A Trusteeship for Zimbabwe: Citizens as the Main Actors

Norman Reynolds

The situation in Zimbabwe has long been critical. The nation is suffering economic, health, social and political implosion. There have been three fraudulent elections; a chaotic land redistribution program; the cleansing of township, small, and micro-businesses that sold black market daily essential needs; the bulldozing and burning of informal homes; and open assault of political rivals. President Mugabe has lost any chance of engaging civil society or of turning the situation around.

International efforts fixate on Mugabe trying to ordain his successor (rather than leaving the choice to those left behind, which is normal democratic practice). It is time that the donor community - which increasingly carries the humanitarian costs of this "failed state" and must now organize to pay for its rebuilding - find the method to work directly with the citizens. The new Zimbabwe must be built upon the realization of social and economic rights, including the basic right to live in "working local economies."

The Role of the International Community

It is a certainty that the international community will have to pour large amounts of money into Zimbabwe, if only as humanitarian aid. Over the next five years the total Zimbabwe bill for "relief" will likely come to at least US$10 billion! Add another US$10 billion for its economic and social recovery.

What terms should the international community, including South Africa, Southern African Development Community (SADC) and the African Union (AU), set for the use of US$20 billion? How can aid be provided that will not be drained away by corruption?

These are key questions regarding Zimbabwe's recovery and the return of human rights and citizen economic security. The plan which is outlined here offers a solution to these questions. It is a plan which has already been adopted by the government of South Africa, and which is applicable and replicable in many low income areas.

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The plan is known as "Sustainable Community Investment Program." SCIP is the first program that fully acknowledges and acts upon our "dual" economy. It seeks to balance global with local, to provide all communities, particularly the long-marginalized township and rural areas, with the basic right to live in a "Working Local Economy." Citizens are invited to organize in registered Community Trusts and thereby receive a set of Social and Economic Rights with budgets so that they can take charge of their lives, be responsible and competent partners of government and of business and together raise the local income multiplier (local cash circulation) three times or more. By this means, they grow the economy, and government expenditure is largely recouped by tax.

The SCIP model of placing a priority on citizens and local/national economy first can be used as a model for all of Africa and for the growing "backward areas" of the developed world. Europe and the US, for instance, have seen the increase in depressed areas as jobs are "exported." The conventional belief that, with resultant lowered rents and wages, these areas will self-correct by once again attracting investment has proved false. As these areas remain depressed for long periods of time, localization policies and programs, such as SCIP, are becoming more acceptable. Any recovery program must be built upon the quick realization of individual and community economic and social rights. People must be treated as competent immediately, not after prolonged "training" or "management." The plan must give them the financial means and the right to make their own economic decisions, to look after themselves and their families, and to contribute to their communities.

The Plan

The following is the outline of SCIP that a colleague and I put together in 2003, at the request and with the agreement of the Zimbabwe Country Team led by the United Nations. It stands in stark contrast to the usual IMF macroeconomic stabilization program, based on controlling deficits and the balance of payments. It builds democracy and stability by action, not just the request for "talks." Here are the main points:

- All foreign aid is to go into a special foreign exchange account in the Zimbabwe Reserve Bank, without exception.
- The equivalent in local currency will be transferred as needed into a Zimbabwe Economic and Social Rights Trust, controlled by persons appointed jointly by the United Nations, the African Union and the Southern African Development Community.
- A customized foreign exchange system will be implemented under UN supervision.

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The Economic and Social Rights Trust will use the inflow of foreign aid to provide "Child Rights," "Health Rights," and "Investment Rights" to all citizens who register and act together under Community Trusts formed at the village, neighborhood, and street levels.

"Child Rights" will be set at R300 (US$42.6712) equivalent per month per child up to 18 years of age. The monthly inflow of funds is to be used first to buy locally produced food for daily child feeding. This creates a very large new agricultural industry run by the poor. The payments for the food is as follows: 30% to pay the school fee until paid off each term, 10% to the Community Trust, and the balance to the parent/local supplier. In this way, the publicly provided money will circulate locally three to four times, activating and rewarding local economic production and building community cohesion and common purpose.

"Health Rights," approximately R120 (US$17.0684) per month per person, places responsibility for health and the means to act (water, sanitation, food, immunization, economic activity and participation) within the community. This allows citizens to confront the causes of illness, to plan with official and skilled support how to achieve "health" as a community outcome, and to thus avoid the deep hole of today's floundering public health service that is swamped by illness with little ability to secure health.

"Investment Rights," worth R1500 (US$213.356) per year for four years, are to be paid to each Community Trust per registered resident adult. These funds will be used jointly at the local level to build or restore productive capacity such as community gardens, irrigation, improved grazing and woodland, rental housing and other infrastructure, and to finance individual crop production and food processing, etc.

Impact of the Plan

Community Trusts are the means to renew valued traditions of joint ownership. They act to convert current politically and economically dysfunctional villages and neighborhoods into democratic property companies. These provide members with modernized rights of access to and ownership of land and other productive assets. They become asset-holding, investing and managing bodies. Women become equal owners, the most important gain possible for them in Africa. The "investment" monies provided by international donors through the Economic and Social Rights Trust will be more than matched by local equal member/owner labor contributions, since there is now a community body that can turn investments in cash and labor into useful assets and thus into member dividends.

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This surge in unlocked local energy and economic investment will then drive up the national Gross Domestic Product and generate tax revenues equal to 60%+ of the cost of the program because of the high total local and national multiplier possible. Just as importantly, when compared to the IMF balance of payments route, it will first build local demand to reward local production. It will also revive neighborhoods and then companies, enabling all Zimbabweans to become active participants, owners and producers, both locally and nationally.

Foreign Exchange

Under this plan, all foreign exchange provided by the international community will be sold for local currency to business and industry through a series of foreign exchange "windows." The first window will be limited to exporters, because export industries like mining, tourism, and agriculture generate foreign exchange through their international sales, thus multiplying the amount of foreign exchange available. By giving priority to exporters, guarantees for foreign loans from banks will be easier for them to obtain, further expanding the pool of foreign exchange available.

Any foreign exchange surplus in the first window will be passed to a second window through which national essentials like fuels, foods, medicines, etc. are bought. This will act to keep the cost structure of the economy and inflation down. Any further foreign exchange surplus would go to a third window that would auction its available foreign exchange for use by domestic business and industry.

Balancing Localization with Globalization

The use of economic and social rights programming in this plan, employing a strong "localization" model to balance "globalization," will allow Zimbabwe to come under an innovative form of UN/AU Economic and Social Trusteeship. It will stimulate the economy from the bottom up by providing the means for all citizens to quickly become economically active and secure. It will ensure a better than minimum level of schooling and health for all, as well as build communities and local economies.

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ommended that the administration "make energy security a priority of our trade and foreign policy," a blueprint the White House has religiously followed. In 2002, the Administration also rolled out its "West Point Doctrine," which in essence said that the United States would not permit the development of a major economic, political, or military competitor.

Both of these policies are increasingly running up against the new energy-hungry kids on the block, particularly China and India. China has been investing heavily into Africa. India, Malaysia, and South Korea have also joined the oil rush, along with competing for copper from Zambia, platinum from Zimbabwe, timber from the Congo, and iron ore from South Africa. In a strange reversal of the 19th century, former colonies are going head-to-head with their old masters in the race for raw materials.

Darfur and Oil

The Sudan is one of those places where it seems easy to distinguish the good guys from the bad. But up close, things are considerably more complex. The tragedy unfolding in Darfur is fueled in part by competition between nomads and agriculturalists. But it is also a proxy war between Sudanese elites in Khartoum as well as an arena for regional competition among Sudan, Chad, and Niger.

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Lost in the media images of burned villages and destitute refugees is the issue of oil. The vast bulk of Sudan's oil is in its south, where a long-running civil war is currently dormant. But in 2011 the south will hold a referendum to decide whether to remain part of Sudan or become independent. Will western oil companies that pulled up stakes in the 1980s and decamped to Chad push southerners to vote for independence so they can move back in? Will Khartoum really accept a breakup of the country?

The bottom line is that Sudan, like Somalia, Nigeria, and most African countries, is a complex place, where military solutions are likely to cause problems, not solve them. There is also fear, according to Nigerian journalist Dulue Mbachu, "that increased US military presence in Africa may simply serve to protect unpopular regimes that are friendly to its interests, as was the case during the Cold War, while Africa slips further into poverty."

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This will lay the foundation for national reconciliation, rapid economic recovery and a broad-based growth in citizen ownership of their country's productive base, resulting in a rapid restoration of an active and participatory democracy.

Financially and organizationally competent communities will soon be able to enter the land market if they wish to expand their land base, to move into particular crops, or to be nearer to markets. A full people-led agrarian and land reformation will follow this form of economic rights programming, taking the state out of the driver's seat in what has become a too politically charged matter.

Finally, it is hoped that this recovery plan will attract back the three million Zimbabweans who have fled in the last four years and who have considerable skills and much needed experience. Its method resonates with the needs of Afghanistan, Iraq, Somalia and many other "failed states."

Norman Reynolds worked for a decade in India and South Asia as the Rural Development Officer for the World Bank, and then for the Ford Foundation. He was chief economist for the government of Zimbabwe from 1981 to 1986, during the era that followed independence. He has held fellowships at Harvard, Cambridge, and Cape Town Universities. He currently works as an economic adviser on national, city, township, and rural issues and chairs The People's Agenda based in South Africa.

Note from the author:

I have worked on the elements of this shift for many years, in India with the Employment Guarantee Scheme, and as Chief Economist in Zimbabwe, but have been blocked by Robert Mugabe on anything that empowered citizens.

The Department of Provincial and Local Government in Pretoria [South Africa] asked me to work with them in July 2006 after civil society decided to back the ideas in what I called the "Community Investment Program" (CIP). The Department then produced a draft, using my work, of a new Local Economic Development policy. They took that to a national conference at which I presented it to some 400 invitees, who were mostly Local Government staff and Mayors.

They then re-worked the document, adding the politically correct word "sustainable" to the title, hence SCIP.

The document circulated as an internal Government doc in November 2006 and was approved by the highest body under Cabinet, the national Ministers and Members of Provincial Executives (MINMEC), in January 2007.

There is now a Steering Committee to complete the planning and support some pilot "member" communities made up of Local Government, Treasury, United Nations Development Program and The People's Agenda.