



# The Fate of Livelihoods Under COVID-19 Lockdowns and Neoliberal Restructuring

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# Introduction

Zimbabwe like the rest of the world had to contend with the effects of COVID-19 for most of 2020. Beginning in March, 2020 the country imposed a number of lockdown measures which among other things curtailed not only the spread of the virus but also economic activity. Most of the sectors of the economy were severely affected. When government began to lift restrictions, it did not extend these measures to what we generally refer to as the informal sector. In fact in some instances such as in the transport sector it looked as if government was bent to destroy the commuter omnibus sector to prop its own ZUPCO or to arm twist independent operators to work under the ZUPCO franchise. There are a number of exploratory studies on the effects of COVID-19 on the economy and there seems to be a consensus that it led to major contractions. The wheels of government however did not necessarily slow down, instead their penchant for changing laws was on steroids. In one year alone the GoZ passed 314 Statutory Instruments. Some of these laws served to restrict the movement of people due to the lock down. Perhaps one of the most important policy measure was the Global Compensation Agreement wherein government committed itself to paying US\$3.5 Billion to former large scale commercial farmers.

Furthermore, the government of Zimbabwe has since 2018 been engaged in a process of neo-liberal restructuring which is synonymous with the structural adjustment programme of the 1990s. One of the most popular statements associated with Mnangagwa's government has been "Zimbabwe is open for business". Unlike under Mugabe the new government has pinned its hopes attracting foreign direct investment and, in the process, joined the rest of Africa in what Paul Collier has referred to as the 'race to the bottom'. Safeguards for local participation in the economy such as the indigenisation policy and local participation in lucrative mining value chains have been scrapped. Mugabe era price controls are gone; the currency has been allowed to float from the 1:1 parity and now you will need ZWL\$81.32 to purchase US\$1. The government has also kept a tight lid on salaries and wages. The prices of goods and services have continued to increase but slowed down after July. In July 2020 inflation peaked to, 837.53% and slowed down to an extent that by November 2020, inflation stood at 401.66%<sup>1</sup>. For instance, in March 2020, a family or household of five required ZWL6,420.87 to meet their needs in the home. Fast forward to three months later; the same family or household of five required ZWL\$11,334.00. In September, the cost of living for a family or household of five had increased to ZWL\$17,956.87. In other words, the cost of living in Zimbabwe increased by 279.66% within a space of 6 months.

1. <https://tradingeconomics.com/zimbabwe/inflation-cpi>

In this report we explore in more detail the extent to which government's neo-liberal thrust combined with COVID-19 related convulsions have affected livelihoods across the country. The discussion is based on research data that we have been collecting through a number of our online platforms including the price and policy trackers, household survey data, case studies and an on-going process of reviewing the performance of policies.

## Background

Immediately after the 2018 elections the government launched the Transitional Stabilisation Program (TSP). The TSP sought to move the country “towards a prosperous and empowered upper middle-income society by 2030”. The TSP focused on “stabilising the macro-economy, and the financial sector; introducing necessary policy, and institutional reforms, to transform to a private sector led economy and launching quick-wins to stimulate growth”. From the beginning government made it clear that they were introducing the TSP as a precursor to the first of two strategic programmes. In November 2020, the Government of Zimbabwe (GoZ) retired the TSP and introduced the National Development Strategy One (2021–2025)<sup>2</sup> also with the goal of achieving upper middle-income status by 2030 (i.e., Vision 2030). Government through National Development Strategy One (NDS1) seeks to achieve the following:

- Grow the economy at an average 5% for the next five years.
- Maintain fiscal deficits averaging not more than 3% of Gross Domestic Product (GDP).
- Lower inflation to within the Southern African Development Community (SADC) inflation target range of 3% to 7% by 2025.
- Increase forex reserves to at least six months’ import cover by 2025.
- A market determined exchange rate.
- Maintain public and publicly guaranteed external and domestic debt to GDP at below 70% of GDP.
- Create at least 760,000 formal jobs over the five-year NDS1 period.
- Improve infrastructure development in energy, water, sanitation, roads, and housing.

The TSP and its successor should not be analysed in isolation. The measures contained in the TSP and NDS1 are similar to the Structural Adjustment Programs (SAPs) of the 1990s. The structural adjustment of the 1990s referred to as Economic Structural Adjustment Program (ESAP) was also focused on economic growth and creation of efficiencies within the economy through the removal of subsidies, privatisation of State-Owned Enterprises (SOEs), fiscal consolidation, cutting down on government expenditure and attracting foreign investors in the form of International Financial Institutions (IFIs) and Foreign Direct Investments (FDIs).

The current policy thrust like ESAP is also focused on privatisation, reducing

2. [http://www.zimtreasury.gov.zw/index.php?option=com\\_phocadownload&view=category&id=64&Itemid=789](http://www.zimtreasury.gov.zw/index.php?option=com_phocadownload&view=category&id=64&Itemid=789)

government expenditure, and re-engaging with IFIs. The neo-liberal reforms entail reduction of the size of the civil service (2020 freeze on civil service positions), suppressing salaries (remember the doctors', nurses', and teachers' strikes in 2020), aligning with the demands of global capital such as the reversal of indigenisation laws, capitulating to the demands of large-scale farmers for compensation<sup>3</sup> albeit with the promise to be accommodated within global financial circuits. We are also aware that ESAP led to de-industrialisation, loss of jobs, contraction of the economy and also negatively affected the capacity of the state to effectively deliver social services especially in health, education, and housing.

Furthermore, the GoZ has made two major policy reversals around land reform and indigenisation laws that affect the mining sector. The Global Compensation Deed Agreement to former large scale commercial farmers will, in the absence of donor countries coming on board, potentially be a huge drain on the fiscus.



**Furthermore, the new policy on Joint Venture Agreements on farms will most likely dilute the thrust of black empowerment.**

The new investors on the farms are likely to be savvier and will be exacting in their demands especially when negotiating with their less skilled counterparts. The lifting of indigenisation laws in mining will potentially lead to the return of 'enclave' like development patterns. Some background to this, 'capitalism emerged in Africa without the need to transform both agriculture and industry and without the need to commodify all of the active population the majority which remains outside the sphere of influence of capitalist relations of production' (Mhone 2001). The incomplete subordination of all forms of production led to economic dualism characterized by 'a coexistence of mutually interrelated major segments of the labour force, a minority, which is engaged in dynamic activities propelled by the capitalist imperative. The new investors on the farms are likely to be savvier and will be exacting in their demands especially when negotiating with their less skilled counterparts. The lifting of indigenisation laws in mining will potentially lead to the return of 'enclave' like development patterns. Some background to this, 'capitalism emerged in Africa without the need to transform both agriculture and industry and without the need to commodify all of the active population the majority which remains outside the sphere of influence of capitalist relations of production' (Mhone 2001). The incomplete subordination of all forms of production led to economic dualism characterized by 'a coexistence of mutually interrelated major segments of

3. On the 29th of July 2020, the Government of Zimbabwe (GoZ) announced that it had finalized a compensation agreement with the former large-scale commercial farmers whose land was compulsorily acquired by government through the Fast-Track Land Reform Program (FTLRP) of 2001. See here <https://www.tendaimurisa.org/thought/to-compensate-or-not-to/> for more.

the labour force, a minority, which is engaged in dynamic activities propelled by the capitalist imperative for accumulation, and another, comprising the majority, which is trapped in non-capitalist forms of production and engaged in low productivity economic pursuits that are static from the point of view of accumulation' (ibid). The reversal on the indigenisation thrust combined with relaxation of foreign exchange rules on repatriation of profits will potentially limit the extent to which the mining sector can contribute upstream towards value addition of the minerals and instead it will ensure that the country remains an exporter of primary goods. In other countries such as Norway mining has been used to spur economic growth through ensuring local participation, development of a value chain which feeds off mining and contributes to other sector and also the development of a sovereign fund. Currently there are very few audits of mining firms which demonstrate the extent to which mining companies support local business by sourcing for inputs locally, contribute towards local development and the development of value adding industries.

Beyond local ownership of mining concerns there are also real fears that the Community Share Ownership Trusts (CSOTs) which had been introduced during the Mugabe era will no longer receive the share of the profits from mining activities. Studies carried out by others (see for instance Maodza, 2012<sup>4</sup>; Mabhena and Funa, 2014<sup>5</sup>) have demonstrated the socio-economic benefits derived from the resources allocated to CSOTs. Besides, the communities surrounding mining activities bear the brunt of the environmental damage caused by mining and other social ills associated with mining. It is only fair that they have a stake in the mining activities. However, the neo-liberal thrust, with its emphasis on protecting investments and property rights has diminished prospects for communities to benefit from natural resources (minerals) occurring in their vicinity.

Beyond neo-liberal restructuring there are allegations of corruption by senior officials within government and also politically connected business elites. Since the change of leadership in the GoZ there is a politically connected businessman who has managed to expand his business into almost all the lucrative sectors from agriculture, banking and mining. The COVID-19 related government expenditures have also created room for abuse of funds by senior government officials. The former Minister of Health and Child Care – Obadiah Moyo, was arrested on allegations of corruptly awarding tenders to business entities without following procedures. All of the factors discussed above have significantly affected prospects for policy led improvement on livelihoods.

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4 Maodza, T. (2012). Community Share Ownership Trusts. 29 June 2012: Harare. The Herald.  
Ministry of Youth, Indigenisation and Economic Empowerment: Community Share Ownership Trusts (online).

5 Clifford, M and Moyo, F. (2014). Community Share Ownership Trust scheme and empowerment: The case of Gwanda Rural district, Matabeleland South Province in Zimbabwe. *IOSR Journal of Humanities and Social Science*. 19. 72-85. 10.9790/0837-191117285.

# 3

## Crisis- What Crisis?

The discussion on the crisis in Zimbabwe has always been framed as a political problem to do either with the legitimacy of the incumbent government or the external causes to the economic meltdown and rarely about the structural issues that constrain equitable development. Furthermore, the existing deep-seated polarisation within the country on partisan lines has made it difficult to acknowledge success and also to engage objectively around policy gaps and inconsistencies.

However its not all gloom. There were quite a number of policy-based accomplishments in 2020. Government's debt to local lenders has been effectively wiped out. The Minister of Finance and Economic Development has repeatedly boasted about the fact that he has managed to effectively pay off domestic debt. The GoZ managed to achieve that through the introduction of the Intermediated Money Transfer Tax (IMTT) of 2%. From August to November 2020 the country recorded a trade surplus due to increased manufacturing capacity, firming gold prices and a good tobacco crop<sup>6</sup>. The foreign currency auction system introduced mid-year has also contributed to creating stability and improved availability of foreign exchange for importers. In the energy sector government working with private players managed to add 1190.88MW to the grid through new solar energy stations scattered around the country.

In terms of infrastructure projects, the government has also managed to rehabilitate major highways across the country, for example the first 100km of the Beitbridge – Harare road<sup>7</sup> were completed by year end and significant progress (58%) has been made on the Makuti – Chirundu road<sup>8</sup>. Major irrigation projects in Chivi, Buhera and Nyakomba were commissioned and these are intended for smallholders. It is estimated that these irrigation projects will benefit more than 1,000 households and hopefully have a positive effect on livelihoods. An increase in the supply of electricity will in the long term improve availability and also reduce costs. Improved availability of foreign currency may probably contribute towards many entities securing affordable foreign currency to retool their manufacturing concerns. However, these benefits are mostly in the long run except maybe for the irrigation infrastructure which should offer immediate relief to some rural communities. The GoZ did not come up with sustainable measures to resolve livelihood problems in the short term. To cushion the vulnerable members of society, the government allocated ZWL\$2.4 billion for COVID-19 cash transfers. The identification of beneficiaries is ongoing, and currently over 202,077 beneficiaries are receiving allowances

6. <https://www.bloomberg.com/news/articles/2021-01-13/zimbabwe-trade-data-offer-glimmer-of-hope-to-beleaguered-economy?sref=CuKQ3qJG>

7. <https://constructionreviewonline.com/news/zimbabwe/first-100km-of-harare-beitbridge-highway-in-zimbabwe-commissioned/?amp>  
<https://www.herald.co.zw/2020-anchor-for-zims-success/>

8. <https://www.herald.co.zw/private-capital-to-fund-makuti-chirundu-highway-upgrade/>

of ZWL\$300 per household. As at end November 2020, the Treasury had disbursed ZWL\$98 million through the Ministry of Public Service, Labour and Social Welfare to vulnerable households<sup>9</sup>.

Another source of increased foreign currency to the country was through agriculture. Tobacco farming earned the country US\$763 million in 2020. More value-added tobacco in the form of cut rag and cut stems were exported in 2020 compared to 2019. Exports of by-products increased from 36 million kg in 2019 to 43 million kg in 2020. Despite COVID-19, Zimbabwe exported just over 182 million kg of tobacco, which equal to the previous year's volumes, according to the Tobacco Industry Marketing Board (TIMB)<sup>10</sup>.

GMB paid ZWL\$52,534.61 per tonne for Grade A wheat and ZWL\$47,888.05 per tonne for the ordinary wheat.<sup>11</sup>



**The Grain Marketing Board (GMB) as of 10 December 2020 received 155,834.9 tonnes of wheat from farmers. A total of 107,752.7 tonnes were considered to be grade A, while the remaining 47,888.05 tonnes was ordinary.**

Furthermore, we also acknowledge the role of external factors especially climate related changes in the worsening of livelihoods. Zimbabwe has had to contend with two large-scale natural disasters; flooding caused by Cyclone Idai and the global COVID-19 pandemic. The livelihoods crisis under discussion is a result of a combination of on the one hand a fascination with neo-liberal reforms, endemic corruption within government and on the other hand exogenous factors such as the impact of drought on agriculture and food security, flooding caused by Idai and more recently COVID-19.

Finally, it is also important to note that the crisis under discussion has a longer history than previously acknowledged. Zimbabwe is yet to fully recover from the negative impact of the first round of adjustment and the manner in which land was redistributed during the Fast-Track Land Reform Programme. The crisis is multidimensional and manifests as collapse of household food security, limited to non-existent social service delivery, collapse of social safety nets and also increasing levels of frustration with government performance (see Table 1).

9. <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>

10. <https://allafrica.com/stories/202101060188.html>  
<https://tobaccoreporter.com/2021/01/07/zimbabwe-earns-763-million-from-tobacco/>  
<https://www.timb.co.zw/>

11. <https://www.sundaymail.co.zw/bumper-wheat-harvest-saves-zimus80m>

**Table 1: The Multifaceted Crisis in Zimbabwe**

<b>Dimesion</b>	<b>Characteristics of the Crisis</b>
Economic	High Levels of Unemployment Hyperinflation International isolation (sanctions) Acute shortage of foreign currency Weak or no economic growth as measured by GDP De-industrialization/Closure of Companies Limited Utilization of Factory Capacity Collapse of infrastructure High prices of goods Cash shortages Weak consumer demand over goods
Agriculture	Contestations over land reform and disagreements over the compensation model Land Reform induced decline/collapse of agricultural performance Food crises/increase in number of food insecure households Shrinking of land under irrigation Shortage of productive inputs Climate change induced challenges
Health	Shortage or unavailability of essential drugs Shortage of machines to carry out basic procedures Skills Migration (Doctors and Nurses) Poor remuneration for Doctor and Nurses New global pandemic
Education	Growth in population not matched by increase an increase in education infra-structure High levels of teacher absenteeism Skills Migration of highly qualified professionals Poor remuneration of teachers Shortage of textbooks Increasing numbers of school dropouts
Housing	Weak or no supply of low-priced housing stock Increasing number of families on housing waiting lists Weak financing mechanisms to support the supply of housing especially for “Bottom of the Pyramid” based households Increasing prices of stands Increasing number of people living in informal settlements

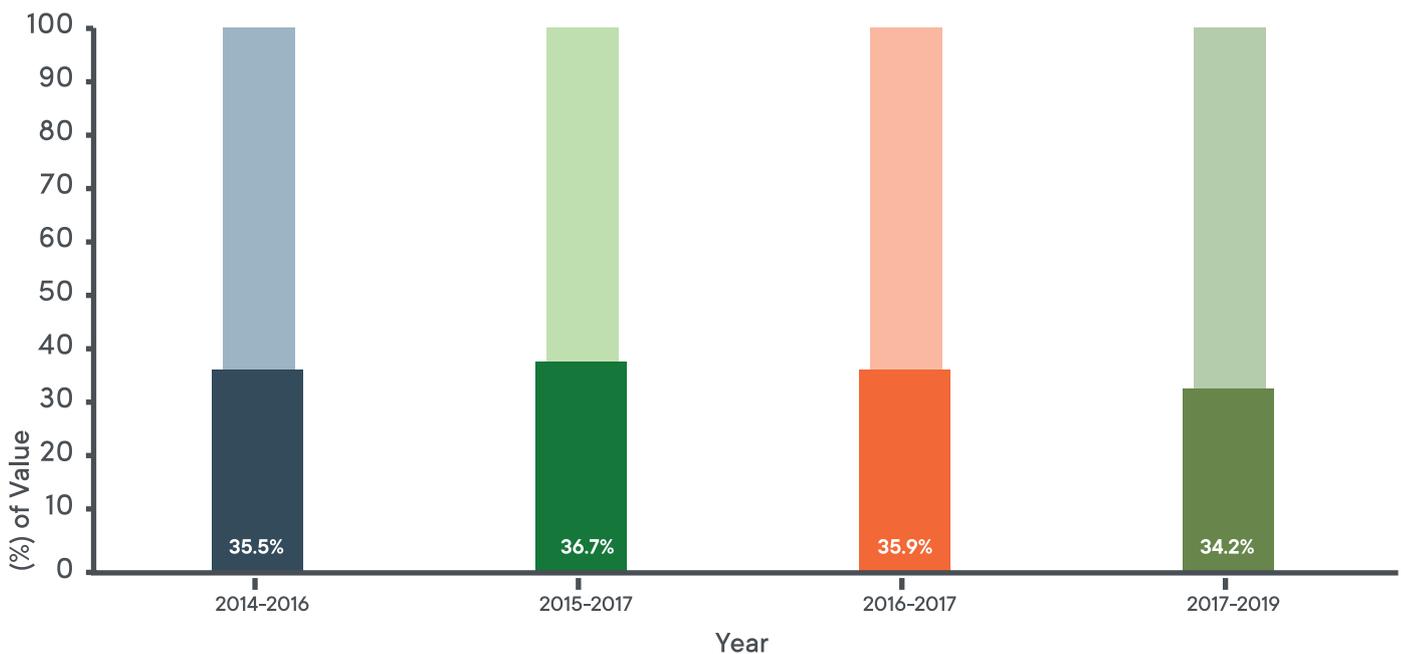
# 4

## Livelihoods in the Rural Space- Tracking Food Insecurity

Food insecurity has worsened. Since 2014 on average 35.57% of the population has been food insecure (see Figure 1). According to the Zimbabwe Vulnerability Assessment Committee (ZIMVAC)'s rural livelihoods assessment, the number of food insecure households normally peaks between January and March of each year and 2020 was no exception. The COVID-19 pandemic also imposed new threats in an already critical food security situation arising mainly from the prevailing poor macroeconomic conditions and consecutive years of drought. The World Food Programme (WFP) estimated that by the end of 2020, the number of food insecure Zimbabweans surged by almost 50% to reach 8.6 million (60% of the population) – owing to the combined effects of drought, economic recession, and the pandemic.

It is expected that the 2020 food insecurity will spill over into 2021. ZimVAC estimates that about 56.2% or around 5.5 million rural people will be food insecure at the peak of the hunger season from January to March 2021. This prevalence of food insecurity is one of the highest the country has recorded in the recent past and the data suggests the need for continued support to households to avoid slipping into chronic food insecurity and malnutrition. Subsistence farming families who make up three-quarters of Zimbabwe's population and produce most of its food have been the most affected.

**Figure 1: Prevalence of food insecurity in the total population (% values)**



Source: FAO 2019<sup>12</sup>

12. <http://www.fao.org/faostat/en/#country/181>

The COVID-19 pandemic imposed new challenges on the economy. The informal sector was the worst hit. Government's lockdowns starting in March effectively closed down informal markets (see below). Formal business also struggled to retain their employment capacities leading to a number of firms cutting down the size of their work force. According to a study carried out by Chaora (2020)<sup>13</sup>, 32% of SMEs under study indicated that they shut down operations completely and adopted a wait and see approach. Forty-one percent (41%) closed the physical office and continued to work remotely. Only 35% of respondents remained operational in their office space during the lockdown. Of those who continued to operate 20% indicated they had essential staff only with strict measures in place for social distancing and maintained high standards of hygiene. Furthermore, the majority (95%) of the respondents indicated that the lockdown had negatively affected their finances and prospects for long term viability.

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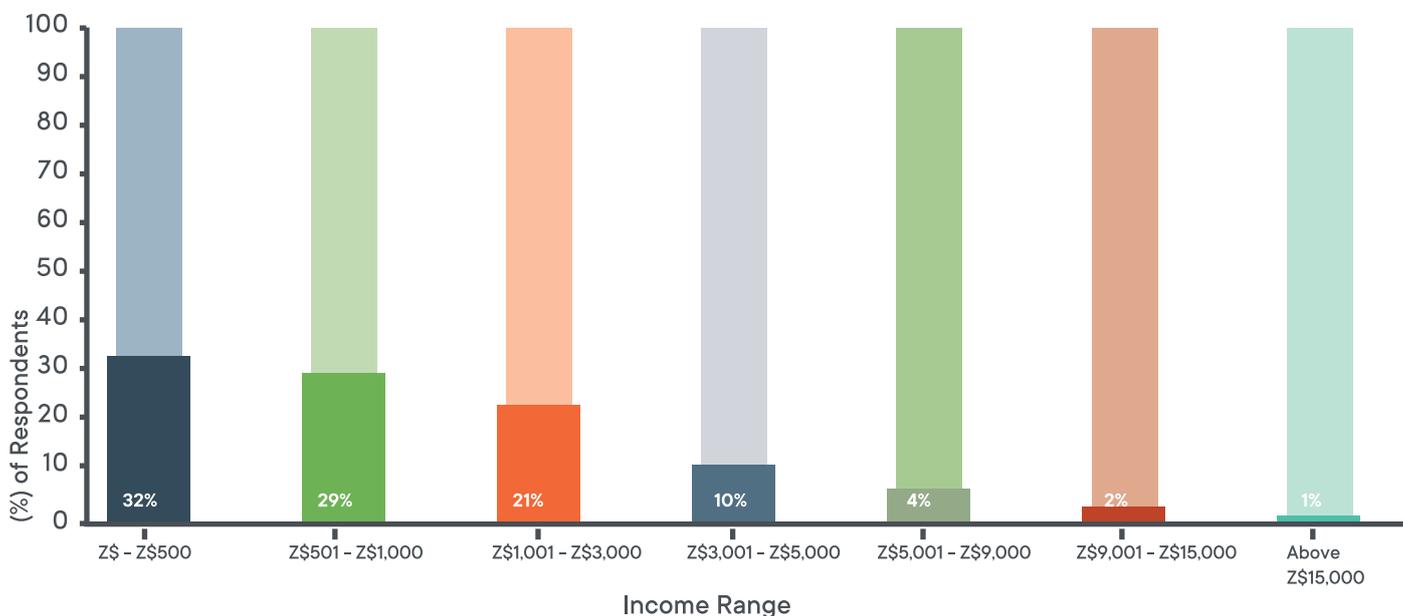
13. <https://www.sivioinstitute.org/wp-content/uploads/2020/09/SI-Report-Impact-of-COVID-19-Lockdown-on-Micro-Small-Medium-Scale-Enterprises-in-Zimbabwe.pdf>



# Collapse of Earning Capacities

When measured by incomes, own production capacities and remittance support there is sufficient evidence to suggest that livelihoods deteriorated throughout 2020. Social protection measures such as price controls were removed. Unlike in 2008 where shops were literally empty, this time around the shops remained full but real demand was suppressed. Earnings and savings were eroded by the shift from the official 1:1 parity between the United States Dollar (USD) and the Real Time Gross Settlement (RTGS) dollar. The prices of basic goods moved in alignment with the parallel exchange rate. In a survey carried out across Zimbabwe in December 2019 we found that the majority of respondents earn below ZWL\$1,000.00 (see Figure 2 below).

**Figure 2: Respondents' monthly income range**



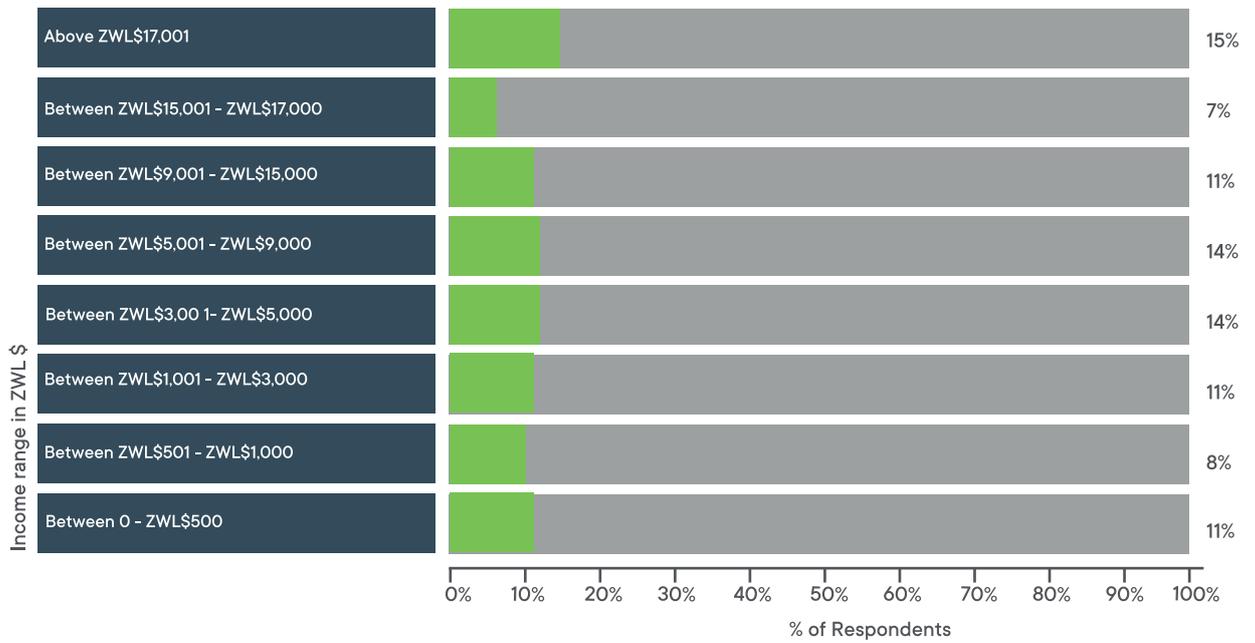
Source: SIVIO Institute, May 2020<sup>14</sup>

Fast forward to December 2020, the majority of respondents still earn below US\$200, equating to ZWL\$17,000.00 (see Figure 3 below). These figures suggest that there has been no significant shift in terms of earning capacities in comparison with the shift in prices (discussed below).

[https://www.sivioinstitute.org/wp-content/uploads/2020/05/ES\\_Citizens-Perception-and-Expectation-Report.pdf](https://www.sivioinstitute.org/wp-content/uploads/2020/05/ES_Citizens-Perception-and-Expectation-Report.pdf)

14. [https://www.sivioinstitute.org/wp-content/uploads/2020/05/ES\\_Citizens-Perception-and-Expectation-Report.pdf](https://www.sivioinstitute.org/wp-content/uploads/2020/05/ES_Citizens-Perception-and-Expectation-Report.pdf)

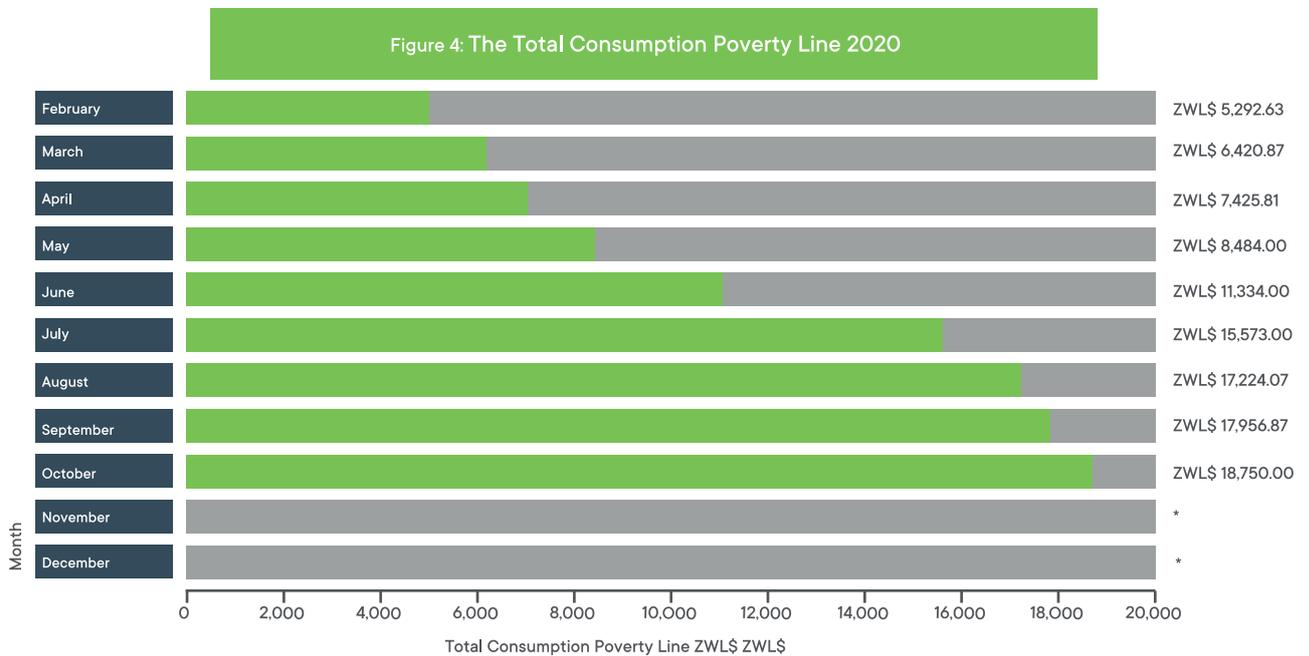
Figure 3: Respondents' Monthly Income Range



Source: SIVIO Institute, December 2020

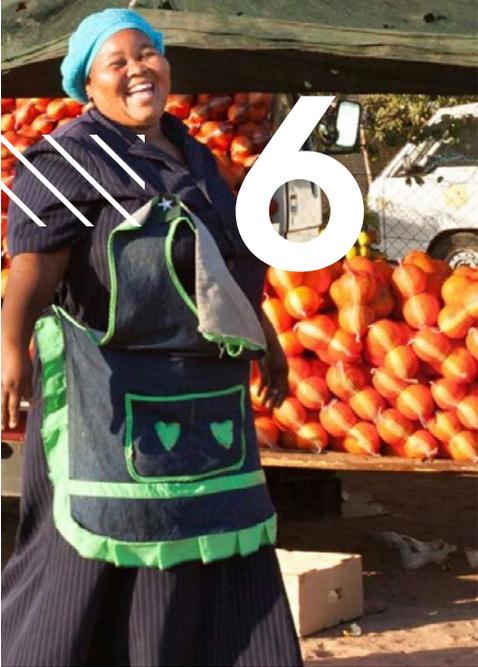
On the other hand, the cost of living for a family of five has increased by 254.27% from January 2020 to December 2020, salaries have not increased to match this and in some instances have remained stagnant. Figure 4 below provides a month on month increase in the cost of living for a family of five since the beginning of the year.

Figure 4: The Total Consumption Poverty Line 2020



Source: <http://www.zimstat.co.zw/>

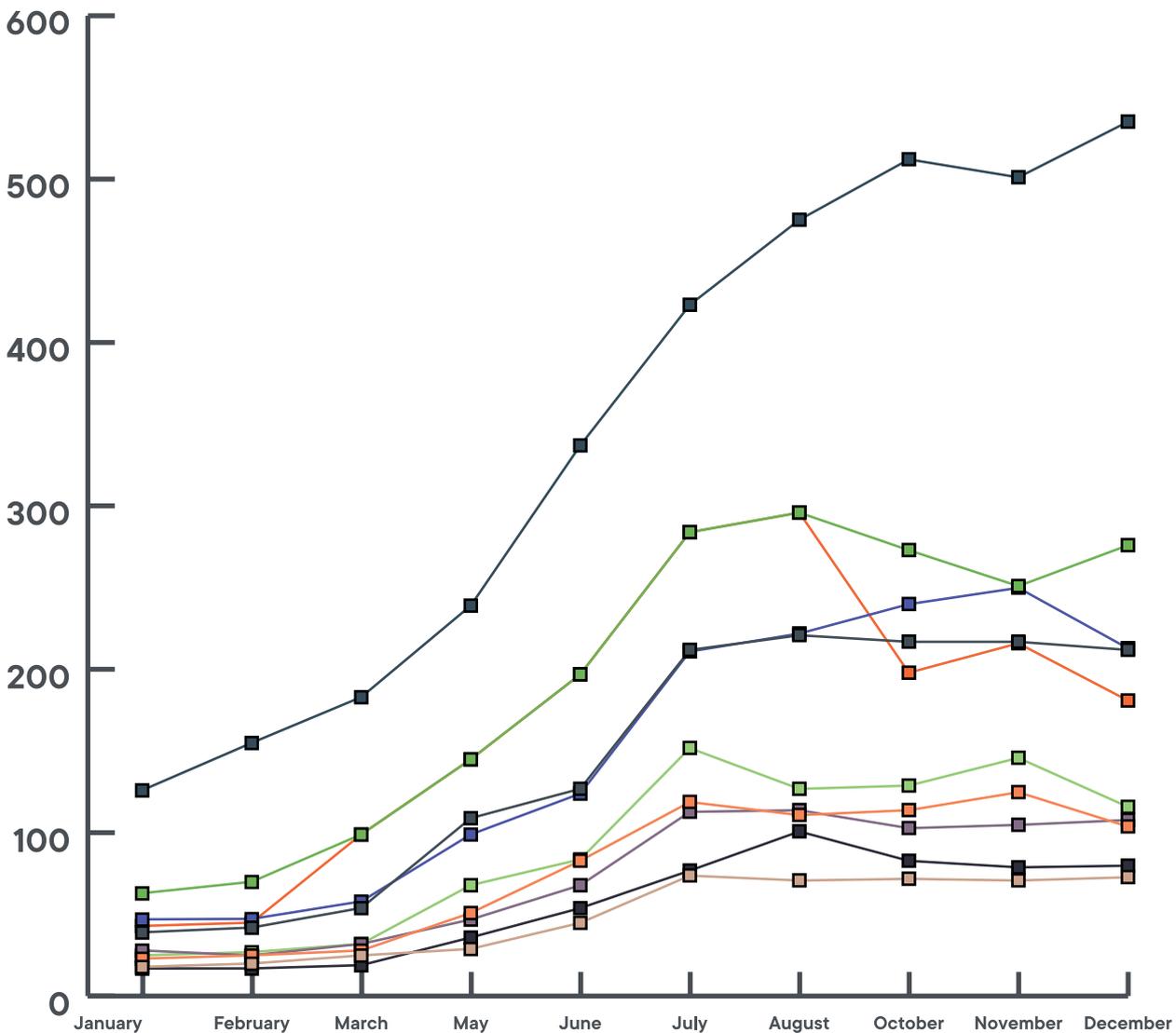
The data provided suggests that the majority of families live below the total consumption poverty line. According to our survey only 15% of respondents earn more than ZWL\$17,000. The majority earn between ZWL\$1,000 and ZWL\$15,000.00.



# Tracking Prices of Food and Non-Food Items

The decline in agricultural production also coincided with increasing instability of prices for food and non-food items. According to the Zim Price Index (<https://pricetracker.zimcitizenswatch.org/>) prices of many food items have gone up by almost 500% between January and November 2020. However, the rate at which the increases were happening started to slow down from July. Prices increases reached an average peak of 619% in July. Since then, there has been a bit of stability and also slight decrease of products. The graph below (Figure 5) demonstrates how prices for individual food and non-food items have moved since January 2020.

**Figure 5: Price Trends of Food and Non-food items in 2020**



Mealie Meal 10kg roller meal (Prices in ZWL\$)	Flour 2kg (Prices in ZWL\$)	Bread standard loaf (Prices in ZWL\$)	Toilet Tissue 4 pack standard (Prices in ZWL\$)	Rice 2kg (Prices in ZWL\$)
Sugar 2kg (Prices in ZWL\$)	Sanitary Pads 10 pack regular (Prices in ZWL\$)	Cooking Oil 2l (Prices in ZWL\$)	Bath Soap Tablet (Prices in ZWL\$)	Washing bath soap(Prices in ZWL\$)

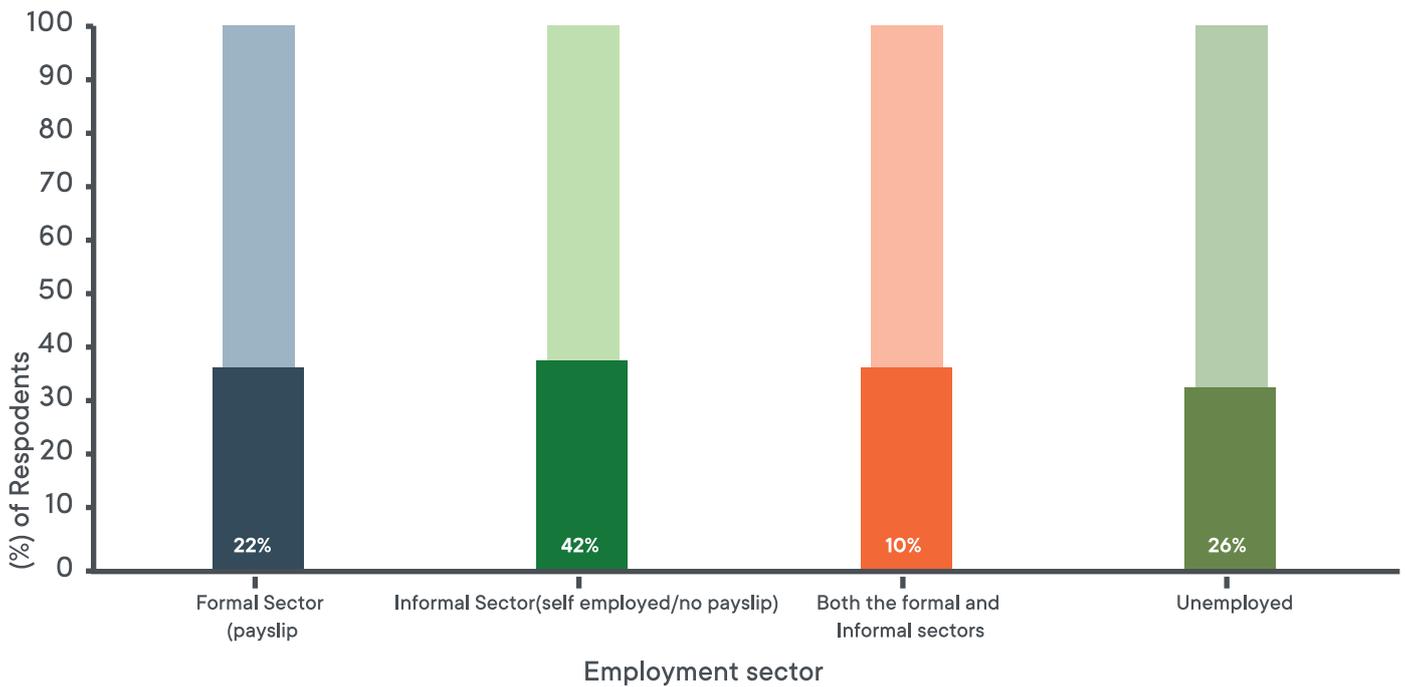
Source: SIVIO Institute Zim Price Tracker <https://pricetracker.zimcitizenswatch.org/>



# Growing Informalisation

Furthermore, the economy is characterized by growing informalisation. The majority of the people are eking out an existence on the margins of the formal economy. Zimbabwe has been shedding more jobs than it creates every year. In our survey across ten provinces, we found that 42% are employed in the informal sector whilst another 10% combines informal and formal sector activities. The figure (6) below provides a snapshot of employment/income earning trends in Zimbabwe.

**Figure 6: Employment Sector**

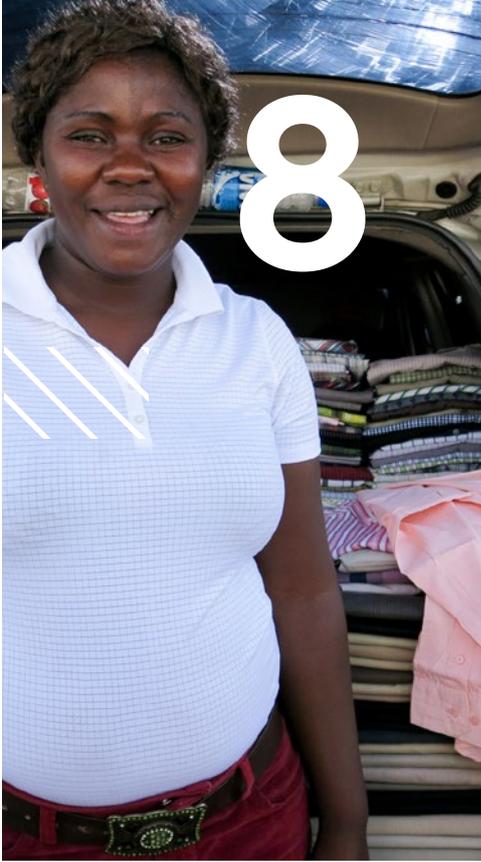


Source: SIVIO Institute, December 2020

The informal sector is characterized by a number of risks ranging from licensing, erratic markets and congestion within what others have called red ocean markets. Furthermore, it is important to also consider that the country was for the majority of 2020 under varying regimes of COVID-19 lockdowns which banned informal enterprises and literally pushed them underground. The government initially made a commitment to support informal sector but there is, yet no evidence payments were actually made. The fund was meant support one million households<sup>15</sup>. Furthermore, government with local authorities, took advantage of the lockdown to demolish some informal sector market stalls in Mbare. Cross border traders were also negatively affected as borders with South Africa, Zambia and Mozambique were closed to travellers. Other informal activities such as ‘change money’ agents (those active in currency markets outside of the banking system) were not spared. First, the government

15. <https://bulawayo24.com/index-id-news-sc-national-byo-185286.html>

suspended big transactions on the most popular money transfer platforms. Second, the government introduced a new foreign currency auction system which contributed to increased availability of foreign currency for importers through the official banking system. The measures discussed above served to destroy an already stretched economic space with limited returns. The number of the vulnerable grew within low-income areas and in some cases, there were reports of young children scavenging for food (see Jowah forthcoming). The number of feeding kitchens that were opened during the period of the lockdowns across urban areas also suggests that there was an increasing number of vulnerable households who could no longer achieve food security on their own.



# Mapping Livelihoods Paths

Various studies have demonstrated that livelihoods are highly diversified beyond the narrow identities of peasants/smallholders or workers. Generally, people within rural and urban settings combine a number of diverse income activities which are in many instances also context specific. Instead of looking at rural households as mostly focused on smallholder agriculture we need a more detailed understanding of how they generate incomes throughout the year. In many instances rural households combine smallholder agriculture production with other activities such as hiring out their own labour to more established farmers or engaging in fishing or artisanal mining. The same applies to those in the urban settings. In many instances those formally employed also have other activities they carry out to supplement their incomes. These range from hawking goods during working hours, or weekends maintaining a small trading stall, hiring out their labour during weekends or farming in small urban gardens. (see Box 1 below).

## Box 1: Jane, the Civil Servant

Jane is a 49 year old widowed mother of two who also supports her mother with a chronic illness as well as her late brother's son. She is employed as a civil servant under the Ministry of Education. She teaches Grade 3 students at a local government satellite school that barely affords to pay an incentive to teachers. She rents a four roomed house in the densely populated suburb of Dzivarasekwa. Each room costs US\$20, and she pays a total of US\$75 after a discount. Her rentals used to be US\$15 per room but were increased after the Government announced the USD as legal tender.

For the greater part of the year, her monthly salary was equivalent to US\$30 until recently when the government announced a salary increment for the civil servants. Her salary is now ZWL\$8,538 and a COVID-19 allowance of ZWL\$6,126. Jane is the bread winner who does not receive any other assistance in the form of diaspora remittance. She subsides by selling alcohol, "super", and sometimes high alcohol percentage whiskeys in USD especially in areas where alluvial gold mining takes place (mostly in the Mazowe area) as well as selling second-hand clothes during weekends.

With regards to basic commodities, her response was the same across all products. She said prices of basic commodities rose steeply beginning of year but now seem stable though she usually bought commodities at the tuckshops where they charge in USD. She says at some point it was cheaper buying in USD than using RTGS.

The following table (Table 2) provides an approximation of the different livelihood generating activities common across Zimbabwe. Various studies have demonstrated that the majority of households have diverse sources of livelihoods. Levels of specialisation within one livelihood activity are rare. In fact, specialisation or dependency on one livelihood source is associated with the extent of economic development and formalisation. In other words, we are most likely going to find households with single livelihoods sources in more developed economies than in underdeveloped economies. The degree to which livelihoods are spread across many income sources reflects the extent of vulnerability or insecurity which pushes people to mobilise an increasing number of ways in which to secure livelihoods.

**Table 2: Mapping Livelihoods in Rural and Urban Zimbabwe**

Area	Source		
	Productive Assets	Income Activities	Solidarity/Support
Rural	Land Livestock Skills	Own Farm Production As hired labour on other farms Fishing/Hunting Artisanal Mining Trading	Welfare from family/Communal Granary (i.e.Zunde raMambo/isi-phala seNkosi) Remittances from urban/diaspora Welfare from government/NGOs/ Philanthropy/
Urban	Artisanal Skills (building/ plumber/electrician/ shoe repair) Rental properties Trading shops/stalls	Formal employment Trading/vending Consulting Part time work	Welfare Support from family/diaspora Member in solidarity network/ group

The report takes cognisance of the multiple forms of livelihood sources that households mobilise.



We focus on the traditional income framework for households in the urban areas and this is usually based on availability of jobs as one source of livelihood which can either exist on its own or can be mixed with other activities.

The majority of Zimbabweans live in rural areas and or at times members of the same household straddle the rural and urban spaces.

# 9

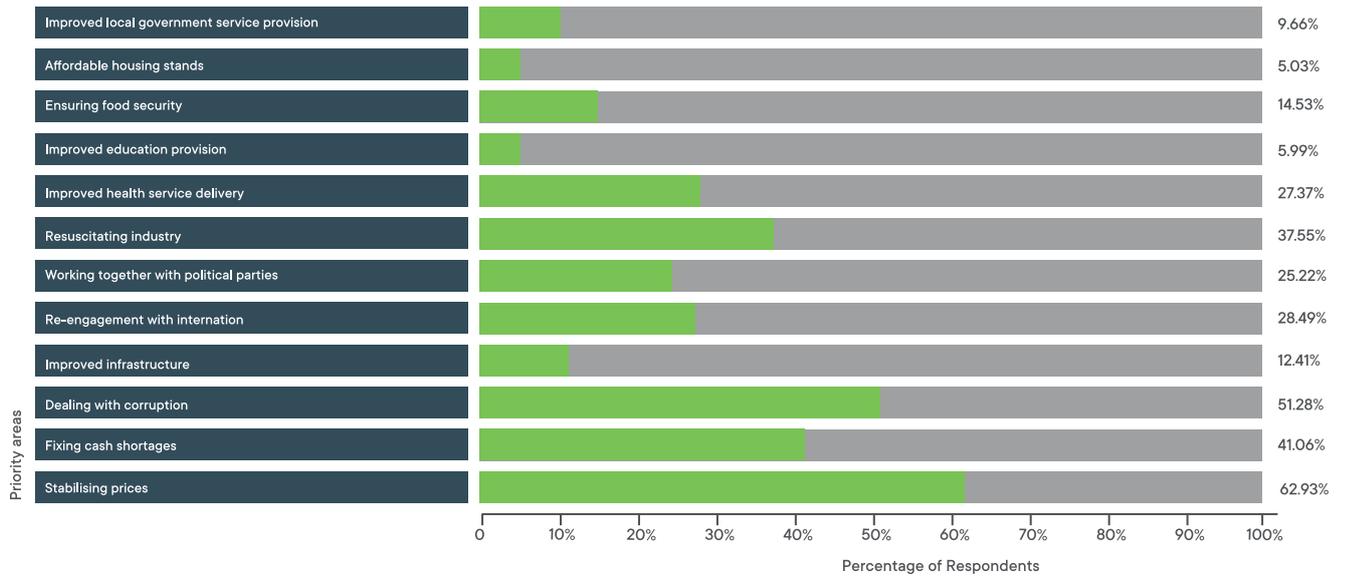
## Livelihoods and Policies

In many instances livelihoods are discussed in isolation from government's (central and local) policies. The capacity to generate and maintain livelihoods is always either negatively or positively affected by the policy regime in place. Policies with a direct impact on livelihoods range from those purely focused on the economy to those that seek to improve social service delivery. Despite the direct relationship between policies and livelihoods there are very few instances where those affected by policies are actually engaged at the design level of policy. Our data from field surveys already shows that only 39.82% citizens are engaged in policy consultations. The lack of broad-based engagement in policy design has led to the formulation of inadequate solutions which do not optimally respond to the challenges on ground. A government focused on strengthening livelihoods should ideally invest time and other resources to adequately consult broadly before coming up with policies or a long-term strategy.

We have mapped the policy areas that have a direct bearing on livelihoods. The mapping is based on responses received from citizens when we asked them to identify areas that government should prioritize. According to findings from our national survey citizens would like the national government to prioritize on the following stabilizing prices (62.93%), dealing with corruption (51.28%), fixing cash shortages (41.06%), resuscitating industry (37.55%) (see Figure 7 below). Most of the issues raised by citizens are part of the day-to-day problems they face as they attempt to create livelihoods.

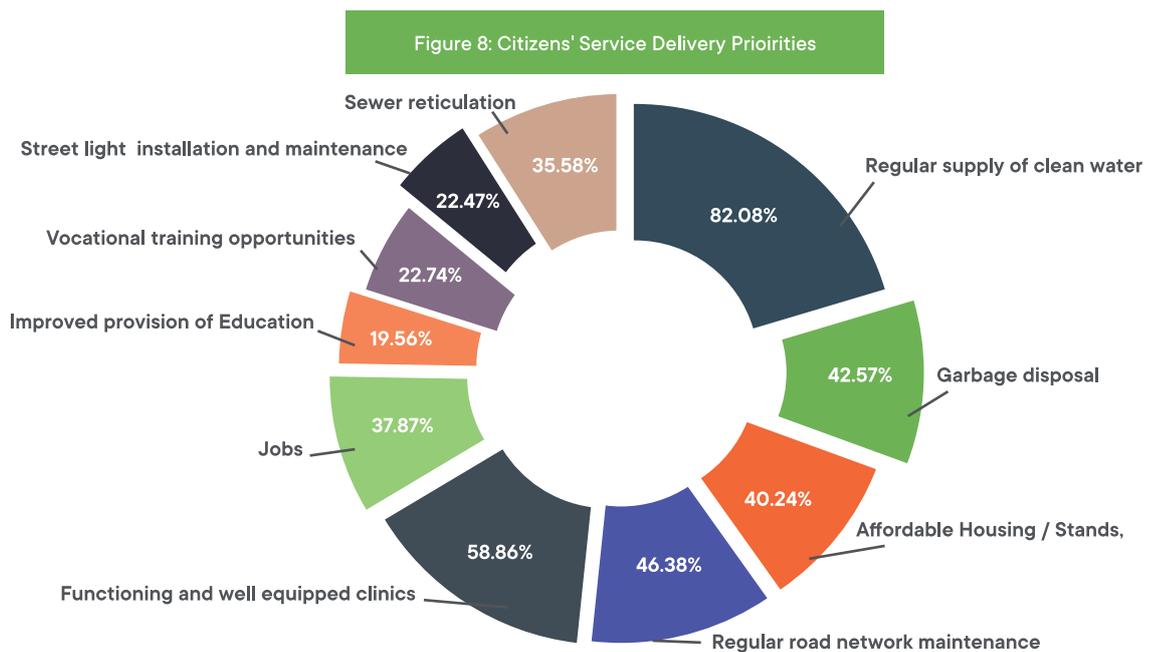
16. [https://www.sivioinstitute.org/wp-content/uploads/2020/05/ES\\_Citizens-Perception-and-Expectation-Report.pdf](https://www.sivioinstitute.org/wp-content/uploads/2020/05/ES_Citizens-Perception-and-Expectation-Report.pdf)

Figure 7: Citizens' Suggestions on Government priorities for the next six months



Source: SIVIO Institute, May 2020<sup>16</sup>

When it comes to local service delivery citizens raised the need for regular supply of clean water (82.08%), functioning and well-equipped clinics (58.86%), regular road network maintenance (46.38%) and affordable housing (see Figure 8).



Source: SIVIO Institute, May 2020

According to our online tracker [www.zimcitizenswatch.org](http://www.zimcitizenswatch.org) government introduced 29 new policies in 2020 that have a bearing on livelihoods. Out of these we focus on the six (6) main policies that have a significant bearing on the livelihoods of citizens in Zimbabwe. Table 3 attempts to comprehensively list these policies and some of the typical challenges within the policy making and implementation environment.

17. [https://www.sivioinstitute.org/wp-content/uploads/2020/05/ES\\_Citizens-Perception-and-Expectation-Report.pdf](https://www.sivioinstitute.org/wp-content/uploads/2020/05/ES_Citizens-Perception-and-Expectation-Report.pdf)

**Table 3: 2020 Policies with a bearing on livelihoods in Zimbabwe**

Issue Area	Policy Measures	Weaknesses and Gaps
Weak economic performance/Limited foreign direct investment inflows	Global Compensation Deed Agreement	<ul style="list-style-type: none"> <li>- Timing of the issuance of any sovereign bond, the country may acquire high interest rates.</li> <li>- Issuance failure to pay may have land itself set as collateral.</li> <li>- Not clear on who will pay and how<sup>18</sup></li> <li>- It does not consider former farm workers<sup>19</sup></li> </ul>
Inadequate Social Policy/Delivery	Devolution and Decentralisation Policy	<ul style="list-style-type: none"> <li>- The Constitution of Zimbabwe as well as other pieces of legislation are silent on the definition of devolution<sup>20</sup></li> <li>- The delay in its implementation from the 2013 Constitution to the policy being launched in 2020<sup>21</sup></li> <li>- The Minister of Local Government and Public Works under the Urban and Rural Districts Councils Act has excessive powers that can interfere with the devolution system set.</li> <li>- Money allocated under the devolution funds from the National Budget is not sufficient.</li> <li>- Limited and coherent structures to handle the devolution funds within the local authorities<sup>22,23,t</sup></li> </ul>
Limited Economic growth and stability	National Development Strategy One (2021 - 2025)	
Food insecurity and poverty	The Agriculture and Food System Transformation Strategy	<ul style="list-style-type: none"> <li>- The land bank seems to cater only for the beneficiaries of the land reform programme only<sup>24</sup></li> </ul>
Low Economic growth and International relations	National Tourism Recovery and Growth Strategy	<ul style="list-style-type: none"> <li>- Gross reliance on actors in the sector to boost international and local tourism.</li> </ul>
Food insecurity and economic stability	Agricultural Recovery Plan	<ul style="list-style-type: none"> <li>- Applies to only 'targeted' farms (5000 highly productive in irrigated areas).</li> <li>- Lacks clarity on the scale the farmers operate on i.e., criteria determining productivity</li> </ul>

18. <https://theconversation.com/settling-the-land-compensation-issue-is-vital-for-zimbabwes-economy-89384>

19. <https://www.sivioinstitute.org/wp-content/uploads/2019/05/To-Compensate-or-Not-To.pdf>

20. DEVOLUTION-POLICY-BRIEF-FINAL-Copy.pdf (thezimbabwean.co)

21. DEVOLUTION-POLICY-BRIEF-FINAL-Copy.pdf (thezimbabwean.co)

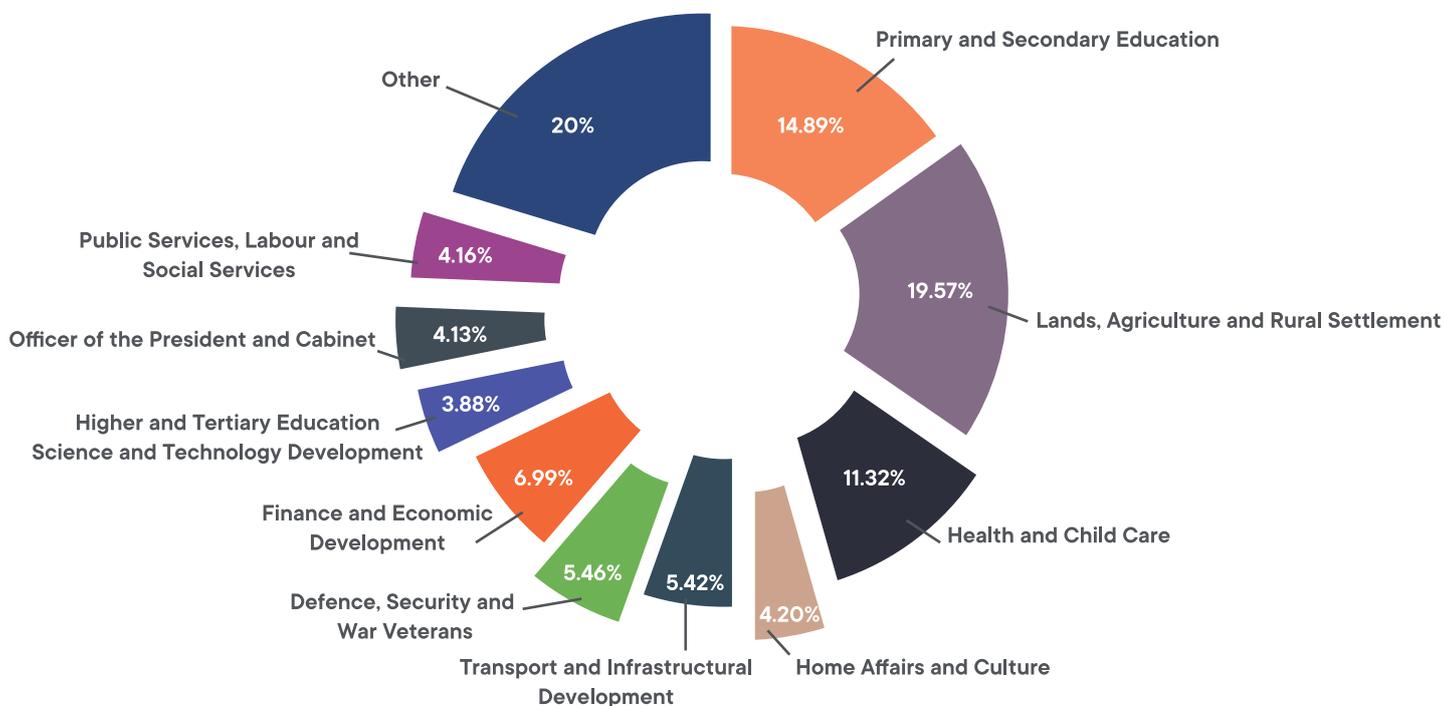
22. <https://www.chronicle.co.zw/councils-risk-losing-devolution-funds/>

23. <https://www.chronicle.co.zw/councils-sit-on-devolution-funds-govt-not-impressed-with-the-pace-of-development/>

24. <http://newziana.co.zw/2020/08/26/agriculture-transformation-strategy-launched/>

Beyond the formulation of policy there is also need to analyse actual resources allocation patterns towards the realization of the aspirations in these policies. The diagram below (Figure 9) demonstrates the distribution pattern of the 2019–20 budget.

Figure 9: Top 10 Sectors: Budget Allocation 2020



Source: #OpenBudgetZim - <https://openbudget.zimcitizenswatch.org/sector/>

The majority of the budget was committed to Lands, Agriculture and Rural settlement (19.57%) followed by Primary and Secondary Education (14.89%) and Health and Child-care (11.32%).

# 10

## What Must Be Done?

### Resolve Policy Inconsistencies.

There is increasing recognition that policies need to be coherently implemented over a reasonable amount of time without government changing its course. However, the GoZ has developed a knack of changing policies either through Statutory Instruments or passing new guidelines<sup>25</sup>. Take for example the inconsistencies around currency of use. For the record, the currency crisis has characterised Zimbabwe since the collapse of the Zimbabwe dollar in the early 2000s and in the process severely affected the generation of long-term sustainable livelihoods. The half-hearted measures implemented by government for instance the re-introduction of RTGS, bond coins and then bond notes served to create a parallel rate of exchange and undermined the capacity for long term planning and accumulation of savings. In 2019 and 2020 alone government shifted from its earlier position of the continued use of the multi-currency regime to a local currency and also recently reversed that to acceptance of the use of the USD. The shifts have affected many entrepreneurial ventures, pensions schemes and in some instances eroded the value of capital goods such as houses.

Probably the GoZ needs to develop cluster-based strategies and plans. For instance, a successful delivery on social development goals will require a number of ministries to work together around a broader strategy. Social development includes ensuring household food security, equitable access to education and health, affordable housing and social safety nets. In such an instance there is need for a framework and quantifiable milestones which guides the dif-



Besides a cluster-based approach there is also a need for social development focused ministries to have a robust and ongoing engagement with the Ministry of Finance and Economic Development.

ferent ministries that have to contribute towards broader social development. Some of the cost cutting measures have served to undermine capacity to meet social development goals and some actually erode livelihood capacities.

25. In 2020 alone the Government of Zimbabwe passed 314 Statutory Instruments

### **Resolve Weak Implementation Capacities**

It is not necessarily the lack of policy direction but rather the lack of capacity and discipline to implement policy provisions. Over the decades the GoZ has been unable to retain competent and experienced personnel. Policies and strategies are usually high order documents which are the preserve of the senior bureaucrats but implementation of said policy depends on all officials at head office and also spread across the country. In some instances, policy measures are implemented unevenly. For instance, the GoZ recently passed the Devolution and Decentralisation Policy in September 2020 in line with provisions of the Constitution of Zimbabwe which affirms broad based participation in national processes as an indivisible right. The Devolution and Decentralisation Policy provides details on the implementation framework, local government structures, devolved functions, citizen participation, devolution, and Vision 2030. This policy is potentially a game changer if accompanied with optimal resource allocation. However, the policy faces the real risk of uneven and selective implementation at both the central and local levels especially when citizens are not adequately represented. Local authority officials from different cities have alluded to the fact that they are not aware of how the policy will roll out.

### **Infuse a More Heterodox Framework to Economic Planning**

There is limited evidence to suggest that a neo-liberal and market approach can contribute towards equitable development. Rather it exacerbates inequalities. Besides, even so called neo-liberal economies have in the past year depended on quasi-fiscal activities of the state. The United States of America economy has been sustained by stimulus packages (polite speak for printing money). The GoZ needs to cautiously invest in economic activities that have a bearing on broader and equitable consumption and accumulation. The GoZ needs to find ways of providing support to smallholder farmers, Micro, Small and Medium-Sized Enterprises and informal sector traders. Cash or input injections at the bottom of the pyramid will potentially enhance nutrition outcomes, increase the demand for consumer goods and ensure a more equitable distribution of wealth. Furthermore, the GoZ needs to create a fund for low-income housing. Studies have shown that those at the bottom of the pyramid are more disciplined when it comes to repayments. Unfortunately, the microfinance sector has been hijacked by loan sharks. There are very few developmental microfinance institutions.



**The government needs to play a more meaningful role in supporting social entrepreneurs who are focused on enhancing access to credit and insurance to those at the bottom of the pyramid.**

## **Nurture Partnerships**

The GoZ has demonstrated on various occasions that it does not have sufficient capacity to help strengthen livelihoods. Furthermore, its turn towards a more neo-liberal stance suggests a further weakening of the state as far as achieving social goals. The current boasting in government circles is based on wiping local debt and now balancing the trade deficit. Unfortunately, these accomplishments have had no positive impact on livelihoods. The framework for development planning is currently focused on regulating and restricting non-state parties. There is need for government to consider ways in which it can plan and work together with non-state parties (not just United Nations entities) that include local Non-Governmental Organisations (NGOs) and entrepreneurs.



**The envisaged framework should allow for long term partnership, a shift away from project-based thinking towards a more long-term livelihoods approach and an ongoing audit of the usefulness of policies in place.**

Furthermore, there is reason to believe that philanthropy by the rich and also by communities if adequately supported and recognized could contribute towards strengthening livelihoods. Our previous studies have demonstrated the extraordinary levels of solidarity within communities. Perhaps it is this energy of small but many gifts that we need to harness for ongoing support towards enhancing livelihoods. Policy rarely recognises the existence of such assets within communities. In many instances, government actors, instead of seeing communities as partners, reduce them into subservient beneficiaries.

## **Broaden Metrics Beyond the Tradition**

The current methods to measure economic development are very narrow and limited. There is a pre-occupation with annual GDP, poverty datum line employment and trade figures. In the process we do not adequately capture how livelihoods are being generated especially for those who eke out an existence in the informal sector. Furthermore, the informal sector is also highly differentiated-some activities are considered informal just because the entrepreneurs are not fully registered and on the other hand of the scale there are. There is need to consider a variety of other already available statistics- for instance an ongoing measurement of demand for consumer goods, collating information on rentals and analysing against prevailing incomes, accessibility of health care facilities, levels of consumer/citizen satisfaction with local service delivery levels. A dataset which takes cognisance of the various ways in which livelihoods are attained and also the supply side of the broader economy which includes social goods potentially provides a more compelling framework for planning.

# 11

## Conclusion: Towards a Developmental State

A livelihoods-based approach provides a better understanding of how the economy, in its broad sense, is performing. In many of the surveys we have conducted across the country citizens raise the issues of incomes, jobs, prices of goods, access to water, electricity, and housing. These issues comprise what one can call a livelihoods basket and cannot be resolved by a single agent of government. Even government by itself is probably unable to resolve all the issues in the absence of thriving common purpose partnerships/collaborations. Government will have to revisit how it conducts its business. Whilst it has the mandate to effect solutions it also needs to realize that it does not have the wherewithal to do so on its own. The previous conceptions of a leviathan like state with tentacles everywhere is not practical. Entrusting the work of improving livelihoods to the market will also not work. Maybe a hybrid approach is what we need—one that combines targeted government interventions focused on the bottom of the pyramid especially improving access to social goods and creation of employment opportunities combined with promoting local entrepreneurship which deploys resources and savings internally.



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# About SIVIO Institute

SIVIO Institute (SI) is an independent organisation focused on ensuring that citizens are at the centre of processes of economic-political-economic and policy change. It aims to contribute towards Zimbabwe's inclusive socio-economic transformation. It is borne out of a desire to enhance agency as a stimulus/ catalyst for inclusive political and socio-economic transformation. SIVIO's work entails multi-disciplinary, cutting-edge policy research, nurturing citizens' agency to be part of the change that they want to see, working with communities to mobilize their assets to resolve some of the immediate problems they face.

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