

Institution of Special Economic Zones in Zimbabwe: Lessons from the international experience and implications for tourism zone development.

Dr Z Tambudzai¹ and Dr O Chikuta²

Paper presented at the Midlands State University 1st International Research Conference: Driving Socio-Economic Development through Value Addition and Sustainable use of Resources

Venue: Elephant Hills Resort, Victoria Falls, Zimbabwe

14-16 July 2015

Abstract

The introduction of Special Economic Zones (SEZs) in Zimbabwe is currently a topical issue. The success of the ZIMASSET Plan in growing the economy depends on how much investment the country is able to attract from within and outside its borders. Special Economic Zones are renowned for their ability to attract Foreign Direct Investment (FDI) from developed countries. This paper's main thrust is to generate more debate and enthusiasms among stakeholders in SEZ development. The paper gives background information to the introduction of SEZs in Zimbabwe, and discusses the objectives and benefits of SEZs to developing countries and more specifically Zimbabwe. A literature survey revealed the African and Asian experience with SEZs. In the process, common mistakes that Zimbabwe must avoid are given and key success factors are highlighted. The article then attempts to build a case for the establishment of a tourism zone in Victoria Falls. The Chinese experience clearly support the conduciveness of a tourism zone in Victoria Falls since it is located strategically at a border with three countries, is part of the Kavango-Zambezi Transfrontier Park and already has a refurbished international airport and one of the wonders of the world, the falls.

Keywords: ZIMASSET, Special Economic Zone, tourism zone, investment, economic growth

¹ Dr Zachary Tambudzai is a lecturer and the Deputy Dean in the Faculty of Commerce at Midlands State University. Contact tambudzai@msu.ac.zw or ztambudzai@yahoo.com.

² Dr Oliver Chikuta is a lecturer and Chairperson of the Department of Tourism at Midlands State University. Contact chikutao@msu.ac.zw or chikutao@gmail.com

Introduction

The discussion on the introduction of SEZs in Zimbabwe was set alight by the Zanu PF government's five year economic plan adopted after its landslide victory in 2013. The government of Zimbabwe adopted the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) to run from 2013 to 2018. This national programme is unique in that it is a result-based policy, designed to stimulate economic growth and sustainable development. The national development plan's vision is "Towards an empowered society and growing economy". The empowerment aspect is something that was not clearly enunciated in previous development plans. Even though in the 1980s there was emphasis on "growth with equity", the current policy thrust is more specific on where the growth is coming from and how equity is simultaneously achieved. The empowered indigenes are expected to drive the growth of the economy.

It is clear from the policy document that the success of ZIMASSET is based on the ability of the nation to harness and exploit as well as value-add its abundant natural resources (including mineral, agricultural, tourism and human resources). One of the key success features of the Agenda is that it encourages cooperation among stakeholders in the country. The stakeholders include government departments and agencies, the private sector and external development partners. The Plan is clear on the role of each stakeholder. Unlike previous economic programmes, ZIMASSET puts more emphasis on implementation, monitoring and evaluation, spearheaded by the Office of the President and Cabinet (OPC).

Another unique feature of the ZIMASSET is that it is a cluster-based programme. It has four main clusters namely: Food Security and nutrition; Social Services and Poverty Eradication; Infrastructure and Utilities; and Value Addition and Beneficiation. These four are supported by two sub-clusters:

Public Administration, Governance and Performance Management. This means that ZIMASSET is not just pro-growth but values the welfare of the country's citizens.

Another key assumption and success factor of the programme is the introduction and establishment of Special Economic Zones (SEZs). Usually SEZ policies and guidelines are geared toward better economic ties with other countries. Countries with SEZs also aim for more foreign investments coming into the country and offer free-trade agreements to stimulate economic growth and development. The policies and guidelines of a Special Economic Zone vary from country to country. To encourage businesses to set up in the zone, financially libertarian policies are introduced. Some zones offer tax exemptions for foreign investments and duty-free importation of items from foreign countries. Economic zones may offer other incentives to lure more foreign investments in a particular country. Normally these incentives are given for a pre-determined number of years depending on the industry. Besides the tax exemptions and tax cuts, economic zones could also offer subsidies for utilities like water and power. In a nutshell, these policies typically focus on investing, taxation, trading, quotas, customs and labour regulations.

An overview of Special Economic Zones

A Special Economic Zone (SEZ) is a commonly used generic used to refer to a geographical region or a legal space that has liberal and special economic laws, policies, and regulations which are different and more laissez-faire than those of the other areas of a particular country (Farole, 2011). The rationale of establishing SEZs are diverse, but the key motivations include promoting foreign direct investment, job creation and increased exports from the country. They are also meant to promote the development and modernisation of local industry so that they become competitive globally. SEZs cover a broad range of

zones such as Free Trade Zones (FTZ), Export Processing Zones (EPZ), Free Zones (FZ) and Industrial Estates Industrial Parks/ Industrial Estates (IE), Free Ports, Bonded Logistics Parks (BLP), and Urban Enterprise Zones.

SEZs were first established successfully by the People's Republic of China. However, they have since been introduced in other countries especially in the Far East such as India, Bangladesh, Belarus, Cayman Islands, and Cambodia. They have also been established in Africa in countries such as the Democratic Republic of the Congo, Egypt, Ethiopia, Mauritius, Nigeria, and Zambia. In Europe countries like Greece, Russia, Poland, Ukraine, and Uzbekistan introduced SEZs as well. The growth of China's economy leads one to ask certain pertinent questions. For instance, what have been the key drivers of its economy? And, most important, what lessons can we learn from China's success? These issues are debatable but the key to its success is no longer a secret, it's the many special economic zones and industrial clusters that surfaced after the introduction of the country's economic reforms.

Special Economic Zones may be limited to a single industry only or may cater for a mixture of foreign investments. Foreign investments may be a mix of electronics manufacturing, agro-industrial, tourism, and information technology among various others. China, for example, has an entire province as an economic zone. This has stimulated economic activity and growth in the area with the population also steadily increasing over the years. India is also a big player in the establishment of Special Economic Zones to attract foreign direct investment. To date, India takes the largest pie in the Business Process Outsourcing industry (BPO) all across Asia. The SEZs in the Philippines focused on the Information Technology industry.

The African experience

According to Zeng (2012), Africa has launched a new wave of special economic zones or industrial park initiatives. Countries like Ghana, Nigeria, Ethiopia, Tanzania, Zambia, Mali, and Botswana can be named among those that have adopted the SEZs concept. These countries have built some SEZs or are in the initial stages of building SEZs at various scales. While this seems to be an exciting development, it requires great caution. Moreover, it is not the first time that Africa is developing SEZs (including export processing zones (EPZs) and various industrial parks). The first round happened in the 60s and 70s, and most of the initiatives failed with very few exceptions such as Mauritius, which built an EPZ successfully. The major reasons for the failure could be attributed to poor governance, a lack of institutional framework and political commitment, weak implementation capacity, and a lack of proper monitoring and evaluation mechanism, among others. These will be discussed later in this paper.

Common causes of SEZ failure and lessons for Africa

As explained earlier, despite the success of the special economic zones concept in China's Shenzhen region, Russia and the Philippines, among other countries, a large number of SEZs especially in Africa and India have failed either to take-off or to reach meaningful operational heights. In fact, a lot of potential tax revenue has been lost without any impact on employment rate, trade, infrastructure and investment (The Times of India, 29 Nov, 2014). The following section discusses other common reasons for the failure these zones worldwide and suggests solutions for Africa.

Manufacturing usually require vast expanses of land, not bits and pieces of land. The rationale being that there is need for infrastructure development and cost effectiveness in infrastructure utilisation. It is easier and relatively cheaper

to develop one large piece of land than many small pieces of land since multiple companies can use the same space and facilities and share the cost. Analysts argue that India made a mistake in this area and allocated small but many pieces of land for zone development. It is therefore advisable that SEZs get large pieces of land and develop a one stop shop (Quora, 21 April, 2014).

The manufacturing and other economic activities in the SEZs require both skilled and unskilled labour. The establishment of special economic zones results in the movement of families to the zone area. This has serious implications on infrastructure and superstructure (like schools, hospitals, recreational facilities, residences, markets) and usually most zone developers forget to take this important factor into consideration. In fact, SEZs end up becoming large cities (the case of Shenzhen in China). It is therefore advised that before African countries develop SEZs, a careful look should be taken on the capacity of the area to accommodate people.

Research has established that the land given for the development of SEZs is normally very attractive land and many wealthy business people buy the land for speculative reasons and never develop it. They usually keep the land and later resale it at a higher price (Economist.com, 2015). Due to this speculative tendency, very little production will take place in the zones and the objectives for which these economic zones were established are never achieved. In fact, the SEZ is turned into a real estate business. If Africa is to avoid this problem and successfully adopt the SEZ concept, a well constituted SEZ committee which oversees the allocation and development of land should be appointed. This committee must require a timed developmental and business plan before awarding land to anyone who wishes to do business within the zone.

Offering nothing but fiscal incentives may get the zone off-the ground but sooner than later it becomes unsustainable, in other words, it does not result in lasting projects. This usually is coupled with the idea of making zones

enclaves or isolated economies without any integration with the main economy of the country. Successful economic zone management fosters links between the zone investors and the local investors. South Korea has successfully integrated their SEZs with the local economy and it has paid dividends (Economist.com, 2015b). Remember that holidays may not last forever, and if the motivation for investment was mere tax holidays, there is bound to be a disincentive when taxes begin to be reintroduced or when the holidays are withdrawn. India suffered a blow after it withdrew its tax incentives.

Zones need to be connected to global markets otherwise they cease to accomplish their mission of making an economy globally competitive. According to economic analysts, global connectivity has more impact than tax incentives. It is, however, very important to note that there is a price to global connectivity. This includes spending on the construction of good roads, harbours, airports and railways. For Africa countries to benefit from economic zones, good road, rail and air infrastructure must be available. In Zimbabwe, for instance, there has been a slight improvement in the state of the roads since the inception of ZINARA and the introduction of a tollgate system. Challenges are still being experienced when it comes to air and rail transport. Zimbabwe and other landlocked African countries will require efficient air and rail transport systems. It is an area where we can also grant SEZ status.

Infrastructure is an overall constraint for all the zones but at different degrees. In general, power, gas, roads, ports, airports are the key constraints. Many African countries, especially Sub-Saharan are facing serious challenges in the provision of power, water, telecommunication and other basic utilities. At present, many Sub-Saharan countries, including Zimbabwe, are struggling to afford a steady supply of these utilities and has made use of the load shedding approach to power management. No investor would want to put their money in such risky operating environments (African Transformation Report, 2014). To

successfully implement the SEZ concept, the relevant agency must ensure that there is consistent supply of adequate power to the particular zone.

Many governments and developers try to resort to the Private Public Partnerships approach to solve the constraints. Given the large investments required for the zones, a strong commitment from government and active participation of the private sector is crucial. In the JinFei zone in Mauritius, host government invested heavily in the construction of infrastructure.

Due to strict government control over SEZs in Africa, red tape tends to overtake progress. A balance should therefore be struck between adequate political monitoring and freedom from government bureaucracy (African Transformation Report, 2014). The Philippines managed to give room for innovation and freedom of enterprise in their SEZs and they managed to yield meaningful economic growth. At the same time a reasonable degree of regulation still prevailed. In the case of Zimbabwe, in order to avoid chaos and maintain sanity in the business environment, specific regulations should be crafted to regulate trade in economic zones while at the same time giving room for market forces to dictate the pace of business activity.

In India's SEZs, one had to knock at more than 15 doors before getting the licence to operate (Times of India, 2014). Not all investors have that patience; after all, it's the local economy that is set to benefit from the investment. This has unfortunately turned away many potential investors who have actually invested in other more liberal countries. This defeats the whole essence of SEZs which are meant to provide a more accommodating environment for investors. In order to successfully introduce and run SEZs, Africa has to optimise on the

‘single window administration system’ which is advocated for by the SEZ concept. This implies that one regulatory body which offers a one-stop-shop service to investors should be used. This body has to be self contained with all necessary agencies combined.

Corruption is the cancer that has eaten up most economies globally and has negatively affected the operations of SEZs. In 2005, it was established that 60% of SEZ firms in India had made irregular payments to zone authorities (The Economist, 2015). This has serious implications on investor confidence in the SEZs. The Prime Minister of Ukraine lost confidence in SEZs because of high levels of corruption. Without water tight anti-corruption mechanisms, the prospects of having successful SEZ in Africa are only a nightmare. Unscrupulous business people and politician may capitalise on the good initiative to make money for themselves at the expense of the economy at large.

Absence of a proper legal framework has negatively impacted the prosperity of SEZs, especially in developing countries. The current framework for SEZs in Africa is either outdated or does not exist even though some SEZ initiatives have been launched or, even in some cases, the parks have been built and operational. Examples of such include the Lekki Free Zone and Ogun-Guangdong Zone in Nigeria and the Oriental Industrial Park in Ethiopia. This is like “putting the cart in front of horse”, which has created a lot of confusion and deterred potential investors (Farole, 2011; FIAS, 2008).

In many zones, the governments promised to provide some compensation in the case of land acquisition and resettlement, however, these promises were not or only partially fulfilled, which hinders the further development of the zones. This is especially prominent in the zones which have advanced the furthest, such as the Ogun-Guangdong zone and the Lekki zone in Nigeria,

though for the Lekki Zone, the government has promised to settle the issue (Farole, 2011).

Most of the zone developers, including the relevant government agencies, do not have the zone management and operational experiences. The majority of zone developers are only construction companies; therefore, it's a challenge for them to identify the right partners to provide the critical knowledge and expertise on zone management and operations (Farole, 2011).

Farole (2011) identified a couple of SEZ lessons for Africa. He argues that it is important to separate politics from economic objectives in zones. While a strong political will is required for the success of economic zones, projects must be designed based on clear strategic plans where the commercial case is evident.

According to Farole, the success of SEZs is virtually dependent on how competitive the national economy is as well as the attractiveness of the investment environment. Many African countries are failing to create meaningful links between economic zones and global markets. At the end of the day, these SEZs become mere white elephants.

Another important lesson is that in most African countries, special economic zones suffer implementation paralysis. While beautifully crafted policy frameworks exist, there is lack of resources to implement the programs by the relevant promoting agencies. In other words, institutions are incapacitated to roll out the programs.

Sustainability is another very important issue. If SEZs are to be sustainable in Africa, there should be serious commitment to technology transfer and knowledge retention. It will not benefit the local economy if the foreign investors operate in isolation from local businesses. They should integrate with

local investors for long-term economic gains to the local economy. As such, there should be an uninterrupted mobility of skilled personnel and entrepreneurs between the zone and the domestic economy.

Apart from economic sustainability, environmental or ecological sustainability is very critical. All the zones have to be committed to act in accordance with the environmental standards and lessen negative environmental impact. The African experience shows that, the environmental issue is still outstanding for most zones, especially for those with oil and petrochemical sectors. To date some zones have completed their environmental impact assessment but some are yet to complete. For instance the KoKo zone and Asaba ICT Park in Nigeria are yet to complete. When the zones begin to operate, the issue of managing waste and pollution will continue to be a challenge, especially for those zones with a high component of oil processing and petrochemical sectors, such as the KoKo zone.

A gradual approach similar to the Chinese strategy is pragmatic and bound to work for scarcely funded African states. This is because reforms are not easy to introduce at a national scale and piloting of new and special policies may be justifiable in the short to medium term. A realistic scheme of starting small and implementable is important. However, the aim is to gradually create uniform national policies by extending the good practices in the parks/zones to the whole economy. African countries should experiment with one or two zones first before scaling-up. It will also be a learning process given that countries' conditions are different. The SEZs and industrial clusters have made crucial contributions to China's economic success. The recipe for success was gradualism with an experimental approach, a strong commitment and the active, pragmatic facilitation by government (Zeng, 2012).

Again the Chinese success story was also premised on a certain-level of flexibility and autonomy at local level. Municipalities had a say in the use of SEZs to pilot new reforms, as East Asian experience shows, which would require certain level of autonomy at local level. In addition technology transfer, diffusion and skills training are essential success factors for SEZs. This is crucial since the zones need to acquire sufficient manpower and make their products competitive. The growth relies on the availability of adequate factors of production.

Better linkages with local economy are a prerequisite for success. The zones need to build on local comparative advantages and have local suppliers as part of their value chains. In addition there is need for clear objectives, coupled with sound benchmarking or monitoring and evaluation as well as competition. While zones may enjoy certain level of flexibility and strong support from the government, they also need to be accountable for the intended results, measured rigorously against the pre-set targets and benchmarked across different zones. Certain level of competition can be a positive catalyst for high levels of productivity. Perhaps there should also be action against zones that do not meet minimum expectations.

In addition, successful and sustainable SEZs have been able to integrate the policies and regulations of the SEZs into the wider domestic economy to create a whole country that resembles a special economic zone. Lastly future SEZs will be characterised by the promotion of skills development, training and knowledge sharing. There will be much recognition of the value of skilled labour and how to retain it.

Special Economic Zones and Tourism

The concept of special economic zones has also made a lot of strides in the tourism sector where some countries have given them special names. For

example, they are referred to as Special Tourism Zones (STZs) in India, Tourist-recreational Zones (TRZ) in Russia, Tourism Enterprise Zones (TEZs) in the Philippines while in Sri Lanka they are Tourism Zones (TZs). Some have referred to them as Tourism Enclaves or Tourism Development Zones, whatever name is used, the concept remains the same. The motivation for the establishment of tourism zones/enclaves is the need to create tourism centres that are safe for investment and that enable a consistent inflow of tourist income all year round (Equations, 2007). In other words, tourism enclaves are a way of dealing with the seasonal nature of the industry and flattening the demand curve.

Special Tourism Zones date back to the mid-1960s when, after the Second World War, economic superpowers like Britain, USA and Japan produces a class of people who had a lot of disposable income and had high propensity to travel for leisure (Equation, 2007). The easiest and most suitable places to target were their former colonial states/countries where there was less development and, in the case of Africa, much dormant and cheap land. The relationships that these colonial masters had created with their former colonies provided a better impetus for the establishment of leisure centres in these countries. To that effect, international financial institutions liberally funded the development of the enclaves in the hope that they would create employment for the local citizens and also promote economic growth. Among the first countries to establish these enclaves were Kenya, Egypt, Gambia, the Caribbean Islands, Mexico, Indonesia, Tunisia, Morocco and Tanzania. These became holiday resorts for tourists from Britain, France, Spain, the Netherlands, Portugal, Japan and Germany-their former colonial masters.

Benefits of tourism zoning

According to Fedotkin (n.d) and Farole, (2011) the key motivation of Special Economic Zones is to enable a country to compete globally by creating an

environment that stimulate foreign direct investment and is suitable for international trade. It is the same case with Tourism Economic Zones (TEZs), which promotes service exports through increased inbound travel. The following are some of the benefits of creating Tourism Economic Zones;

They increase the share of tourism and related sectors to a country's Gross Domestic Product. This is made possible by the flocking in of foreign investors to the region that has more liberal economic and legal regimes. Further the zone is usually developed to international standards to provide a one-stop-shop for tourists from all walks of life and this increases tourist spending at the destination which translate to high tourism receipts that every country is clamouring for.

Tourism economic zones facilitate improvement of standards of living for the local communities. While there is fiery debate on this issue, it is evident that whenever a Special Economic Zone is established, basic infrastructure is improved such as improved access to good roads, water reticulation systems and other important amenities (Fedotkin, n.d). Governments or local authorities are compelled to 'make things right' in order to attract high quality of investors and tourists to the zone.

The 'single window administration system' makes it easier for investors to apply and get approvals on time. This entails the use of one body (e.g. National Tourism Zones Authority) to designate, manage and monitor economic activities in the tourism zones. Any applications for operating licences in zones need not to go through countless offices to get approval.

To the foreign investors, a special economic zone affords them an opportunity to enjoy fiscal incentives such as tax holidays. For instance, the National Tourism Advisory Council of India proposed the following;

- 100% tax exemptions for 10years
- Government should provide single window clearance for setting up of the zones
- Exemption from import duty on capital goods
- Withdrawal of luxury tax and lower VAT (Equation, 2007).

These incentives imply that the investor is left with more net profit compared to those operating from any other part of the country where such fiscal privileges do not exist.

Whither Zimbabwe?

The Zimbabwe Investment Act 2005 and the strategic plan for the Ministry of Tourism and Hospitality Industry provides for the establishment of Special Economic Zones for Zimbabwe. All these provisions are also imbedded in the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) document. Although the call to set up these economic zones was made in 2013 (Kazunga, 2013), it is only now that various sectors seem to be seriously considering the possibilities of establishing these zones.

In order to increase chances of success, Zimbabwe should try to meet two conditions first, that is, basic legal/institutional framework and a good business environment inside the zones, including infrastructures. Many investors are indeed interested in investing in these zones, but they are deterred by specific legal issues, such as: permission to sell products in the domestic market provided they meet all the mandatory requirements as well as problems related to the basic infrastructure, such as power, water and ports. While political polarisation is still a threat to the zones in Zimbabwe, if driven at the national level, and international consultants, including the World Bank and the private sector are roped in when assessing the viability of potential sites before they are officially declared, these initiatives are likely to succeed.

Skills development is critical for Zimbabwe especially in the field of science and technology and engineering where there was serious brain-drain after 2000. With unskilled labour it is highly unlikely that Zimbabwe would succeed in attracting investment in areas that require skilled labour. The current high unemployment level however implies that more labour is available for the SEZs. This may lower the cost of doing business in Zimbabwe.

Prospects of Victoria Falls as a Special Tourism Zone

In the B-Metro of 25 November 2014, the Tourism and Hospitality Minister was quoted saying that Zimbabwe is making serious moves to construct special tourism economic zones which will upgrade the country's airports and see the construction of Eco ZimParks in all provinces. The first project, he said, will be in Victoria Falls where the Mosi-oa-Tunya Development Company will take 300ha of land for development. He went on to say that this move will modernise Victoria Falls and stimulate tourism in the region.

An article in the Daily News of 7 May 2015, reports that Minister Mzembi appointed a board of directors for the Mosi-oa Tunya Development Company. This board is expected to oversee the establishment an eco-Disneyland in Victoria Falls (Chawafambira, 2015). According to Chawafambira, the Minister said that the litmus test for the newly appointed board would be to see to it that the 374ha of land is developed by finding partners to build hotels, conference facilities, casinos and other tourism related infrastructure and superstructure. The Minister further noted that government is working on a framework to introduce special economic zones and Victoria Falls has been earmarked to be a pilot project. This is indeed good news for the tourism industry but before such important projects are undertaken, it is important to understand the requirements and challenges of tourism economic zones and learn from the experiences of others.

Victoria Falls as a region is strategically poised for a Tourism Economic Zone given its location. According to FIAS (2008), location can make or break an economic zone. The fact that Victoria Falls shares a boarder with Zambia, Botswana and Namibia makes regional and international links very easy. It makes the importation of raw materials from neighbouring countries very easy.

Further, Victoria Falls lies within the boundaries of the Kavango-Zambezi (KAZA) Trans frontier Conservation Area. This large wildlife haven combines five countries; Zimbabwe, Zambia, Namibia, Angola, Botswana. This conservation area has plenty of investment opportunities and the setting up of a Tourism Economic Zone will be very strategic. It is also very important to note that there is a pilot UNIVISA program for the KAZA region and currently Zimbabwe and Zambia are enjoying the benefits of such a regime which allowed visitors from forty countries to travel between the two countries using the same visa. Plans are underway to ensure that the regime extends to the other three countries within KAZA Trans frontier Conservation Area. This liberalisation of border regulations perfectly suits the requirements for an effective TEZ.

After hosting the 20th Session of the UNWTO General Assembly in 2013, Victoria Falls changed for the better in terms of infrastructure. The roads were resurfaced, the Victoria Falls International Airport refurbished and internet connectivity improved. Most hotels also refurbished their buildings and the water reticulation system was revamped. Again this is a feature of an area that can be turned into a special tourism economic zone.

Victoria Falls is home to one of the Seven Wonders of the World, the falls. This has made it a renowned brand internationally and has made it Zimbabwe's prime tourist destination. Already this provides a suitable launch pad for the

establishment of a Tourism Economic Zone. It will not be difficult to attract foreign investors to a region that has already made a name for itself.

While all these attributes makes Victoria Falls an ideal place for the establishment of a trial TEZ, to date, the regulatory and administrative framework for SEZs in Zimbabwe are not yet in place. There also are other challenges that have to be anticipated and dealt with proactively.

Challenges associated with Tourism Economic Zones and propositions for Victoria Falls.

The development of tourism enclaves requires a strong economic impetus and a conducive social climate that demands such leisure products. This section discusses the challenges that are associated with enclavisation of tourism such as little benefit for the local community, resettlement hurdles, negative environmental impacts, low end employment opportunities and institutional hegemony. A model for the establishment of the proposed Victoria Falls Tourism Zone will then be suggested.

Tourism Economic Zones have been blamed for exploiting local natural and human resources yet giving very little, if any benefits to the local economy. An example is the Zone Hotelera in Cancun, Mexico where a sleepy fisherman and farmer settlement was turned into a 30000 room dreamland (Equation, December 2007). Instead of benefiting the local people, the project actually widened the gap between the poor citizens and the wealthy tourists because the new superficial city became unnecessarily very expensive for locals. This resulted in the creation of a negative attitude to tourism development by local people. If the Victoria Falls Tourism Zone project is to be socially sustainable, management has to ensure that the local population is afforded an opportunity to enjoy the facilities in the park at a subsidised rate lest they develop an anti-tourism attitude.

The establishment of TEZs at times results in the movement of many households to places they never intended to and divorcing them from their traditional livelihoods. A sad example was the plan to construct an International Tourist Village in Bekal, Maharashtra in India (Equation, December 2007). The planned world class resort was meant to attract more international tourists therefore adventure tourism facilities, golf courses, tennis courts among other tourist facilities were to be constructed. However, for this project to take off, over 30000 households that were previously dependent on fishing and coconut farming were to be displaced. There was untold resistance from the residence and some big companies that were operating in that area until the initiative was withdrawn altogether.

An important lesson for Zimbabwe and Victoria Falls (Mosi-oa-Tunya Development Company) is to ensure that before establishing the proposed tourism zone, extensive stakeholder consultation will be critical if the project is to succeed.

The development of TEZs in some areas has resulted in negative environmental impacts which include improper waste management and authorities have not acted accordingly in the fear of losing the foreign investors. In Zimbabwe, there have been talks about the issue of constructing on wetlands and the responsible agencies have been going around the issue yet environmental sustainability is key to future tourism and national development. The Environmental Management Agency should ensure that the necessary Environmental Impact Assessments are carefully done before any area is designated as a TEZ. Still under environmental impacts, the status of the Victoria Falls rainforest as a World Heritage Site has to be carefully safeguarded as plans to modernise the town are being laid. Again, relevant stakeholders are to be consulted on that matter and the new city has to be far enough from the rainforest to avoid any negative impact on the natural site. Further, it should be made clear from the onset that the boundaries of the

tourism development zone will be respected and no development shall be allowed outside the zone area. This will ensure that the traditional town will retain its natural status.

While arguments for the development of special economic zones are partly based on the need for employment creation for the local community, it is unfortunate that the jobs that are available to local residents are usually at the low end. These include bedroom hands, cleaners, gardening, security officers and occasionally tour guides. STZs can however make deliberate efforts to build human capital for the local economy through skills development and training. It is also important to note that just like in SEZs; STZs tend to flout labour laws and responsible authorities tend to brush it aside for the sake of promoting foreign direct investments. While it is important to relax some labour laws in economic zones, government should determine the extent to which such flexibility is tolerated.

The single window clearance approach makes it possible to bypass local authorities in the establishment and management of STZs. For the best benefit of the local community, tourism development must take into account the priorities of the region in which they are located as well as its ecological, cultural and societal needs. These are known by the local authorities therefore it is important to ensure that they are co-opted into the body that manages the affairs of the STZs. In the case of Victoria Falls, it is important to ensure that in the committee that would run the proposed tourism economic zone, a senior member of the Victoria Falls municipality should be co-opted. This also promotes transparency and local involvement in the tourism project.

Conclusion

The success of economies in attracting Foreign Direct Investments (FDI) and creation of jobs is not necessarily the result of the economic regimes within a

SEZ, or in a well thought out master plan and built infrastructure. It is rather in the relevance of the SEZ programs in the context in which they are introduced and the effectiveness with which they are designed, implemented and managed (Farole, 2011). It is important to note that special economic zones are a way of creating an ideal economy where one does not exist. It seeks to normalise an economic environment that is not normal. Had the investment environment been normal, there would be no need for creative enclaves in the name of SEZs. Successful economic zones are the ones that, with time, will overspill to the national economy to make the whole country a special economic zone. The door is not closed for Zimbabwe to establish SEZs, especially in the area of tourism. All that is needed is a proactive approach to solving the challenges named in this paper.

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