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ECONOMY, LAW AND POLICY IN THE NEW DISPENSATION IN ZIMBABWE: INSIGHTS FOR SUSTAINABILITY.

NOAH MARINGE¹, EDISON CHAGWEDERA AND MATTHEW² MAREMBO³

ABSTRACT

Economic sustainability is a wide-ranging set of decision-making principles to achieve economic growth for the current generation and those to come. It is about creating a livable future for all economic players. The quest for economic sustainability demands the establishment of operational systems that rest on the most fundamental economic, social and environmental indicators. Since the beginning of the New Dispensation in 2017, Zimbabwe has shifted its attention from politics to economic priorities that help to promote employment creation, economic growth and a conducive environment for investors. The article establishes the relationship between law and policy in Zimbabwe's economy during the New Dispensation, with a focus on lessons for sustainability. For the years 2017 through to 2021, a descriptive study employing secondary data was used. The study concluded that, from both the short- and long-term views, policy and law may still have an impact on a nation's economic success. It follows that how they are set has a big impact on the overall objective of economic growth. To be successful, an economy must maintain its competitiveness, business friendliness, political stability and improvement of the economic status of its population. In this sense, concurrent policy-making, national administration and legislative action are essential as a crucial strategy required to support economic viability and sustainability.

Keywords: inflation, economic growth, poverty, statutory instruments, competitiveness, ease of doing business

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INTRODUCTION

Economic development has been defined as the demand of the constitution of a nation aimed at enhancing the social welfare of the nation's citizens (Ginting, Sembiring, Siregar and Abduh, 2018). Thus, economic development can be seen as a special _order 'that must be established or regulated by the concordance of a nation's executive, legislature and judiciary. Though these arms of public governance are differently structured in different economies in various parts of the globe, they still play a pertinent role in bringing economic development to fruition. The result of economic development is that both the economic and social aspects of the nation are sustainably better. Economic sustainability is a wide-ranging set of decision making principles to achieve economic growth for the current generation and those to come. It is about creating a livable future for all economic players. The quest for economic sustainability demands the establishment of operational systems that rest on the most fundamental economic, social and environmental indicators. Masterclass (2022) advocates that economic sustainability is important for reasons that it contributes to the longevity of the global economy, the general preservation of human life and that it provides a platform for more discoveries, innovation and development. It is through properly constituted infrastructures that economic sustainability becomes a reality. However, the policy frameworks that drive economies are not immune to major changes (International Monetary Fund [IMF], 2022) that may include financial cycles, natural disasters or wars. The 2009-2010 global financial recession and, of late, the COVID-19 pandemic, have prompted economies to adjust policies to make themselves resilient and sustainable (Li, Sun and Chen, 2021). Zimbabwe has had a fair share of changes or activities of change that ushered in some responses from all arms of government.

ZIMBABWE'S NEW DISPENSATION

The —New Dispensation‖ also known as the —Second Republic‖ is a term that is widely used to refer to the current government of Zimbabwe. It distinguishes the current government from the previous one of the late President Robert Mugabe. The current government set up an ambitious plan to achieve an upper middle-income

status by 2030. It seeks to achieve this through the National Development Strategy One (NDS 1) that succeeded the Transitional Stabilization Programme (TSP). In his inaugural speech ushering in the new dispensation, President Emmerson Mnangagwa promised to make key choices that would attract foreign direct investment to tackle high levels of unemployment while transforming the economy towards a higher status (Veritas, 2017). Zimbabwe has seen many fiscal and monetary policies designed to achieve these end targets. Such policies have been given effect by a plethora of legislative interventions that principally take the form of statutory instruments. The meaning and import of these legal instruments are evaluated. Before delving into this process, it is pertinent to give a brief background to the state of the economy just before the advent of the New Dispensation.

ECONOMIC OUTLOOK PRECEDING THE NEW DISPENSATION

Zimbabwe faced a currency crisis that reached its peak in 2008 and resulted in the collapse of the local currency. Inflation was estimated at 500 billion percent in 2008 (MacGrath, 2016). The country had to abandon its domestic currency and adopt a multi-currency system in 2009 through the Finance Act (No. 2 of 2009). A basket of currencies was introduced that included the US dollar, Australian dollar, South African rand, Botswana pula, the euro, British pound, Japanese yen, Chinese yuan and Indian rupee. However, the US dollar was the dominant currency and remains so for all intents and purposes. The process of demonetising the Zimbabwean dollar was legalised through the Reserve Bank of Zimbabwe (Demonetisation of Notes and Coins) Regulations (Statutory Instrument 70 of 2015). It provided that all notes and coins issued before 2008 had been demonetised (s 3). It further provided for compensation of account holders who had Zimbabwean dollar balances in their accounts as of 31 December 2008 (s 6). The rate for such payments was pegged at five United

States dollars for every account that was held with a balance of up to 175 quadrillion Zimbabwean dollars. A further rate of one United States dollar to 35 quadrillion Zimbabwean dollars was set for any account over 175 quadrillion dollars (s 6). The 2016 official demonetisation was a mere legal formality as the pre-2008 Zimbabwean dollar was already non-existent. It was an attempt to compensate those who lost their savings, but such compensation was again inadequate. It provided a fertile ground for the loss of public confidence in the financial system that has continued to haunt the nation up to this day.

The introduction of the multi-currency system led to a period of economic recovery and the stabilisation of inflation. However, it was not immune from new challenges. Zimbabwe experienced cash shortages that were due to several factors that included a trade deficit that stood at US\$241, 27 million in August 2016, low commodity prices and a strong United States dollar that limited the amount of foreign currency coming into the country from exports (MacGrath, 2016). Given the severe cash shortages, the government introduced a surrogate currency known as bond notes through the Presidential Powers (Temporary Measures) (Amendment of Reserve Bank Act and Issue of Bond Notes) Regulations (Statutory Instrument 133 of 2016). The bond notes were to augment the bond coins that were already in circulation and they were pegged at a rate of 1:1 with the United States dollar (s 3). On the funding of the bond notes, authorities indicated that they were an export incentive scheme backed by an Afrexim Bank US dollar facility although Statutory Instrument 133 of 2016 did not refer to such a facility (Mawere Sibanda Commercial Lawyers, 2016). Matanda *et al.* (2018) concluded from their research that the introduction of bond notes to trade side by side with the United States dollar brought serious shortages of cash on the formal markets and increased the general price level of goods and services. On the other hand, the Reserve Bank of Zimbabwe (RBZ) Governor, John Mangudya maintained that the bond notes had succeeded to serve their purpose and blamed Zimbabwe's currency problems on the introduction of the United States dollar for domestic transactions in 2009 (Vinga and Chibamu, 2022). The subsequent loss of value of the bond notes soon after their introduction may point to the failure of the initiative. It was reported that they depreciated by 50% within one year of their introduction (Zwinoira, 2017).

REAL TIME GROSS SETTLEMENT ELECTRONIC DOLLARS UNDER THE NEW DISPENSATION

In 2019, the New Dispensation introduced an electronic currency known as the Real Time Gross Settlement (RTGS) dollar through Presidential Powers (Temporary Measures) (Amendment of Reserve Bank of Zimbabwe Act and Issue of Real Time Gross Settlement Electronic Dollars (RTGS Dollars) Regulations (Statutory Instrument 33 of 2019). Except for funds that were held in foreign designated accounts and foreign loans and obligations denominated in foreign currency, all

RTGS system balances expressed in the United States dollar became opening balances in the new RTGS accounts at a rate of 1:1 with the United States dollar (s 4 b). In addition, all assets and liabilities that were expressed in the United States dollar were deemed to be valued in RTGS dollar at a rate of 1:1 with the United States dollar except foreign designated accounts and foreign loans and obligations denominated in foreign currency (s 4 d). Importantly, Statutory Instrument 33 of 2019 provided that any subsequent rates between the United States dollar and the RTGS dollar were going to be determined by market forces (s 4 e). This was an admission that the RTGS dollar could not remain equal to the United States dollar and it was never equal in the first place. The conversion of United States dollar accounts into RTGS accounts meant that the public lost their savings that they might have deposited into their accounts in United States dollars before the change. The same applies to those who were owed money in United States dollars but were later settled in RTGS dollars at a rate of 1:1.

THE RE-INTRODUCTION OF THE ZIMBABWEAN DOLLAR

In June 2019, the Zimbabwean government re-introduced the Zimbabwean dollar that had collapsed in 2008, followed by its official demonetization in 2016. It achieved this through the enactment of the Reserve Bank of Zimbabwe (Legal Tender) Regulations (Statutory Instrument 142 of 2019). This law removed the multi-currency system and declared the Zimbabwean dollar as the sole currency in domestic transactions (s 2). The existing bond notes, bond coins and RTGS dollars became part of the new Zimbabwean dollar (s 2). Foreign currency-designated accounts could be opened only to service foreign payments (s 3). Statutory Instrument 142 of 2019 was cemented by the Presidential Powers (Temporary Measures) (Amendment of Exchange Control Act) Regulations (Statutory Instrument 213 of 2019). Statutory Instrument 213 of 2019 empowered the President to make regulations to enforce the exclusive use of the Zimbabwean dollar for domestic transactions (s 2). It further provided for penalties for breach of the laws on the exclusive use of the Zimbabwean dollar (s 4).

Closely related to these developments was the enactment of Exchange Control (Exclusive Use of Zimbabwe Dollar for Domestic Transactions) Regulations (Statutory Instrument 212 of 2019). Statutory Instrument 212 of 2019 further buttressed the use of the

Zimbabwean dollar for domestic transactions by providing that it was unlawful for a party to a domestic transaction to pay or to be paid in any other currency than the Zimbabwean dollar (s 3). This provision was a clear reaction to the continued use of the United States dollar in domestic transactions despite its formal ban.

After the introduction of the Zimbabwean dollar in June 2019, the rate of inflation soared. Figures suggested that inflation, which stood at 98% in May 2019, had risen to 176% by end of June 2019 (BBC News, 2019). Jefferies (2019) of the Institute for Security Studies opined that a stable Zimbabwean dollar required the restoration of macro-economic stability, the ending of government fiscal deficits and quasi-fiscal operations by the RBZ, transparency in the forex exchange market, the ending of compulsory forex surrender requirements for exporters, subsidies for imports and access to foreign exchange at privileged rates. Thus, in the absence of these fundamentals, it was predictable that the introduction of the new Zimbabwean dollar was going to fail.

THE MOVEMENT TOWARDS A NEW MULTI-CURRENCY SYSTEM

In less than a year after the introduction of the Zimbabwean dollar as the sole legal tender in domestic transactions, the Zimbabwean government introduced the Exchange Control (Exclusive Use of the Zimbabwe Dollar for Domestic Transactions) (Amendment)

Regulations (Statutory Instrument 85 of 2020) in 2020. The Statutory Instrument made a provision for any person to —pay for goods and services chargeable in Zimbabwean dollars, in foreign currency using his or her free funds at the ruling rate on the date of payment (s 2). Free funds are defined in the Exchange Control Regulations (Statutory Instrument 109 of 1996) as:

...money that is lawfully held outside Zimbabwe by a Zimbabwean resident and that was acquired by him otherwise than as the proceeds of any trade, business or other gainful occupation or activity carried on by him in Zimbabwe (s 2).

The move was intended to make it easier for the public to transact during the COVID-19 crisis (Mangwengwende, 2020). Bhoroma (2022) views the introduction of Statutory Instrument 85 of 2020 as a tacit admission by the

Zimbabwean government that it had lost the dedollarisation war. This is because the public had continued to transact using foreign currency despite its ban.

The de-dollarisation path failed because of the absence of various economic fundamentals that included foreign currency reserves, low levels of inflation, market confidence, a sustainable fiscal budget and independence of the central bank (*ind.*). Thus, the absence of the key fundamentals resulted in the failure of the Zimbabwean dollar that was only worsened by the COVID-19 pandemic.

THE FOREIGN EXCHANGE AUCTION SYSTEM

The Foreign Exchange Auction System was introduced in June 2020 as a policy measure to stabilise currency rates after dumping the pegged interbank exchange rate that failed to stabilise the Zimbabwean economy. Before the introduction of this system, the RBZ had pegged the exchange rate at Z\$25: US\$1 (Economist Intelligence, 2021). It was supposed to be a price-discovery mechanism for foreign currency but it suffered a still birth because of the manipulation of the auction rate that was set by buyers and the central bank (Matiashe, 2021). At its inception, the Foreign Exchange Auction System managed to stabilise prices and improved the availability of goods on the market (Chikwati and Maphosa, 2020). However, inflation remained high (at 162% in May 2021) for goods bought with the Zimbabwe dollar as compared to goods bought with the United States dollar that created a major discount for using foreign currency (Economic Intelligence, 2021). The provision of discounts for using foreign currency was a clear testimony of the lack of public confidence in the weaker Zimbabwean dollar.

The fortunes of the Zimbabwean dollar have continued to plummet.

At the end of July 2022, the auction rate was pegged at Z\$416.30: US\$1 but on the parallel market, the rate was over Z\$820 for electronic money and Z\$600 for cash (Bhoroma, 2022). The multi-tier exchange rates on the parallel market mean each method of payment attracts a different price. This development negatively affects the stabilisation of the Zimbabwe dollar and diminishes market confidence.

AN OFFICIAL RE-INTRODUCTION OF THE MULTI-CURRENCY SYSTEM

From the events that took place before the official re-introduction of the multi-currency system, it was inevitable that this was the only viable route. To give effect to the new arrangement, the Presidential Powers (Temporary Measures) (Amendment of Exchange Control Act) Regulations (Statutory Instrument 118A of 2022) were promulgated. The Act expressly provides for the re-introduction of the multicurrency system until December 2025 (s 2). It also allows for payment or settlement of any obligation using the currency of the initial transaction including foreign currency (s 3). The implication of this legal development is to return Zimbabwe to the period before the introduction of the Zimbabwean dollar in 2019. It is clear from the policies of the State that it has reluctantly implemented a multicurrency system that it had abandoned. This paints a gloomy picture of the future of the Zimbabwe dollar. It is also clear that these policy changes have been influenced largely by the events on the ground at each point, rather than through planning.

MONETARY AND FISCAL POLICY STABILITY

With ongoing instability, significant currency fluctuations and soaring inflation, Zimbabwe's monetary policy went through volatile years. The government formally adopted the electronic real-time gross settlement (RTGS) dollar, along with bond notes and several foreign currencies, in February 2019 to regain control over its currency. The usage of the US dollar and other foreign currencies was banned for the majority of transactions in June 2019 (a decision that was later reversed) and Zimbabwe dollar notes were reinstated in October 2019. The native currency's value fell immediately after its introduction. The original claim that the RTGS currency was equal to the US dollar could not be upheld. Since banks lacked the necessary US dollar reserves for convertibility, financing the fiscal deficit with the RBZ's overdraft facility and Treasury Bills created liquidity issues. Cash was in short supply and in high demand, making the dollar more valuable on the black market and threatened the stability of the financial and exchange regime. As a result, inflation shot through the roof, the local currency rapidly lost value in comparison to its benchmark, the US dollar and a parallel market developed that benefited those with access to foreign currency. In 2020, year-on-year inflation climbed from 540.2% in February, to a record 837.5% in July, one of the highest inflation rates in the world (RBZ, 2021).

The government implemented a foreign exchange auction system in June 2020 that contributed to some degree of stability in the foreign exchange market. From July till the end of 2020, the exchange rate was set at US\$1: ZWL81. The implementation of the auction system, along with efforts to control the financial markets' lack of discipline, lowered inflation rates that decreased to 348% in December. The parallel market exchange rate premium also decreased to 10% from its peak of over 300% at the time the auction was launched. For any years, the RBZ has been fiercely criticised, especially for its part in causing the 2007 hyperinflation by perpetually printing money. Additionally, its quasi-fiscal actions — many of which were motivated by partisan interests — worsened Zimbabwe's debt situation and brought about an unsustainable overdraft. The questionable role played by the RBZ in delivering cheap foreign currency to senior military and political individuals, who profited from an official rate that was significantly lower than the exchange rate on the black market, was also highlighted in a recent study on Zimbabwe's cartels. Zimbabwe is categorised as being "under debt distress" by the IMF. Due to significant fiscal deficits and quasi-fiscal actions by the RBZ that involve the building of parastatal debt, a high public wage bill and minimal access to external financing, domestic debt has increased recently. By the end of 2020, domestic debt — that was insignificant in 2013 — would total ZWL12.5 billion.

This primarily occurred as a result of the Zimbabwe Asset Management Company taking up non-performing loans and debts originating from government agricultural projects, as reported by local watchdogs. However, following the introduction of the Zimbabwe dollar and the redenomination of domestic debt into the new currency in 2019, the value of domestic debt, in actual terms and as a proportion of GDP, had decreased significantly. Domestic debt significantly decreased as a result of the new currency and consequent depreciation, falling from \$8 398 million (37% of GDP) in 2018, to \$535 million (3% of GDP) in 2019. Government initiatives to reduce employee costs, accounting for 78.3% of total revenues (and over 90% when pensions are taken into account), also contributed to fiscal consolidation. The cost of employment decreased to 61% in 2018 and was predicted to continue to decrease to 42% by the end of 2020. Zimbabwe's external debt was \$8.2 billion as of the end of 2020. A sum of \$2.65 billion in multilateral external debt was incurred, of which 90% is in arrears. An estimated \$5.56 billion in bilateral debt is in arrears or 71%. The COVID-19 outbreak caused output and employment losses in some of

Zimbabwe's most productive industries. As a result, the government implemented a stimulus plan worth 9% of GDP (ZWL18.02 billion). It is significant to highlight that this was based on reprioritising the 2020 budget and did not involve any new funding.

In April 2020, President Mnangagwa announced the domestic and international humanitarian appeal for \$1.8 billion that included \$300 million for COVID-19 support through the national COVID-19 preparedness and response strategy of the government. The G20 agreed to debt relief measures for 73 lower-income nations in the same month to help them combat the effects of COVID-19. Zimbabwe was previously removed from the list as a result of payment defaults to the World Bank.

ECONOMIC PERFORMANCE AND SUSTAINABILITY STATUS

The revival of agriculture and industry, as well as the relative stabilisation of prices and currency rates, all contributed to the economy's recovery in 2021. After declining by 6.2% in 2020, the GDP was projected to have increased by 5.8% in 2021 (Table 1).

Table 1: GDP Growth. 2017-2021 (World Bank, 2022)

| Year | GDP Growth Rate |
|------|-----------------|
| 2017 | 4.7 |
| 2018 | 4.8 |
| 2019 | -6.1 |
| 2020 | -6.2 |
| 2021 | 5.8 |

Domestic demand increased as a result of an extraordinarily excellent agricultural season, slower inflation and more remittances. Improved industrial production and exports were aided by loosened pandemic restrictions, high vaccination rates and advantageous trade conditions, with mineral exports growing by more than 51% in a year. Increases in international reserves were aided by an expansion of the current account surplus in 2021 and the Special Drawing Rights allotment. Policies aimed

at reducing inflation in 2021 were successful. As of December 2021, inflation was 98.5%, down from 557.2% in 2020 (Stiftung, 2022).

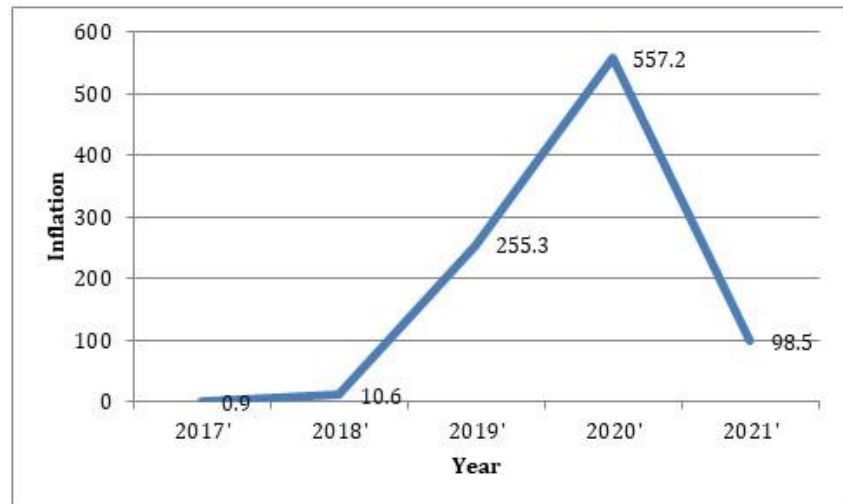


Figure 1: Zimbabwe Inflation (2017-2021) (Stiftung, 2022)

By end of 2021 and at the beginning of 2022, monetary policy was tightened even further to reduce inflationary pressures brought on by ongoing foreign exchange market distortions and growing global prices.

Special Drawing Rights, keeping the fiscal policy reasonably tight, covered the majority of the extra spending. A cash deficit of 1.5% of GDP resulted from the fiscal balance. The biggest contributors to the fiscal imbalance were the purchase of vaccines and increased spending on public infrastructure and agriculture. The performance of the corporate income tax, the value-added tax and the money transfer tax all saw an improvement in revenue collection. As a result of the government taking on RBZ's legacy debt, that increased external arrears by over US\$2.5 billion and external debt to US\$14.5 billion, public indebtedness grew worse.

Only in 2021 did the rate of extreme poverty start to decline after gradually rising between 2011 and 2020. According to estimates, the global poverty rate was calculated to increase to 40% in 2022 from 22% in 2011. Although it is still mostly a rural problem, poverty has urbanised itself as a result of the relative speed at which it has grown there. In 2011, Zimbabwe's international poverty rate (PPP \$1.90/person/day) was half that of sub-Saharan Africa. However, by 2019, it had

caught up (42%), matching the rest of the continent. With the Gini-coefficient rising from 44.3 in 2011 to 50.3 in 2019 — among the highest in the world — inequality has also increased over the past 10 years.

Because of the abundant corn crop in the 2021 season, poverty levels declined. Between March and November 2021, there was a noticeable improvement in food security, with the percentage of the population experiencing severe or moderate food insecurity dropping from 61% to 38%. The fact that the rate of extreme poverty in urban areas had not decreased implies that, despite the economy's reopening and the relaxation of mobility restrictions, sporadic closures still had an impact on urban people's jobs, incomes and way of life. Social assistance programmes had a limited impact because of their insufficient reach and narrow focus on addressing poverty.

Despite downside concerns, the medium-term outlook for the economy was one of recovery. The GDP was expected to increase by 3.7% in 2022, but the pace of growth was expected to moderate as the strong base effects faded. The downward revision was based on deteriorating agricultural conditions (production was projected to decline by 1.5% in 2022 from double-digit growth in 2021 as a result of declining rain levels and rising prices of essential inputs) and worldwide price rises amid supply-side disruptions (Stiftung, 2022). The further rise in global prices was anticipated to enhance mining output and exports, while the recovery of the tourist, trade and transportation industries was expected to have beneficial spillover effects on other industries.

Slowing global growth and ongoing pandemic uncertainty are at severe risk due to increased global threats brought on the forecast. Domestic risks affect growth performance as well as are connected to climate shocks and expansionary fiscal and monetary policies and hence slow down economic recovery. As the prospects for a decent harvest worsen, prices stay high and the social system's ability to target and reach the poor with effective social safety nets is hampered, poverty levels were predicted to continue to drop in 2022, albeit little. If inflation was not properly controlled, earnings will lose some of their purchasing power, increasing the number of people who are poor or at risk of becoming so and delaying improvements in the supply of essential services.

Zimbabwe's recovery has to be supported by policies that foster productivity development to strengthen attempts to establish macroeconomic stability. The state's involvement in the economy would be reduced, the regulatory load would be lighter, governance and anti-corruption initiatives would be strengthened, trade integration barriers would be lowered and forex retention restrictions would be eliminated. Strong social safety net services are needed to improve service delivery and decrease household vulnerability.

COMPETITIVENESS

The set of institutions, policies and other elements that affect a nation's level of production can be used to describe this as a sustained increase in productivity that enhances the life of the average person. Figure 2 displays Zimbabwe's overall ranking based on 12 pillars.

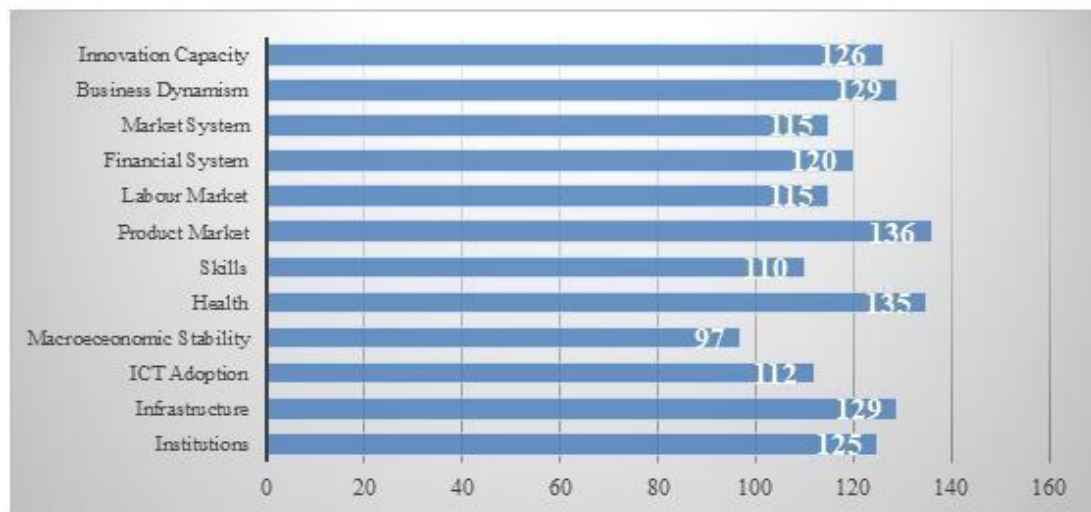


Figure 2: Zimbabwe's Global Ranking of the 12 Pillars (*Global Competitiveness Report, 2020*)

Figure 2 demonstrates that to ensure sustainability, a lot needs to be done to raise the nation's level of competitiveness because its current standing has a detrimental effect on how the business sector operates. Investors select investment locations use these rankings. The government established the National Competitiveness Commission (NCC). One of the main duties of this organisation is, among other things, to analyse all new and current business regulations to determine how they affect the cost of doing business and to recommend changes or repeals as necessary to increase competition.

EASE OF DOING BUSINESS

The phrase "Ease of Doing Business" refers to the degree to which a country's regulatory framework makes it easier for local businesses to form and run. A World Bank-created index is used to measure it. In Zimbabwe, various reforms are being put into practice and, occasionally, incorporated into national statutes and laws. Higher ranks (a low numerical value) on the Ease of Doing Business index signify better, more straightforward business policies and greater property rights protection. As of now, Zimbabwe is rated at 140 out of 189 nations that is an increase over its previous position in 2011, when it was ranked at an all-time low of 171.

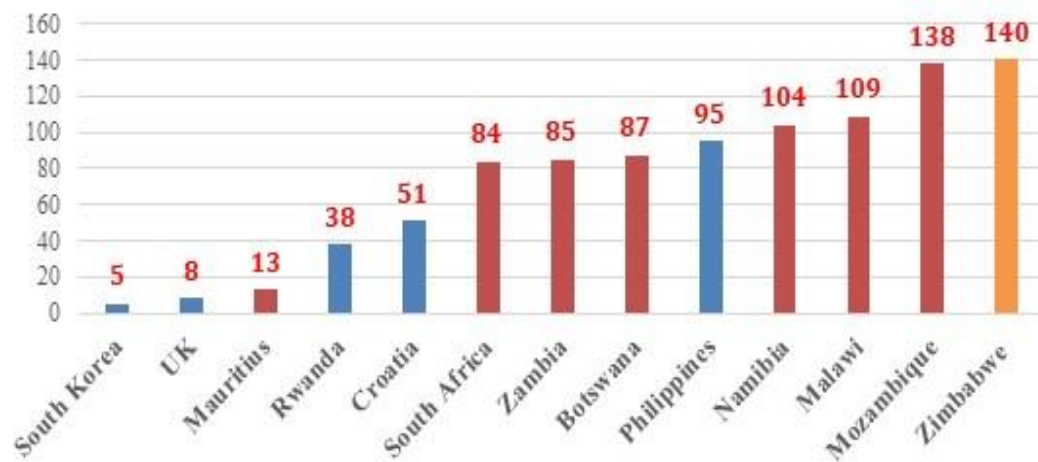


Figure 3: Zimbabwe's 2020 Ease of Doing Business Ranks with Comparator Countries (*World Bank, 2020*)

Although the nation's ranks have improved since 2011, Figure 3 demonstrates that more work remains to be done before the rating is reduced to a double- or single-digit figure. This index uses the following pillars to rate nations: Establishing a firm; obtaining building permits; obtaining electricity; registering real estate; obtaining credit; protecting minority investors; paying taxes; conducting international trade; enforcing contracts; resolving insolvency; and labour market regulation. Figure 4 displays Zimbabwe's performance from 2017 to 2020 utilising the aforementioned pillars.

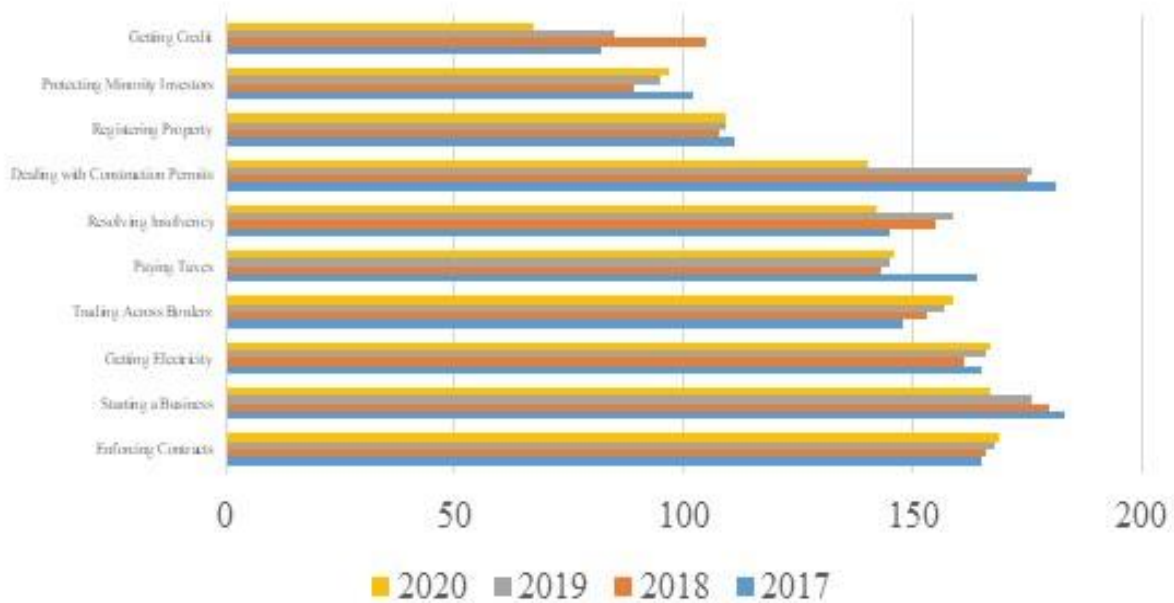


Figure 4: World Bank Performance Pillars (*World Bank, ibid.*)

Several laws have been identified as having onerous requirements and procedures that obstruct the ease of conducting business through revisions aimed at improving business accessibility. There are various legal-related issues that have generated discussion in Zimbabwe since 2017 such as 15 tax heads in the mining sector; export and import documentation; various taxes and levies on fuel that have rendered Zimbabwe fuel the most expensive in the region; export retention (40:60); 22 tax heads in the tourism sector paid to 13 agencies; various statutory instruments issued by our Government since 2018; payment of taxes in foreign currency nexus, the punitive export retention; the 2% tax and its impact on competitiveness – from a value chain perspective; and fiscal and non-fiscal incentives offered in the special economic zones, their impact on firms in the SEZs versus companies outside zones among others. Zimbabwe's place in the world in terms of both competitiveness and business-friendly conditions as highlighted in Figures 2, 3 and 4 is not pleasing.

CONCLUSION

It is invaluable to note that policy and law may continue to influence the economic performance of a country, both in the short- and longterm perspectives. It follows, therefore, that the way these are set significantly influences the ultimate goal of economic growth.

Sustainable economic endeavouring needs to continue exhibiting competitiveness, ease of doing business, stability of the political environment and enhancement of the socio-economic well-being of respective citizens. In this regard, policy-making, national administration and legislation may need to consider the above as important denouements or corollaries of economic viability and preservation.

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