

Moving forward in Zimbabwe

Reducing poverty and promoting growth

Executive Summary

1 Introduction

This report outlines the key elements of a strategy to hasten the recovery process in Zimbabwe. While it recognises the centrality of economic recovery, it links this to a people-centred approach: recovery must generate rapid improvements in the economic and social conditions of the people of Zimbabwe and especially for its poor majority. Improved access to food and employment is central to this strategy and as a result it must be led by agriculture.

This is an independent report produced by a team of Zimbabwean academics and researchers, who seek to stimulate focused debates about the policies that are most likely to help Zimbabwe move forward. Most of these efforts to move forward are being made, and will be made, by Zimbabwe's long suffering and impressively resilient farmers and labourers (women and men). They need the support of the country's elite and middle class – professionals, politicians, public servants and academics – in identifying policies and programmes that deliver rapid gains and lay the foundation for a sustainable future. Development partners, in Africa and beyond, will need to provide technical assistance and finance to assist these efforts.

Following the formation of an inclusive government in March 2009, Zimbabwe is emerging from a decade of socio-economic decline. The gains the country saw after independence in 1980, and particularly the impressive progress in reducing poverty and inequality, have been reversed. Although triggered by a multiplicity of causes, the programme to redistribute land from mainly white commercial farmers to the majority black Zimbabweans in February 2000 is often cited as the catalyst that precipitated an economic crisis, which subsequently became a social crisis. By 2003, some 72 per cent of the population lived below the national poverty line and the living conditions were some of the worst in Africa.

The economy had been in decline since 1996 and has registered negative economic growth at a time when the rest of the world was booming. Disruptions in agriculture due to land reforms explain the decline in agricultural production, while manufacturing went into decline mainly due to a shortage of foreign currency to import raw materials and machinery. Hyperinflation, which peaked at 500 billion per cent in December 2008, totally undermined the investment climate. Alongside this decline in productivity came a catastrophic decline in disposable incomes and employment. By March 2009 unemployment was estimated at a staggering 80 per cent. The decline of employment in low skill sectors like agriculture and construction caused unemployment to rise, especially among low income households. This created a vicious circle of poverty

creation. Declining urban earnings undermined smallholder agricultural productivity, as smallholders relied on manufactured inputs from urban centres. This, combined with unfavourable agricultural policies, in turn undermined earnings from smallholder agriculture and rendered many small farmers too poor even to use their land to produce their own food crops.

Data from the three major poverty surveys (the Income, Consumption and Expenditure Survey of 1991, and the Poverty Assessment Study Surveys of 1995 and 2003) are not directly comparable because of methodological issues, but they do suggest that by the time the crisis erupted in 2000, poverty in Zimbabwe was already on the rise. From a low of around 26 per cent in 1991 the proportion of households living below the food poverty (extreme poverty) line rose to 35 per cent by 1995, before a dramatic rise to 63 per cent by 2003. There was a similar dramatic rise in the number of people living below the total consumption poverty line. This increased from 55 per cent in 1995 to 72 per cent in 2003. Since the Poverty Assessment Study Survey of 2003 there has not been any official survey on poverty in Zimbabwe, but some estimates suggest that, by the time the socio-economic crisis reached its high point in November 2008, up to 80 per cent of the population survived on less than US\$2 a day. The country had become a world leader in creating poverty.

Provision of key public services also suffered as the government failed to keep education, health services and infrastructure running. By 2006 less than 70 per cent of the pupils made it through to the last year of primary school, compared to 75 per cent at the turn of the millennium. Staff attrition affected the quality of learning. In secondary education the numbers taking 'O' levels declined and only about 14 per cent of students passed five or more subjects (i.e. attained a satisfactory education). Health services and infrastructure were also affected severely. The crude death rate almost doubled from 9.49 in 1992 to 17.2 per 1000 in 2007. Similarly infant mortality, which had declined to 53 per 1000 live births in the mid 1990s, rose to 68 per 1000 by 2008. The only exception was HIV/AIDS prevalence rates, which declined from a peak of 24 per cent in 1998 to about 11 per cent today.

The composite indicators reflect this decline in human welfare. The UNDP's Human Poverty Index was at 17 per cent in 1990, an impressively low figure by African standards. By 2006 it was estimated to have more than doubled to 40.9 per cent. Similarly the country has been sliding down the UN's Human Development Index ranking – from a respectable 52 in 1990, the country was

ranked 108 in 1992, 129 in 1997 and by 2005 it was ranked at 155 of the 177 countries. On current evidence it is clear that a majority of Zimbabweans are emerging from this crisis poorer and with fewer assets and capabilities than they have endured at any time since independence.

The formation of the transitional inclusive government has created prospects for stabilisation and can lay the foundation for reconstruction and long-term socio-economic development. One of the key issues the inclusive government needs to be dealing with is the general welfare of an impoverished nation. Experience in post-crisis situations elsewhere in Africa shows that if care is not taken to deliberately formulate welfare policies that directly address poverty, such concerns are soon subsumed under a myriad of problems that the state has to deal with. The inclusive government must prioritise identifying the areas of policy that can quickly stabilise incomes and reduce the number of people living in poverty. In this report we look at the collapse of welfare in Zimbabwe and suggest ways for rapidly improving the lives of the country's poor people in rural and urban areas, so that they can fully engage with the reconstruction process. The main assumption here is that the global political agreement will create the political and economic conditions that will allow the country to move forward.

Table 1: Key statistics, 2009.

Indicator	Statistics	Year
Population	12.46 million	2008
Area	390.8 thousand sq. km	
GNI per capita	US\$360	2005
GDP per capita (PPP)	US\$200	2008
Population growth rate	1.53%	2009
Poverty headcount	72%	2003
Life expectancy	45 years	2008
Total fertility rate	3.8	2007
HIV prevalence	13.7% of ages 15-49	2009
Crude birth rate	32 per 1000	2007
Crude death rate	18 per 1000	2007
Under 5 mortality rate	90 per thousand	2007
Inflation (year on year)	9%	2009
Unemployment	80%	2008
Urbanisation level	30%	2007

Sources: These are collected from a variety of sources, most are estimates and there is an urgent need for more accurate data to aid planning and reconstruction.

2 Opportunities for stabilisation, reconstruction and development

Zimbabwe's recent economic and social collapse is unusual – although there was periodic violence linked to elections and evidence of systematic insecurity, it was not the product of a civil war. As a result, the decay in services and infrastructure has not been total. This means that models of post-war reconstruction do not apply directly and need to be adapted and used carefully. We say this for four reasons:

- i There remains a semblance of structure and some institutional memory in Zimbabwe which can be built upon. Any reconstruction efforts should therefore develop or revive existing institutions rather than starting largely from scratch as has been the case in many post-war situations in Africa.
- ii The existence of a national civil service (even if severely degraded and in some cases compromised) gives the inclusive government scope for some quick wins and greater capacity to utilise external resources effectively than in most post-war situations in Africa, where capacity to absorb aid has been very low.
- iii The inclusive government by its very nature was born out of political compromise. There is therefore no clean slate to work from, and no single power to shape things. The post-crisis development agenda will therefore be subject to negotiation, and often only pathways of least resistance will be adopted, even if these are sub-optimal.
- iv Donors will initially be hesitant to engage with the state as they wait to see if the political compromise will work. Consequently, expectations of a rush of long-term, sympathy-borne, non-food donor aid (characteristic of most post war situations) may not materialise as donors opt for more tentative engagement, often termed 'humanitarian plus'. Implicitly, this means resources for stabilisation, reconstruction and development will have to come from domestic and other regional sources, at least in the interim.

What is clear is that the two-year governance by the inclusive government will be formative, establishing the basis for future reconstruction and development. The agenda will necessarily have to be stabilisation and short to medium term reconstruction. What should never be forgotten, however, is the need to focus on the majority of Zimbabweans living in poverty.

3 Moving forward with poverty reduction and productivity enhancement: prioritising agriculture with a small farmer focus

Historically, in Zimbabwe there has always been a link between productivity growth in agriculture, aggregate GDP growth and welfare (Figure 1.4). What happens to agriculture has influenced manufacturing and has impacted directly and indirectly on welfare. A key outcome of the crisis, however, is a changed agrarian structure with many more units of production. The number of commercial farm units has more than doubled, while the number of smallholder farms has also nearly doubled. The implication is that there are opportunities for agriculture to play a leading role in recovery if the right productive environment is created.

The changed structure of agriculture means that the focus will have to be on smallholder farmers rather than large-scale commercial agriculture. About 70 per cent of Zimbabweans still derive a living from the land, either directly as smallholder farmers or indirectly as employees on farms. We also know that about 77 per cent of Zimbabwe's poor and almost 90 per cent of its extremely poor reside in rural areas. In fact, some 2 million of the more than 2.1 million people in need of food aid are based in rural areas. A majority of these derive their livelihood from smallholder farms in communal lands, while a good number, consisting mostly of displaced former commercial farm workers, are in limbo

without jobs and without land. Any post-crisis recovery strategy will need to have this core constituency as its main policy focus. Although historically large-scale commercial agriculture has been the mainstay of the agricultural economy, and once recovered will have the ability to make significant contributions, we also know that, smallholder agriculture exhibits production efficiencies within a supportive policy environment that can make it the main driver in post-crisis reconstruction.

While the needs of the impoverished urban population must be met, the main focus must be a growth strategy that can transform the welfare of the rural poor. Income growth is at the core of any future strategy targeting poverty reduction. For the nearly 1.4 million rural smallholder households, income growth will have to come from resuming farm operations and a revitalisation of commercial agriculture. For urban residents improved income will have to come from employment growth. We know that when rural incomes rise, effective demand for manufactured goods and services also rises, providing a ready market for the increased output of manufactured goods and other services. An agriculture-led strategy would raise rural incomes and provide the most direct way to address poverty, enhance employment and kick-start growth. Focusing on agriculture, and consequently rural areas, implies that a majority of the population need not wait for the benefits of growth to trickle down to them from urban activity. The view here is that manufacturing recovery and, ultimately, growth of the urban economy will also depend on agricultural sector growth. Other productive sectors like mining and tourism can make a contribution, but the benefits only indirectly influence the welfare of a majority of the rural population living in poverty. The inclusive government therefore needs to prioritise agricultural recovery as a major part of overall poverty reduction efforts. Below, we suggest some key components of this strategy and what we think the entry points should be.

The main priority for post-crisis agriculture in Zimbabwe will have to be smallholder farmers in communal and 'original' resettlement areas. They are the most important agricultural group, both in terms of numbers and also in terms of the amount of land they hold. There are three main reasons for this prioritisation:

- i The majority of Zimbabweans still reside in communal and original resettlement areas and this is where most of the poor are to be found. There are over 900,000 families in these areas and nearly half of them reside in regions 1-3 (Figure 1.1) where agro-ecological potential is high enough to engage in arable agriculture. They have proved in the past that they can produce, and must be helped to produce more now.
- ii Although much of the rural infrastructure has not been maintained, the communal and some of the old resettlement areas still have basic agricultural infrastructure and services that can be rapidly revived at a reasonable cost. This means that there are some quick gains to be had from restoring agricultural production.
- iii These lands are not contested. By contrast, some of the land acquired under the fast track land reform programme is contested, with donors consequently unwilling to provide production support until the land issues are settled. Therefore, the communal and 'old' resettlement smallholder farmers can attract the substantial resources needed for rebuilding without getting embroiled in legal and political wrangles.

We are not suggesting a zero sum game here between smallholders and large-scale commercial farming, but we recognise that it is the smallholder sector which has to be working efficiently if the economy is to recover and welfare levels to rise. Agricultural policy will need to be reoriented toward the smallholder producer.

Some quick wins: focus on smallholder farmers in communal areas and 'original' resettlement areas/irrigation settlements

A significant part of the decline in recent agricultural production was due to smallholders simply being 'too poor to farm'. There are opportunities to achieve some quick wins in restoring their agricultural production (in communal lands, the old resettlement areas and A1 resettlement schemes contiguous to communal lands, especially in the better rainfall areas). There is abundant evidence that smallholder agriculture can rebound quickly from adverse political and climatic events if appropriately supported. Taking a cue from Malawi and from past experiences in Zimbabwe, we know that providing a package of key inputs – draft power, seed, fertiliser and a grant for local labour hire – would kick-start agriculture on communal land dramatically, if the weather holds. Smallholders in communal areas will need to be supported over at least three seasons on 'full packages', followed by a managed reduction of support over a further two years. We propose that the focus be on the smallholder farmers in regions 1 to 4. This would reach close to 71 per cent of the target group. Agricultural support will not be all that is required – for many households a social protection scheme will need to be set-up to restart production. We do not think the assistance package should be means tested, as the mechanisms for doing so may lack credibility and can potentially be abused in the current political climate. Available evidence also suggests that public works or cash for work would not function well in the current context. Apart from the fact that there is limited state capacity to monitor extensive workfare relief programmes, we also know that up to 60 per cent of the expenditure of such schemes may be consumed by overhead costs. Perhaps, after a few years of free agricultural inputs, workfare relief programmes may be more feasible.

Enhancing agricultural incomes through high-value crops and links to markets

After the initial gains from a basic agricultural package have been achieved, smallholders need to improve their earnings through innovation. This can be done not only through productivity growth but also by ensuring that some of the lucrative markets that have only been accessible to large-scale farmers in the past are made available to smallholder farmers. We are thinking here about links to some of the global supermarket chains, either directly or through out-grower schemes. Smallholders need support to begin to diversify into high-value crops linked to these global production chains. Both state and non-state sectors (especially private companies with corporate social responsibility programmes) will need to be involved in identifying these markets and linking the smallholders with them. By the time of the land invasions in 2000, some of the large-scale farms had already started some successful out-grower schemes that were working quite well. Re-activating such initiatives will create the income growth necessary for the economy to move beyond recovery.

Reviving large-scale commercial agriculture

While small farmers must be the priority, large-scale commercial agriculture will also need to be revived. This sector occupies about a third of all agricultural land, primarily in the better rainfall area, so productivity levels must be restored. Apart from the demonstration effect this has on smallholder agriculture, the scale factor implies that commercial farmers can enhance agricultural productivity growth. A key constraint is that reviving large-scale commercial agriculture will need the private financial markets to begin lending again. For this to happen, the uncertainties surrounding ownership and tenure need to be resolved. As long as these issues remain unresolved, agricultural financing will continue to be difficult and farmers must rely on the cash constrained state for support. The commercial farm sector only impacts indirectly on poverty, via employment and other upstream and downstream effects. The implication, therefore, is that as much as possible this sector should rely on state-assisted financial markets to enhance its productivity. The inclusive government therefore needs to find ways of recapitalising the major agricultural lending institutions so that they can begin to support the commercial farmers.

4 Land reform: moving forward

Land reform was at the heart of the crisis, and the expectation is that the transition process will iron out some of the problems that have prevented the beneficiaries of land redistribution from growing their way out of poverty. As noted previously, the country now has an agricultural system comprising a large smallholder farming sector occupying about two-thirds of all agricultural land. We see the main priorities following land redistribution as follows.

The unfinished business: tenure reform

There does not seem to be any logical justification for a continued dual tenure regime in Zimbabwe. This creates two classes of citizens. On the one hand are over 800,000 smallholders occupying some 14 million hectares of land under communal tenure, while on the other are nearly 320,000 resettled households occupying land on conditions that are much more favourable than their communal land peers. The inclusive government should revisit this and consider how other countries in the region, especially Mozambique and South Africa, have dealt innovatively with similar problems.

Re-planning A1 units

Most of the nearly 141,000 beneficiaries resettled on A1 units lack basic social services and infrastructure, since most of the large-scale commercial farming areas did not have social infrastructure, on the grounds that they were privately owned. This affects the ability of A1 unit households to utilise the land they have received through the programme. It is important that these are re-planned along the lines of the old 'accelerated' resettlement programme of the 1980s. This means planning them as new settlement projects, with full costing for social and physical infrastructure. We know from the experiences of the 1980s that it can cost up to US\$12,000 per farm to provide basic physical and social infrastructure, training and initial input support needed for a typical agricultural settlement. It would require an investment close to US\$1.69 billion to support the 141,000 A1 beneficiaries. Re-planning the A1 areas as a series of individual projects would allow donors to support this programme in 'bite-sized' pieces and to choose their projects. However, it will still be the responsibility of the state to provide

the overall connecting infrastructure. This multi-speed approach has the downside that certain regions might be more popular than others, which could potentially create political problems.

The re-planning needs to recognise the symbiotic relationship between these new units and the adjacent communal lands. Planning should therefore be integrated and coordinated with existing physical and social infrastructure in the communal lands. Given that A2 beneficiaries have more land and better terms and conditions of access, the state needs to explore private sector partnerships to provide commercial loans to this group, perhaps at subsidised rates. Like the former large-scale farmers, it should be their responsibility to develop local physical infrastructure, although the state can help organise provisioning of social infrastructure.

Revitalising agricultural institutions

The crisis took a heavy toll on agricultural institutions. Most of the extension and research activity has collapsed. Consequently, there is a need for an institutional audit to reconsider the roles of existing institutions and suggest new arrangements to support the new structure of agriculture in the country. This is particularly true if the newly settled A1 smallholders are to get the support they need. Since the country now has many more small, medium and large-scale commercial farmers than before, there is a need to identify the exact training and other support they require in order to establish how these can be provided.

A2 land audit

The international political agreement that formed the basis for the inclusive government foreclosed any discussions about reversing the land redistribution exercise. This means that the inclusive government can only refine and iron out emerging problems from the exercise. We know from the Utete and Buka Reports that there are still major issues related to farm ownership under A2 schemes. In addition, the actual uptake of A2 farms needs to be established. It is imperative that an independent audit of what is happening on these farms be undertaken with a view to reallocating underutilised land, perhaps to those with farming expertise who wish to return to farming, and are looking for land under the new terms and conditions. This needs to be seen as a technical exercise and should be led by a credible state agency.

Land registry

The resettlement process created new farm units that need to be mapped and registered. It is therefore crucial that the land information management system be revamped so that it can cope with the increased land units that will need to be registered. Given the number of farm units that will need to be registered, it may be necessary to decentralise this function to districts. Since district land committees hold the most accurate information, a Land Information Management Unit could be set up to run from these institutions and possibly even at ward level. To improve the user interface, the registration process will need to be as accessible, cheap and simple as possible. This might mean creating and training a new cadre of paralegals operating at district or ward levels, as a full legal approach to this problem will be financially infeasible. If donor agencies are interested in supporting the reform and strengthening of the land registry they should ensure that there is a lead donor. A series of different donor support packages could create problems.

Enhancing land use through taxation

One way of ensuring that beneficiaries use their newly acquired land is to ensure that after an initial grace period the owners have to pay land tax. While realising that this is a controversial proposal, we believe it should apply specifically to beneficiaries under the A2 scheme. Zimbabwe cannot afford to have good land set aside. A key advantage is that this encourages beneficiaries to utilise land, especially if the taxes are based on expected output. However, any scheme would have to be designed so as not to cripple struggling nascent black commercial farmers.

Compensation fund for former land owners

Although the former white commercial farmers cannot be compensated for land under the terms of Constitutional Amendment 16 of 2000, it may be possible for the inclusive government or its successor to consider a pool of funds, probably provided by or matched by donors, to compensate the farmers. Available data suggests that less than 5 per cent of the nearly 5,600 former commercial farm owners have received compensation. Sooner rather than later this will need to be resolved. This is a controversial idea and donors might be unwilling to pay compensation rather than support poor smallholder farmers. However, we know from the cases of Japan, Taiwan and South Korea that it was the investment in other areas of the economy of compensation payments to dispossessed landowners that helped these economies to grow after the Second World War. Clearly things are different in Zimbabwe, but under certain conditions – linked to the prevention of capital flight (for example payments through tax relief or bonds), such compensation could kick-start investment in selected areas of the economy and perhaps help with economic recovery. There is no denying that the former commercial farmers still remain a highly skilled group with extensive experience and knowledge of agriculture. Without land, if given resources some may wish to venture into agribusiness that may boost agricultural exports and create much needed off-farm but agriculture related jobs. The inclusive government may wish to explore this avenue as a way of bringing closure to an issue that could rumble on in the courts of law for many years to come.

5 Water reforms and agriculture

Water is one of the major limiting factors (and often the major factor) for productivity in agriculture in Zimbabwe. Reforms undertaken in the late 1990s substantially altered the terms and conditions under which water for agriculture is accessed. While commercial farmers still get the bulk of the water, there is a need to ensure equity in provisioning of water to the smallholder farming sector, especially if it is expected to play a more significant role in the revival of agriculture – as proposed in this report.

The next stage in the agrarian reforms should look at how agricultural water is distributed and the inequality of access among land users, particularly given that some of the A1 farms are located in prime agricultural areas and could benefit from improved access rights to water. It is only when combined with access to water that the productivity of land can be enhanced, increasing earnings, alleviating poverty and contributing to economic growth.

6 Moving forward on the environment: an environmental audit

The collapse of the economy drove most Zimbabweans to rely more on nature and natural goods than ever before – timber, firewood, bush meat, wild vegetables, traditional medicines etc. We know globally that poverty can drive people to ‘mine’ natural resources. The decline in the functioning of state institutions has permitted this, but even more it has allowed elites and other private interests to take advantage of lax enforcement and over-exploit natural products for individual gain. Environmental management efforts have weakened in several ways.

First, we know that staff attrition made environmental regulation ineffective, due to a collapse in enforcement capacity (forest encroachment and gold panning are two clear examples). At present, central government policy on the environment has little meaning and in some areas over-exploitation is rife – whether out of desperation or greed. In the post-crisis period there must be an emphasis on ensuring that state institutions are revitalised and begin to work again. A particular focus should be on strengthening the capacity of the Environmental Management Authority’s capacity to function at sub-national level, as it is in these areas that most of the work needs to be done.

Second, the rural restructuring that occurred as a result of fast track land reform has changed the dynamics of environmental stewardship, and attitudes and patterns of resource use. This change has affected both wildlife and forestry products directly. Deforestation has risen significantly due to reduced protection and increased demand for fuel wood as paraffin and electricity became less available. While the exact rate of deforestation in Zimbabwe is unknown, estimates suggest ranges between 100,000 and 320,000 hectares per year. An audit of the state of the environment in Zimbabwe is now needed. This could be one of the first confidence building measures the Ministry could undertake to re-assert its control over the environment agenda. The audit could form the basis for a new vision on the environment and provide entry points for other actors to promote sustainability.

Third, despite the nominal involvement of the government in global environmental debates, serious work on global environmental change in Zimbabwe – and especially about the ways in which climate change will affect the country and strategies for adaptation – is desperately needed. If rainfall patterns in Southern Africa are changing, research is urgently needed on such issues as drought resistant crop varieties and alternative land uses.

7 Restoring Zimbabwe’s education sector

The crisis had a major negative impact on the education sector. By the time the inclusive government took over, about one quarter of primary school children (100,000 children out of about 400,000) were not completing Grade 7, and a further 70,000 did not enter secondary school. Therefore, around 170,000 children each year do not gain the nine years of education that is essential to fully participate in social, political and economic development. Most of these children not in education, employment or training (NEETs) will find it difficult to make a living and, even when conditions improve, they will have few opportunities to increase their productivity or obtain better jobs. Unless Zimbabwe returns to its

original policy of free primary education, and extends it to cover two years of junior secondary education, it is likely to continue to have a substantial percentage of its population with a sub-standard level of basic education and limited employment prospects.

Linking education and training more closely to economic development

Investment in education is one of the key ways of moving and staying out of poverty. Clearly there will be issues of affordability. Given a state that lacks resources and an education system that has not seen substantial investment in nearly a decade, a compromise will have to be struck between offering free universal education and recovering some costs. In addition to improving access to basic education, Zimbabwe must improve the quality of education. The need for economic development requires a serious adjustment of the education system at all levels, but particularly at secondary, technical/vocational and tertiary education. The post-independence focus on preparing people for the public sector needs to shift to providing people with the technical skills and entrepreneurial approaches demanded in the 21st century. These include:

- i More science and technical/vocational content into primary education and ‘education for real life challenges’.
- ii Providing more technical and vocational training at secondary school level – the present output of 20,000 graduates each year is insufficient.
- iii The development of values, principles and moral education. Careful thought needs to be given to ways in which the formal education system might promote values and behaviour to reunite the country.
- iv Community involvement and decentralisation, which kept the education system running during the crisis and is essential for accountability and sustainability in the future.
- v Supporting young people not in education, employment or training (NEETs). A large number of young people who lost out on education and are probably too old to be re-integrated into the formal education system will need to be provided for. Left unattended, evidence from elsewhere in Africa suggests that they can easily become a potent reserve for militarisation and agents of violence when political fault lines emerge.

8 The health sector and post-crisis stabilisation

The inclusive government needs to stabilise and restore the finances, staffing, systems and structure of the health service before any long-term programming can occur. The high level of staff attrition is a priority organisational challenge afflicting the health delivery system in Zimbabwe. This has dramatically affected the Ministry’s capacity to deliver health services. Health budgets need to be restored – US\$0.19 per capita per annum does not buy much care. Most post-conflict countries use a standard three-stage model for reconstructing health systems after conflict: first, prioritising basic emergency and curative services; second, restoring essential services; and third, rehabilitating health systems. Elements of this model, when suitably adapted, can guide post-crisis stabilisation in Zimbabwe.

Basic emergency and curative health services

The priorities are dealing with pressing health needs, (especially the basic emergency and curative services to save lives) and providing low-cost preventative services (particularly immunisation). For Zimbabwe this was set in motion through the cholera epidemic inherited from the crisis. Although this is now under control, a recurrence is possible if the inclusive government fails to restore basic water supply and sanitation services. Basic health services, such as obstetrics, immunisations, and dealing with seasonal and communicable illnesses, must be restarted.

The most vulnerable are the under-fives, pregnant women and those with underlying health conditions. These must be prioritised. While specific needs must be clinically determined, we know that in post-crisis Mozambique and Sierra Leone the basic emergency service included immunisation for under-fives, tetanus jabs for expectant mothers, vitamin A for high risk groups and a systematic de-worming of children. This phase is usually resource-intensive, with the costs of similar programmes ranging from US\$3.70 per capita in Mozambique to US\$21 per capita in Sierra Leone. For Zimbabwe this clearly implies a substantial rise in health expenditure.

Other actions demand immediate attention:

- i Arresting the brain drain through introducing retention schemes. Remuneration packages based on regional rates will be needed to retain and attract back skilled health workers.
- ii Revitalisation of training facilities, especially the reopening and capitalisation of the College of Health Sciences. This is an absolute priority, as this is the only way to fill the skills gap. Although mechanisms may be needed to utilise the diaspora to restore health services (through short-term voluntary work or consultancies for instance), there is no substitute for restarting training of health professionals.
- iii Focusing resources on child health, maternal health, nutrition and communicable diseases, including HIV, malaria and tuberculosis.
- iv Rebuilding management capacity in strategic planning, expenditure management and budgeting.
- v Re-establishing the medical and surgical supplies chain.
- vi Measures to re-establish the health information system.
- vii Auditing the status of physical infrastructure. While in the short term, any capital injection for infrastructural development is unlikely, there is a need to invest in collecting information for longer-term planning.

Medium-term restoration of essential services

Once immediate health risks have been addressed, systematic delivery of essential health services can be contemplated. While in phase one (above) there is significant involvement of outside agencies helping to deal with life-threatening situations, phase two is about returning authority for public health to the state and making sure that there is an accountable set of institutions around the essential health service delivery system. For Zimbabwe this will mean restoration of health programming and a return to the strategies – primary and curative health care strategies, with a focus on quick win areas or quick impact programmes. Crucially, it is about mobilising the funding to deliver the service.

Rehabilitation of the health system

As Zimbabwe moves to the rehabilitation phase, long-term planning can begin, along with a detailed programme of infrastructural investment. During this phase, effective health information systems are essential. While ideas on what needs to be done are easy to outline, the ability to pay for restoring the health system is more problematic. On the one hand, the user-pays principle can generate resources, but makes health inaccessible to a majority of impoverished Zimbabweans. On the other, free universal health will not be possible for the cash-strapped inclusive government. While donors might chip in to support specific programmes, ultimately there will need to be a political compromise that allows for some cost recovery, especially from salaried and higher income groups that can afford it. For the majority, while the economy recovers, it might mean reliance on a social protection system to provide for basic health services.

Other health issues: the role of civil society

In the last five years the international community has channelled some of its resources through civil society. This is likely to continue in the long term, as it is part of the donor development agenda to empower civil society and include civil society actors in decision making on social issues such as health.

9 Social protection for the poor

Social protection is public action undertaken to address vulnerability, risk and deprivation within the population. After almost a decade of crisis, most governmental forms of social protection have all but ceased and non-state actors (communities, local and foreign NGOs) have been doing most of the work to protect the vulnerable and poor. With declining formal employment and hyperinflation, social insurance had become all but worthless, while there was little scope to enforce labour-market regulation. However, publicly funded social assistance still continued, though at a reduced rate and often under accusations of the politicisation of programmes. At the peak of the crisis, most of the distribution of food aid was done by non-state actors, which targeted orphans and other vulnerable children and adults.

By the time the inclusive government took over, systematic social assistance programmes failed to offer social protection to those who needed it. The state run programmes that remained (mainly food aid and agricultural input support) were seen as partisan, politicised and inadequate, and non-state actors played a prominent role in social protection for the poor. As such, rebuilding social assistance in post-crisis Zimbabwe is not merely predicated on resolving the political stalemate and normalising economic activity, but also on revisiting the role of the state and markets in social protection. It is clear from experiences in Latin America and other African countries that the state is increasingly expected to take a lead in developing comprehensive social protection schemes for its citizens in ways that advocates of small government may not like. Given the fact that the protracted crisis left most Zimbabweans poor, there is a strong case to be made for a comprehensive review of social protection provisioning.

Rebuilding social protection systems

In the short term, the inclusive government and its successor will need to establish a minimal livelihood floor, below which citizens will not fall. Non-state actors have become the face of social

protection for the poor, perhaps even being seen as a surrogate state. While state capacity to manage large, complex programmes is being restored and confidence is built among citizens that state institutions will be non-partisan, non-state actors will necessarily continue to play a significant role, especially during the inclusive government's two year tenure. It is imperative that the state uses this time to carry out a comprehensive review of social protection for its citizens and formulate a more integrated and inclusive social protection system. Such a review would ensure that the state regains initiative and visibility over the period the inclusive government is in power. The suggestion here is not for dismantling the involvement of non-state actors in social protection. Rather, it is for a restoration of coordinated planning and systematic social protection by the state.

Conditional cash grants for orphans, vulnerable children and the elderly

The crisis hit orphans, the elderly and adults with chronic illnesses the hardest. Although the state and some non-state actors have provided for some of their needs (notably medicine and food) the inclusive government will need to find ways to extend coverage to these groups. As the supply situation improves, consideration should be given to shifting from food packages to cash transfers, perhaps predicated on some health and education conditionalities. Food packages worked very well in the shortage-prone hyperinflation environment prior to dollarisation. However, experience from Mozambique suggests that its continued use in situations where the supply situation has improved could undermine food markets and ultimately farm production itself. Cash grants can instil confidence and provide a level of independence that direct food aid may not achieve in some situations. Evidence from Malawi and Zambia suggests that cash programmes can be more effective than food packages. However, there needs to be a minimum level of organisation to get this to work, and in the case of Zimbabwe the system of rural banking that had developed has now largely disappeared. A cash grant scheme could provide the impetus to rejuvenate them. To prevent the obvious moral hazards, families should be enrolled for no more than five years and the government, rather than donors, should take a lead in resourcing the programme in the long term. In the interim, donor support, both technical and financial, will be required. Questions of affordability will be raised, given the state of the national economy. Our view is that the inclusive government must begin to show commitment to its citizens and this is one way to do this.

Workfare relief

A major priority for the inclusive government will be to ensure food security to both the urban and rural poor. Workfare relief might be a sustainable medium- to long-term response to the severe food insecurity across the country. Labour-based relief for able-bodied adults, while keeping a streamlined food aid programme for primary school children and the elderly, would help stretch the government's resources over the anticipated long relief period. With unemployment as high as 80 per cent, and a situation in which a significant portion of the country's physical infrastructure (sewage systems, water systems, roads, rural schools, clinics, etc) is in a state of disrepair, trading famine relief for labour and the (re)construction of physical infrastructure would be prudent. The success of labour-based relief in post-crisis Zimbabwe will be predicated on adequate technical monitoring and supervision of

projects. One of the shortcomings of food-for-work programmes in the late 1980s and early 1990s was the poor design, monitoring and supervision of projects. To forestall these problems, technical support will be necessary at the level of local implementation of work projects and not just in their planning.

The basic income grant

Finally, the severe poverty and high unemployment in a post-crisis Zimbabwe will require inventive ways to prevent social instability and provide for the welfare of the country. In the long run, post-crisis Zimbabwe might consider the Basic Income Grant (BIG) as a way of promoting inclusive citizenship. The BIG is a grant paid to all citizens, without means testing and financed through taxation.

The universality of the BIG might be appealing in a post-crisis Zimbabwe for two reasons. First, a BIG removes the huge administrative burden of targeting involved in means tested programmes. Second, the universalism of the BIG minimises the possibility that social assistance will be politicised, because local, provincial or national administration will no-longer have discretion on the eligibility of beneficiaries. A key constraint is the affordability of the programme for a cash-strapped state emerging out of a protracted recession. This means that in all likelihood the BIG will remain a long term vision for the country and is unlikely to be considered in the immediate future.

10 Rebuilding the public service

Zimbabwe's public service, one of the best in sub-Saharan Africa in the early 1990s, has been severely weakened by the crisis. Apart from staff attrition and declining budgets to implement programmes, politicisation has compromised service delivery to all citizens. Public management is one of the key areas that will need attention. In addition to rebuilding the bureaucracy, through concrete tasks such as filling vacant posts, re-installing systems and re-establishing training institutions, there will be a need to work on 'softer' aspects such as organisational culture. Improving the capacity of the bureaucracy to deliver services effectively, especially to poorer people, and develop a client orientation are priorities. Specific steps include:

- i Ensuring that civil servants are fairly rewarded and are motivated to work.
- ii Strengthening the capacity of permanent secretaries to take a leading role in the reforms, through targeted staff development programmes, especially in corporate planning, strategic management and the promotion of a culture of excellence.
- iii Introducing regular and simple customer surveys in order to enhance accountability and assess the conduct of public officials in service delivery, and to ensure that services offered are accessible and meet client needs.
- iv Improving gender mainstreaming mechanisms in order to make this re-vitalisation of the public service an opportunity to challenge existing gender stereotypes and reach the target of 30 per cent women in decision-making positions by 2015.
- v Strengthening mechanisms for detecting and dealing with corruption. The establishment of the Anti-Corruption Commission is of paramount importance.

- vi Re-creating the capacity of government agencies, and especially the Central Statistical Office, to produce accurate statistics for planning.

11 Reconnecting Zimbabwe through information and communication technologies

During the period of crisis, the information and communication technology (ICT) sector suffered, like all the other sectors, and has been caught in a time warp. Zimbabwe is ranked among the lowest countries in the world for information technology, placed 132nd out of a total 134 countries in 2009. Compared to other countries in the region, Zimbabwe has been slow to embrace the commercial and governance potential offered by the new ICTs. This can be attributed to a combination of fear of losing control by the state and, the poor investment climate that characterised the decade-long economic decline. Growth of the mobile sector in Zimbabwe was disappointing, although the number of internet users grew at a faster rate and was estimated at 1,351,000 by 2009. Although partly attributable to the investment climate, the disappointing uptake of ICT was more to do with a reluctance to embrace ICTs for political reasons. Similarly, with respect to mobile telephony, which has greater relevance for Zimbabwe, there was little progress as the transformational benefits through new and innovative offerings like mobile banking (m-banking) have not taken root on the scale of those in South Africa (WIZZIT) and Kenya (M-Pesa). The potential for this industry to generate jobs is already evident and the inclusive government will have to embrace this technology rather than fear it. Four key priorities for reconnecting Zimbabwe will revolve around:

- i Implementing a sound ICT policy that recognises the central role of ICTs in national development. Policy should be based on a robust and coherent framework that responds to the cross-sectoral nature of ICTs. This is one way to avoid contradictions and suboptimal resource utilisation. The establishment of a Ministry for ICT creates an institutional base from which to direct a sound policy environment for the sector.
- ii Promoting competition and public-private partnerships. A recent ICT survey in Zimbabwe identified as priorities infrastructure development; finance mobilisation; and human resource development and capacity building. On infrastructure and financial resource mobilisation, the critical issue is to open the market to competition and create a policy and regulatory environment that is investor friendly. The growth of ICTs in African countries such as Nigeria is directly linked to creating a competitive environment, lowering barriers to entry, and allowing market forces to determine the pace of growth. Competition encourages investment and reduces access costs for consumers. The telecommunications market in Zimbabwe cannot be said to be competitive with only one dominant player.
- iii Capacity building. Countries that use the ICT industry as an export market have invested in human capital development. Simply implementing the right policies and regulatory environment will not produce the skills to run the sector, or attract back lost talent. In the long term, there is a need to create an e-culture that extends to primary education, and promotes ICT use at an early age. At tertiary level it is

essential to establish centres of excellence in ICT. The state can lead this, but private sector involvement is also needed.

- iv Sector regulation. A perception that regulation and regulators have been subjected to political interference and serve the state rather than citizens diminishes confidence and the ability to fully embrace the opportunities that ICTs offer. It is in the interest of ICT sector growth, and the long-term interest of the inclusive government, to promote regulatory environments that build trust and confidence amongst mobile firms, investors and consumers to facilitate ICT-enabled development.

12 Migration remittances and poverty focused reconstruction

Major population movements have taken place as a result of the Zimbabwe crisis – ‘guesstimates’ suggest that anything between 1.5 and 3 million Zimbabweans have migrated. Most skilled professionals remain within the region, especially South Africa, Botswana and Namibia, though a significant number migrated to Australia, Canada, New Zealand, the UK and the USA. Most migrants were able bodied and of working age, which has caused a major human capital loss and is partly responsible for the decline in productivity and service delivery. Evidence elsewhere suggests that in the short term it is unlikely that those who have settled and are gainfully employed will migrate back to Zimbabwe once the situation stabilises. As such, although the migrants could potentially help to rebuild the lost human capital base, there is a tendency to overplay their contribution as it is mainly the less skilled and those that are educated but unemployed who are likely to return. There are three main ways in which the diaspora could help in the reconstruction of Zimbabwe.

First, they could be a significant source of investment capital, if the correct mechanisms are put in place. Available evidence suggests that to date most investment by migrants is spent on sustaining relatives or goes towards conspicuous consumption. However, in Asia and South America the evidence suggests that migrants have made a difference when organised into hometown associations that have the support of the state. Clearly the state will need to move in this direction if it wants to effectively tap into the savings of the migrants. Caution is required, however, as migrants from countries in crisis often have limited ability to save and there may well be little savings for investment in reconstruction among Zimbabwean migrants. Nonetheless, schemes to encourage savings are needed, perhaps through creating tax incentives for non-resident Zimbabweans as India has done for its diaspora, which could, with time, stimulate growth.

Second, some migrants working as professionals have gained valuable experience. The inclusive government will need to find ways to lure them back (even for short periods) to share their skills and knowledge. It is probably in these non-pecuniary remittances that Zimbabwe could gain the most. Some who make a short visit may be enticed to return permanently if convinced that they can cope with life in what is now a very changed country. This is one area where the inclusive government, working with donors, can harness the human capital that probably benefitted the most from post-independence investment in education. The health and education sectors should be targeted most as these were the areas hardest hit by the brain drain.

Third, migrants need to feel that the inclusive government values them as citizens and does not view them as having divided loyalties. Confidence-boosting measures would include allowing dual nationality, restoring voting rights for migrants who hold Zimbabwean citizenship and creating mechanisms for them to be heard. In exchange, migrants should be prepared to pay an annual tax for retaining Zimbabwean nationality. Clearly this would be controversial but it could be a way for migrants to contribute directly to the state budget.

13 What roles for development partners?

Development partners from traditional donor countries and new players (China, India, etc) are unsure how to respond to the opportunity created by the formation of the inclusive government. They want to help poor Zimbabweans but are deeply suspicious of the country’s politicians, civil servants and business leaders since the crisis years. Nonetheless, most donors have a clear idea of what to do and not to do: do not proliferate programmes; coordinate activities; identify lead agencies on issues so that transitional authorities do not get drawn into too many meetings; pool resources; and build on local capacities. The Paris Declaration lists most of the ways to make donor funding in Zimbabwe more effective. Donors just need to follow their own agreement!

14 Other issues

A truth and reconciliation commission

There are bitter differences amongst Zimbabweans that will not disappear even if things go well from now on. The possibility of creating a Truth and Reconciliation Commission should be explored. The global leaders on this issue – South Africa – could provide guidance.

Universities and tertiary education

As researchers, we have seen the difficulties our colleagues in Zimbabwe have faced and the weakening of the country’s highly reputed institutions. As with other sectors, it will be Zimbabweans who will lead on this issue. Distant friends can re-activate academic partnerships, win resources to undertake collaborative research and seek opportunities to reconnect Zimbabwean academics and researchers with the world of ideas. Restructuring the country’s tertiary education sector is not simply about ‘education’: it is a key entry point for reactivating civil society and informed public debate about national futures. A first step would be for researchers to undertake rapid surveys, so that the basic data needed for public planning – population, gender, employment, well-being – starts to improve.

15 Conclusion

Zimbabwe has an opportunity to move forward now. This independent report outlines a strategy to hasten the recovery process by integrating policies to raise productivity, generate employment and directly tackle poverty. At its core is kick-starting the economy through a focus on agriculture and particularly small farmers. Quick wins can be achieved by restarting agricultural production in communal lands, old resettlement areas and the ‘new’ A1 resettlement schemes by providing ‘full packages’ of agricultural inputs for the next three seasons. Subsequent initiatives would re-start the commercial farmers and help smallholders diversify into higher value products.

Priority areas are also identified for other sectors:

- i *Land reform* – replanning A1 units, land audits, re-establishing the Land Registry, land taxation and compensation to former landowners (that will harness their technical and entrepreneurial skills for national development).
- ii *Water reform* – to ensure that those with land can access the water they need for production.
- iii *Environmental audit* – to assess the state of the environment, especially forests and wildlife, and re-activate the Environmental Management Authority.
- iv *Education sector* – priority actions are identified to get teachers and children back into school, to raise enrolment rates and to improve the quality and relevance of education.
- v *Health sector* – a three-stage plan proposes (i) the re-establishment of basic emergency and health services (accident and emergency, immunisation, obstetrics, communicable and seasonal illnesses, de-worming); (ii) medium-term restoration of essential services; (iii) longer-term rehabilitation of the health service. There will be a strong role for civil society in these processes and difficult questions about resourcing will need to be addressed.
- vi *Social protection for the poor* – in order to be reproductive, Zimbabwe's poor majority will need a basic level of security. An evolving social protection system can provide this, through sequenced cash grants and cash for work schemes.
- vii *Rebuilding the public service* – Zimbabwe's once excellent public service can be revived by re-starting salaries, depoliticising decision-making, strengthening the role of permanent secretaries and other actions. A key priority is to re-establish government agency capacities to produce accurate statistics for public planning.
- viii *ICT development* – by reforming regulatory policies, so that competition is enhanced and private sector investment drawn in, Zimbabwe can rapidly reconnect itself to the world and develop low-cost service delivery mechanisms for low-income people – microfinance, cash transfers, agricultural information and much more.
- ix *Utilising the diaspora* – though it is likely to prove impossible in the short term to attract back skilled workers who have migrated during the crisis, policies should be explored to encourage short return visits, to fill skills gaps and share knowledge. Policies are also needed to encourage the investment of migrants' savings back into Zimbabwe to foster growth.
- x *Development partners* – Zimbabwe's development partners face a dilemma: how to help its long-suffering people whilst ensuring that governance improves. Once they start to transfer resources, they can effectively support capacity development and institutional strengthening by honouring the Paris Declaration.

Many other issues will need to be addressed, such as exploring whether a Truth and Reconciliation Commission could lay firm political foundations for the future by reconciling victims and perpetrators, and re-activating Zimbabwe's universities and colleges. None of the policies and actions recommended here will be easy, but the opportunity exists to improve wellbeing, restart growth and become a proud people and a unified nation once again. Openly deliberating on how to seize this opportunity is the first step in moving forward.