Overseas Development Institute

The crisis in Zimbabwe:

its impact through adverse coping and downward mobility

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Timeline of key events

- 1998 – opposition formed (MDC)
- 2000 – Fast Track Land Reform begun
- 2003 – attempt to revise Constitution (failure results in punitive action and increased use of (racial?) nationalism by Govt
- 2000 onwards – development of Youth Militia
- 2005 – Operation Murambatsvina (Restore Order), aim to catch 'economic saboteurs'
- 2006 (Aug) Operation Sunrise (devaluation, withdrawal and re-issue of bearers bonds)
- 2007 – opposition leaders and supporters beaten

Overview of the economic crisis

- GDP ↓ 40% since 2000
- Ag production (volume) ↓ 50% since 2000
- Unemployment = 80%
- Poverty = 85%
- Inflation = 3,700% (May 2007)
- Collapsing value of Zimbabwean Dollar
  - (July 2006) official exchange rate = Z$101,000 = US$1
  - (July 2006) parallel market rate = Z$500,000-600,000
  - August 2006, three zeros removed from currency
  - May 2007 exchange rate at Z$50,000 = US$1 (Z$50,000,000 old money)
- Widespread business collapse

Crisis in governance

- Exclusion/ political harassment (IDPs/ ‘mobile & vulnerable groups’)
- Role of ‘state agents’ – unpredictable implementation of the rule of law, old laws dusted down and used to harass ‘enemies of the state’
- ↑ nationalism – political tool – driving harassment
- ↑ (chaotic) involvement of government in key markets – having a profound impact on the poor
- Quality and access to public services declining – profound impact on the poor and not so poor – “we die at home now”
- Failure of Government to deliver on human rights obligations

Impact on lives & livelihoods

- Dynamic
- Rapid downward mobility – shrinking middle class, increased poverty incidence and severity
- Macro-economic mismanagement having a profound impact on the poorest
  - Key markets highly distorted/ controlled
  - Government action widespread and difficult to mitigate (ID probs, grain control, evictions/ demolitions, hyperinflation, loss of confidence/ trust)
  - Livelihoods based on ‘quick turnaround’ activities
  - Many driven to adopt ‘adverse coping strategies’

IDP Camp, Midlands

Mzilikazi - Bulawayo

Orphaned at 9, school drop out, thrown out by step-father, recruited by Tsotsies – now reformed (?)

Zenzele Village, Makoni Rural

Coping strategies

- Sequential and composite shocks – both idiosyncratic and covariate
- People (sequentially) drawing down on key assets
- Key thresholds for assets being reached – tipping point after which recovery difficult (critical mass of assets & capabilities needed for people to construct livelihood strategies)
- Likely to drive increased persistence of poverty
- Increase in adverse coping (contravention of human rights?)
  - Crime, begging, commercial sex work, withdrawal of children from school, ‘dying at home’

Traditional safety nets

- Zimbabweans seen as robust/ long suffering
- Evidence that traditional safety nets are breaking down
  - ↓ remittances
  - Remittances (food) flowing from rural to urban kin (in place of cash remittances from urban to rural kin)
  - Reverse migration
  - ‘border jumping’ (300 people a day reportedly sent back from RSA daily)
  - ‘child dumping’

Post crisis recovery

- Depth and duration of crisis will make post-crisis recovery expensive and difficult
- The longer the crisis continues the more likely the creation of irreversabilities and the creation of chronic and intergenerationally transmitted poverty
- Food insecurity & (adverse) coping strategies have reduced the quality of human capital – rebuilding this will be key for post-crisis recovery
- Community fragmentation, erosion of trust (particularly evident in urban areas), and decaying institutions (including markets and rule of law) – rebuilding will be slow