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## Introduction

As a preamble, allow me to briefly introduce you to Zimbabwe. It is a democratic republic in the Southern Part of Africa with a population of approximately 13million people. It is endowed with vast natural resources, a highly educated and literate hardworking population and centrally located in Southern Africa with basic infrastructure. Zimbabwe's macroeconomic fundamentals are positive in that we are operating in a multicurrency regime (reduces exchange risk) and with a single digit inflation and steadily potential growth due to its diversified sectorial offering. It indeed has high prospects for investment.

Zimbabwe being part of the UN member states, took the MDGs seriously such that there are also a point of reference in our National Development Plan, Zimbabwe Agenda for Sustainable Social Economic Transformation (Zim Asset). Zim Asset which is a cluster-based plan is set to provide policy direction for the next five years (2013 - 2018). It is anchored on four pillars namely:

- Food Security and Nutrition;
- Social Services and Poverty Eradication;
- Infrastructure and Utilities; and
- Value Addition and Beneficiation.

As a democratic nation, we are also excited about the post-2015 development agenda (Sustainable Development Goals). Our economic blueprint I have made reference to, does concur and tally well with the SDGs priorities and also acknowledges the crucial role that responsible and sustainable investment will play in the economic growth, development and social prosperity of the nation and the region as a whole.

## Guiding Questions for Discussion

### 1. How can policies be deployed to engage private sector funding for the SDGs?

- The private sector is happy to play a role where the framework of the relationship is clearly spelt out and role clarity exists clearly demarcating the different roles. In Zimbabwe, a tripartite “social contract” was once carved out between labour, Government, and employers (private sector). This sort of framework can be developed for the SDGs.
- Zimbabwe has developed social cooperate responsibility initiatives such as the Community Share Ownership Trust which requires that a private investor is encouraged to contribute to the community in which he/ she is operating in by providing such basic services as roads, schools, clinic or community-based projects.
- **Public -private dialogue** is very key in engaging private sector for funding SDGs and addressing investment policy/environment fundamentals. For instance, a Presidential Investors’ Round Table is an initiative where the Head of State meets with the key private sector players to deliberate on issues affecting investment and proffer policy recommendations for reforms. Through this channel the private sector can be made to appreciate the essence of SDGs and be invited to fund the same.
- Vigorous pursuit of **Public-Private Partnerships (PPP)** arrangements, can be another way of engaging private sector to compliment Government’s limited fiscal capacity to provide public service more especially economic and social infrastructure. A PPP framework is therefore paramount as it will govern how PPPs are identified, negotiated, awarded, managed and how risk is shared and mitigated.
- Establishment of **special SDGs incentives**. These are meant to incentivise private sector participants who invest in specified industries or sectors of a given economy. Zimbabwe in an attempt to address structural challenges such as unemployment and low export levels necessitated by low production is considering establishment of an incentive framework that rewards private sector players who mitigate these challenges by investing and creating employment while also enhancing our export earnings.

## 2. What factors shape private sector involvement in the sustainable and inclusive growth agenda?

- The private sector is almost always driven by profits, not necessarily monetary, but also in terms of social corporate responsibility programs and supporting national goals e.g. health, education etc.
- **Policy clarity, consistence and coherence.** The entry regulation, labour laws and investment policy framework for investment are key factors that shape private sector involvement. More importantly the private sector players require policy certainty emanating from policy coherence and consistence. This matters a lot as it provides them comfort in terms of safety of their investment.
- **Access to long-term cheap financing.** If financial institutions are willing and able to offer loans at reasonable interests then there will be more uptake by local investors
- **Effective demand.** The willingness and ability of the market to absorb the produced services and goods will boost the investor's confidence that there will be able to get a market and realize a return on their investment
- **Private sector engagement at all stages of development.** Private sector players are concerned when they are involved in implementation alone whereas they might be left out during conceptualisation and planning stages.
- **Risk-return profile of projects venture for the sustainable and inclusive growth agenda.** It is private sector's skill to infer into the risk structures associated with a venture and to want to minimise it as much as possible on their part.
- Some corporate have also found ways of supporting programs related to their core business e.g. a soap manufacturer can support a program for regular washing of hands and related hygiene by donating soap for the project, and related materials. This can help in developing clusters for the different SDGs.

- The issue of trust for Government to appropriate resources for what they are intended for. The private sector is normally wary of their resources being channelled to political programmes different from what would have been agreed as developmental projects with clear beneficiary target groups. A framework would need to be developed to create some sort of SPV that can be entrusted with executing the agreed goals. This SPV can be structured along the lines of the National Economic Consultative Forum which can have co-chairs from the Government and private sector.

3. Should an international governance structure frame different actors' roles; what form should it take?

- It is appropriate to do so, only after multi-stakeholder consultation and possibly indicative roles defined by different actors themselves.
- It often helps if programs come in with a sectoral focus and the private sector can locate themselves within the various dimensions. Tobacco manufacturers for example may want to be seen getting involved in greening projects to bolster their image and replenish forests being razed down in processing tobacco.
- The form can also be similar with what is obtaining in my country. Implementation of the Zim Asset in Zimbabwe is under the custodianship of the Office of the President and Cabinet but the four pillars are administered through task forces and committees comprising both the private and public sector entities.

*Additional questions might include:*

What are the policy challenges, trade-offs and constraints for channeling private investment into SDG sectors, like infrastructure, climate change adaptation, health and education?

- By nature private sector players are profit-making and so the dilemma emanates from them complimenting Government efforts of providing public service but still wanting to realise profits which the public sector would not have requested would they have been capacitated to undertake that. In that

regard the challenge is how to regulate them so as to protect the public while also making it easy for them to do business. A case in point in Zimbabwe is in the labour market, where labour laws are so protective of the worker that it's difficult to hire and fire whereas it might be costly to the investor.

- The ability to balance between affordability and effective demand. This talks to the desire by the investor to recoup his/ her capital within the shortest possible time against the willingness and ability of the populace to access and pay for the good or service. The road toll in Zimbabwe is a practical example where the investor increases the toll fees against a suppressed demand due to illiquidity challenges.
- Lack of transparency on environmental impact. The private sector may not disclose all possible negative consequences associated with a project venture and so risk will remain with Government. Information asymmetry then is a possible problem.
- Lack of negotiation skills by Government officials may see the private sector pushing much of the risk to the Government which in actual fact should be shared somewhat.
- The policy challenges hinge on mistrust of Government in general by private sector globally and sometimes and a heavy regulatory approach which leads to private sector maximising profits where they can to compensate for the "losses" from Government interventions. Government therefore needs to create shared vision for the SDGs and create joint ownership of the programs from the onset.
- Another challenge often cited by private sector is how Government conceptualises projects/programs excluding them but expects them to execute. This can be resolved by undertaking inclusive development of programs and wide consultations.

**What are the factors that shape the role of the public and private sector in the pursuit of sustainable and inclusive investments?**

- Good corporate governance and accountability influence how both private and public sector pursue sustainable and inclusive investments.

- Negotiation capacity and expertise also have a role to play as some bilateral investment agreements are biased in favour of the investor who seeks to be protected but no clear obligations are imposed on them.
- Clearly the development of PPP frameworks can help govern the involvement of private sector in sustainable public sector services. Private sector can marshal their resources, systems and expertise and allow Government to regulate the services. Public goods are understood to be the prerogative of Government but the private sector can be roped in.
- Risk Sharing and Management

**What are the global policy requirements in this context, and how can they be translated at the national and regional level?**

- Development of a new international model BIT would help engender responsible and sustainable investment especially for resource based investment like mining and agriculture where wholesale degradation sometimes takes place in the name of development.
- It would be interesting to learn from countries that have successfully implemented PPPs on how they have ensured private sector does not overcharge the public, in their pursuit of profit during the concession period under the various PPP models.
- The transmission of SDGs can take advantage of regional integration to be cascaded to national level. In this regard, the Corridor initiatives can be key. For instance, the Beira Corridor which is shared by Mozambique and Zimbabwe can be utilised to attain SDGs among other corridors.

**How can the linkages between industrial, investment and development strategies be strengthened to help achieve the SDGs?**

- SDGs need to be engulfed in the National Development Plans, investment and industrial policies of a country.
- There is also need for proper SDGs launch and periodic reviews to ensure that all concerned stakeholders are on track.
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**How can public and private actors optimize synergies in pursuing sustainable development outcomes?**

- There is need for deliberate collaboration in this respect
- There is need for high level commitment to ensure policy consistence
- Respect for the contractual obligations and terms of the partnership
- There should be clearly defined regulatory and legislative framework governing the procurement, management and operation of PPP to instill certainty to the parties involved.
- There should be clear and transparent guidelines on the negotiation and contracting processes (tendering process).
- Carefully capacitate and award well deserving and competent local contractors where necessary.
- Governments should expedite development of clear watertight PPP frameworks
- Private sector should be willing to sacrifice profits and pursue sustainability by taking deliberate actions to opt for more sustainability than profit maximising. "People, profits and Planet" should be pursued.

**What are the policy gaps and how can they be addressed at the national, regional and global level?**

- In Zimbabwe there is yet to be developed a comprehensive PPP framework and legislation. Other countries can share experiences in this regard. We can also learn on how private -public joint forums are structured for productivity and progressive implementation of programs

**We would like to hear your country's vision for private (and indeed public) investment in sustainable development sectors and how global leadership can support this process. You may also wish to tackle some of the above-mentioned policy dilemmas and provide your insights and experience on these issues.**

Our country's economic blueprint, Zim Asset, envisages a private sector driven economy and as such a number of initiatives are lined up to ensure capacitation of private sector and also creation of an enabling environment for them to invest and do business.



Zimbabwe has numerous fora through which the Government interface with the private sector and can share on sustainable development matters,

Recently the RBZ Governor in his Monetary Policy Statement announced the removal of restrictions on capital remittances so as to allow private sector to invest and recoup their capital and gains without much exchange controls.

A number of Acts are under review to ensure that they facilitate the ease of doing business for private sector and among them are the Bank Act, Zimbabwe Investment Authority Act, Labour Laws and a gazette to be announced on the clarity regarding the implementation of the Indigenisation and Economic Empowerment laws.

Numerous platforms are there to afford private sector opportunities to meet with the public sector and make deliberations on socio-economic issues. Among the platforms of this nature are the:

- National Economic Consultative Forum (NECF);
- Zim Asset Clusters which incorporates public and private sector players;
- Investor Round Table initiatives, one of it is administered by private sector and the other one coming soon is the Presidential Investors Round Table;
- Consultative workshop during planning stages i.e. during the crafting of the Special Economic Zones strategy document private sector was involved & the Doing Business Strategy Workshop was all inclusive; and
- Budget Consultations - are also widely consulted to ensure participation to grassroot level.