

Toward a Poverty Reduction Strategy in Post-Crisis Zimbabwe



Poverty In Zimbabwe: Some Facts

- At least Seven main Data Sources
 - Income, Consumption and Expenditure Survey of 1990/1, 1995/6, 2001; 2008,
 - Labour force survey 1994 and 1999
 - DHS 1988,1994; 1999
 - Inter-censal survey 1987,1997
 - Population Census 1982; 1992; 2002
 - Poverty Assessment Study Surveys of 1995 and 2003
 - Periodic site sentinel surveys by DSW
- Not always directly comparable because of methodological issues but together they paint a picture

Poverty Profile

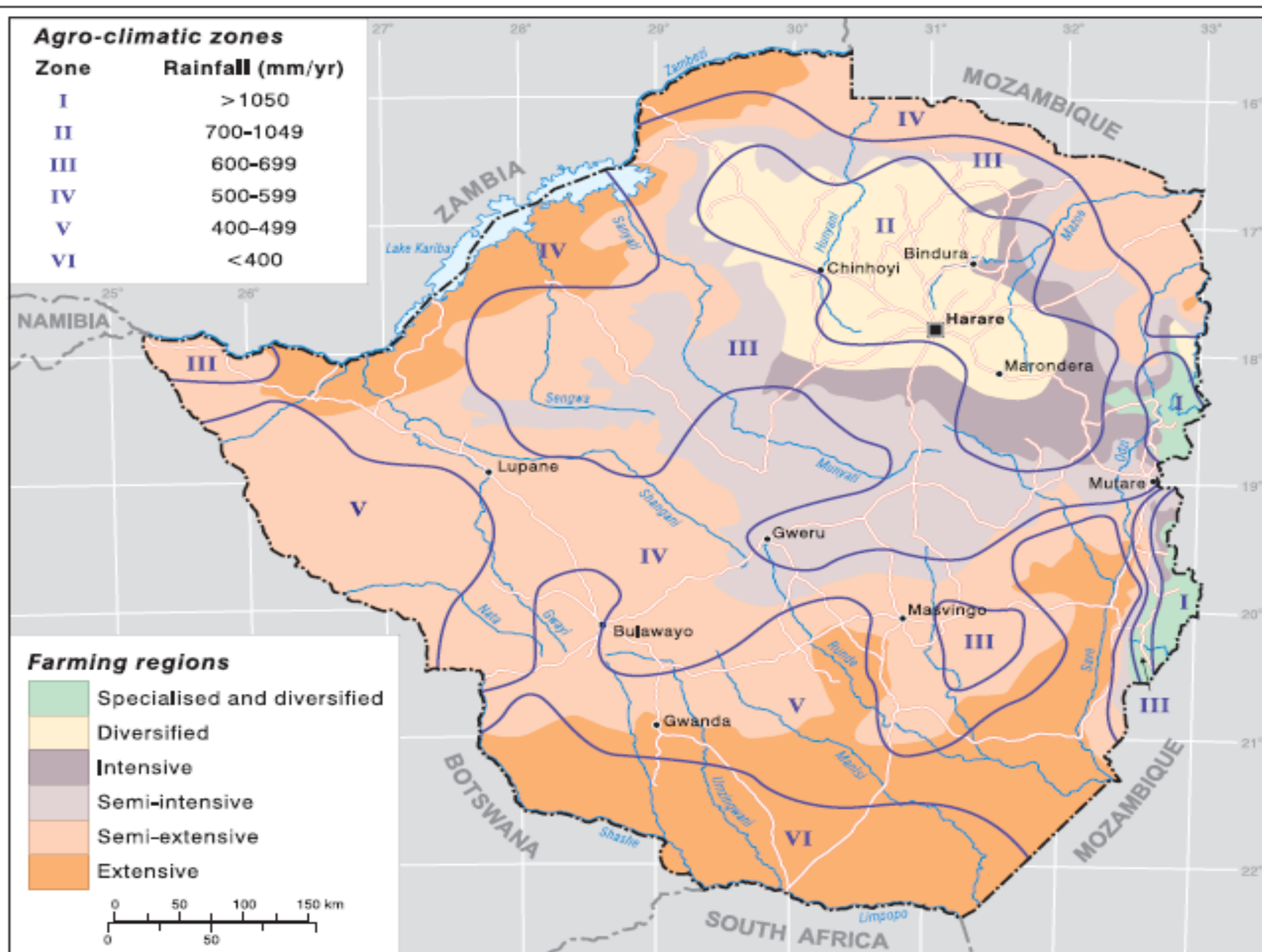
- Poverty is more common in rural areas than urban and a majority of poor people (up to 88 per cent) spend most of their time in rural pursuits
 - Pockets of intense poverty in urban areas
- Most poor people are in communal areas
 - Levels of poverty in newly resettled areas largely unknown
- Positive correlation between agro-ecological potential and poverty
 - Worst levels of poverty found in low rainfall areas of Matabeleland North and South and Masvingo

Agro-climatic zones

Zone	Rainfall (mm/yr)
I	>1050
II	700-1049
III	600-699
IV	500-599
V	400-499
VI	<400

Farming regions

	Specialised and diversified
	Diversified
	Intensive
	Semi-intensive
	Semi-extensive
	Extensive

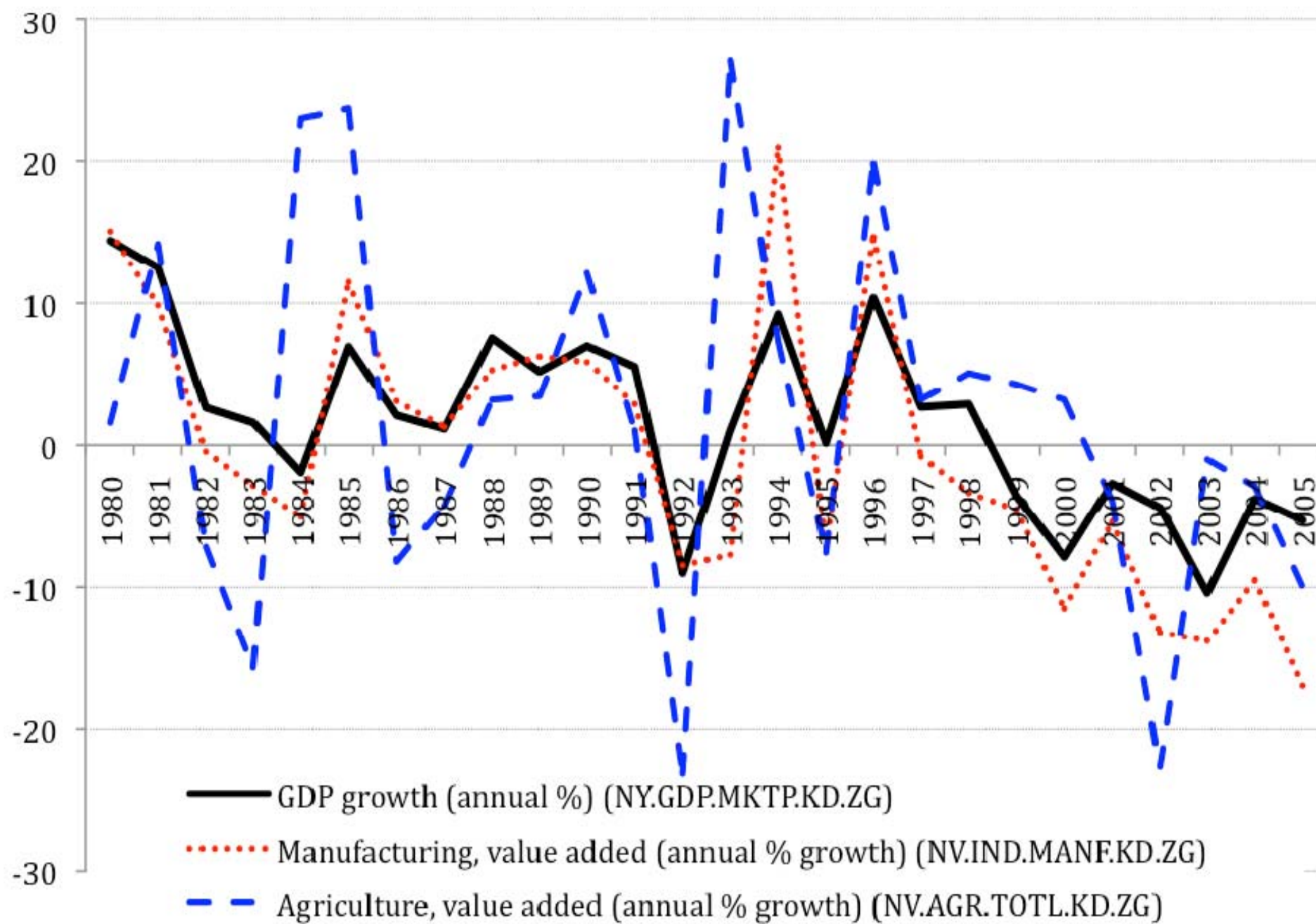


Poverty Trends

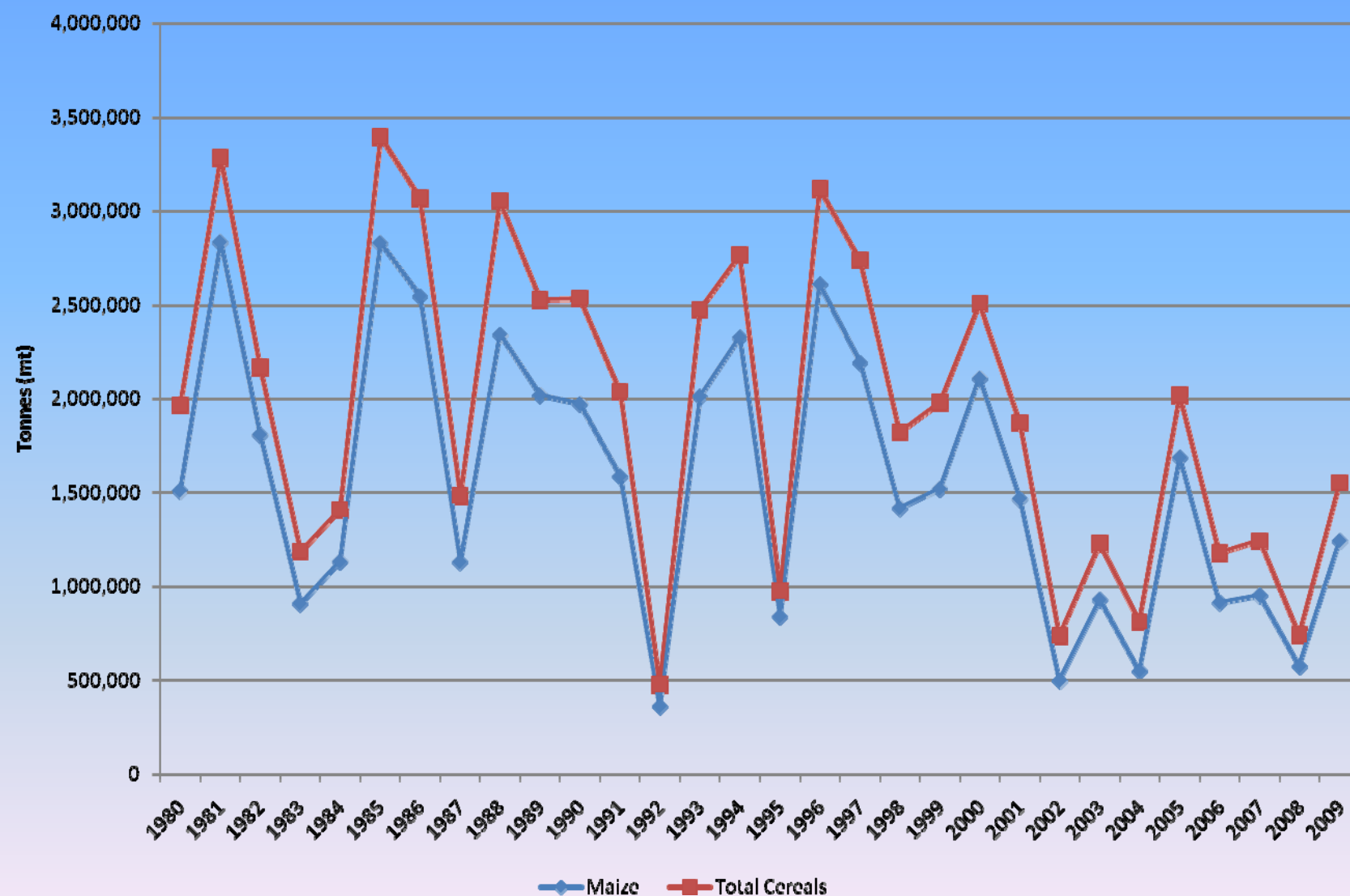
- Evidence suggests from independence in 1980 poverty levels declined in the 1980s, gradually rose in the 1990s and dramatically increased in the noughties
 - From a low of around 26 per cent in 1991 the proportion of households living below the food poverty (extreme poverty) line rose to 35 per cent by 1995, before a dramatic rise to 63 per cent by 2003 and an estimated 88 per cent by 2008
 - UNDP's Human Poverty Index was at 17 per cent in 1990, by 2006 had more than doubled to 40.9 per cent
 - 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.

Causes of Poverty in Zimbabwe

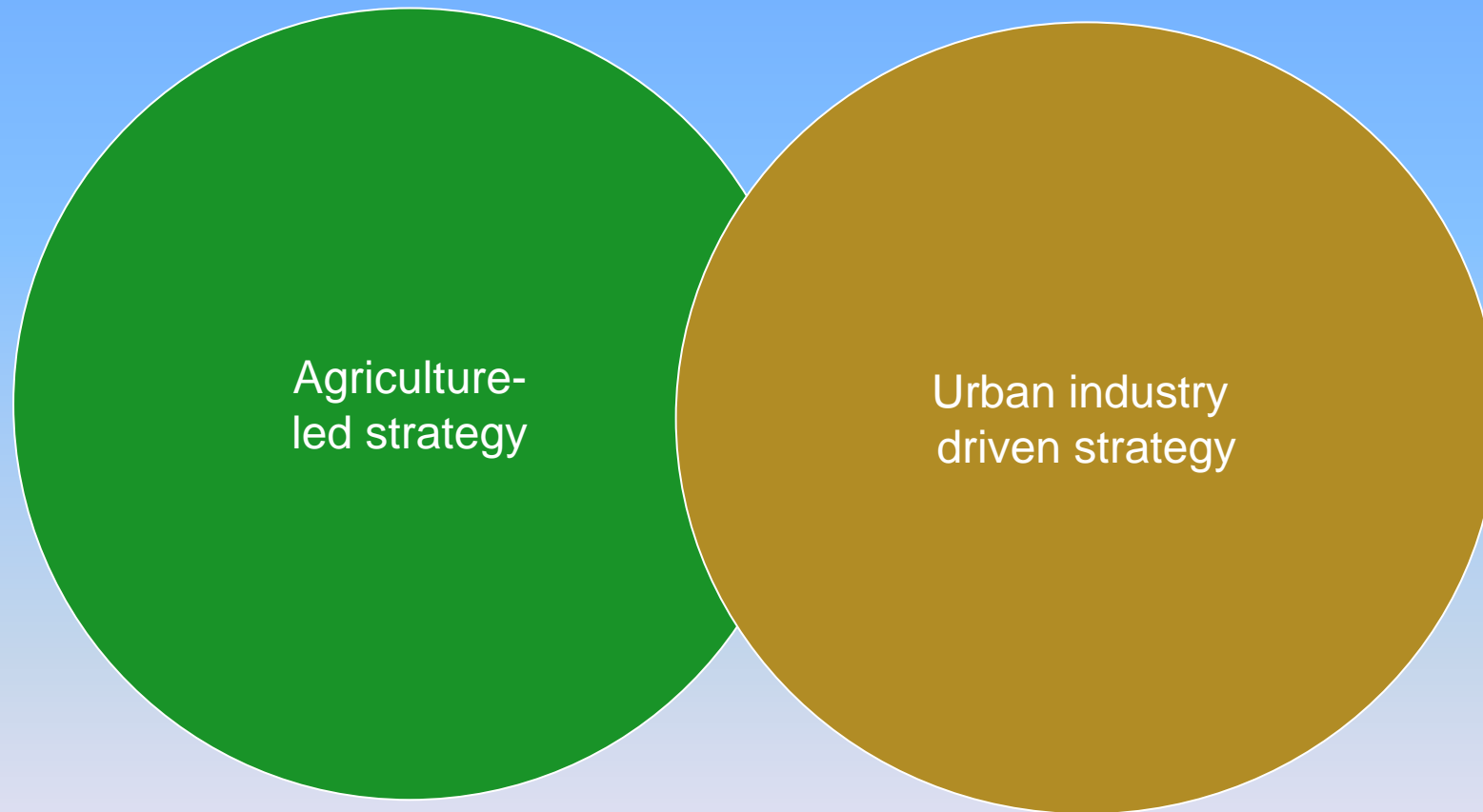
- Multiple causality with enduring underlying structural causes (esp. structure of the economy): but analysis suggests
 - 1980s and 1990s under-performing economy; impact of ESAP and failure to cope with periodic droughts
 - 2000 + political and economic governance issues that worsened impacts of adverse weather events



Maize and total cereal production (tons) in Zimbabwe 1980-2009



Emerging Scenarios for Poverty Reduction



Agriculture-led Strategy for Poverty Reduction

- Majority of the poor are rural and survive mostly on smallholder agriculture. An increase in agricultural income is the most direct way out of poverty for most Zimbabweans
- Successful agricultural recovery can drive recovery of manufacturing (the Mellor argument) (In Zim 60% of industrial raw materials derived from agric)
- Major structural changes and continuities since 2000 provide opportunities and challenges
 - Transformation in agrarian structure (see table):
 - its now a 'typical' African country of smallholder 'farmers': large scale commercial farming is now the smaller story: can they produce?
 - demographic shift has largely been within the rural space economy-expansion in rural labour force- what skills remain given competing demands for labour with mining?

Rural Agricultural Landuse

Smallholder farms now occupy most of agricultural land (77%)

Farm Class	1980		1996		2007	
	Number of Farms	Area(ha) Millions	Number of Farms	Area(ha) Millions	Number of Farms	Area(ha) Millions
Smallholder	700 000	14.4	1million	16.4	1 325 000	24.34
Medium	8000	1.4	8000	1.4	24 500	2.83
Large	6000	15.5	4500	7.7	2 014	3
Corporate			960	2.04	960	2.04

Agriculture-led Strategy challenges

- Twin challenges we are currently thinking about:
 - Raising productivity (currently about 0.8tonnes/ha vs 4.5t/ha on LSCF for maize)-negative total factor productivity growth from a high of 8% in the 1980s
 - Most of the farmers in low and unreliable rainfall areas: what crops?; what technology? (crop gemplasm; water use)
 - Are too poor to farm: how to they use land, where do they get capital, labour and how do they access technology when they are not bankable to private sector?
 - Have limited know how; how do they gain the skills and knowledge required
 - Reviving agricultural markets
 - Which markets- high value?;
 - Which commodities- fair trade? Organic ?
 - Under what terms and conditions

Option 2: Urban Industrial Growth and Mining

- Growth in urban labour market will be the best way to raise incomes. Revival of demand for agric commodities will stimulate agriculture recovery
 - investment from wage employment from urban industries has always helped to fund smallholder agric
- Key premise for this option is that agriculture as an engine for growth was damaged by the structural change and will therefore agric will not perform as before. Assumption is that:
 - Like in other African countries smallholder farmers in Zimbabwe have productivity challenges
 - most still live in low rainfall areas
 - poor commodity markets make farming unattractive
 - labour and capital in short supply
 - Attitude to farming by younger generation

Urban Industry Driven Poverty Reduction Challenges

- Poverty is mainly a rural phenomenon so how do you reach these through wage employment
 - Multi-spatial household and rural investment?
- Low capacity utilisation
 - Is this a function of low effective demand because a majority of Zimbabweans are poor and mainly rural?
- Recapitalisation in an uncertain environment
 - Is there enough confidence to convince entrepreneurs that the future is predictable and they can recapitalise