Understanding Poverty, Promoting Wellbeing and Sustainable Development

A sample survey of 16 districts of Zimbabwe

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Chapter Two

The Context for the Study: Background to Development in Zimbabwe

Jeanette Manjengwa

Main messages
• After independence in 1980 government policies strived to address the inherited inequalities caused by colonial policies of land alienation and the 'dual economy'.
• These gains however, were eroded in the 1990s with the adoption of economic structural adjustment and the economic decline which culminated in economic crisis during 1999 to 2008.
• Recurrent droughts and subsequent crop failures, and the HIV and AIDS epidemic compounded the situation.
• Since 2009 there has been an improvement with economic stabilisation and the gains of the land reform programme starting to be realized.

Introduction
This Chapter sets the scene for interpreting the poverty survey findings, providing a historical account of development issues in Zimbabwe affecting the present day situation. It focuses on macro-economic policies as these have direct impact on the wellbeing and poverty levels of the people of Zimbabwe. It also takes account of extraneous factors, namely frequent devastating droughts that have restricted the progress of development and influenced (usually negatively) the direction of macro-economic policies.

Independence and striving for equality
At independence in 1980 Zimbabwe inherited a 'dual economy' and a growth path that was built upon structural inequalities in relation to assets such as land, wages and incomes and which had led to ever-widening inequalities in wealth and income that were politically and economically unsustainable. Addressing inequalities formed the core component of a national poverty reduction strategy in independent Zimbabwe and the country pursued a development path that was centred on equitable distribution of income and wealth, as well as growth (Riddell, 2012).

The new government gave top priority to reducing the huge gaps between the white and black people, through massive expansions in health and education:

- Infant mortality fell from 120 per thousand in 1980 to 83 per thousand in 1988, although this was still higher than white infant mortality, which was only 14 per thousand (Loewenson and Saunders, 1988).

In agriculture there was a shift in agricultural extension to serve black farmers and to implementation of the first land reform, which proved to be the largest in Africa. The colonial period had brought systematic dispossession and alienation of land from black indigenous people and land was arguably the main factor behind Zimbabwe's liberation war. In 1980, 6,000 large-scale white commercial farmers owned 15.5 million hectares, more than half of which lay in the high rainfall agro-ecological regions where the potential for agricultural production is greatest, while over 700,000 black, mostly smallholder farmers held 17.8 million hectares of land located mostly in the drier agro-ecological regions where the soils are also poor (Moyo et al., 2009). Six months after independence, the new government announced the Resettlement Programme, which resettled 73,000 families on land bought by the government on a 'willing buyer - willing seller' basis.

However, these efforts by the newly independent government were constrained by a severe three-year drought, destabilisation by apartheid South Africa, and a reduction in pledged donor support (Hanlon et al., 2012). The expectations of large aid inflows encouraged the Government to borrow in anticipation of receiving support in the future (Jenkins, 1997). Zimbabwe negotiated its first World Bank loan in 1981 using the borrowed funds to increase education and health care facilities, to restructure the economy, and to cover the social costs of the three-year drought, which cost the Government USD 480 million, including USD 210 million in food imports, as well as to meet the costs of defending the country against apartheid destabilisation (Mlambo, 1997). Although at independence international donors pledged a massive USD1.8 billion of...
Resettlement had an impact on alleviating poverty (Deininger et al., 2000), and Kinsey (2000) found that resettled households had higher and more evenly distributed income than their communal land counterparts.

Aid, very little of these funds were ever received (Jenkins, 1997). A significant portion of this aid (between 10 per cent and 30 per cent) was tied to the purchase of goods and services from other countries, and the amount of aid provided fell extremely short of the amounts pledged: between 1982 and 1985, total official aid received from the main donors accounted for USD 574 million: only 30 per cent of the amount pledged (Riddell, 2012).

The impacts of ESAP

In the first four years of independence (1980-83) Zimbabwe received USD 1.5 billion in new loans, but in the next five years (1984-88) it had to pay back USD 1.2 billion (World Bank, 2012). The World Bank refused to extend an export revolving fund until Zimbabwe had liberalised trade, which it did (Zwizwai et al., 2004).

From 1987 the economic policy changed and although government expenditures rose, this was less quickly than the increase in inflation. The government set a relatively high maize price plus a maize meal subsidy which reached USD 49 million in 1982/83 to support the urban poor and communal farmers (Kanyenze, 2004). Under World Bank pressure, maize meal subsidies were cut and maize prices were decontrolled, causing prices to fall and thus adversely affecting smallholder farmers. Spending on extension services was reduced and smallholder support diminished. Credit and fertiliser purchases dropped and the Grain Marketing Board cut back its number of collection points, which all hit small producers, including land reform farmers. After 1987-88, there was a sharp decline in smallholder production and sales. Maize sales fell as smallholders put less fertiliser in their fields.

In 1991 Zimbabwe adopted a World Bank Economic Structural Adjustment Programme (ESAP) which meant market-oriented reforms and severe cuts in government spending, resulting in deepened poverty. Zimbabwe had to abandon its import substitution and industrialisation strategy, support for black farmers, land reform, and any remaining socialist rhetoric. ESAP involved:

- Ending subsidies.
- Commercialisation of many government-owned businesses.

Agricultural marketing was deregulated, and controls on domestic prices were removed except for a few commodities. Market liberalization reforms led to a tremendous increase in agricultural production costs particularly for stock feeds, fertilizer, transport costs and agricultural equipment (Tekere, 2003).

By the end of 1993, between 45,000 and 60,000 people lost their jobs and real wages were lower than at independence (Mlambo, 1997). Job cuts came just as the expanded education system delivered over 100,000 new high school graduates on the job market each year. The removal of price controls meant that the cost of living for Zimbabwe's lower-income urban families rose by 45 per cent between mid-1991 and mid-1992 and for higher income groups by 36 per cent (Kanji, 1995).

Meanwhile, ESAP resulted in a decline in the standard of living. Health and education services declined; fees for hospitals and schools were reintroduced in 1991, leading to a sharp drop in school and hospital attendance, a rise in births outside health facilities and an increase in maternal mortality. These cuts came just at a time when HIV and AIDS was becoming a serious problem, imposing an extra burden on the health service. By 1993, a third of Zimbabwe's doctors had left the country and many teachers and other health workers also left, moving particularly to South Africa and Botswana (Mlambo, 1997).

A report for the UN Food and Agriculture Organization (FAO) noted that the implementation of the structural adjustment programme had a negative effect on household food security (Tekere, 2003).

The Fast Track Land Reform Programme

Frustration over the slow pace of land redistribution in the late 1990s, increasing political tensions and worsening poverty precipitated land invasions, popularly known as jambanja, at the local level, primarily by frustrated peasant
farmers, war veterans, and the youth. The Fast Track Land Reform Programme launched by the government in July 2000 formalised the situation, adopting an approach to resettlement that greatly speeded up the pace of land acquisition and resettlement by the immediate identification of not less than five million hectares for compulsory acquisition (Hanlon et al., 2012). Over the following years the legal framework was revised several times, culminating in the 17th Constitutional Amendment, August 2005 which nationalised all commercial farming land in Zimbabwe.

The last ten years have seen an agrarian revolution whereby the agricultural system now consists of a large smallholder sector occupying two-thirds of all agricultural land. More than 141,000 families benefited from the Fast Track Land Reform. After an initial decrease immediately after resettlement, production has increased and lives of resettled farmers have been transformed for the better 12 years down the line. Many smallholder subsistence farmers now have viable commercial farms (Hanlon et al., 2012). Production of maize and some cash crops, including tobacco and cotton has increased over the last three seasons (Mupodyi, 2012).

Drought and food shortages

A major feature behind the variation in Zimbabwe’s economic growth is the agriculture sector’s reliance on uncertain rainfall (Kinsey, 2010). Rainfall is highly variable in Zimbabwe, both from one year to another, but also between different parts of the country. Recurrent droughts are a normal feature of Zimbabwe’s climate and have had a negative effect on development, magnifying existing poverty and vulnerability problems.

Zimbabwe is divided into five Agro-ecological Regions with rainfall and agricultural potential decreasing from Region I to Region V (Figure 2.1 and Box 2.1). Regions IV and V, with rainfall of below 650 mm per annum, deemed suitable for livestock, rather than cultivation, are characterized by infrequent heavy rain and severe dry spells. Figure 2.2 shows the deviation from the mean annual rainfall and the variation of rainfall from year to year. It also indicates that Zimbabwe received below average rainfall in 15 years out of the 30 years after independence.

Droughts in Zimbabwe usually have serious political and economic implications. The first three years after
independence were all drought years which led Zimbabwe to borrow (with IMF and World Bank encouragement) causing debt problems later. Then 1990/91 was a drought year followed by the worst drought of the century in 1991/92 (with rainfall 77 per cent below normal); this pushed the country into accepting the structural adjustment package (partly due to debt from the earlier drought years). The drought years of 1993/94 and 1994/95 worsened the economic problems caused by adjustment and fed into the strikes and disruptions. Then the 2001/02 drought occurred in the first year that farmers had land under the Fast Track Land Reform, making it harder for new farmers to become established.

Changes in rainfall between years, timing of rainfall and length of the season over time all present increasing difficulties for communities in anticipating the climate conditions each growing season.

HIV and AIDS and other health issues

The HIV and AIDS pandemic, which is arguably the most pressing current health problem facing Zimbabwe, has had serious negative impacts on the economy and society, particularly on poverty and vulnerability; worsening an already precarious situation. An estimated one in four adults were infected by the virus in 2003 while approximately

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Fig 2.1 Zimbabwe’s Agro-ecological Regions
Source: Department of Geography and Environmental Science - University of Zimbabwe
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Box 2.1: Natural or Agro-ecological Regions of Zimbabwe

<table>
<thead>
<tr>
<th>Agro-ecological Region I</th>
<th>Agro-ecological Region II</th>
<th>Agro-ecological Region III</th>
<th>Agro-ecological Regions IV and V</th>
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<td>Situated along the eastern mountain ranges, covering less than 2 per cent of Zimbabwe, is characterised by high rainfall, 900-1,800 mm per annum, and relatively low temperatures. It is defined as the specialised and diversified farming region, which produces tea, coffee, deciduous fruits and is suitable for intensive livestock production because of its relatively high effective rainfall. This region forms the most productive part of the country.</td>
<td>Occupying about 16 per cent of the country, is characterised by moderately high rainfall, between 750 and 1,000 mm per annum, and normally enjoys reliable climatic conditions, making it suitable for specialised and diversified farming including pasture production. This region is consequently responsible for approximately 90 per cent of the nation's crop production including the country's staple food, maize, and the two most important cash crops, tobacco and cotton.</td>
<td>Is mainly in the midlands and covers about 18 per cent of the country. The region is characterised by medium rainfall, ranging from 500-750 mm per annum. It is subject to periodic seasonal droughts and prolonged dry spells during the rainy season. The region is suitable for semi-intensive farming and livestock production.</td>
<td>Occur in the low-lying areas in the north and south of the country and occupy about 64 per cent of Zimbabwe. These two regions have the lowest rainfall of below 650 mm per annum. Much of Region V falls within the hot, dry areas below 900 metre altitude covering the lower reaches of the Save - Limpopo River systems and the Zambezi valley below the escarpment. The rainfall is erratic and these regions are also subject to periodic seasonal droughts and are unsuitable for dryland cropping. The regions are more suited to livestock production and game ranching. Most of the country's national parks and communal areas, inhabited by the majority of the indigenous population, are situated within these two regions.</td>
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(Adapted from Vincent and Thomas, 1961; Mayo, 1994)

Fig 2.2 Zimbabwe seasonal rainfall, deviation from the mean (1978-2007)

Adapted from: Unganai, 2011, based on Department of Meteorological Services.
1.2 million people were estimated to be living with HIV and AIDS by the end of 2007 (Joint United Nations Programme on HIV/AIDS (UNAIDS), 2008).

The prevalence among adults 15-49 years, peaked at 36 per cent between 1995 and 1997 and reduced to 34 per cent in 2000, 24.6 per cent in 2003, 20.1 per cent in 2005, 18.1 per cent in 2006 and to 15.3 per cent in 2007 (GoZ, 2004; Mahomva et al., 2006; Central Statistical Office and Macro International Inc., 2007, UNAIDS, 2008). Reductions in early age sexual activity and non-regular sexual partnerships, and increased condom use during the 1990s may have contributed to the decline in HIV prevalence (Mahomva et al., 2006).

The prevalence of HIV and AIDS resulted in depletion of human resources. Estimated number of deaths due to AIDS in Zimbabwe were 140,000 during 2007 (UNAIDS, 2008). Orphans (aged 0-17) that lost parents due to AIDS were one million against 1.3 million by all causes (UNICEF, 2007). HIV and AIDS had slashed the average life expectancy from 61 in 1990 to 43 in 2007 (UNICEF, 2007). The smallholder agricultural sector was particularly affected with reductions in agricultural production and yields, decline in livestock production and loss of agricultural skills (Gandure, 2007). In most cases, the impacts of HIV and AIDS magnified the underlying chronic conditions of already weak livelihoods, caused by poverty, unemployment and high cost of basic commodities.

Rising poverty levels, poor environment and HIV and AIDS have contributed to the resurgence of TB, which thrives on immune systems that have been weakened by chronic infections and by malnutrition (GoZ, 2004). Overall, there has been an increase in the incidence of malaria, from 65 per 1,000 people in 1990 to 122 per 1,000 in the year 2000 (GoZ, 2004).

Another source of ill health is drinking water. Contamination of urban drinking water has increased in some cities in recent years, as seen by the increase in outbreaks of cholera and dysentery (Feresu, 2010).

The multiple causes and consequences of Zimbabwe's economic crisis

Zimbabwe's economy was on a downward trajectory since ESAP in the early 1990s and it escalated in 2000. The programme to distribute land from mainly white farmers to black Zimbabweans in February 2000 and the ensuing international isolation is often cited as the catalyst that precipitated the economic and subsequent social crisis (Chimhowu et al., 2010). However, there is no single factor which caused the country's economic crisis, which lasted for nearly a decade, as can be noted from the preceding sections.

The Zimbabwe dollar, which had been 19 to the USD in 1997, had fallen to ZD 55 = USD 1 by 2000. It reached ZD 1,000 = USD 1 in mid-2002. The policy of the Reserve Bank was to expand the economy by printing money and subsidising local production and key goods, while using administrative means to try to control inflation and speculation. This unorthodox policy failed, and instead led to corruption and hyperinflation. By January 2006 the exchange rate was ZD 100,000 to USD 1 and by mid-2007 it was ZD 100,000,000 to USD 1. By mid-2008 the USD was equivalent to the ZD with 14 zeros and prices were doubling daily; by the end of 2008, the ZD was with 21 zeros (Hanlon et al., 2012).

This was one of the worst hyperinflations ever, and caused chaos for everyone, the better off and poor alike. Corruption became more serious as members of the elite could exchange money at meaningless official rates; by mid-2007 the parallel exchange rate was 1,000 times the official rate.

Major population movements took place as a result of the Zimbabwe crisis. It is estimated that by 2007, two million people had left Zimbabwe, half of them for South Africa – continuing a migration that had started under structural adjustment (Hanlon et al., 2012). Most of these migrants were of the able bodied working age groups and many were skilled professionals, causing a major human capital loss for Zimbabwe, which in part is responsible for the decline in productivity and service delivery. Although they were sending back an estimated USD 500 million per year, this was on a personal level and ad hoc basis, rather than being for national development.

The situation was compounded by the increased burden of HIV and AIDS. Although HIV prevalence, which had peaked in the late 1990s, was now declining, the peak of mortality, and, hence, the increase of caring for the sick and dying, the peak period of orphan creation, and loss of human capital, came a few years later, in the early 2000s, at the same time as the land reform, the onset of hyperinflation, chronic economic decline.

The Global Political Agreement (GPA)

From 2009 onwards, the socio-economic situation changed dramatically, this time for the better. The Global Political Agreement (GPA) in late 2008 between the main political parties, Zimbabwe African National Union (ZANU)-Patriotic Front (PF) and the Movement for Democratic Change (MDC) formations which resulted in the establishment of a unity government in 2009, created the stability needed for economic improvement. In addition, dollarization in January 2009 prompted a remarkably rapid economic turnaround, which included restoration of local markets. A huge amount of resources are still required – to finish redressing the heritage of minority rule, to recreate the 60,000 or more jobs lost under structural adjustment, and to repair the damage caused to the economy by hyperinflation.
Conclusion

Manifestations of new forms of poverty emerged during the crisis. The suddenness and power of the shocks forced some people who were previously not considered poor into poverty. They were unable to cope with new types of deprivation (Gaidzanwa, 2010).

However, this period of instability brought with it remarkable resilience, enhanced social capital, and the emergence of diverse and innovative coping strategies.

A number of opportunities were espoused, including the Fast Track Land Reform Programme which provided 141,000 households with more and better land. It is in this context of ten years of economic and social crisis, followed by a relatively rapid macro-economic recovery that the Moving Zimbabwe Forward sample survey of 2011 was carried out.

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