purposes.

METHODOLOGY

A desktop study was used to compile the information contained in this chapter. Contributions from previous studies were used to justify the dichotomy that economic development is achieved through the people, performance and strong institutes. Secondary data were revealed from different sources which includes journals, books, articles and some other published documents. Statutory instruments and other government gazettes, including the NDS1 that is already being implemented since the beginning of 2021, were also used to figure out the plans of the government towards the goal of being an upper-middle-income economy, whereby the strategies for this development are laid down. A qualitative analysis was done where a descriptive interpretation was done to ensure that there was understandable information presented. The use of more than one data source was initiated for the sake of validation and reliability.

RESULTS

People are crucial for the development of the economy throughout the world. Their standards of living are an indication of economic growth; hence, they cannot be ignored in the measurement of development in any country.

The development of a country's economy is determined by the attitude of the people. It has been found out that local people are the ones that raise the economy or help it collapse due to their different activities within society. Through participative planning, it is noted that people are a vital part of the economy in different areas as they contribute to the decision-making process in which they are made to decide on the different aspects of development at local, district, provincial and national levels. Public participation is important for the development of the economy of a country. It is the people who approves of certain local plans, master plans and schemes that are meant for the development of the area, taking into consideration the benefits of certain developments in their areas and the negative impacts brought by some developments, thus denouncing or approving them for the benefit of their economy.

People are an integral part of the economy and their contribution has a lot to do with the development of an upper-middle-class economy by 2030 in Zimbabwe. The participation of people in economy-enhancing projects in different economic sectors is an advantage to the government's vision to obtain the status of being an upper-middle-class economy by year 2030. With regards to the people, it is noted that several them have skills but the employment rate is very low in the absence of industries to employ them and showcase their talents and knowledge, thus indicating a negative growth on the economy, as employment rate is used to measure the performance of the economy.

Through the implementation of human capital for economic growth, it has been discovered that people are a real component of development. They increase productivity through their skills, knowledge and technological advancement; hence they cannot be ignored on the road to the attainment of the Vision 2030. The economy of the country is measured by the Human Development Index (HDI) (Omnari, Alizadeh, Amimi, 2019; Jílková

and Skaličkov, 2019). On the other hand, it was found out that people can strain economic development due to their selfish ambitions. Corruption is contributing to the decline of the country's GDP. Using power, resources meant for the development of the country's economy are utilised for the upkeep of positions by certain individuals.

Results also show that performance is measurable for the development of an economy. By looking at the performance of different sectors that align with the development of the country's economy, it is noted that good performance increases the GDP of the country, while a negative growth is associated with poor performance. The performance of sectors such as education, health, agriculture, mining and tourism sports, among others, influences the growth of the economy in different ways.

By looking at the sectors surrounding the economy and analysing their performance, it was discovered that many sectors are under-performing as seen by the absence of some services which include water reticulation and wastewater management together with solid waste management in major cities such as Harare. This is evidenced by land pollution in different suburbs and the central business districts themselves. Running sewer water and lack of garbage collection lowers the standards of living of the local people which is an indicator of the behaviour of the economy, thus it can be said that unless these problems of service provision are resolved, the country's economy will still struggle in the long run and the anticipated status to be attained by 2030 will still remain a pipedream.

Furthermore, the provision of energy in the country remains very poor with a lot of load-shedding which is limiting factories and manufacturers to work to their full capacity, when they are the main sources of a good economy of the country. Results indicate that there is need for the improvement of the energy supply system in Zimbabwe that is sufficient for the operations of different firms and allow them to manufacture goods that are sold locally and exported to different countries around the globe.

Lack of investment in new and efficient technology in different sectors has been noted in this chapter. The country's industries are deteriorating due to lack of advancement in new innovative technologies that are more

reliable and faster to use. It has been discovered that existing machinery is in use has exceeded its lifespan and is hard to repair as it is outdated, hence there are no more companies that specialise in producing spare parts for them. This is lowering production in several sectors, hence slowing the rate of economic growth. This is also associated with a negative performance of the sectors and the economy at large.

Institutions are very crucial for the development of the economy as they create an environment where monopolisation is discouraged. It allows the market to diversify through legal frameworks which control and manage the operations of different organisations and companies, both private and public entities. This results in the growth of the economy as prices are controlled by certain laws, thus the importance of institutions with regards to the development of the country's vision 2030.

Results show that with the institutional arrangement by the central government of devolving power to promote economic growth, its utilisation to full capacity is an advantage to the growth of the economy as decision-making will not only be by the central government, but also by different local areas, on certain issues pertaining to the development and utilisation of resources in their areas of legislation.

Apart from that, devolution deals with self-ambitions of different sectors and organisations whereby they maximise on their profits at the expense of the public. Concerning themselves only with their interests than with working for the improvement of the economy at national level will result only in the decline of the economy and a regression in the anticipated growth of the country's 2030 vision agenda. Institutions work as directives that will not only limit the above, but also curb corruption which is a threat to the development of the country and its economy. The availability of strict legislation to deal with corruption will result in the proper disposition of resources and their equal distribution with little occurrence of diverting the scarce resource meant for the development of the country towards self-desires. Besides, this will control both investors and local operators in the externalisation of resources. Strong institutions are a magnet for investment because investors seek the protection of their capital, hence the availability of investors is a benefit to the country's economy.

Therefore, setting strong institutions will promote more investments from all sides of the country.

The economy of the country is held within different sectors that operate throughout the country. It has been discovered that the performance of different sectors within the economic structure of the country is vital for the development of the country's economy. Zimbabwe is a country with a lot of minerals and should utilise them in such a way that boosts the economy.

DISCUSSION

The development of the country and its economy is connected to the performance of its sectors, the attitude of the people and their contribution and the availability of strong institutions. As noted in the literature review and the results sections, it is argued that strong institutions bring about development and direction to the economic sectors, leading to the growth of the economy, hence their availability in Zimbabwe will not only help manage the day-to-day legality of the country, but pave way for the success of Vision 2030. Without addressing the issues that arise in different sectors of the economy, it is hard to increase the growth of the economy as there is room for self-interest to be facilitated and raise alarm for corruption and price inflation as well. The presence of strong institutions is an advantage to economic growth as there is control of the sectors. However, it is argued that in the presence of corruption, it is difficult to increase the growth of the economy as there are a lot of resources being lost for personal gain and also weak institutions, evidenced by the catch-and-release practice by the Zimbabwe Anti-Corruption Commission (ZACC), hence the continuation of trespassing will multiply since there is little justice for such cases. The existing gap within the legal framework is a weakness in the balancing of economic growth and power, especially state power. It can be said that the vision of becoming an upper middle-income country by 2030 is absolutely possible only if they are procedures in place to cover the gaps that exist that lower the importance of institutions, the people and performance in the country. Although the majority of the countries have engaged in some institutional reforms, the empirical evidence of their impact on efficiency is little so far due to the lack of resources to conduct evaluations; the lack of pre-reform

measures of performance; the complexities in measuring efficiency in the public sector, and the problem of isolating the effects of specific institutional reforms on efficiency from other external influences.

CONCLUSION AND RECOMMENDATIONS

The chapter analysed the importance of the people, performance and strong institutions in the development of the country's economy with the main aim of picking up some lessons that can be used in the development of the second NDS that will cover the second phase of the planning strategy of an upper-middle-income economy by 2030. These three are critical to the economy as they project how the economy is improving around the region or a certain country and in this case Zimbabwe. This is not something that is attainable without introspecting their functionality that rate whether there is progression or recession. Both positive and negative influence has been noted on them towards the growth of the economy therefore the government should make use of the good that they deliver for the economy and maximise on that whilst curbing the adverse contributions that brings about a negative growth to the economy thus going against its vision 2030. Performance, people and strong institutions are super vital to the economy as they project how the economy is improving around the region or a certain country and in this case Zimbabwe. This is not something that is attainable without introspecting their functionality that rate whether there is progression or recession.

This chapter has come up with several recommendations that can be used as lessons in the development of the NDS2 for the initiation of the rise of the country to an upper-middle-income economy by 2030. With regards to setting of strong institutions, it is recommended that there be strict legislation that governs development in different sectors and organisation at local, regional and national levels of development.

There is need to formulate political representation and governance in cities and regions that promote the development of legal frameworks and mechanisms that guide the performance of the economy. Creating strong institutions that guarantee the collaboration and coordination between different sectors and levels of government should be done as this will lead to the transfer of information from one point to the other and also help in

resolving the prevailing challenges that can act as obstacles to the development of the economy.

It is recommended that there be room opened for the free participation of the public. The participation enables a greater degree of social cohesion and allows for the exercise of citizen's democratic rights. There should be public participation in all processes and direct access to information for decision making about planning and projects within different sectors as this will only help increase the workforce of the people and their morale as outputs is clear to everyone within the organisations and the country at large. Community participation and coordination among the different economic sectors and shared management plans will build cooperation that will result in clear guidelines and frameworks that will minimise the duplication of ideas hence diversify development processes.

Transparency within different sectors is also crucial. This will minimise the smuggling of resources especially in the mining sector where several reports have been unveiled. The occurrence within different sectors should be open to the public as a way of encouraging hard work through the knowledge of the outcomes both positive and negative helps encourage the citizens and the workers at large.

Legislative framework is also important to deal with the breakers of the law in recent years of the new dispensation. The chapter also recommends that there be connection, coordination, and cooperation between different policies implemented at the local, national or regional level, in conjunction with the private sector and civil society. Strict laws should be implemented especially with regards to smuggling and externalisation of resources that are meant to benefit the whole multitude of Zimbabwe and do away with the catch and realise that has been happening in this second dispensation that will only increase the number of corruption cases as they have someone's back on them. Coordinated institutions are very crucial as well for economic growth and the fulfilment of the vision 2030.

The chapter suggests that there be measurables of the performance of different sectors of the economy. Each sector should come up with measurables for its performance that will determine whether the outcome

is increasing or falling and to evaluate how each sector is benefiting the growth of the economy.

Investment in new technology and innovation is also required in the sectors that control economic growth. In the changing dynamics of the world's technology many things have gone digital through smart technologies hence the country needs to invest in such technology that is more reliable to increase production. With regards to sufficient energy supply it is recommended that its high time the government should take the available renewable energy seriously and invest in it through the development of solar energy infrastructures that will substitute hydro-electricity that has been to be insufficient over the previous decades and due to climate change the dropping of the water levels at Kariba has far affected it.

These organisations and institutions require solid legal frameworks and governance models that ensure the participation of all actors, both public and private, in decision making, to meet the challenges faced in increasing the growth of the economy. It is necessary to avoid institutional fragmentation and create partnerships between the public and the private sector that will attract investments from different countries as a way of improving production and technology use.

Investment attraction through the installation of strong institutions through legal framework that guides the development of different sectors and all levels of economic growth from the local scale until the national capacity. Attraction of human capital. Transfers from central government. Centralisation and decentralisation together with devolution are way to go for the development of the economy and in as far as the attainment of an upper-middle class economy is concerned.

Investment in infrastructure development especially the transport systems that will enable free movement of goods from one place to the other with the suggestion of using the already existing railway line that connects different cities and towns around the country with different economic activities taking place.

The chapter suggests that these organisations and institutions require solid legal frameworks and governance models as this will ensure the participation of all actors, both public and private in decision making for the uplifting of the economy. It is recommended that institutional fragmentation should be avoided and create partnerships between the public and private sectors for the convergence of ideas that subdue to development of the vision of Zimbabwe.