An examination of the effectiveness of investment promotion practices in Victoria Falls Municipality. (2010-217)

Dr David Foya[1], Merhluli Sibanda[2]

[1]*National University of Science and Technology, Department of Business Management, P.O. Box AC 939, Ascot, Bulawayo, Zimbabwe*

[2]*Chief Financial Officer, Victoria Falls Municipality, Zimbabwe*

Abstract: **This study sought to examine the effectiveness of investment promotion practises in Victoria Falls Municipality over the period 2010 – 2017. The study targeted VFM because the municipality offers investment prospects in a number of sectors with tourism being the prime possible investment sector. The primary objective of the study was to explore the effectiveness of investment promotion practices of VFM. The study sought to answer some of the following questions: What are the factors that affect the investment promotion activities of VFM? How attractive are investment incentives offered by VFM? Are senior executives at VFM aware of the need of local authorities to promote and attract investment to their areas of jurisdiction? Is there any collaboration between VFM and other national statutory bodies responsible for investment promotion? The study is significant in the sense that it seeks to highlight the effectiveness of VFM investment promotion practices. There were 150 key people from which a sample of 80 individuals was selected using stratified random and purposive sampling techniques. The purposive sampling technique was applied to select respondents from VFM councillors, managers and other executives. The study applied both qualitative and quantitative methods. The main instruments used to collect data were questionnaire which complemented interviews. Data collected was analysed using interpretive skills and descriptive statistics. The study found that the absence of a municipality specific IPA was one of the major factors affecting investment promotion activities of VFM. The study further established that the investment policies, procedures, by-laws and regulation of VFM were not supportive to investment promotion. In view of these findings, the study recommended that due to existences of unique niche opportunities in local authorities, these should consider establish local authority specific IPAs instead of relying on the national IPA that is the Zimbabwe Investment Authority. The study further recommended that the Victoria Falls Municipality should immediately take advantage of being tourism Special Economic Zone and Work with other investment promotion statutory bodies to come up with tourism specific investment packages.**

***Key words*: foreign direct investment, investment, investment promotion, investment promotion agency, local authority, municipality.**

Abbreviations

ADB	-	Africa Development Bank
BIPPAS	-	Bilateral Investment Promotion and Protection Agreements
CEFAA	-	Convention on Enforcement of Foreign Arbitrary Awards
CEO	-	Chief Executive Officer
COMESA	-	Common Market of East and Southern Africa
EU	-	European Union
FDI	-	Foreign Direct Investment
GDP	-	Gross Domestic Product
ICSID	-	International Convention of Settlement of Disputes
IPA	-	Investment Promotion Agency
MIGA	-	Multilateral Investment Guarantee Agency
OPIC	-	Overseas Private Investment Cooperation
RBZ	-	Reserve Bank of Zimbabwe
SADC	-	Southern African Development Cooperation
SEZ	-	Special Economic Zone
TC	-	Town Clerk
UDI	-	Unilateral Declaration of Independence
UNCITRAL	-	United Nations Convention of International Trade Law
UNCTAD	-	United Nations Cooperation of Trade and Development
VFM	-	Victoria Falls Municipality
WAIPA	-	World Association of Investment Promotion Agencies
WTO	-	World Trade Organisation
ZIA	-	Zimbabwe Investment Authority
ZIC	-	Zimbabwe Investment Centre
ZIMRA	-	Zimbabwe Revenue Authority
ZTA	-	Zimbabwe Tourism Authority

I. BACKGROUND OF THE STUDY

Historically, local authorities have played a critical role in the transformation of countries the world over and continue to play important roles in the economic development of both developed and developing countries. In the same manner, local authorities since their creation in Zimbabwe in the 1890s have been and are still involved in the process of community development which ultimately translates to national development. Local authorities contribute to the national development of a country by providing stable governance, clear policy direction, and delivery of critical infrastructure, support services, investment promotion activities, facilitation of economic research and striving to reduce the administrative burden of doing business in their areas of jurisdiction. They also have the responsibility for delivery of a wide range of services in their jurisdictional areas with an objective of making towns and cities attractive places to live, work and invest in.

Local Authorities also play key roles in supporting economic development and enterprise promotion at a local level. The roles of local authorities are also changing rapidly. As a result, leadership in local authorities is also increasingly aware of its important role, not as formal implementing agents that centralize all responsibilities but as articulators of investment promotion and attraction. Klink (2001) recognizes that there is a growing perception of the role of local authorities as articulating and enabling actors within a multi stakeholders' environment. As a result, the past two decades, has seen local authorities the world over being actively involved in promoting their jurisdictional areas to attract scarce private capital and associated technology.

Most local authorities all over the world are facing the challenge of sustaining their economies in order to uplift societies, to protect their environments, to eradicate poverty and provide personal safety and security. In view of this, over the past two decades, most local authorities have been actively promoting their jurisdictional areas to attract scarce private capital and associated technology. In this regard, Klink (2001) observes that local authorities have transformed themselves from being mere implementing agents into promoters and enablers of sustainable local development. The investment policies and strategies followed by local authorities are considered additional and complementary to national economic growth and developmental goals. There is now general and greater realization that the intervention by a local authority, its community and private sector partners can assist in creating an environment conducive to investment, and provide seed funding. In this regard, local authorities play a variety of roles to meet up with the challenges of both local and national development which include investment promotion among others. The implementation of local economic development by local authorities is not optional, voluntary or unconditional. It is not through their choices, or by favour intended to benefit their local communities that they have to promote local economic development and investment attraction and promotion, but it is in terms of legislative obligation with which they need to comply (Jonga, 2014).

Abugu (2014) argues persuasively that local authorities belong to a third tier of government with adequate statutory power designed to transmit the pulse and activities of other arms of government to the people at grassroots and at the same time transmit the quest and aspirations of local people to the other arms of government. Thus, the role of local authorities is to transform and/or economically develop their areas of jurisdictions which also have an impact at national level.

Local authorities are closest and locally accountable and accessible public institutions, with a role to represent local interests and deliver local relevant services meeting community welfare needs and facilitating local economic development. Meeting local community welfare needs and facilitating locally directed economic development are essential functions of local authorities which are critical to national development. In this regard there is no doubt that the critical role of local authorities is to ensure that appropriate services are delivered to the citizens in their local areas.

It has been noted that local authorities play a variety of roles to meet up with the challenges of both community and national development which include among many other activities promoting and attracting inward investment to their areas of jurisdiction in the process accelerating greater economic growth and development. According to Ozour (2002) the *raison detre* for establishing local authorities' world over is to bring the pulse and activities of government nearer to the people.

The role of local authorities in promoting local economic growth, job creation and alleviation of poverty has been aptly expressed in an array of policy frameworks. This has clearly positioned local authorities as undoubted local and national developmental promoters both in form and content. The system of local government currently obtaining in Zimbabwe is defined by the national constitution as read with both the Urban Councils Act (Chapter 29:15) and Rural District Councils Act (Chapter 29:13).

The allocation of the administration of various Acts of Parliament in the country is the prerogative of the Executive which makes it a political directed process. Jonga (2014) observes that Zimbabwe was a British colony and its local authority systems naturally reflect the English colonial legacy. The Urban Councils Act (Chapter29:15) is currently under the administration of the Ministry of Local Government, Public Works and National Housing while the Rural District Councils Act (29:13) is administered by the Ministry of Rural Development and Preservation of National Cultural Heritage.

These enabling statutes clearly give all local authorities the power and right to promote and attract investment to their areas of jurisdiction. An important feature of the developmental role of local authorities is the local economic development initiatives whose major focus is to address the challenging problems in areas of poverty, unemployment, investment promotion and inadequate resource

Statement of the problem

While there is growing interest in investing in emerging markets (including Africa) companies have very little experience or awareness of the specific business opportunities in small or medium sized cities in Africa or other emerging regions of the world. The information base of companies is far from perfect and the decisions and the decisions making forecast can be subjective and biased. As a result, local authorities in Zimbabwe are expected to be responding to this growing importance of their roles in the investment decisions of international investors by developing their own capabilities for attracting and facilitating inward investment, rather than depending on the national government to do this. Local authorities in Zimbabwe are accused of not doing enough to promote inward investment to their locations.

Research questions

The primary research question for this study was how effective are investment promotion practises of Victoria Falls Municipality? This was followed by secondary questions which are:

- What are the factors that affect the investment promotion activities of VFM?
- How attractive are investment incentives offered by VFM?
- Are senior executives at VFM aware of the need of local authorities to promote and attract investment to their areas of jurisdiction?
- Are there unique factors which make VFM a good investment destination?
- Are there identifiable investment incentives offered by the municipality in attracting investment?
- Is there any collaboration between VFM and other national statutory bodies responsible for investment promotion?

II. INTERIM LITERATURE REVIEW

2.1 Investment promotion defined

There is a close relationship between the terms investment and investment promotion. It would be difficult to understand the meaning and implications of investment promotion without first fully understanding the meaning and implications of investment. It is therefore prudent to first define, analyse and explain the term investment before attempting to do the same to investment promotion.

According to Sullivan and Sliffrin (2003), investment entails all commitment of financial and or capital assets by a party in order to gain profitable returns in the form of interest, income, or appreciation of value of the instrument. The definition clearly shows that an investor commits assets and thus is expecting returns on assets committed. It would appear that an investor is carefully before committing his or her assets in a project. A due diligence analysis is done to ensure that possibilities of loss are minimized or avoided. There is certainty that the investors carefully choose where their assets could be committed. The investors can either be domestic or foreign based as the above definition does not specify the domicile of whoever is committing his or her assets.

Wells and Wint (2000) define investment promotion as activities through which governments aim to attract FDI inflows. In this definition Wells and Wint (2000) identify these investment promotion activities as advertising, investment seminars and missions, participation in trade shows and exhibitions, distribution of literature, one on one direct marketing efforts, facilitating visits of prospective investors, matching prospective investors with local partners, help with obtaining permits and approvals, preparing project proposals, conducting feasibility studies and servicing investments whose projects have already become operational. Important to note is that this definition aptly captures most activities associated with investment promotion but excludes granting incentives to foreign investors, screening potential investment projects and negotiations with foreign investors, even though some investment promotion agencies(IPAs) may also be engaged in such activities.

Kuni (2008) identify investment promotion as sourcing, promoting, communicating with, and attracting potential investors in an attempt to influencing them towards investing in your location, and to facilitate and maintain new and existing investors' relations to influence the establishment of new investment and retention and expansion of existing business. The above definition is very broad as it captures a number of activities undertaken in investment promotion some which could not have been well articulated in the earlier examined definition by Wells and Wint (2000).

To a discerning eye, Kuni's (2008) definition of investment promotion attempts to capture granting incentives, screening potential investors' projects and negotiating with foreign investors. These are critical activities which are not clearly captured in the definition by Wells and Wint (2000). Critical to note also is that these definition in their differences are not necessarily opposing each other but do complement each other.

A closer examination of the above approaches to investment promotion shows that there is somebody somewhere who is willing to commit his or her assets for a return but does not have adequate information on where this could be done profitably. In addition this holder of assets needs to be influenced in order to choose the right locality to commit his or her assets for profitable returns. Therefore there has to exist an authority or body to provide the investor with this critical information.

On the other hand, Harding and Javorcik (2009) define investment promotion as an effort on the part of governments (local and national) to alleviate the problems associated with the lack of information. Clearly these definitions are not different but do complement each other. To a discerning eye all the above definitions show that investment promotion is not limited to new investment but also include encouraging those who have already invested to expand their existing businesses. In addition, they maintain the idea of commitment of assets by the investing party. Last but not least they also capture the concept that investment promotion is not always directed at FDI but equally to domestic companies.

The Organisation for Economic Cooperation and Development (2010) agree with both Kuni (2008) and Harding and Javorcik (2009) as it depicts investment promotion as an effective process that highlights local investment opportunities and promoting a positive image of the nation as a place to invest. The above approaches to investment promotion clearly point depict investment promotion as being utilized to attract new investment as well as retaining existing ones.

In short these approaches portray investment promotion as consisting of: (1) information provision to potential investors (2) creation of an attractive image of a country or local authority as a good and appropriate investment destination and (3) provision of services to potential investors. What this means is that investment promotion is undertaking positive image building aimed convincing the investor community that the country or local authority is ideal for doing business.

In this study investment promotion is identified as an effort on the part of the promoter to alleviate the problems associated with the lack of information, promoting a country's positive image, economic capabilities and carrying out all activities that enable investors choose a particular locality to commit their assets. Promotion techniques for investment attraction consist of information provision to potential investors, the creation of an attractive image of the country as an investment destination, and the provision of services to potential investors. This definition attempts to summarize all the aspects of investment as identified by the above authorities. Put differently it has attempted to pick all the necessary points in defining investment promotion.

Successful investment promotion by both national and local governments is usual conducted through a specially established vehicle referred to as investment promotion agency (IPA) which leads and facilitates inward investment. The role of an IPA is to promote a country or local authority's positive image and provide objective information about the country or local authority's economic capabilities.

2.2.1 Investment promotion agencies

The increased competition by countries and local authorities around the globe to attract foreign direct investment has influenced these countries and local authorities to create vehicles to promote and facilitate inward FDI. In this regard, Scott (2001) observes that almost every country has set up a dedicated investment promotion agency (IPA) to promote and facilitate inward investment into a country. Furthermore, Whyte and Griffins (2014) correctly observe that the rising of FDI flow and liberalization of the world economy more than 35 years ago led to the emergency of organisations called investment promotion agencies which are directly responsible for investment promotion. IPAs are defined by Scott (2001) as public sector bodies involved with investment promotion and facilitation.

There is no doubt that the growth of FDI in the last decades and the positive impact such investments have on economic growth and development has forced many countries and local authorities around the world to create IPAs whose core business is to promote inward investment. This growth in the number of IPAs is aptly captured by Abromavicious (2015) who observes that 18 IPAs were counted in the world in 1980. Put differently Abromavicious (2015) is saying there were only 18 IPA in 1980 and this number has tremendously increased in the past decades. This number increased tremendously leading to the establishment of the World Association of Investment Promotion Agencies (WAIPA) in 1995. The increase in the number of IPAs has continued to grow as noted that at its launch in 1995the WAIPA had 130 members but membership had grown to 170 by 2013.

The above observations confirm that IPAs have in recent years grown in importance as vehicles used in attracting foreign direct investment into any country. In addition to national IPAs most local authorities and cities in most countries have set up their own investment promotion agencies as each local authority or city has its own unique competitive advantage and economic development objectives. In support of the creation of local authority specific IPAs Abromavicious (2015) contends that the city or local authority specific IPA knows and understands better the available unique competitive advantages available in that city or local authority than a national IPA. This view recognizes that there are likely to be niche opportunities in a specific local authority for inward investment in each sector, which are outside the core focus of a national IPA. In these circumstances a city or local authority specific IPA is in a better position to promote these opportunities to inward investors. In this regard, Morriset and Andrews (2004) correctly recognise that investment promotion agencies play a role of promoting a country's positive image, providing objective information about its economic capabilities as well as analytical, legal and organizational support to potential investors. In short IPAs' activities should be mainly directed into investors' support and investment generation. There is no doubt that IPAs are directly responsible for the realization of the aforementioned competences

2.3 History of investment promotion in Zimbabwe and Victoria Falls

FDI in Zimbabwe can be traced to years before the country gained independence from Britain in 1980. According to UNCTAD (1999) between 1970 and 1996 FDI has contributed to Zimbabwe's capital formation and job creation, thus impacting positively on the national economy. Prior to 1990, Zimbabwe experienced periods of strong and weak economic, performance. Real growth rates averaged nearly 4.5% a year during 1960-1980, reflecting deliberate policies that promoted large scale investment in domestic manufacturing and agriculture. The latter policies were motivated in large part by a need to achieve self-sufficiency following international sanctions against Unilateral Declaration of Independence (UDI) government. Since 1980, Zimbabwe's performance has been mixed reflecting policy lapses and adverse weather conditions that affected agriculture output. Admittedly the FDI over the years has also produced negative impacts in the economy as some domestic companies operating in same industries have found that their opportunities and ability to compete have diminished, with the overall effect of being crowded out of the market (African Development Bank Group, 2011).

Another important issue to note is that prior to 1989, there was no national IPA in Zimbabwe as the Zimbabwe Investment Centre (ZIC) was set up to act as a clearing agency for FDI in the year 1989. The establishment of ZIC marked a beginning of a new era in the push to promote Zimbabwe as good destination for investment. The establishment of ZIC meant that all investment proposals with a foreign shareholding are submitted to ZIC for approval and registration.

The history of investment in Zimbabwe is best summarized in four (4) episodes, an approach adopted by the African Development Bank Group (2011). According to the African Development Bank Group (2011) episode I covers the period from 1960-1970. This is the period where gross domestic product (GDP) increased at an average of 4.5 percent a year reflecting interventionist and protectionist policies designed to propel the manufacturing sector. These promoted domestic manufacturing and self-sufficiency in consumer goods, while investment increased significantly as reflected in the steady growth in gross capital formation throughout this period.

Episode 2 is identified by the African Development Bank Group (2011) as the period from 1970-79 during which period growth slowed reflecting the war of independence and economic sanctions against the UDI government of Rhodesia at the time. The period was dominated by very low investment. The African Development Bank describe episode 3 as the period from 1980-1990. During this period independence brought resurgence in economic activity with the GDP growth averaging 5.5%. Independence brought with it renewed investment interests in the country. Episode 4 is popularly referred to as the lost decade it covers 2000-2008. This period is marked by a broad based decline in economic activity and FDI. This decline can be attributed largely to combination of factors, including economic mismanagement, poor governance mainly arising from weaknesses in rule of law in the context of the government's fast-tracked land reform program, capital flight and low investment (African Development Bank Group, 2011).

2.4 Importance of investment promotion

The chase of FDI by both national governments and their local governments is informed by the belief that FDI can contribute to faster economic growth. FDI contributes to fast economic growth by bringing in additional capital, creating jobs, and transferring new technologies and know-how across international borders. Wells and Wint (2000) point out that recent empirical evidence also suggests that FDI may lead to positive productivity spill- overs to local firms, particularly in the supply industries. This position is supported by Gono (2009) and Harding and Javorick (2009).

Gono (2009) correctly observes that the performance of any economy relies upon investment in the various sectors of the economy. In the same vein, Harding and Javorcik (2009) appropriately observe that countries and local authorities around the globe fiercely compete to attract foreign direct investment. These observations are primarily true in developing countries, including Zimbabwe, where investment opportunities are mainly in the primary industries, particularly the extractive industry (mining) and agriculture. Wells and Wint (2000) point out that in some industries, especially the manufacturing sector, one FDI job creates three (3) indirect jobs in the local economy. World Bank studies show that; 10% increase in an investment promotion budget leads to 2.5% increase in FDI. According to the World Bank studies the net present value of proactive investment promotion is almost US$4 for every US$1 expended (Harding and Javorcik, 2009). Consequently, FDI can make a strong contribution to the local economy. Loewendah (2001) argues that every dollar spent on investment promotion leads to 189 dollars of FDI inflows. In other words, bringing a dollar of FDI inflows costs half a cent in investment promotion expenditures.

Beyond its benefits for host countries as a source of external finance or in terms of direct employment generation, FDI is increasingly being recognised for its contribution to national and regional competitiveness (Cantwell and Piscitello, 2000; Hausmann and Fernandez-Arias, 2000; Narula and Zanfei, 2004). The core argument being FDI enables hosts countries to better access foreign knowledge and markets, as well as to integrate more advantageously in the growing international division. Put differently FDI helps a host country to get new international markets for its products, in the process increasing its sources of foreign currency.

Denisia (2010) points out that from a macro perspective, FDIs are regarded as generators of employment, high productivity, competitiveness and technology spill overs. Furthermore, he contends that FDI for least developed countries means high expansion, access to international currencies being an important source of financing thereby substituting bank loans. From Denisia (2010) it can be further argued that FDI promotes competitiveness of local firms and in addition local firms benefit from spill overs of supplying foreign customers.

Be it as it may, it would appear that the majority of authorities concur that FDI comes with many benefits to the host country. Aaron (1999) suggests that FDI results in employment generation and growth by providing additional capital to a host country. In this regard, it becomes apparent that FDI can create new employment opportunities resulting in higher growth. It also has capacity to increase employment indirectly, through increased linkages with domestic companies in a host country. At this stage it cannot be debated that FDI generally leads to the establishment of domestic companies that provide inputs to it thereby increasing demand for labour in the economy. On the other hand, Morrisset (2000) contends that openness to FDI enhances international trade thereby contributing to the integration of the host country into the world economy. On the same vein Harrison (1996) asserts that FDI raises the skills of local manpower thereby increasing their productivity level. In addition, Harrison (1996) argues that there is empirical evidence suggesting that workers in foreign owned enterprises are more productive that those in domestic owned enterprises. As one goes through these arguments of FDI assisting skills of workers in a host country it become apparent that this is achieved through training of workers and learning by doing. Overall it would appear the authorities are agreed on the importance or benefits of FDI in a host country.

Onyeiwu and Shrestla (2004) suggest that FDI gives developing countries cheap access to new technologies and skills thereby, enhancing local technological capabilities and ability to compete on world markets. It can be argued that foreign firms typically make significant investments in research and development. As a result, they tend to have superior and latest technology relative to companies in developing countries. The contribution of FDI to the host country can be summarized as follows. FDI leads to increase in productivity, technology transfer, managerial skills transfer, knowhow, international production networks, reducing unemployment and access to external markets. In addition, FDI leads to increase tax revenues for the host country.

2.4.1 Benefits to a local authority derived from conducting investment promotion

The powers and functions of local authorities should be exercised in a way that has a maximum impact on the social development of communities in particular meeting the basic needs of the poor and the growth of the local economy (The South African White Paper on Local Government, 1998). Local authorities therefore need to have a clear vision for the local economy, and work in partnership with local businesses to maximize job creation and investment attraction and facilitation. In this regard it becomes clear that investment promotion can have a big positive impact on the level of foreign direct investment in a location. According to Handbook for Promoting FDI in Medium-size, low-Budget Cities (2009) local authorities are responding to their growing importance in the world economy and in the investment decisions of international investors by developing their own capabilities for attracting and facilitating inward investment, rather than depending on the national government to do this.

In this regard, Scott (2001) observes that almost every country has set up a dedicated investment promotion agency to promote and facilitate inward investment into the country. In support of the need for a city or local authority specific IPA, Scott (2001) strongly argues that each local authority has its own unique competitive advantage and economic development objectives and it knows them best. Basically these observations show that there are likely to be niche opportunities for inward investment in each sector, which are outside the core focus of a national IPA. These observations clearly point to the need of each local authority to establish its own IPA which will conduct the local authority investment promotion activities.

Under these circumstances a local authority is in a better and strategic position to promote these opportunities to investors better and more successful than a national body. Put differently it is clear that local authority investment agency, due to its proximity and sole mandate on the local authority understands its strengths and weakness better than a national IPA. Consequently, the local authority specific IPA has a key role in providing information on its competitive advantage to the national IPA and investors and promoting the local authority more effectively. In this regard, Kuni (2008) recognises that facilitating investors can only be successful when an investors understand the local environment and has access to, and support of local decision makers. Local authorities IPAs usually make an effort to understand local processes and more often to decision makers and so they can assist investors with knowledge and their contacts. To a discerning eye, Kuni (2008) is actually calling for local authorities to play preeminent roles in promoting inward investment to their jurisdictional areas. Also included in this view is need for a local authority or city specific IPA. According to Harding and Javorcik (2009) countries and local authorities around the globe compete fiercely to attract foreign direct investment.

Kuni (2008) concurs with Humilde and Bitonio (2014) and observe that a local authority can contribute to economic growth by providing stable governance, clear policy direction, and delivery of infrastructure, support services, investment promotion, facilitation, economic research and striving to reduce the administrative burden of doing business. On the other hand, Zhou and Chilunjika (2013) observe that a vibrant local authority system constitutes the bedrock for sound public administration and promotion of bottom-up socio-economic development. In this regard, Nel and Binns (2003) correctly observe that, due to the phenomena of globalization, local authorities are becoming central to economic development as a result they are increasingly taking the role of focal points of economic growth. Consequently, to be able to achieve economic growth local authorities should play an active role in spearheading local economic development by mobilizing the available resources and directing them towards the realization of the local development goals. No doubt this could be attained through local economic development strategies which include support of small-medium and micro enterprise development and business retention, expansion and attraction. A well implemented local development programme fosters economic growth, encourages economic empowerment and brings about economic transformation.

2.5 Factors promoting investment promotions

Investors choose to invest in those countries which they consider offering an attractive business environment and also where property rights are respected. In this view Gono (2009) argues elegantly and persuasively that one of the main drivers of investment is a sound and clear policy on property rights. It is an undisputed truth that both domestic and foreign investors to find comfort in internationally acclaimed property rights. Similarly, Mangoma (2009) notes that membership and adherence to international treaties and conventions on investment protection helps to portray a country as a safe international investment. Any country or region which hopes to attract investment should in addition to offering the right economic environment should also ensure there are laws that protect property rights

In addition to ensuring property rights, Dupasquier and Osakwe (2005) also identify stable political environment, macro-economic instability, economic growth, good infrastructure, good governance, a hospitable regulatory environment and clear investment policies as critical factors which attract FDI to a country or region. In these circumstances it is fair to conclude that economic growth is a critical determinant of FDI flows to a country. Similarly, Onyeiwu and Shrestla (2004) identify FDI friendly domestic investment policies in particular favourable profit repatriation regulations as well as unrestricted entry into all sectors of the economy. Again base on the assessment of the above determinants it becomes clear that low protectionism and fewer barriers to trade and foreign investment assist in to boosting FDI to a country. In this vein, Basu and Srinivan (2002) observe that high growth rates of real per capita output and large domestic markets which make it possible for foreign companies to exploit economies of scale are some of the critical factors which encouraged FDI. In the circumstances one can conclude that sustained economic growth is a critical determinant of FDI flows to a country. On the other hand Basu and Srinivasan (2002) recognise that the existence of adequate supporting infrastructure encourages investment. Supporting infrastructure includes telecommunications, transport, and power supply, skilled labour which is critical for ease of doing business.

Klink (2006) recognises that local authorities have expanded their roles and activities in the area of income and employment generation. As a result, the profile of local authority management itself has changed. In this regard local authorities have transformed themselves from mere implementing agents into promoters and enablers of sustainable local development services through investment promotion and attraction. It is appropriately and aptly argued that a favourable investment environment is a pre requisite of any successful economic development initiative, regardless of the sector or economic setting. Local authorities have interests in local economic development initiatives through attracting investments based on promoting the comparative advantages of the area for competitive industries, as well as supporting the growth of local enterprises. It should be noted municipalities do not promote and attract investment in isolation but as part of a country wide effort. This view mean that local authorities are not exempted from the impacts of unstable political environment, macro-economic instability, economic growth, good infrastructure, good governance, a hospitable regulatory environment and clear investment policies factors obtaining in country. These will also affect a local authority as an investment destination. Consequently, the attractiveness of a local authority and its ability to attract and promote investment is direct affected by the general investment climate of a country.

In this regard Loewandahl (2001) argues elegantly and persuasively that the key to economic development and investment attraction is to first create an environment that is investment friendly. In short Loewandahl (2001) is agreeing with observations by governments both local and national, international agencies and organisations that the key to development is first the creation of an environment that is conducive to investment. Consequently, the success of local economic development initiative, to a degree is dependent on creation of investment interventions to improve the investment climate by relevant authorities. In this regard, the Uthukela District Investment Promotion and Facilitation Strategy (2013) correctly identify the following as critical determinants:

- Creation of a package of local or regional incentives and concessions to attract and support business.
- Provision of relevant and up to date information and analysis on the local business.
- Branding and promotion of the area as a centre of excellence in this regard
- Creation of a fast track process unit in a local authority for handling, information and regulating activities
- To promote and stimulate business investment, retention and expansion

2.6 Regulatory frameworks guiding investment promotion in Zimbabwe

There are a number of legislations and statutes which guide investment promotion and retention in country. These include the Zimbabwe investment Act (Chapter 14:30), Indigenization and Economic Empowerment Act (Chapter 14:33), Special Economic Zones Act to mention but a few. The Zimbabwe Investment Authority Act (Chapter 14:30), (The ZIA Act) is the major enabling legislation for foreign direct investment. According to the ZIA Act a foreigner wishing to establish operations in Zimbabwe is advised to obtain an investment licence from the authority. However, an investment licence is not a compulsory prerequisite for investment in terms of the Act. In respect of FDI the most important aspect is obtaining a seal of approval from ZIA. Obtaining a ZIA licence only assists the investor to get protection of the laws of Zimbabwe and also to ensure the investor enjoys incentives. The investment incentives in terms of the ZIA Act can only be granted to licenced investors. Section 23 of the ZIA Act clearly provides that for the purposes of income taxation, export and exchange controls and import tariff dispensation, it is highly recommended that any foreign investor obtain this approval and be in possession of a valid licence.

2.6.1 Protection of investments

According to Gono (2009) one of the main drivers of investment is sound and clear policy on property rights. Consequently respect of property rights attracts and promotes private sector investment which is the engine of economic growth. In this regard both domestic and foreign investors find comfort in the international acclaimed property rights. There is also no doubt that in making investment decisions, investors seek confirmation that they would be rewarded for investing in a particular asset, and also want guarantee of security over their investment. Similarly, Matiza and Olabanji (2013) recognise that legal protection on investment is guaranteed in the constitution of Zimbabwe which professes the right to property and prohibits expropriation of private property without adequate compensation. The constitutional provision may not be enough guarantees especially with experience of the land reform where land belonging to white commercial farmers was violently expropriated without adequate compensation. In addition to constitutional protection of the right to property Gono (2009), notes that Zimbabwe is a signatory to various international treaties and conventions which are applicable and useful in ensuring protection of investments in Zimbabwe.

Zimbabwe is a signatory to the Multilateral Investment Guarantee Agreement (MIGA), the Overseas Private Investment Corporation (OPIC), International Convention of Settlement of Disputes (ICSID), the New York Convention on Enforcement of Foreign Arbitral Awards (CEFAA) and United Nations Convention of International Trade Law (UNCITRAL). All these treaties and conventions are applicable and useful in ensuring protection of investments in Zimbabwe (Gono, 2009, The African Development Bank Group, 2013-2015 and Manokore Attorneys, 2015). In this view, Mangoma (2009); Deloite and Touche (2013) and Grant Thornton (2014) in defence of existence of adequate investment protection instruments recognise that Zimbabwe has entered into a number of Bilateral Investment Promotion Protection Agreements (BIPPAs). Zimbabwe has ratified agrements with Denmark, China, South Africa, Netherlands, and Switzerland. What is common in all these BIPPAs is that they contain standard clauses which provide a legal basis for investors to enforce property rights in Zimbabwe.

2.6.2 Indigenization and economic empowerment Act

According to the Indigenization and Economic Empowerment Act (Chapter 14:33) section 3(1)

(a) a foreigner wishing to conduct business ventures in Zimbabwe would be required to partner with indigenous Zimbabwean, in such a manner that would see the latter with shareholding of at least fifty-one (51) percent and the former with, at most forty-nine (49) percent shareholding.

The issues around indigenization have been further clarified or reinforced by way of Finance Act no. 3 of 2014. According to the Finance Act No. 3 of 2014 from January 2015, the government introduced a sector based indigenization and economic empowerment which vets the approval of indigenous proposals in line ministries. Some sections are now reserved for domestic investors under the new indigenization and economic empowerment regulations. Investment limitations are as follows:

Apart from mining and manufacturing where up to 100% foreign ownership is permitted, investments into certain sectors are limited.

- Services sectors- up 70% foreign shareholding is adhered
- Reserved sectors –maximum of 35% foreign interest is adhered. The investment limitations as specified by the indigenization regulations could be according to Onyeiwu and Shrestla (2004) barriers to FDI. Onyeiwu and Shrestla (2004) identify domestic investment policies in particularly profit repatriation as well as restricted entry into some sectors of the economy as not conducive to FDI.

It is generally argued that the purpose of the indigenization is to deliberately involve indigenous Zimbabweans in the economic activities of the country in order to ensure the equitable ownership of the nation’s resources

Special Economic Zones Act

The enactment of the Special Economic Zones Act in December 2016 is expected to add impetus to investment promotion. It is expected to boost investment through establishment of special economic zones with special incentives to investors. The ultimate aim of establishing SEZs was creating better conditions for investment and business operations in the economy compared to what is prevailing in other sectors. According to Dr Ndlukula the Indigenization and Economic Empower Act will not apply to investors in the special economic Zones. This means that foreign investment, which the country urgently requires to drive growth and exploit limitless opportunities in various sectors, will be able to hold 100 percent of the equity in their enterprises. In addition SEZs labour laws will conform to global best practises. Above all Investors in SEZs will enjoy both fiscal and non fiscal incentives. Fiscal incentives include zero rated capital gains tax, duty free importation of capital equipment, 100% capital repatriation and duty free importation of inputs and raw materials meant for operations within SEZs (Chronicle May 1, 2017).

2.7 Challenges faced by African countries in promoting investment

Globalization has led to an increase in competition for FDI among developing countries therefore making a clarion call to African countries to attract new investment inflows. For Africa

attracting investment is critical as the continent is also regarded as a high risk area. It is for this reason that investors are under normal circumstances reluctant to make new investments in the continent. Bhattachrya, *et al* (1997) observes that Africa is regarded as a high risk investment area due to corruption, weak governance, high protectionism and high degree of barriers of trade. In support of Bhattachrya *et al* (1997), Matiza and Olabanji (2013) recognise that negative or weak nation images are a particular obstacle in investment promotion for most African nations.

Aaron (1999), Basu and Srinivasan (2002), Onyeiwu and Shrestla (2004), and Dupasquier and Osakwe (2005) all concur that factors such as political, macro economic instability, low growth, weak infrastructure, poor governance, inhospitable regulatory environments and ill conceived investment promotion strategies are challenges responsible for poor or discouraging FDI to any country or region. On the other hand Moss, Ramachandran and Shah (2004) identify reluctance especially by African leaders to fully embrace FDI as an essential feature of economic development as another challenge in investment promotion. The reluctance generally reflect largely fears by these leaders that FDI could lead to the loss of the political sovereignty, push domestic companies into bankruptcy due to increased competition. This fear increases if entry is predominantly in the natural resource sector which could accelerate the pace of environmental degradation. Above all Onyeiwu and Shrestla (2004) identify domestic investment policies in particular profit repatriation as well as restricted entry into some sectors of the economy as not conducive to FDI. High protectionism and high degree of barriers to trade and foreign investment are by their nature very nature constraints to boosting FDI to a country. In the same vein Basu and Srinivan (2002) observe that low growth rates of real per capita output and small domestic markets also make it difficult for foreign companies to exploit economies of scale. In this regard it would appear that economic growth is a critical determinant of FDI flows to a country.

In addition, Basu and Srinivasan (2002) point out that the absence of adequate supporting infrastructure discourages investment. Supporting infrastructure includes telecommunications, transport, and power supply, skilled labour is critical for ease of doing business. Moss et al (2004) also argue that much of African skepticism towards FDI is rooted in history, ideology and the politics of the post-independence period.

2.8 The enabling environment which local authorities should provide to attract investment

Harding and Javorcik (2009) recognise that governments, economists, international agencies and organisations agree that the key to economic development is the creation of an environment that is conducive to investment. In this regard national governments and local authorities are often called upon to provide an environment that is conducive to investment. The creation of this conducive environment mean that local authorities have to use the powers conferred to them by statutes.Local authorities are empowered by law to come up with specific policies to promote local economic development in their jurisdictional areas, which include attracting new businesses and proving support to existing businesses (SACES, 2013). A favorable investment environment is required for any type of economic development, regardless of sector or economy.

The success of economic development initiatives, to a degree is dependent, on investment interventions at local authority level to improve the investment environment.Across the world, development strategies are based on the idea of stimulating competitiveness, seen as crucial to an environment attractive to investors.With Africa experiencing rapid urbanization, there is a critical need to understand how local authorities can attract both FDI and domestic investment to be able to exploit growing economic development opportunities.

Strategies aimed at enabling local economic growth also include policies related to assisting businesses to take advantage of the national ICT policy, creating linkages with universities and research institutions and marketing their localities to potential and existing businesses (SACES, 2013).

Policies to facilitate investment promotion include proving pathways to employment and other workforce development initiatives, infrastructure improvements and cooperation with other economic development agencies (SACES, 2013). In summary local authorities can do the following to create an environment conducive to investment; Creating networks and a culture of collaborating with businesses in their localities

- Making doing business with local authorities easier by reducing red tape at proving a single point of contact with a municipality
- Development of local business capabilities and self-reliance
- Provide a supportive business environment

- Identify and promote business trends
- Develop a package to attract business investment (Loewendah, 2001).

Local authorities do have an important role to play in creating the conditions for local economic growth it their spaces. Both alone and collectively, their capital investment programs improve the public realm, maintain the assets they own, and ensure development of critical infrastructure to support new businesses and growth sectors (Hampton, 2006). According to The World Bank Group (2006) the quality of a country's investment climate is determined by the risks and transaction costs of investing in and operating a business. These costs in turn, are determined by the legal and regulating framework. The quality of a country's investment climate will automatically impact on the investment attractiveness of local authorities in that country. A local authority contributes to economic growth by providing stable governance, clear policy direction, and delivery of infrastructure, support services, investment promotion, facilitation, economic research and striving to reduce the administrative burden of doing business. In most cases the ability of any local authority to provide the above is the functions of the political and regulatory framework obtaining at national level.

III. RESEARCH METHODOLOGY

This study adopted the use of descriptive survey research design. This design asserts that the descriptive survey research usually answers questions such as who, what, where, how many, how much and does not require the laboratory control of events but rather focuses on contemporary issues in the focus of a given research topic. This methodology was chosen from the other research methods so that it could enable the researcher to evaluate the effectiveness of the investment promotion practices of Victoria Falls Municipality. The hallmark of the descriptive survey research design is its strength as a tool for investigating the status of the phenomena, and its in-built mechanism for reliability and validity. Thus, allowing the researcher to measure the degree of consistency that the instrument demonstrates in the analysis of data. (Leedy, 1980)

Further, the descriptive survey research method permits the researcher, to gather relevant and accurate information from a large sample of respondents relatively quickly and inexpensively. The researcher chose to use this descriptive survey research method because it is the best methodology given the extent of the requirements of the research topic.

In this study, the population included fifteen senior municipality managers and eleven councillors of Victoria Falls Municipality and all business organisations who are members of the Victoria Falls Business Forum as per the 2016 register. The selected population above was made up of 150 investors who have invested in Victoria Falls and potential investors as per the 2016 Victoria Falls Business Form register.

In this study, the researchers used a number of sampling methods to come up with the sample. For the investors the study used stratified random sampling as they belong to different industrial sectors. Investors were further classified into those who have already invested in the country and potential investors. Potential investors are those who have not yet invested in Victoria Falls but have made investment enquiries. Purposive sampling technique was also adopted for use to specific samples because of their significance to this study. The study adopted the use of questionnaires and interviews in collecting data from the respondents. The interviews were able to bring in valuable information which complemented the information from questionnaires.

IV. FINDINGS

4.1 Introduction

The study sought to establish the gender distribution of the two sets of respondents and results are tabulated in Table 4.1 and Figure 4.2.

Table 4.1: Distribution of investors according to gender

Category	Number	Percentage
Male	36	80
Female	9	20
Total	45	100
Source : Primary data		

Table 4.2: Distribution of VFM executives by gender

Category	Number	Percentage
Male	20	71
Female	8	29
Total	28	100
Source : Primary data		

Results as displayed in Table 4.1 show that eighty percent of investors were males while females constituted twenty percent. The same trend of male domination is depicted in Table 4.2 where the seventy-one percent of VFM executives are males while only twenty-nine percent were females. These trends seem to depict that management and entrepreneurship in this country is still male dominated. Despite the large percentage of male respondents the study was able to capture the views of a significant number of female entrepreneurs and municipality executives. These results seem to suggest that there are a sizable number of both female entrepreneurs and senior female executives at VFM.

The findings do indicate that both investors and VFM executives were sixty-two percent of investors were below the age of 46 while those who were above 46 years constituted thirty-six percent. From these responses it can be deduced that generally most of the investors were of middle age and mature enough to understand the importance of investment to any local authority. These can be aptly described as versatile, energetic, venturesome and likely to accept and quickly adapt to innovation and any environmental change. On the other hand, with regards to VFM, seventy-eight percent of executives were below the age of forty-six (46) while only twenty-two percent above 46 years. These results seem to suggest that the Municipality is led by mature leadership. It would appear both investors and VFM executives in the majority fall within the same age group therefore the characteristics attributed to the investors can also be attributed to VFM executives. The similarities in age made it easy to compare and contrast their views as they were age mates and likely to be influenced by the same social trends.

4.2 Factors that affect the investment promotion activities of VFM

4.2.1 Absence of a Municipality specific IPA at VFM

Sixty-four percent of VFM executives felt that the absence of a municipality specific IPA at VFM was one of the factors affecting promotional activities of the municipality. A further twenty-nine percent of VFM executives were of the opinion that the absence of a municipality specific IPA was not a factor affecting investment promotion activities of the municipality while only seven-percent could not express an opinion. In comparison investors were also in agreement with the views as expressed by the majority of VFM executives.

Seventy-three percent of the investors were of the opinion that the absence of a municipality specific IPA is one of the factors affecting investment promotion of the municipality. Only seven percent of investors were of the different opinion that the absence of a municipality specific IPA was not a factor affecting investment promotion activities of VFM. A further twenty percent failed to give an opinion on this matter. Notwithstanding, the twenty percent of investors which could not express an opinion it would appear investors felt that there is need for a municipality specific IPA. These respondents pointed out that the absence of a dedicated stand-alone department in the municipality whose role is to promote and facilitate inward investment was a major factor affecting the investment promotion activities of the municipality. Overall these results seem to suggest that the absence of a municipality specific IPA is one of the factors affecting the investment practices of the VFM.

4.2.2 The VFM policies, procedures, by laws and Regulations

The results show that fifty-three percent of VFM executives were of the opinion that investment policies, procedures, bylaws and regulations of the municipality are supportive to investment promotion. On the other hand, thirty-six percent of VFM executive believed that the investment policies, procedures, bylaws and regulations are not supportive to investment promotion in the municipality while fourteen percent chose to be neutral on this subject. This seemingly divided opinion exhibited by VFM executives is not surprising as it reflects the composition of this group. The study combined senior managers of the municipality who are policy implementers and councillors who are policy makers into one group and termed them VFM executives.

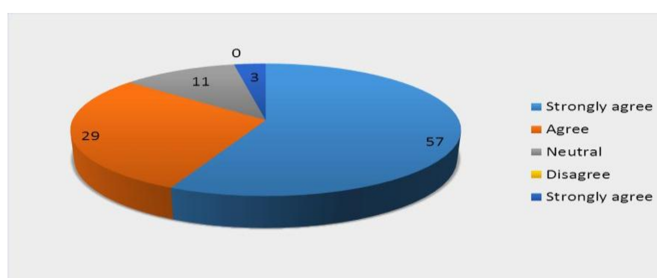
These results might be showing the conflicting views of policy makers (councilors) who cannot criticize their own policies and policy implementers (senior managers) who possibly are not in agreement with these policies. In comparison fifty-three percent of investors felt that the investment policies, procedures, bylaws and regulations at VFM are not supportive to investment promotion. Furthermore, the figure shows that twenty-five percent of investors felt that the investment policies, procedures, bylaws and regulations are supportive to investment promotion at VFM with twenty-two percent remaining neutral. These results seem to suggest that investment policies, procedures, by-laws and regulations of VFM are not supportive to investment promotion activities of municipality, therefore some of the negative factors affecting investment promotion practises of the municipality. These same issues also came up from respondents who were very critical of the municipality by-laws and regulations. These respondents felt that these by-laws were outdated and punitive and needed urgent review.

4.2.3 Micro-economic instability

The paper's findings have shown that all VFM executives felt that macro-economic instability obtaining in Zimbabwe is also affecting VFM as an investment destination. In concurrence investors, an overwhelming eighty-seven percent strongly felt that the current macro-economic environment obtaining in Zimbabwe was affecting VFM as an investment destination. A very small minority of nine percent felt that the current macro-economic instability had no impact on VFM as an investment destination, while a further four percent expressed no opinion. These results seem to point out that the current macro-economic instability is one of the factors affecting investment promotion practises of VFM.

4.2.4 The Political environment of Zimbabwe

Table 4.2: Responses of VFM executives on the impact of the political environment

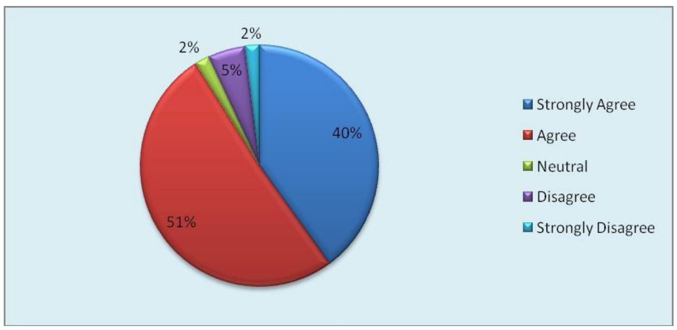


Source: Primary data

Results revealed that eighty-six percent of VFM executives either strongly agreed or simply agreed that the current political environment in Zimbabwe is one of the factors affecting the investment promotion activities of VFM. Only three percent of the VFM executives felt otherwise with eleven percent remaining neutral. Seventy-five percent of investors felt that the current political environment was one of the factors affecting investment promotion in VFM. Only twelve percent investors felt that the political environment had no effect with thirteen percent remaining neutral. It will appear from the results of the two sets of respondents the political environment is one of the major factors affecting the investment promotion efforts of VFM. These results are consistent with findings from literature were factors such as political, macro-economic instability, low growth, weak infrastructure, poor governance were found to be responsible for poor or discouraging FDI to any country or region.

4.2.5 Poor domestic policies, inhospitable regulatory environment

Figure 4.9: Responses of investors on the impact of poor domestic Policies



Source: Primary data

The findings revealed that sixty-eight percent of VFM executives were of the opinion that the current poor domestic policies combined with inhospitable regulatory environment obtaining in Zimbabwe are some of the factors affecting investment promotion activities of VFM. A further twenty-five percent of these executives felt that the above factors had no impact on investment promotion activities of the municipality, while seven percent could not give an opinion.In the same vein, comparative results An overwhelmingly majority of ninety-one percent of investors felt that poor domestic policies and inhospitable environment obtaining in Zimbabwe were some of the factors affecting investment promotion activities of VFM, while seven percent of investors were of the opinion that the poor domestic policies and inhospitable regulatory environment were not some of the factors affecting investment promotion activities of VFM. A further two percent could not provide an opinion on this issue. The results from the two sets of respondents seem to suggest that poor domestic policies, inhospitable regulatory environment obtaining in Zimbabwe are some of the factors affecting investment activities of VFM. These also included what respondents termed national financial instability, punitive rates and licensing fees charged by the municipality, policy uncertainty and fear of possible expropriation of investments. These findings also consistent with what was revealed in literature review were it was concluded that poor domestic policies, inhospitable regulatory environment obtaining in any country or region discourage FDI.

4.3 Investment incentives offered by VFM

The results show that seventy-five percent of VFM executives were of the opinion that the municipality offers business support units to investors. Fourteen percent of VFM executives felt that the municipality did not provide business support units to investors with another eleven percent remaining neutral. On the same subject matter comparative results representing the views of investors as presented on Figure 4.10 as well tell a mixed story.

Forty percent of the investors failed to give an opinion on this subject. Twenty-nine percent said the municipality does not provide business support units to investors while another thirty-one percent said the municipality does offer business support units. These are mixed results from the investors. It will appear the municipality does offer business support units possible at a limited scale notwithstanding the forty percent of investors who failed to express an opinion and the twenty-nine percent who felt it did not.

4.3.1 VFM offers good corporate governance

The ability of a municipality to practice good corporate governance and good infrastructure to investors is normal considered at an incentive which attracts investment. It was against this background that the study sought from both investors and VFM executives to find out if the municipality offered good corporate governance. Research results show that eighty-six percent of VFM executives believed that VFM did offer good corporate governance and good infrastructure to investors. A further seven percent felt the municipality did not offer good corporate governance and good infrastructure to investors while another seven percent could not express an opinion on the subject matter. In this regard, forty-nine percent of investors felt that the municipality offered good corporate governance and good infrastructure. A further thirty-five percent felt that the municipality was not providing good corporate governance and good infrastructure with sixteen percent of investors failing to give an opinion. These results seen to suggest the VFM provides good corporate governance and good infrastructure. The results are constituent with findings from literature where emphasis is put on the need of good infrastructure if a country or city is to attract FDI.

The special economic zone status for VFM

The study noted the recent decision by the Zimbabwe government to declare Victoria Falls Municipality as one of three Special Economic Zones in the country. It was against this background that the researcher sought to find out if the declaration of the municipality as a special economic zone was an added an added investment incentive. The question was directed to both VFM executives and investors and the results were contrasted. They were asked to indicate their extent of agreement with the statement: VFM as a special economic zone is able to offer investors all the benefits associated with a special economic zone. Responses of VFM executives show that sixty-one percent of the executives agreed that the designation of VFM as a special economic zone has become one of the investment incentives offered by the municipality. A further twenty-one percent felt that the declaration of VFM as a special economic zone was not an attractive incentive while eighteen percent of VFM executives could not express an opinion on this subject matter. On the same subject the investors concurred with VFM executives as fifty-eight percent of them said that the declaration of VFM as a special economic zone was not an added incentive. On one hand twenty-nine percent of investors said the designation of VFM as a special economic zone was an added incentive with another thirteen percent not expressing an opinion. From the results from both sets of respondents it will appear that the designation of VFM as one of the SEZ was added investment incentive.

The designation of VFM as a special economic zone was also raised by most of the respondents on the interview guide as an added incentive. These results seem to suggest that the designation of VFM as a special economic zone is indeed an added investment incentive of the municipality.

4.4 Importance of investment promotion

Results from the study revealed that ninety-six percent of VFM executives agreed that the objective of local authorities in promoting investment is to make towns and cities attractive places to live, work and invest. Only four percent disagreed with this. The results seem to suggest that VFM executives are of the opinion that the major objective of local authorities in promoting investment to their jurisdictional areas is to make towns and cities attractive places to live, work and invest. These results are consistent with what was revealed in literature review. The study recognized that local authorities play a devolved role in development. The researchers wanted to find out if the VFM executives understood this important role of local authorities. The result of this subject matter showed that ninety-three percent of VFM executives agreed that local authorities are central to economic development while only seven percent could not express an opinion with no one disagreeing. It would appear VFM executives appreciate the role and importance of local authorities in promoting investment to their areas of jurisdiction.

In pursuit of the desire to unpack the understanding of VFM executives on the role local authorities play in promoting investment the researcher asked VFM executives to indicate their extent of agreement with the following statement: Developmental agenda of local authorities include among other activities promoting, attracting and facilitating investment.

Show that eighty-nine percent of VFM executives agreed that the developmental agenda of any local authority include among other activities promoting, attracting and facilitating investment to its area of jurisdiction. Only four percent disagree with the statement with seven percent failing to express an opinion. These results seem to suggest that VFM executives are clearly aware of the important role local authorities play in promoting, attracting and facilitating inward investment to their areas of jurisdiction. These results are also consistent with findings from literature review.

Forty-six percent of VFM executives felt that the municipality has developed a package to attract investment. A further thirty-two percent disagreed with another twenty-two choosing no position. On the other hand a very interesting picture is emerging on the results tabulated on Figure 4.17. The majority of investors as shown in Figure 4.17 show that they could not give an opinion on this matter. Forty-seven percent of the investors could not express an opinion on this matter. Another thirty-three percent of investors disagreed that VFM has developed a package to attract investment. Only twenty-percent agreed. From these results it will appear that the municipality has not been able to develop an attractive package for investment.

V. CONCLUSIONS

The study found that the absence of a municipality specific IPA is one of the factors affecting investment promotion activities of VFM. The study concluded that a city or local authority specific IPA knows and understand better available unique competitive advantages in that city or local authority than a national IPA, As there are likely to be niche opportunities in that local authority which are outside the core focus of a national IPA.

It also concluded that the investment policies, procedures, bylaws and regulations currently being pursued by VFM are not supportive to investment promotion activities of the municipality. As a result, they are discouraging current inward investment to the municipality. The study further concluded that the current macro-economic instability obtaining in Zimbabwe as one of the factors affecting investment promotion activities of the municipality. Some of the factors which the study made include the current unstable political environment, poor domestic investment policies and the inhospitable regulatory environment in Zimbabwe.

The study found that overall the municipality does not offer attractive investment incentives. The study found that generally, VFM executives had a good appreciation of the important role local authorities' play in promoting and attracting inward investment to their areas of jurisdiction. The VFM executives clearly articulated the need for local authorities to develop their own capabilities for attracting and facilitating inward investment to their jurisdictional areas, rather than depending on the government.

The study concludes that the ability to create networks and culture of collaboration with businesses was one of the unique factors making the municipality a good investment. Two other important factors identified as contributing to making the municipality a good investment destine were that the municipality has managed to reduce the red tape and does provide a supportive business environment in the process making doing business with municipality easier. These findings were notwithstanding that the study established that the municipality has not been able to develop a good investment package for investors.

The study also concluded that the municipality was collaborating with the national IPA Zimbabwe Investment Authority and the Zimbabwe Tourism Authority in promoting investment. Although the study established that the municipality as one of the three special economic zones was not collaborating with Special Economic Zone Board to promote inward investment to VFM.

VI. RECOMMENDATIONS

In the light of the above conclusions, the study recommends that;

Victoria Falls Municipality and other local authorities

In recognition of the existence of unique niche opportunities in the local authority VFM and other local authorities should consider creating local authority specific IPAs instead relying on the national IPA the Zimbabwe Investment authority. The city or local authority specific IPAs ordinarily tend to know and understand better available unique competitive advantages available in specific city or local authority than a national IPA. This recommendation is made notwithstanding possible budgetary implications to the local authorities in creating city specific IPAS but the researcher strongly believes the advantages of creating city specific IPAs outweighs costs.

VFM and other local authorities should consider reviewing down the rates, licencing fees and other levies.

VFM and other local authorities are supposes to ensure they provide clear policy certainty.

VFM and other local authorities are also encouraged to create linkages with universities and other research institutions to market their localities to potential investors.

VFM and other local authorities should make doing business with them easier by reducing red tape by providing a single investment point contact with a municipality.

VFM and other local authorities should develop attractive investment packages to attract FDI to their areas of jurisdiction. They are encouraged to engage international investment experts in developing these packages. These packages should be at par or better than those offered elsewhere.

Local authorities should start to positively respond to their growing importance the country's economy and start developing their own capabilities for attracting and facilitating inward investment, rather than depending on ZIA to do this on their behalf as well.

Victoria Falls Municipality

In recognition that VFM is the country's prime tourist resort the municipality in cooperation with ZIA, ZTA and the SEZ Board should develop attractive investment incentives scheme targeted at the tourism sector investors.

In the light of VFM having been declared a tourism special economic zone the municipality should intensify its collaboration with both the Zimbabwe Tourism Authority and SEZ Board to engage vigorously investment promotion targeted at the tourism sector.

There is need for the municipality to review and improve its investment policies, procedures, bylaws and regulations.

It is further recommended that VFM should adopt a deliberate policy to increase the number of female senior managers. A suggested ratio of fifty percent is recommended.

Political parties

It is recommended that political parties should also adopt a policy which seek to increase the number of females who contest local government elections as councillors. This will increase the number of females in policy making positions of municipalities (councillors).

Zimbabwe government

The national government through various ministries should progressively work towards creating a stable political environment, improving economic growth and coming up with investor friendly policies.

The government should also work towards macro-economic stabilisation. This will assist to improve the general investment climate of the country which will cascade down to improved investment climate at local authority level.

The government should work towards providing a clear national investment policy certainty.

The government to assist municipalities in the provision of good infrastructure and also coming up with good domestic investment policies.

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