



LO/FTF Council  
Danish Trade Union  
Council for International  
Development Cooperation

## **Profile of the Labour Market and Trade Unions in Zimbabwe**

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LO/FTF Council  
Danish Trade Union  
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Development Cooperation

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## **Preface**

The key to provide more people with better living conditions goes through economic growth and a socially balanced distribution of wealth. The labour market is obviously one of the key factors in any distribution policy.

“Sustainable development” has for a long time been a keyword for the fight against the degradation of the environment and a buzzword for everybody working with industrial and social development. Compared with this “Sustainable labour market” is a relatively new expression. The connection between sustainable development and a sustainable labour market is at the same time straight forward: It is simply impossible to imagine any long-term sustainable development without one of the pillars being a sustainable labour market.

A sustainable labour market builds on employers’ and workers’ right to organise, to bargain and respect collective agreements that can secure decent living conditions for workers and the same time survival and development of business. A sustainable labour market also encompasses the political will to develop a business sector, actively create jobs in both public and private sectors, secure quality education for all, and secure access to social security.

This report is an output of a study initiated and funded by the LO/FTF Council, the Danish Trade Union Council for International Development Cooperation. It was initially an offspring of the co-operation with ICFTU-AFRO (International Confederation of Free Trade Unions – African Regional Organisation) in Nairobi on the development of a model for producing “Trade Union Profiles” for affiliates of ICFTU in Africa.

Based on the experience from the development of the model for trade union profiles during 2000-2001, the LO/FTF Council decided to undertake a more in-dept analysis of the labour market and trade union situation in three selected core-countries for the assistance provided from the LO/FTF Council within the region: Ghana, Tanzania and Zimbabwe.

Firstly, the overall aim of these studies is to contribute to the strengthening of the trade unions’ ability to participate in development of a sustainable labour market and a socially balanced growth in society at large. One of the major constraints is a serious lack of updated information on labour market issues and a lack of tradition and capacity within the trade union movement. Therefore, improved knowledge about labour market mechanisms and the role of trade unions may contribute to unlock some of the barriers to political and economic development.

Secondly, the study will provide valuable inputs for the prioritising of the LO/FTF Council’s future activities in the region.

Thirdly, it is our hope that the study will provide the basis for a debate in Denmark on the role of trade unions in developing countries, and the future role of Danish development aid and policies in contributing to a sustainable labour market and socially balanced growth in Africa.

We wish to extend our gratitude to everyone contributing to the study. Special thanks are due to Wellington Chibebe, Secretary General of Zimbabwe Congress of Trade Unions (ZCTU). Also thanks are due Chief Economist Godfrey Kanyenze for discussions and help in providing data and various information on the Zimbabwean trade unions, the labour market and the business policies.

Finally the IO/FTF Council would like to extend our thanks to the project manager Mr. Arne Skov Andersen, M.Sc., for his dedication and tireless efforts to provide this valuable input to our future cooperation with trade unions in Africa.

Steen Christensen  
General Secretary  
LO/FTF Council

## Summary

At present, Zimbabwean society is in a deep social, political and economic crisis, accelerated by the chaotic land redistribution process which has been underway since early 2000. The economy is virtually on the brink of collapse.

Nevertheless, Zimbabwe has a number of strengths compared to most of its neighbours. Beside its rich variety of natural resources it has a literate population with a large group of skilled and well-educated people, and still has a relatively good infrastructure and a relatively well functioning educational system.

In 2000 Zimbabwe had a level of income slightly below average by African standards, with a highly unequal income distribution. Recent data on the real wages compared to living costs in a time of hyperinflation indicate that the minimum wage in May 2002 corresponded to only 49 % of the urban Poverty Datum Line.

Today Zimbabwe is one of the world's worst affected countries when it comes to AIDS. UNAIDS estimates the adult rate of HIV/AIDS infection to be at a record high of 34 %. In addition to the human and social tragedy, the impact of the HIV/AIDS pandemic on the Zimbabwean economy is enormous, since the disease has the greatest effect on the most economically active age groups.

Today the economy shows all the signs of a severe, classic crisis, characterised by:

- ✍ *decline in GDP of almost 25 % in the period 2000 – 2002;*
- ✍ unemployment rate at an estimated 70 %;
- ✍ budget deficit at about 20 % of GDP;
- ✍ hyper-inflation, which accelerated from 20 % at the end of 1997 to an official annual rate of 140 % in September 2002<sup>1</sup>;
- ✍ acute shortage of foreign currency, driving the parallel market rate up to almost twenty times the official exchange rate (from 55 to over 1000 Z\$ against the US\$);
- ✍ shortage of basic foods, such as maize, bread, cooking oil and sugar, with millions of people starving.

In 2001 the gross domestic product (GPD) was no higher than in 1990, while the population had increased by about a third.

Part of the economic crisis is a result of the obstruction of the production on the farms, and this has been worsened by the severe drought in 2002. But the *roots of the crisis* are to be found in the deterioration of the economic fundamentals in combination - and largely resulting from - the increasingly poor governance with lack of the rule of law and the lack of the regime's credibility in general. One result has been that thousands of the most well-educated people in all professions have left the country, heading for South Africa, Botswana, the UK or even the USA.

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<sup>1</sup> The real level is much higher, as the black market prices for basic goods are often several times higher than the official fixed prices, which are used in the consumer price index.

Almost all areas of life in Zimbabwe are marked by the national crisis including:

1. The *educational system*, which was once acknowledged for its high standard, is now experiencing rapidly declining enrolment rates and poor quality;
2. The *health and social care system* is facing a severe lack of both medicine and personnel with large parts having collapsed;
3. The *physical infrastructure* is operating with increasing difficulties;
4. The *production sector* is running at low capacity. The manufacturing sector is being hurt by the lack of currency for imports, a growing shortage of inputs and declining demand. The former booming tourism industry has almost collapsed;

Consequently, workers are retrenched in large numbers with declining formal-sector employment and a growing number of people trying to survive in the informal sector.

#### **A way out?**

Besides escalating the conflict with the international community, the government has been vigorous in tightening its controlling measures on its own people.

Any change in current policies will probably only be achieved by more tumultuous means. The widespread hunger following a depleted harvest in 2001/02 and the chaotic land reform might be the trigger for a reaction from the people. The anarchistic takeover of almost all the commercial farms will have disastrous effects on the production for years to come. By September 2002 up to six million - half of the population - face starvation, caused partly by drought but mainly by the self-imposed reduction in food production. At less than half of the farms taken over by the state and designated for future commercial farming were there “indigenous” farmers prepared to take over when the white farmers were ordered to leave.

Structural political and economic reforms and assistance from the international community - from which the government deliberately has isolated itself – are thus urgently needed to ease the national crisis.

#### **ZCTU on the economic policy**

The trade union soon learnt that the expected growth in private-sector employment under the Economic Structural Adjustment Programme, ESAP (from 1991) did not materialise. The ZCTU has since advocated a two-tier strategy:

- ? the adoption of technology-intensive techniques essential for international competition in the formal sector, while at the same time;
- ? promoting labour-intensive informal, small and medium-scale enterprises in both the rural and urban areas.

This strategy is still at the core of the ZCTU’s policy, although the scale of the national economic challenges has since multiplied.

The ZCTU has pointed several times to the lack of consultation with the stakeholders, resulting in little consensus among the stakeholders on strategies, the reforms and the implementation process. The design process has been top-down. The ZCTU has emphasised a broad national ownership of economic plans and reforms is imperative and can only be achieved through a broad, participatory and decentralised approach. It has identified the National Economic Consultative Forum as one possible institution to advance this process. The Forum, a brainchild of ZCTU, was founded in 1997 as a response to the criticism that government had marginalised most interest groups in the drafting of ESAP. ZCTU, however, later pulled out of the NECF as a response to the government's lack of serious intent, and the forum has never played a central role in the policy process and has no institutional mandate.

In the run-up to the 2002/3 collective bargaining rounds, the ZCTU has had a debate on the effectiveness of raising minimum wages without stabilising the economy. ZCTU has stressed that the workers' standard of living can only be raised on a sustainable level by addressing the root cause of inflation, i.e. government borrowing.

### **The trade union**

The Zimbabwean trade union movement has for long been one of the most viable civil society movements in Africa. It has played an active, independent role in the nation's political life. Based on its open, democratic structures, ZCTU has gained recognition and influence. It has not only demonstrated a strong commitment but also to a large extent the capacity to found its initiatives on a solid, analytical basis.

Given the present hostile political climate – and the economic and social hardship – the trade union is deliberately keeping its focus on core trade union activities and the fight for trade union rights. Yet, the Mugabe government has persistently continued to target ZCTU and its active members through intimidation, government threats and police harassment.

To ensure the viability of the trade union through this period of new challenges and threats – both towards the members' living conditions and the organisation as such – a number of *initiatives* should be considered.

Given the decline in employment and the declining trend in trade union membership, priority must be given to activities to *strengthen the membership base*. For this effort to succeed it is essential that the unions have a high level of interaction with their members and a record of extensive and high-quality service to their members.

Besides the key issue of increasing the membership base, initiatives should be taken to:

- ? strengthen the structures through the merger of unions and revitalising the unions' democratic structures;
- ? strengthen the regional level and intensify the dialogue between the rank-and-file and the elected leadership;
- ? strengthen the analytical capacity;
- ? improve the prioritising, planning, coordination and implementation of activities;
- ? strengthen the information activities;

## 1. Socio-economic profile

### Population

**Table 1. Population, indicators**

2000	Zimbabwe	Sub-Saharan Africa
Population, millions	12.6	606
Labour force, millions, 1999	5.0	282
GNI per capita, US\$ (Atlas method)	460	480
<i>Average annual growth, %, 1995-2001</i>		
Population	1.8	2.5
Labour force	1.9	2.6
GDP per capita, 1991-01	-1.3	-0.3
Poverty, % of pop. living < 1 US\$ a day (1993 PPP), 1990/91	36	..
Poverty, % of pop. living below national poverty line, 1995/96	64	..
Urban population (% of total population)	35	34
Life expectancy at birth (years)	40	49
Illiteracy (% of population age 15+)	11	38
Primary enrolment (% of relevant age-group, 1997)	93	56
Secondary enrolment (% of relevant age-group, 1997)	60	41
People living with HIV/AIDS (% of age 15-49, end 2001)	34	9
HDI value (Human Development Index) <sup>a</sup>	0.551	0.471
HDI rank of 173 countries	128	-
Development aid, (ODA), pr. capita, US\$	14	19

Notes:

a: The Human Development Index (HDI) ranges from 0 to 1 with 1 being the max. value. The HDI by UNDP measures average achievements in basic human development in one composite index. The components are life expectancy at birth, adult literacy rate, a combined enrolment ratio and per capita income in PPP US\$.

**Sources:** Economist Intelligence Unit (EIU). *Zimbabwe Country Report*. June 2002  
 Economist Intelligence Unit (EIU). *Zimbabwe Country Profile 2001*. July 2001  
 UNDP: *Human Development Report*. 2000, 2001 and 2002  
 World Bank: *Zimbabwe at a Glance 2001 & 2002*. [www.worldbank.org/data](http://www.worldbank.org/data)

### **Ethnic groups, religions and languages**

Ethnic groups: African 98% (Shona 71%, Ndebele 16%, other 11%), European <1%, mixed and Asian 1%

Religions: Syncretic (part Christian, part indigenous beliefs) 50%, Christian 25%, indigenous beliefs 24%, Muslim and other 1%

Languages: English (official), Shona, Ndebele and numerous, minor tribal dialects.

## The economy

**Table 2. Economic indicators**

	2000	2001	2002 forecast
GDP, US\$ billions (at official exchange rate)	7.2	9.1	
Real GDP growth, %	-4.9	-8.4	-11
Consumer prices, % change	55.7	75.1	137
<i>Value added as % of GDP</i>			
Agriculture, forestry & fishing		17.6	
Industry		24.4	
Manufacturing		13.9	
Services		57.9	
<i>Average annual growth, %</i>			
	<b>1991-01</b>		
GDP	1.8	-8.4	-11
Agriculture	4.3	-12.0	-25
Industry	-0.4	-9.8	
Manufacturing	-1.0	-19.0	-12
Services	2.4	-5.3	
	<b>2000</b>	<b>2001</b>	<b>2002 forecast</b>
Exports of goods and services, % of GDP	39.4	21.8	
Imports of goods and services, % of GDP	27.2	20.7	
Gross domestic investment, % of GDP	-25.6	-28.6	
Current account balance, % of GDP	-1.4	-1.2	-13
Total external debt, % of GDP	55.8	44.7	
Debt service ratio, paid, % of exports	21.9	6.8	
Government budget balance, % of GDP	-19.9	-10.7	-20
Development aid as % of GDP	2.4		
Foreign direct investments, % of GDP	0.1	0	0
<i>US \$ millions</i>			
Total exports (fob)	1,791	1,715	1,500
Tobacco	358	566	
Gold	184	172	
Manufacture	619	552	
Total imports (cif)	1,520	1,545	
Food	54	135	
Fuel and energy	250	202	
Machinery	394	392	
Manufactured goods	257	233	

Currency: Zimbabwean Dollar (Exchange rate, official: October 2002: 55Z\$:1US\$ b)

Notes: a) Estimates and forecasts are based on EIU and Ministry of Finance, Zimbabwe

b) The parallel market rate mid-October 2002: 1000Z\$:1US\$

Sources: As table 1, and Ministry of Finance and Economic Development: Unpublished data. 2002  
World Bank: *World Development Indicators*. 2002

The fact that the Zimbabwean society is in a deep social and political crisis and the economy in a nosedive, accelerated by the presidential praised chaotic “self-take” land redistribution process since early 2000, is reflected in the figures in tables 1 and 2. Yet the figures only partly reflect the scope of the national crisis, where the country is on the verge of an economic collapse and a partly self-inflicted catastrophic famine.

Basically, however, Zimbabwe as a nation has a number of strengths compared to most of its neighbours. Beside its rich variety of natural resources it has a literate population with a large group of skilled and well-educated people, and still has a good infrastructure and a relatively well functioning educational system. It has been said that Zimbabwe was the first country to be liberated where those who took over were just as well educated as those who were forced to leave.

In 2000, Zimbabwe had a level of income slightly below average by African standards, and a high rate of people living in poverty. Income distribution is highly unequal: 2/3 of the population was estimated to live below the national poverty line in 1995/96. Yet, recent data on the relative wages compared to living costs in a time of inflation well above 100 % indicate that the actual rate of people living below the national poverty line is much higher. (See chapter 4).

Zimbabwe today is one of the world’s worst affected countries when it comes to *AIDS*. UNAIDS estimated the adult rate (age 15 – 49) of HIV/AIDS infection to be a record high of 34 % – one out of three - at the end of 2001. Only Botswana has a higher rate (39 %), although out of a total population of only 1.6 million. The average for the Sub-Saharan region is 9 %.

Life expectancy at birth fell from 55 years in 1980 to just 40 years in 2000. In Sub-Saharan Africa the average life expectancy has been unchanged at 49 years; in neighbouring South Africa it is 57 years. It is estimated that 200,000 Zimbabweans died of AIDS in 2001 – about 550 per day. The number of current living orphans, who have lost their mother or father or both parents to AIDS, and who were alive and under age 15, is estimated to 780,000. In addition to the human and social tragedy, the impact of the HIV/AIDS pandemic on the Zimbabwean economy is enormous, since the disease has a devastating impact on the most economically active age groups.

The forecasts for the economic indicators are highly uncertain. Just the fact that official figures are based on the official exchange rate, while the parallel market rate is more than ten times higher, indicates the extent of the uncertainty. The foreign exchange on the official market is inadequate even to meet the requirements of the parastatals for importing energy alone.

Fundamental political and economic reforms and assistance from the international community - from which the government has deliberately isolated itself – are thus urgently needed to ease the national crisis.

## 2. Political profile

Republic of Zimbabwe

Form of state:	Unitary republic	
Independence:	18 April 1980 (from UK)	
Constitution:	21 December 1979	
Legal system:	Based on Roman-Dutch law and the 1979 constitution	
National elections:	Legislative elections in June 2000 (next elections in June 2005) Presidential elections in March 2002 (next elections in March 2008)	
Main political parties:	Zimbabwe African National Union-Patriotic Front (ZANU-PF), the ruling party since 1980, holds 62 seats in parliament. Movement for Democratic Change (MDC), established Sept. 1999, holds 57 seats in parliament.	
President:	Robert G. Mugabe, Executive President, re-elected in March 2002. The President is both the Chief of State and Head of Government.	
Key ministers:	Finance and Economic Development Foreign Affairs Information & Publicity Justice, Legal & Parliamentary Affairs Lands, Agriculture & Resettlement Public Service, Labour & Social Welfare Industry and International Trade Home Affairs Higher and Tertiary Education Youth Development, Gender & Employment Creation	Herbert Murerwa Stan Mudenge Jonathan Moyo Patrick Chinamasa Joseph Made July Moyo S.Mumbengegwi Kembo Mohadi Swithun Mombeshora Elliot Manyika
Other key figures:	Morgan Tsvangirai, President of MDC Gibson Sibanda, Vice-President of MDC	

### Corruption Perceptions Index

Zimbabwe is ranked as number 71 – 76 out of 102 countries in year 2002, with a score of 2.7. This is a fall from the score of 3.0 in 2000.<sup>2</sup>

The fall reflects the crisis in Zimbabwean economy and politics. Several of the large parastatals have seen top executives being arrested and sued for corruption and fraud, NOCZIM, the state-owned fuel importer, and the Grain Marketing Board (GMB) being

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<sup>2</sup> The lower rank, the more corrupt the country is considered to be. Transparency International's index ranges between 10 (very clean) and 0 (highly corrupt).

the most significant example. The then Minister of Lands and Agriculture was subsequently arrested and charged with corruption.

### **Background**

After the liberation struggle in the 1960s and 1970s Zimbabwe won its independence in 1980 after almost a century of colonial rule. The struggle was aimed at achieving fundamental human and civic rights for the black majority, and to reverse the racially biased inequalities in land distribution. On independence, the new government's strategy was focused on reconstruction, reconciliation and redistribution.

The land redistribution strategy in particular soon ran up against constraints, mostly due to the terms imposed by the Lancaster House Agreement on the new constitution. One major restriction was the clause stating that until 1990 land redistribution should be based on the terms of a "willing-buyer willing-seller" condition.

National unity was promoted through a de-facto one-party state under ZANU-PF. During the 1980s this unity was upheld through the suppression of ethnic and political opposition in Matabeleland and the Midlands. In atrocities by government agencies in 1983 and 1984 – especially by the North Korean trained 5<sup>th</sup> brigade – about 20.000 civilians were killed and thousands of others tortured or raped<sup>3</sup>. After years of oppression against the opposition in ZAPU - including an attempt to murder its leader, Joshua Nkomo, who subsequently fled to the UK - in December 1987 the two parties signed a Unity accord. In reality, the effect of the accord was that ZAPU was dissolved and integrated in ZANU-PF.

Zimbabwe inherited a Westminster-style parliament in 1980, with a prime minister heading the executive. In 1987 parliament revised the constitution, replacing the office of the prime minister with an executive presidency, and providing for two vice-presidents. The executive president, Robert Gabriel Mugabe, who was re-elected in March 1996 with 93 % of the vote, won again in March 2002 with an official 58 % of the vote.

ZANU-PF and Robert Mugabe have been in rule since independence. The party's ideology used to be based on Marxism-Leninism. The fall of communism in Eastern Europe and the former Soviet Union led to some belated re-evaluation of political principles and economic policies. In 1991, the government introduced an IMF and World Bank-backed structural adjustment programme, which aimed at encouraging exports and foreign investment.

At the general election in 1995, ZANU-PF won 117 of the 120 contested seats in parliament. A further 30 members are appointed by the president, 8 are provincial governors, 10 are customary chiefs and 12 others are selected by the president.

In recent years the policy has increasingly focused on efforts to maintain power for the president and the ruling party, in the face of a growing discontent over falling living

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<sup>3</sup> *Report on the 1980s disturbances in Matabeleland and the Midlands*. The Catholic Commission for Justice and Peace in Zimbabwe. March 1997

standards, mismanagement and political ventures such as the deploying of Zimbabwean forces in the Democratic Republic of Congo (DRC) since August 1998.

In 1997, Zimbabwe witnessed a spate of strikes, mostly related to poor working conditions. In December a strike was called to protest against a 5 % levy on wages to finance compensation payments for veterans of the independence struggle, the imposition of a 2.5 % sales tax, and an increase in fuel and electricity costs. In January 1998, serious food riots broke out as a reaction to price hikes. In Harare, the riots were suppressed by the military. The Zimbabwe Congress of Trade Unions, ZCTU, was not involved in the riots, but took the initiative to call for a settlement with the government on macro-economic issues and demanded the rescinding of the price hikes.

As the government did not respond, a mass stay away was initiated over two days in March 1998. The strike was effective but did not result in the expected meetings with the government. As the ZCTU did not regard the newly formed National Economic Consultative Forum as much more than an “un-committing talk show”, the organisation insisted on having tripartite discussions on a “social contract”. In September 1998 the parties met in the National Tripartite Forum. At this meeting, the government scrapped the development levy of 5 % and other taxes to the satisfaction of the ZCTU. However, there were still no discussions of macro-economic issues.

Soon after, petrol prices went up by 67 %. This resulted in more spontaneous street actions and in a demand by the ZCTU for a 20 % salary increase to compensate for the whittling away of the salary increases just negotiated. The demand was met, but when the ZCTU still insisted on discussing the macro-economic issues, including inflation, bank interests, corruption and a reduction of the number of ministers from 56, it could make no headway with the government. In November 1998, the ZCTU then indicated that it would initiate a series of mass stay-aways to take place every Wednesday, until the government was prepared to take the issues seriously and enter a consensus about a social contract within the framework of the National Tripartite Forum. Eventually, though, the stay away action was not initiated.

The confrontations continued up to and after the formation of the Movement for Democratic Change (MDC) in September 1999. The MDC was formed after 40 civic organisations, led by the ZCTU, endorsed the formation of a political movement to end president Mugabe’s rule. ZCTU initiated the process, when in August 1999 the ZCTU extra-ordinary congress voted unanimously for the establishment of a political movement.

### **Start of violence and intimidation, 2000**

In the constitutional referendum in February 2000 the electorate turned down the proposal. The draft constitution would have increased presidential power, but it also contained a clause stating that if the UK, as the former colonial power, did not pay compensation for the land taken by Rhodesian settlers during colonial times, then the government would not pay for land seized back from white farmers. After the defeat in the referendum, the ZANU-PF government pushed the land clause through parliament as a separate constitutional amendment. Soon afterwards, Mr. Mugabe dissolved parliament in preparation for election and used his special presidential powers to install a new act,

the Land Acquisition Act, enabling the government to seize land. (On “the land question”, see also chapter 3).

Subsequently, the violent invasion of commercial farms commenced. The “Zimbabwe crisis” was in full swing with disruptions and occupations of farms, companies, local government offices, threats to the judiciary, threats and attacks on teachers, the independent media and civil society organisations, the abuse of the police and army for political purposes, and the state-sponsored political violence and intimidation targeted at the MDC in particular.

The June 2000 parliamentary election campaign was marred by political violence and intimidation against suspected opposition supporters at the commercial farms, among the teachers, in the communal areas and in the high-density areas of the cities and towns. At least 31 people were killed in politically motivated violence. ZANU-PF paid the war veterans’ organisation a substantial grant for campaigning, especially in the countryside, where an estimated 65 % of the voters live.

On the farms, war veterans and ZANU-PF youth attacked not only the white commercial farmers but also the farm workers. Many had their homes destroyed, were beaten and forced to sing ZANU-slogans all night long. After this mass intimidation some were forced to go with their intimidators to the next farm to repeat the process, threatening and beating their colleagues in a sort of Chinese Red Brigade re-education exercise. Beatings and rape were widespread, and there were even cases of torture.

The farm occupiers and the ZANU campaigning groups were a mixture of war veterans, ZANU supporters and to some extent unemployed youths who were paid to do the job. The police were in general passive when witnessing or called upon to intervene to stop the violence, describing the incidents as a political matter. Police, army personnel and central intelligence agents to a large extent even took part in the war veterans’ and ZANU campaign and in general supported it by organising the logistics etc.

President Mugabe encouraged the brutal campaign, including the war veterans’ actions against the farmers, saying the white farmers had shown themselves to be “*enemies of the people*”. The ZANU leadership accused the MDC of being puppets of the British and American governments, who had teamed up to sabotage the country and oust the ruling party.

### **MDC – a movement for democratic change**

In the June 2000 election, ZANU-PF won only 62 of the contested 120 seats. The newly formed opposition party, Movement for Democratic Change (MDC), won 57 seats and 47 % of the votes. Zimbabwe now had a multi-party political system. MDC won all 19 constituencies in Harare and 21 of the contested 23 seats in Matabeleland, including all the 8 seats from the country’s second largest city, Bulawayo. Only in the northern Mashonaland Central province, did MDC fail to win any seats at all.

The MDC based its campaign on a demand for a system of a “rule based” participatory democracy, integrity and transparency in government and a much stronger fight against corruption. In the first five years it would focus on restoring economic stability, growth

and job creation, a “people-driven” land reform and guaranteeing health, education and shelter. On land reform, MDC has advocated a better-organised and prepared reform process, where the reallocation of land should be based on clear and transparent criteria; and where the infrastructure and supportive instruments should be emphasised. The policy and redistribution should be managed under a Land Commission that involves all interest groups.

After the parliamentary election the MDC contested the results from 38 constituencies in the High Court. The court in some instances ruled that new elections should be held, but the outcome did not change the power balance in Parliament. MDC also raised a motion to impeach President Mugabe for wilful violation of the constitution and gross misconduct. The motion in Parliament demanded the investigation of the circumstances surrounding the killing of the more than 31 people in the run-up to the election, holding Mugabe responsible for the killings as a result of the president’s encouragement, condonation and incitement of the war veterans and other supporters. Not surprisingly, the ZANU-PF majority rejected the motion.

Three months after the election, a grenade attack on MDC’s Harare office led the police to search the party’s three offices in the capital and seize documents. In October 2000, President Mugabe declared a general amnesty for perpetrators of politically motivated crimes between January and July 2000. Excluded from the amnesty were persons who had committed murder, rape, robbery, theft and fraud. The opposition leader, Morgan Tsvangirai, immediately condemned the amnesty. He called it an undermining of the rule of law and an encouragement to all those who had committed violence up to the referendum on the draft constitution and the parliamentary election. Observers predicted that the country would see the same kind of violence up to the presidential election.

After the election the party’s executives in several provinces were dismissed by the party’s politburo, allegedly in an effort to ensure the re-appointment of the then 76-year-old Mugabe as ZANU’s presidential candidate at the party’s special congress in December 2000. At the ZANU-PF congress the question of a successor was not on the agenda and was not raised by any delegate.

### **The presidential (re-) election in 2002**

The presidential election campaign was conducted in a very similar way to the parliamentary election. Realising that they and the president no longer had the support of the majority of the people, the party repeated its campaign of threats and bread: threats, intimidation and violence against the opposition supporters and their candidate, Morgan Tsvangirai; food and cash for those who attended Mugabe’s and ZANU’s rallies.

Up to the election, the space for democratic activity was being restricted through various actions. The government stepped up its suppression of its critics and especially of the independent media. Scores of critics have been charged under the new, draconian, Public Order and Security Act (POSA) for criticising the president or the police. The police have used the law to break up several public demonstrations and meetings of as few as four people. Legal experts say the law, and the way it is being applied, is more severe than the repression under the old Rhodesian regime.

The Access to Information and Protection of Privacy Act has been used to charge a number of local-based journalists with criminal acts, some of them being temporarily jailed before appearing in court. The journalists have been charged with abusing journalistic privileges by publishing falsehoods, which is punishable by a fine or a jail term of up to two years.

Most of Tsvangirai's rallies were banned by the police, or cancelled by the MDC as the police refused to provide security against hostile ZANU activists, who on several occasions attacked Tsvangirai's motorcade.

The state media offered ZANU and Mugabe well over 90 % of their election press coverage. The few percent for Tsvangirai were made up of attacks and insults, some under the label: "Fight against Terrorism!" Tsvangirai was denied access to live interviews or coverage at ZBC Radio/TV.

The polling stations in the cities - MDC strongholds – were reduced by 30 %, resulting in enormous queues and some voters being denied their right to vote. Election regulations were changed up to the very day of the elections. Local government elections were held simultaneously in Harare and its high-density suburbs, which resulted in an even slower voting process. The government, in contempt of a court order that the local elections in Harare should be held much earlier, had deliberately postponed these long-overdue local elections.

After losing the March 9<sup>th</sup>-10<sup>th</sup> election – or more correctly, the counting of the votes - the MDC lodged a court challenge to Mugabe's victory and has since repeatedly stated that Mugabe's government is illegitimate. The MDC claims that their election observers were denied access to half the polling stations in the rural areas, where the majority of the voters live. They point out systematic discrepancies between, for example, the locally registered votes and the centrally published results.

### **Political impasse after the elections**

Since the disputed March 2002 election, the political and economic crisis has deepened. Most respected international observers agreed that the presidential election had not been free and fair. Efforts by South African president Thabo Mbeki and Nigerian president Olusegun Obasanjo to mediate between the ruling ZANU-PF and the MDC soon proved to be in vain. ZANU-PF insisted there was no problem that required solving. The MDC maintained that for talks to make any progress, there had to be an immediate end to state-sponsored violence against opposition supporters, an examination of the legitimacy of the March presidential election and discussion about a new constitution.

In the end, the talks were broken up by the ZANU-PF delegation. They claimed that the party could not negotiate because the MDC had lodged a court challenge to Mugabe's victory and continued to claim the government was illegitimate. At present there are no signs that the dialogue will be revived. On the contrary, the government is seeking to tighten its grip by all possible means. The opposition is prevented from holding public meetings, its leaders and supporters are being tormented, harassed and persecuted on a daily basis.

Following the elections, several sanctions by the international society have been imposed on the Zimbabwean leadership. Temporary suspension from the Commonwealth and targeted sanctions by the USA and EU, including a travel ban on 72 people from the elite, have increased the isolation of the Mugabe government, but have not resulted in any moderation of its policies. The frustration among his former allies may best be described by a quote from South African Desmond Tutu: *“Mugabe is going bonkers in a big way.”*

Mugabe’s strategy of political survival has been still more one-dimensional and confrontational blaming all problems on external and evil forces – especially the British (Blair’s “gay-government”), the other EU-countries and of course the “British puppets” in MDC. When reshuffling his cabinet in August 2002 by firing the Minister of Finance, Simba Makoni, but keeping most other cabinet members, including his two vice-presidents - both older than the 78-year-old Mugabe - Mugabe described the team as a political “War Cabinet”.

It seems unlikely that Mugabe can be persuaded to follow a conciliatory path towards resolving the political crisis and restoring relations with the international community. As long as the ruling elite has access to resources, they will fight to stay put.

**Quotes of a day:**

As the crisis has risen in proportion, the ZANU PF leadership’s utterances have grown more hostile. A few quotes from a single day’s pile of vicious statements may indicate the sinister atmosphere<sup>4</sup>:

*“MDC is a party of violence...”* Minister for Information and Publicity, Prof. Jonathan Moyo.

*“The EU and the British in particular have been sponsoring the youths in MDC. They have institutionalised violence in this country.”* Minister for Information and Publicity, Prof. Jonathan Moyo.

MDC is *“...a dark dirty organisation ... a party of killers. That is why most of its members are facing various charges from violence to murder.”* Minister for Information and Publicity, Prof. Jonathan Moyo.

On British nationals in Zimbabwe: *“We are not chasing them ... but sure if they are not good citizens here, we will kick them out of our country. That’s an area we need to watch.”* President Robert Mugabe.

The land reform is an *“... unparalleled success story...”* President Mugabe.<sup>2</sup>

Mugabe on devaluation: *“Devaluation is sinister and can only be advocated by our saboteurs and enemies of this Government... Devaluation is thus dead!”* (Aimed at the then Minister of Finance, Simba Makoni, who had openly advocated devaluation).<sup>2</sup>

<sup>4</sup> All quotes are from the government-controlled The Herald, 24 July 2002.

<sup>2</sup> From Mugabe’s opening speech in Parliament, quoted from The Herald 24 July 2002

### **A crisis of many dimensions**

Today the Zimbabwean crisis goes much deeper than just land reform, starvation, HIV/AIDS, the conflict between the two political parties, the oppression of the civil society and the accelerating economic decline (see chapter 4).

Almost all areas of life in Zimbabwe are marked by the national crisis, including:

The **educational system**, which was once acknowledged for its high standard and its high enrolment rates, is now struggling with:

Lack of resources, sharp increases of school fees resulting in a high rate of pupils leaving school early, an increasing number of children, especially orphans, with little or no economic and/or social support from home, and harassment and removal of teachers supposed to be sympathetic to the MDC. In sum the result has been a school system with rapidly declining enrolment rates and a rapidly declining quality of education.

The **health and social care system**, which also once had a very high standard for the region, is struggling with:

A severe shortage of both medicine and personnel. There is an almost total absence of drugs from abroad and an exodus of doctors, nurses, laboratory technicians and social workers to greener pastures outside the country. New regulations have introduced user fees to be paid in advance for most treatments at hospital: No pay, no cure - resulting in more misery for most people, as they are unable to pay for any real treatment. HIV/AIDS patients occupy about 80 % of the beds in the hospitals. Many are going back to seeking relief from traditional healers.

The **physical infrastructure** is operating with increasing difficulties. The roads, the electricity grid, the telephone network, the water supply and the fuel supply are functioning, but all with growing difficulty. The condition of the commuter buses, the trucks and most private cars is rapidly deteriorating, leading to a growing number of fatal road accidents etc.

The **production sector** is running at low capacity. Not only is the farming sector in crisis, but also the manufacturing sector is being hurt by the lack of currency for imports, a growing shortage of inputs, a decline in demand etc. Evidently, the former booming tourism industry has almost collapsed. Consequently, workers are retrenched in large numbers with declining formal-sector employment and a growing number of people trying to survive in the informal sector.

### **A way out?**

Besides escalating the conflict with the international community, the government has been vigorous in tightening its controlling measures on its own population.

Any change in current policies will probably only be achieved by more tumultuous or violent means. The widespread hunger following a depleted harvest in 2001/02 and the chaotic land reform might be the trigger for a reaction from the people. The anarchistic takeover of almost all the commercial farms – some at a few hours' notice without prior proceedings – will almost inevitably have disastrous effects on production for years to come. By September 2002 up to six million - half of the population - face starvation,

caused partly by the drought but primarily by the self-imposed reduction in food production. At less than half of the farms taken over by the state and designated for future commercial farming were there “indigenous” farmers prepared to take over when the white farmers were ordered to leave.

Fundamental political and economic reforms and assistance from the international community - from which the government has deliberately isolated itself – are thus urgently needed to ease the national crisis.

### **3. Economic Profile**

Basically, Zimbabwe has a number of strengths compared to most of its neighbours. Beside its rich variety of natural resources and its infrastructure, it has a literate population, a relatively well functioning educational system and a large group of skilled and well-educated people. It has been said that Zimbabwe was the first country to be liberated where those who took over were just as well educated as those who were forced to leave.

The current state of economic and political life in Zimbabwe makes it difficult to produce relevant values based on traditional indicators, as all figures are already outdated when they are released. In addition, the authorities have recently been very reluctant to publish new economic data. Finally, the use of the official exchange rate for conversion into US\$ does not give a true picture of the economy. The economic figures would be far smaller if an exchange rate closer to the parallel market rate were used for the conversion.

While Zimbabwe previously had a high level of average income by African standards, it is now below the Sub-Saharan average, with a still higher rate of people living in poverty. Moreover, the critical shortage of basic commodities such as the staple food maize results in sky-high black market prices far beyond the reach of ordinary people.

#### **Disastrous HIV/AIDS plague**

Besides the economic and political, mostly self-imposed, problems, Zimbabwe is also one of the world's worst affected countries in terms of AIDS. UNAIDS estimated the adult rate (age 15 – 49) of people infected with HIV/AIDS to be a record high of 34 % at the end of 2001. Only Botswana has a higher rate (39 %), although out of a total population of only 1.6 million. The average for the Sub-Saharan region is 9 %.

It is estimated that 200,000 Zimbabweans died of AIDS in 2001 – about 550 per day. The number of current living orphans, who have lost their mother or father or both parents to AIDS, and who were alive and under age 15, is estimated to be 780,000. In addition to the human tragedy, the impact on the economy and labour market is enormous, since the disease has the greatest effect on the most economically active age groups. If a company needs a good specialist, it had better hire two, as there is quite a high probability that one would soon fall sick and die from AIDS.

After years of neglect, President Robert Mugabe finally in 1999 acknowledged the threat of AIDS. A special 3 % AIDS-levy on income tax has been collected from January 2000, but it seems as if the government is not fully committed to releasing the funds for the purpose of helping the infected and fighting the spread of the disease. In 2002, for instance, the Ministry of Information applied for 30 million Z\$ of the levy to finance a beauty-queen contest. The board turned down the application.

In his hour-long opening speech at the third session of Parliament in August 2002, it was only at the very end that President Mugabe touched on the AIDS issue, and even then, very briefly.<sup>6</sup>

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<sup>6</sup> The Herald, 24 July 2002

### Potential for a wealthy economy

On independence in 1980, Zimbabwe inherited an economy which exhibited both strong characteristics of a relatively developed economy and economic backwardness and neglect of the majority of the people. This dualism arose from the policy of white supremacy that underlined the colonial era.

The table below gives a brief outline of main trends in the economic conditions and policies since 1920.

**Table 3. Phases of macro-economic policies, 1920 – present**

Period	Relevant policy	Economic conditions
1920s	Protection for local manufacturers	Beginning of industrial development
1930 – 50	Relative isolation	High growth and inward maturing of industry
1950s	Increasing financial and trade regulation	Large inflows of foreign investment, but overproduction problems and unsustainable financial and trade relations
1960 – 80	Heightened financial/trade regulation coincident with sanctions	Initial dramatic recovery, followed by a crisis of overproduction and civil war
1980s	Gradual loosening of financial/trade restrictions and strong export drive	Enhancement of developmental state's human capital functions, yet uneven economic record
1990s	Rapid liberalisation of finance and trade	Dramatic volatility and vulnerability in many markets, de-industrialisation, underdevelopment
1997 -	Uneven return to <i>dirigiste</i> policies - e.g. exchange controls, fixed currency rate, luxury import tariffs – but followed by a regional free-trade agreement, foreign debt default, uncontrolled budgetary growth and deficit, negative real interest rates, capital flight etc.	Deepening crisis across all sectors of the economy

Source: Bond, Patrick and Masimba Manyanya: *Zimbabwe's Plunge. Exhausted Nationalism, Neoliberalism and the Search for Social Justice*. 2002

As an indicator of the economic development, the share of the manufacturing output in GDP in Zimbabwe averaged 23 % during the period 1980-89. The corresponding figure for sub-Saharan Africa is only 10 %.

Except from South Africa, Zimbabwe has a much more diversified economy than its neighbours. It has a well-developed manufacturing and commercial farming sector, various mineral resources and a relatively dense infrastructure.

Manufacturing industry and agriculture form the backbone of the economy, but the service sector has by far outnumbered them both in terms of value added and employment. The diversified service sector accounts for 58 % of GDP.

Agriculture is essential for the general well-being of the economy. In 2000 it employed 26 % of the labour force in the formal sector, but a much higher rate of the labour force in the far larger informal sector. Furthermore, agriculture supplies almost half of the exports, mainly tobacco, cotton and horticultural produce.

Despite its strong fundamentals, the Zimbabwean economy has had difficulties in flourishing. In the 1980s, the economy grew by 0.3 % per capita. The presence of the apartheid regime in South Africa and the war in Mozambique created difficult conditions for the economy. In the 1990's (1991 – 2001), the GDP per capita declined on average by 1.3 % annually.

### **Post independence reforms, 1980 – 90<sup>7</sup>**

Soon after independence, the government adopted the *Growth with Equity* policy programme. The main objectives were to achieve a sustained high economic growth rate; restructure the economy by promoting investment and exports; stabilise prices and balance of payments; and create high levels of employment in all sectors and for all levels of skills.

Substantial achievements were made in areas of education, health, population control and the promotion of small-scale agricultural farming. The small-scale farmers were motivated by attractive prices and their numbers rose significantly. The standard of living of most Zimbabweans improved, as shown by a major decline in mortality rates. The health service sector grew significantly. Access to education at all levels expanded incredibly.

Yet, there was a certain amount of ambiguity in the policies. The government proclaimed a desire to introduce socialism, but at the same time sought to consolidate the inherited capitalist economic system. There was a lack of realism in the development plans, and little attempt to synchronise the plans and the national budget.

In the first two years after independence, the economy experienced a major boom largely due to the access to international assistance and lending, favourable terms of trade and increased national demand. The boom created a false sense of optimism. This paved the way for liberalisation of the currency regulations and an expansionary incomes policy. A major drought in 1982-84, which coincided with a world recession, contributed to balance of payment problems. *'Thereafter, the economy tended to be managed on a reactive 'management-by-crisis' basis'*, according to ZCTU's Chief Economist, Godfrey Kanyenze.<sup>8</sup>

The sectoral policies did not complement each other. The education sector produced a massive number of educated students for the labour market, whereas the formal sector

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<sup>7</sup> For more analysis of the economic policy since 1980, see:  
Bond, Patrick and Masimba Manyanya: *Zimbabwe's Plunge. Exhausted Nationalism, Neoliberalism and the Search for Social Justice*. University of Natal Press. South Africa, 2002  
G. Kanyenze: *Economic governance and human development*. Paper prepared for the Poverty Reduction Forum. Harare, 2000  
UNDP: *Human Development Report 2000, Zimbabwe*. Harare, 2001

<sup>8</sup> Quote from: Kanyenze, (2000)

could not absorb them. Eventually, the successes were also overshadowed by low economic growth rates that averaged 2.7% annually in the 1980s, a rate that was way below the population growth rate of 3.1% per annum.

The reasons for the lack of post-independence economic dynamism are complex. To a large extent they reflect subjective issues such as white investor confidence, which was extremely negative until around 1984, and the failure to substantially alter the wealth and income distribution to improve the buying power of the masses. The deeper-rooted problems in the economy were not seriously tackled during the 1980s, with the excess production capacity of the economy being a major phenomenon.

### **Structural adjustment in the 1990s**

In 1991 the government introduced an *Economic Structural Adjustment Programme* (ESAP), supported by the IMF and the World Bank. ESAP entailed a fundamental shift from the former interventionist and regulatory system to one largely driven by market forces. The expectation was that ESAP would raise investment levels, thereby facilitating annual GDP growth rates at 5 %, employment creation and raising the standard of living of the majority of the people.

To achieve these goals, the main elements of the programme were competition-enhancing measures such as trade liberalisation, exchange rate liberalisation, domestic deregulation allowing free collective bargaining, and financial sector reforms. Fiscal reforms encompassed fiscal and parastatal deficit reductions, privatisation and commercialisation of public enterprises. It also included measures to mitigate the social costs of adjustment.

In contrast to the expected results, the ESAP period produced a fall in economic growth rates, which declined from an annual average of 4 % for the 1986-90 period to an annual average of 2 % during the reform period 1991-97. Per capita GDP declined substantially from 1991 onwards, implying a falling living standard for the people.

The programme failed for a variety of reasons. Most importantly, it did not benefit the large majority and thus failed to gain political legitimacy. According to the World Bank, “...*unless the programme is seen to be generating benefits for everybody in Zimbabwe, it might not be possible to follow through with and maintain the momentum of many of the recent policy changes. This will require dealing more effectively with poverty and with the social dimensions of adjustment,*” (World Bank, 1995, p. 18). The failure of ESAP to redress the inequalities inherent in Zimbabwean economy meant that the majority of the people could not take advantage of the opportunities offered.

The World Bank, in its Performance Audit Report on ESAP, concedes that, “... *the concerns, however, go beyond the issues of pace and design: the comprehensiveness of the program seems a fundamental issue, especially given the objective of reducing poverty. Given the highly dualistic nature of Zimbabwe’s economy (where the white minority dominates formal sector economic activity and owns two-third of high potential land, and the black majority is concentrated in rural, communal areas and the urban informal sector), it would appear that some basic questions were not explicitly addressed at the outset. First, would ESAP, predicted on the formal sector acting as an engine of growth create sufficient jobs, quickly enough, to address the serious problems of*

employment? ... Even realisation of the most optimistic scenarios for formal sector growth will not provide a quick solution of the unemployment problem". (World Bank, 1995, p. 11).

The World Bank admits that, *"The Bank's overall performance was satisfactory, but its shortcomings were in focusing, almost exclusively, on policies and targets. In retrospect, it is clear that the Government needed assistance in formulating specific action plans, as well as institutional strengthening to enable it to carry out, in particular successful fiscal and parastatal reform and an effective program to alleviate the burden of adjustment on the poor."* (Ibid, p. 10)

Finally, and very crucially, the failure to consult other social partners hindered progress. In the words of the World Bank, *"... the Zimbabwe case demonstrates the importance of popular ownership and participation throughout the process of adjustment. An open, transparent dialogue can help generate realistic expectations, reduce uncertainty, and contribute to a unified sense of national ownership for reforms,"* (Ibid).

*Indigenisation* became a major issue with the introduction of ESAP. It became clear that, due to historical reasons, most blacks could not participate in expanding economic activity. The government established the Indigenous Business Development Corporation in 1990. The government's concept for the indigenisation policy was *"... the deliberate economic empowerment of indigenous Zimbabweans mainly through economic expansion"*.<sup>9</sup> The strategy included:

- ? creating an enabling macro-economic environment;
- ? industrialisation of the economy;
- ? land redistribution;
- ? increasing indigenous private investment in the economy;
- ? mobilisation of financial resources;
- ? skills development;
- ? review of legislation that constrain indigenous participation.

The policy, however, has achieved little progress. Godfrey Kanyenze gives the following reasons. (Kanyenze, 2000, p. 37):

- ? unstable macroeconomic environment with high budget deficits, high inflation, high interest rates, low domestic savings and low investment levels;
- ? inadequate financing facilities;
- ? lack of entrepreneurial skills;
- ? inhibitive legislation which restricts the easy entry of indigenous entrepreneurs;
- ? lack of decentralised business information centres;
- ? lack of collateral security;
- ? the opening of markets for competition may work against the start up of indigenous entrepreneurs, as they will be exposed to more resourceful companies.

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<sup>9</sup> Quoted from Kanyenze, 2000, p. 37

Moreover, the policy, according to Kanyenze, has “...been driven in a partisan manner, with mostly those with connections to the powers that have benefited”. (Ibid)

### **Economic policy since 1997**

Since mid-1997 the economic policy has been increasingly haphazard, as president Mugabe has sought to re-affirm his position against growing discontent and domestic opposition. In August 1997 the government announced it would disburse 4 billion Z\$ in payments to more than 50,000 liberation war veterans. This expense was not budgeted for and was not passed in Parliament. The World Bank immediately suspended balance of payment support.

Later that year, the government designated 1,500 white-owned commercial farms for expropriation. Soon, the currency dropped, losing about 70 % of its value to the US\$ over a year.

In April 1998 the government published details of a programme for economic and social transformation, *Zimprest 1996-2000*, initially tabled for 1996. The program contained some fundamental weaknesses, besides the peculiarity that it pretended to cover the period 1996 – 2000 and yet was only launched in 1998. The programme covered almost all polices, but it did not elaborate on the budgetary implications of its ambitious objectives.

In June 1998 the IMF released balance-of-payment support. Further IMF support was put on stand-by due to concerns over the government’s commitment to reforms and to gain control over expenditures. In 1999, the IMF finally suspended a 193 million US\$ lending programme due to complaints of mismanagement and uncertainties over the land reform initiatives as well as the involvement of an estimated 11.000 Zimbabwean soldiers in DRC.

In 2000, a new programme was launched as the *Millennium Economic Recovery Programme* (MERP). The intention of the programme was to mobilise all the national stakeholders to implement a set of reforms designed to restore macro-economic stability. A main instrument would be fiscal policy measures to reduce expenditure and increase revenues, while monetary policy should provide price stability. Debt should be restructured and the productive sector revived. The MERP has failed, partly for the same reasons as its successors. In its appraisal of ESAP and Zimprest, the MERP document concludes that “...implementation lacked both co-ordination and commitment at all institutional levels resulting in the missing of targets by a wide margin”<sup>10</sup>.

In October 2000, the World Bank blocked future loans by placing all loans and credits to Zimbabwe in “non-accrual status” as the country had failed to settle its arrears. And in June 2002 the IMF suspended its technical assistance after Zimbabwe had failed to settle its overdue financial obligations.

The situation has since changed from bad to worse. In late July 2002, the then Minister of Finance, Simba Makoni, stated that the external payment arrears stood at US\$ 1.1 billion.

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<sup>10</sup> UNDP: *Human Development Report 2000*, Zimbabwe, (p. 39)

He expected the overall balance-of-payments deficit to increase from US\$ 194 million in 2001 to US\$ 1.1 billion in 2002. Domestic debt has grown from Z\$ 75 billion at the end of 2000 to 320 billion in mid-2002. Makoni – in sharp contrast to President Mugabe - said the nation was in “*deep crisis*” and should seek international help “to restore the country to growth and development”.<sup>11</sup>

### **The exchange rate: double standards**

For a long time – until after the June 2000 election - the government stubbornly maintained a fixed exchange rate of 38 Zimbabwean \$ per US\$. This was the position despite the desperate shortage of foreign currency and the severe problems caused by the rate to the exporters in the production sector. Finally, in August 2000, the Z\$ was depreciated to a rate of 50 Z\$ per US\$. After a number of minor adjustments, the rate was set at 55 Z\$ pr US\$ at November 2000, where it has since been pegged.

The currency policy has created a thriving parallel market with exchange rates higher than *1000 Z\$ per US\$ in October 2002*. It is a public secret that high-ranking ZANU-PF politicians have interests in the exchange bureaus, which are doing good business on the parallel market trade. Besides, the key movers on the parallel exchange market are the government departments and parastatals. In fact, the foreign exchange on the official market is inadequate to meet the requirements of NOCZIM and ZESA – the state owned oil company and electricity company – alone.

The topic of devaluation has become an ideological issue and an element of the in-fighting in ZANU PF, (Mugabe: “*Devaluation is sinister and can only be advocated by our saboteurs and enemies of this Government*”). Despite several public statements by the Minister of Finance, Simba Makoni, on the need for devaluation as part of a reform, the orthodox faction of the party prevented an official devaluation. In a reshuffle in August 2002, Simba Mkonni was sacked and replaced by Herbert Murerwa, a ZANU veteran and traditionalist.

The debate on devaluation has been characterised by ignorance and manipulation, for instance blaming the shortage of foreign currency on the exchange dealers as a deliberate plot against the state, etc. The stall has instead forced the introduction of a number of different *de-facto* exchange rates. This again has negative effects due to misallocation and budget problems. The Reserve Bank will lose on its forex transactions and have to print money to finance the losses, which in turn will further fuel inflation.

In reality, the government has introduced a number of different exchange rates for different purposes in an attempt to control most of the currency inflow and reduce the outflow. In general, exporters have to surrender 40 % of their foreign currency from export to the Reserve Bank. They receive the money back in Z\$ at the official rate. To meet their currency requirements for import of inputs to their production, many will have to go to the parallel market or scale down production.

To prevent too much scaling down in the main export sectors, the government - via the Reserve Bank - has introduced specific, favourable exchange rates for tobacco and gold

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<sup>11</sup> Daily News, 27 July 2002

exporters. The Ministry of Finance has introduced a special exchange rate that applies to luxury imports (cars, TV's etc.), with the intended effect of increasing custom duties. Several parastatals, such as Zimair, operate with their own exchange rates, more or less shadowing the parallel market rate.

<b>Different de-facto exchange rates per US\$:</b>	
Official	55 Z\$
Gold exporters	96 Z\$
Tobacco exporters	159 Z\$
Luxury imports (for calculation of customs duty)	300 Z\$
Parallel market, about	700 Z\$
Blend rate for general export, about	440 Z\$
Note: As per primo September 2002	

Source: Estimates based on regulations from Reserve Bank of Zimbabwe and the Ministry of Finance.

Officially, trade in foreign currency at rates other than the official rate is a criminal offence, and the offender is liable to a fine or a prison term.

### **An economy in deep crisis**

Since 1997 the economy has moved into a crisis of huge dimensions. The situation has only worsened since the acute political crisis following the rejection of the draft constitution in the referendum in February 2000, and the subsequent farm invasions and political violence.

Shortly after the referendum, ZANU supporters invaded a large number of white-owned farms. By mid-May more than 1,200 of the 4,500 large-scale commercial farms had been invaded, most of them were permanently occupied. In the following month, the number of illegal occupations grew to more than 2,000.

After the election, the crisis persisted as the new ZANU-PF government introduced the "fast track resettlement programme". More than 3,000 commercial farms with an estimated 5 million hectares were listed for resettlement. The government announced that more than 2,000 of the farms should be redistributed before the rainy season began in November 2000. In comparison, it took 16 years to acquire 3,3 million hectares.

Today the economy is suffering from all the elements of a severe, classic crisis, characterised by:

- ⌘ *decline in GDP of almost 25 % in the period 2000 – 02;*
- ⌘ *unemployment rate at an estimated 70 %;*
- ⌘ *budget deficit at about 20 % of GDP;*

- ✍ hyper-inflation, accelerated from 20 % at the end of 1997 to an official annual rate of 140 % in September 2002<sup>12</sup>;
- ✍ acute shortage of foreign currency, driving the parallel market rate up to almost twenty times the official exchange rate (from 55 to over 1000 Z\$ against the US\$);
- ✍ shortage of basic foods, such as maize, bread, cooking oil and sugar, with millions of people starving.

In 2001 the gross domestic product (GPD) was no higher than in 1990, while the population had increased by about a third.

Part of the economic crisis is a result of the obstruction of the production on the farms, and it has worsened by the severe drought in 2002. But the *roots of the crisis* are to be found in the deterioration of the economic fundamentals in combination with - and largely resulting from - the increasingly bad governance with lack of the rule of law and lack of the regime's credibility in general. Its international development partners have deserted the country. Foreign investments have vanished. Large parts of the tourist industry have collapsed. Companies have scaled down due to lack of demand, rise in costs or lack of access to foreign currency to buy inputs. Others have closed or moved their activities abroad while many companies have relocated their production to South Africa.

### **ZCTU positions on the economic policy and its implementation**

The ZCTU has several times pointed out the lack of consultation with the stakeholders. Consequently, there has been little consensus among the stakeholders on strategies, the reforms and the implementation process. The design process has been top-down. The ZCTU has several times underlined that a broad national ownership of economic plans and reforms is imperative. It argues that:

*“A truly national compromise can only be arrived at when all interest groups and stakeholders participate in policy formulation, decision-making and implementation ... Participation and decision-making by all levels of society has to be guaranteed through a broad, participatory and decentralised approach”.*<sup>13</sup>

The ZCTU has identified the National Economic Consultative Forum (NECF), founded in 1997 as a brainchild of ZCTU, as one possible institution for advancing this process. The Forum was founded as a response to the criticism that government had marginalised most interest groups in the drafting of the ESAP programme. At present, however, the ZCTU has pulled out of NECF as a response to the government's lack of serious intent. The forum has never played a central role in the policy process and has no institutional mandate. Currently it is only staffed by individuals appointed directly by the government.

### **Economic structure**

Zimbabwe has quite diversified economic structures. On independence in 1980, Zimbabwe inherited an economy that exhibited both strong characteristics of a relatively

<sup>12</sup> The real level is much higher, as the black market prices of basic goods are often several times higher than the official fixed prices, which are used in the consumer price index.

<sup>13</sup> Zimbabwe Congress of Trade Unions: *Beyond ESAP*. Harare, 1996

developed economy and economic backwardness and neglect of the majority of the people. In addition to the relatively developed sectors, the economy has an underdeveloped, deprived and marginalised non-formal sector<sup>14</sup>. The economy can thus be described as being characterised by enclaves and dual development. The formal sector, which is the most dynamic and efficient part of the economy, accounts for the greater part of gross domestic product but a minor part (about one fifth) of employment. The majority of the labour force is either under-employed in the informal and communal sectors, or openly unemployed.

Because of its relative diversification and the level of development in the region, the economy has some potential for exploiting the benefits of globalisation. However, the dualism is hampering the realisation of this potential. The economy has not been growing at a sufficient rate to absorb the growth in the labour force.

**Table 4: Structures of Gross Domestic Product and employment by sector**

Sector	1985	1990	1995	2000	1985	1990	1995	2000
	% of GDP				% of Employment			
Agriculture and Forestry	19	16	15	20	26	24	27	26
Mining	5	5	5	4	5	5	5	4
Manufacturing	22	23	21	19	16	17	15	15
Elec. And Water	2	3	2	2	1	1	1	1
Construction	2	3	2	2	4	6	6	4
Finance and Insurance	9	9	11	12	2	2	2	3
Distribution, Hotel, Rest.	15	17	18	18	8	8	8	8
Transport and Communic.	6	6	8	9	5	4	4	4
Public administration	7	6	5	4	9	8	6	5
Education	6	7	7	8	8	9	9	11
Health	2	2	2	1	2	2	2	2
Domestic service	2	2	2	2	10	9	8	8
Other services	4	4	4	6	5	6	7	9
Total, %	100	100	100	100	100	100	100	100
Total, thousands					1,010	1,192	1,240	1,237

Source: *Quarterly Digest of Statistics*, various issues.  
*Stats-Flash*, March/April 2002. Central Statistical Office

The table emphasises the central role of agriculture, not only for production of value added, but to an even higher degree for employment. While its share of GDP has varied quite a lot, it has consistently accounted for about one quarter of the employment in the formal sector. Manufacturing comes second, but with a slightly declining share of both GDP and employment, reflecting the increasingly deteriorating macro-economic conditions.

<sup>14</sup> The non-formal sector includes the informal sector, the communal sector and the subsistence rural sector.

Figures for 2002 reveals a vast decline in total employment, especially in agriculture but also in manufacturing, distribution and hotels, and others.

While the formal sector is subject to the organisational rules and the imperatives of the market, the informal sector relies on a combination of market and traditional modes of economic behaviour and resource utilisation. These differences reinforce the prevalence of low productivity and low incomes in the sector.

The informal sector both relies on the formal sector for its inputs, and also sells its output to that sector. Unfortunately, the trade processes seldom lead to any dynamic expansion. In effect, the informal sector to a certain degree acts as a buffer for the cyclical trends in the formal sector by providing a 'dumping ground' for retrenched labour and a waiting station for job seekers. Most activities in the informal sector are characterised by low productivity and low wages, with too many people working on a survival basis.

### **Agriculture**

The land issue is the most controversial with respect to inherited inequities and distributive inefficiency. Up to the ongoing chaotic land redistribution process, about 70 % of fertile arable land lay in the hands of less than 1% of the population (about 4,500 farmers, mainly whites), while 70 % of the black population made a living on two-fifths of the land in agro-ecological zones with poor soil and unreliable rainfall. The communal areas are overpopulated, overgrazed and ecologically degraded. Laws, such as the Water Act, that were passed during the colonial period, ensured that large scale farmers had a monopoly over water rights, resulting in a situation where 85% of irrigation schemes are in large scale commercial farming areas. Government expenditures on research, infrastructure, marketing and storage were biased in favour of large-scale commercial farms.

### **Background for the resettlement**

Under the Lancaster House agreement, all individual private property was supposed to be respected and land was to be made available to black Zimbabweans on a willing-buyer willing-seller basis. In return, the British government would provide funding for the new Zimbabwean government's purchase of land for resettlement and the resettlement programme. In the early 1980s, the British government provided £30 million for this purpose but stopped the disbursements in the late 1980s, claiming that Mugabe was providing land to his 'cronies' and political allies.

By 1980, the government of Zimbabwe had identified up to 162,000 families as needing immediate resettlement. By 1997, 3.6 million hectares of land had been purchased and subdivided into plots onto which 70,000 of the 162,000 families were resettled under different resettlement schemes.

The inherent inequality and inefficiency could be resolved through well-planned, active and systematic strategies for the redistribution of resources, education of new farmers, establishing of infrastructure such as roads, schools, clinics, water and electricity supply, financial schemes for new farmers to invest in seeds and fertilisers, etc.

Hence, given the crucial economic role of the agricultural sector, the manner in which the land reform is being handled under the 'fast track' land redistribution programme is quite alarming.

### **The fast-track land reform**

The first 20 years of independence saw only little redistribution of land, despite some early efforts and many political proclamations on land redistribution as a high priority. At the end of the 1980s Britain terminated its funding of the programme, citing political abuse as the reason. At the same time the government faced growing financial constraints. In the 1990s, the government refused to meet the demands raised by the UNDP and other donors for transparency and stakeholder involvement in the process as a precondition for international funding.

Finally, there was apparently for some time a lack of genuine political will to implement the strategy, as long as the ZANU PF was not confronted by any major political threat to its grip on power. Up to 1994, this position could partly be explained by the regional power structure dominated by the then apartheid-governed South Africa south of the Limpopo River.

Unfortunately, the ongoing reform has neither been properly prepared, organised, nor funded and – at best – has not included any clear measures for the selection of the new settlers. The decisions as to which farms are listed for the programme, and who is to take them over, have been obscure. Despite Mugabe's repeated promise that all farmers would be left with one farm, this has not been the reality. Some farmers have been forced to leave their farm from one day to the next, or even within a few hours without prior notice. The development has been marred by a systematic abuse of political power. As an example, the governor of the province Matabeleland North declared that he did “...*not want to see any person from MDC on the list of people who will be resettled.*” (The Daily News, 8. August 2000). In the parliamentary election, MDC won all the 7 seats in the province.

Under the Land Acquisition Amendment Act of May 9<sup>th</sup> 2002 the Mugabe government ordered more than 2,900 of the remaining 4,500 commercial farmers to stop planting and vacate their farms by August 9. The law provides the government with full rights to land listed for acquisition. It prohibits the farm owners from trying to stop the occupation of their farms by government agents or supporters. It also states that the crops on designated land are the property of the government.

The farmers were given 45 days to round off their production and another 45 days to leave the properties that had been designated for resettlement. Anyone who failed to abide by the deadline was liable to a fine and/or two years in prison. By 9 August most of the farmers remained on their farms relying on a negotiation on better conditions for the transformation. In following few weeks several hundred farmers were arrested and forbidden to return to their farms.

According to President Mugabe the government had gazetted 5,153 farms with a total of 9.8 million hectares for resettlement by end of July 2002, which corresponded to an estimated 88 % of the entire commercial farming sector. Of these, 6.1 million hectares

are under the so-called A1 model, where 210,000 households have been allocated land for small-scale farming. 3.6 million hectares had been acquired for new small, medium and large-scale commercial farmers under the A2 model. Almost 11,000 people had been offered commercial farms under the A2 scheme.<sup>15</sup>

A survey by the government up to the August deadline showed, however, that at less than half of the farms to be taken over and designated for future commercial farming were the appointed "indigenous" farmers in fact prepared to take over and continue farming. Some agricultural analysts claimed at the end of August that at least 80 % of those who had been allocated plots under the agrarian reform were still to move onto their new pieces of land.<sup>16</sup> A large number of top ZANU-PF officials have been allocated commercial farms, including cabinet ministers, Mr. Mugabe's relatives and business people associated with ZANU-PF.

Contrary to the Government public policy on "one-farmer one-farm" and the President's repeated assurance that only multiple farm owners would be evicted, more than 1,000 white Zimbabweans owning a single farm are among the 2,900 ordered to quit their property, according to the Commercial Farmers Union, CFU.

The number of displaced farm workers was estimated at 70,000 families in July 2002 by the General Agriculture and Plantation Workers Union, GAPWUZ<sup>17</sup>. Considering that the average family size is around six, this means that over 400,000 people have been displaced. Surveys indicate that the number of full-time farm workers in Zimbabwe ranges from 300,000 to 350,000. An estimated 150,000 farm workers plus their families are expected to be left homeless as a result of the eviction of the 2,900 white farmers.

There are no indications that the new owners will have the skills, resources and intentions required to achieve production at anywhere near the same level as the previous farmers. On the contrary, in many instances the farm workers are being chased away. As indicated, many of the good farms are being taken over by members of the ZANU elite, living in the cities with no intentions of moving out onto the farm, except at weekends.

The government sought to force the white commercial farmers by law to pay retrenchment packages to their workers before the farmers were evicted, relieving the new owners from any obligations in respect of the workers. Most commercial farmers have not paid a full retrenchment package, claiming they did not have the money as the state had not paid them any compensation for improvements. The CFU argued that only 106 farmers have received partial compensation for their properties since June 2002.<sup>18</sup>

Few farm workers are beneficiaries of the resettlement programme. Statistics compiled by the government show that as of 5 October 2001, only 2,122 of the 123,979 households resettled under the Fast Track program (i.e., 1.7 %) were farm worker households.

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<sup>15</sup> Mugabe's opening speech in Parliament, quoted from The Herald 24 July 2002

<sup>16</sup> Financial Gazette, August 22-28, 2002

<sup>17</sup> The Worker, July 2002. See also:

UNDP: *Zimbabwe. Land reform and resettlement: Assessment and suggested framework for the future.* January 2002

<sup>18</sup> Financial Gazette, 29 August – 4 September 2002

Secretary General Clemence Sungai of the Agriculture and Plantation Workers' Union, GAPWUZ, estimated in August 2002 that only about 1,000 workers have been resettled under the programme. (Source: see notes 16 and 17)

Almost all analysts agree that the new settlers will have a difficult time organising production on their newly acquired land. The infrastructure, including the building of shelter and houses, roads, water supply and irrigation, schools, clinics etc., is not in place. And maybe even worse, the state finances do not have the capacity for proper financial schemes providing for loans or support to the families to buy seeds, fertilizer, tools, equipment etc. In addition, the prices of these commodities have increased to around the double within less than a year.

It is a likely outcome that most of the new farmers will only survive on subsistence farming. This will imply a huge decline in production and exports. This again will hold no or little hope for the large part of the commercial farms' estimated 150,000 farm workers and their families on a total of more than 500,000 people, who will be left without jobs and home, and with no or little hope to find alternative employment in their area. Clemence Sungai, GAPWUZ, predicts an explosion of squatter camps on the outskirts of the major cities, as this is becoming the only alternative.

### **UNDP on the land reform programme**

A UNDP mission group has put forward some **basic principles** and conditions for an improved, sustainable land-reform programme<sup>19</sup>.

#### *1. Public confidence in and ownership of the policy-making process*

Clarity in land reform and resettlement policy is essential to achieve predictability of important elements, including the legal and institutional framework within which it operates. It is necessary for all stakeholders to have a common understanding of programme implementation processes so as to minimise uncertainties.

#### *2. Community participation*

The programme involves a major restructuring of the rural sector with a number of groups who are likely to lose assets and opportunities while others will gain assets and opportunities to earn higher incomes. The manner in which gains and compensation for losses are assessed, and how payments are made, will result in tensions unless old and new communities participate in the major decisions. This will call for mature leadership from all groups.

#### *3. Co-existence*

The concept of co-existence in urban and rural areas will need to become a natural way of life. Co-existence is likely to become an important force for mutual support in the difficult transition that all stakeholders will need to go through during the structural change.

<sup>19</sup> UNDP: *Zimbabwe. Land reform and resettlement: Assessment and suggested framework for the future*. January 2002. The principles are in line with the principles agreed on at the Donor Conference on land reform in Harare in September 1998

#### *4. Mutual respect and negotiation in good faith*

Mutual respect will be a necessary condition for reaching satisfactory agreements on the many controversial decisions that will need to be taken during the implementation. Harassment from any group should not be tolerated.

#### *5. Transparency and accountability*

Access to basic information on land acquisition, settler selection processes, investments, policy and legal changes, and the roles and responsibilities of various public and private agencies are critical to ensuring coordination and fairness. Well-informed public debate and policy analysis should be encouraged by making basic information available and facilitating dialogue. Regular progress reports and public briefings are key forums, while access to key public records may be critical to ensure transparency and accountability.

#### *6. Compensation for Land*

An essential prerequisite in the process of property acquisition by the state is the principle of fair compensation for land and improvements.

As the current decision-making process for the reform program is complex, not transparent and highly centralised, the mission suggests that a Land Reform and Resettlement Board, or Land Commission, be established to reduce the many layers of decision-making and decentralise more power to local (accountable) government.

On the support from *international partners*, a basic premise is the stakeholders' commitment to the following conditions:

- ? the cessation of illegal occupations;
- ? de-listing of inappropriately listed farms;
- ? restoration of the rule of law to the process of the land-reform programme;
- ? engaging with international partners in pursuing an effective, sustainable land-reform;
- ? programme on the basis of the UNDP proposals of December 2000;
- ? focusing on a phased programme of redistributing 5 million hectares.

#### **MDC on the land reform**<sup>20</sup>

According to MDC, re-distribution of land is essential, but preventing widespread famine is a higher priority. The move by the Mugabe regime to evict the white commercial farmers is considered by MDC merely as a symptom of a bigger national crisis of governance:

*“Agricultural production will decline drastically, and the country's economy, which is highly dependent on this sector, will take the last step towards total collapse, thus worsening the hunger and famine that is affecting the people of Zimbabwe (...)*

*Land reform is important, but it is secondary to feeding the country. We must take steps to ensure that every possible effort is made to reduce the food deficit and that sufficient crops are planted (...) the party has consistently stated that we fully*

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<sup>20</sup> See: [www.mdczimbabwe.com](http://www.mdczimbabwe.com)

*support Mugabe on the principle of land reform, however, as a party committed to the rule of law we cannot support the illegal and violent tactics used by the Mugabe regime... designed to entrench his political power base, hence the increasing number of farms allocated to members of the ruling elite at the expense of the rural poor”.*

MDC acknowledges the urgent need to address historical injustices in the disproportionate distribution of farmland in Zimbabwe, but also finds it critical that the implementation of the land policy does not destroy the country’s capacity to feed its own people. According to MDC, the land reform must be adequately funded, carried out within the rule of law and supported by a comprehensive agrarian reform that will ensure that sufficient infrastructure is in place (schools, hospitals, roads etc) and technical and financial support is available.

The central points of the MDC’s land policy are as follows:

- ? Establish an independent Land Commission to plan, manage and implement land reform;
- ? The Land Commission will immediately acquire 7 million hectares of land for resettlement through the identification and acquisition of under-utilised land, derelict and multiple-owned land already identified and designated for the purpose and land that has been corruptly allocated;
- ? Zimbabweans who have been legally allocated land will remain on their land and will receive government assistance to ensure that their resettlement is commercially productive;
- ? All resettled farmers will eventually receive security of tenure;
- ? A ban on multiple ownership by a single entity in the short to medium term period (5 years) in order to release land for acquisition;
- ? A progressive land tax will be introduced to discourage farmers owning unutilised land and facilitate land release onto the market.

The ZCTU and the General Agriculture and Plantation Workers’ Union, (GAPWUZ), have on several occasions condemned the violence and harassment of farm workers and demanded that the government remove the war veterans and ZANU-PF activists from the commercial farms to clear the way for the production and the work to continue, bring back the rule of law and have the culprits punished.

ZCTU have pointed at the “... *the general lack of transparency and accountability in the process*”, and the fact that “... *the redistribution process is being done along party lines, with those from the ruling party benefiting.*”<sup>21</sup>. According to ZCTU, the current land reform process is not sustainable as it is being done without consideration of the necessary financial and infrastructure developments. ZCTU has called for the establishment of a stakeholder land commission to oversee the land redistribution, and it

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<sup>21</sup> ZCTU: *ZCTU’s position on land reform*. 2001

has suggested that a certain portion of the acquired land (e.g. 20 %) is set aside for the resettlement of farm workers. Finally, ZCTU has emphasized that the land reform process in itself is a necessary, but not sufficient, condition for the improvement of the living standards of the people of Zimbabwe. It must be part of a package of reforms based on a stakeholder-driven development strategy that will also stimulate industrial growth.

### **Industry**

Partly as a result of import-substituting policies during the years of international sanctions against Rhodesia, which boosted the number of locally manufactured products, Zimbabwe has one of the largest and most diversified manufacturing sectors in Sub-Saharan Africa. The years of liberalisation of trade and removing of protective measures under the ESAP policy in the 1990s caused a reduction in output, and manufacturing's share of GDP declined from 23 % in 1990 to 19 % in 2000.

Following the trade liberalisation, a number of companies (especially in the textiles and clothing sectors) were forced to close down. For instance, the number of clothing companies registered with the Confederation of Zimbabwe Industries (CZI) declined from 280 in 1991 to 220 by 1995. Yet, the number since recovered and was 256 in 2001.

The current harsh economic climate has led to a downturn in several sectors and forced many companies to reduce production or even close operations. The average capacity utilisation in 2001 was about 60 % for industry, according to a survey by the Confederation of Zimbabwe Industries.<sup>22</sup> One high-profile example was the Willowvale Mazda Motor Industries, the country's only vehicle assembly plant, which was closed temporarily in June 2001. It has since started production although on a very limited scale.

**Table 5. Manufacturing and mining output, index**

<b>Index, 1990 = 100</b>	<b>Jan - Oct 2000</b>	<b>Jan - Oct 2001</b>	<b>% change</b>
Metals and metal products	83.5	76.3	-8.6
Foodstuffs	74.6	75.2	0.9
Chemicals & petroleum products	77.6	75.3	-3.0
Drinks & tobacco	112.9	93.5	-17.1
Textiles, incl. ginning	79.7	74.9	-6.0
<b>All manufacturing industries</b>	<b>93.2</b>	<b>86.7</b>	<b>-7.0</b>
Mining, all minerals (Jan – Nov)	101.5	93.8	-7.6

Source: Central Statistical Office: *Stat-Flash*, March/April 2002

The manufacturing index as seen in table 5 reveals a sharp decline in production volumes. From 2000 to 2001 alone, the volume of manufacturing output contracted by 7 %, reaching a level of only 86.7 % of the 1990 output for manufacturing industries. All sectors except Drinks & tobacco have slipped to a level of  $\frac{3}{4}$  of the 1990 production volume.

<sup>22</sup> Confederation of Zimbabwe Industries: *The Zimbabwe manufacturing sector study for 2001*. July 2002

The total mineral output decreased by 7.6 % in January-November 2001 compared to the same period in 2000. The mining sector's volume in 2001 was 93.8 % of the level in 1990.

### **Industrial Policy**

The government has initiated various programmes to strengthen industry.

The *Export Processing Zones (EPZ)* Authority was established in 1996. The concept sought to promote economic development and generate employment through the provision of incentives such as tax holidays for companies that invest in the EPZs. The EPZ Authority has conferred investment licenses on about forty projects. Approximately 2000 jobs were expected to be created every year in the EPZs with the implementation of all projects. In practice, the results have been more modest.

In order to address the deepening economic crisis, the government introduced the *Millennium Economic Recovery Programme (MERP)* in 2000. The MERP was primarily aimed at reducing inflation through anti-inflationary monetary and fiscal policies. The MERP was to be supported by a Social Contract between government, labour and business, which should provide a base for burden sharing, increase institutional accountability and build confidence in the economy.

The government never formally launched the MERP, and there was a lack of commitment by the government to the whole programme despite announcements affirming government's determination to realise the programme's objectives. Nevertheless, the implementation of the MERP has been characterized by a general lack of political commitment to the programme. As a result none of the programme targets have been achieved.

The government has put in place a Micro Start program in an effort to increase credit availability to the poor. The government has also run an enterprise development project worth US\$70 million funded through a World Bank loan and administered in the Ministry of Industry and International Trade. The project consists of the SMEs Finance Facility (US\$25 million), the Export Finance Facility (US\$10 million) and the Business Service Component and Institutional Component.

In general, these programmes have been fragmented, inadequately financed and not well co-ordinated, producing insignificant results.

As for state-owned enterprises, the Privatisation Agency of Zimbabwe (PAZ) was established in 1999 to speed up the process of privatisation after a slow start in the early 1990s. Only a few parastatals have been fully privatised. Often confusion arises from the many pieces of legislation applying, as each parastatal has its own legal framework. The lack of stakeholder participation in the agency and lack of accountability and transparency in the whole process are other major constraints. Finally, a number of the parastatals are mismanaged and heavily indebted. In the huge supplementary budget at mid-2002, the parastatals were allocated at least 3.7 billion Z\$ more from the state. The companies include the National Oil Company of Zimbabwe (NOCZIM), Wankie

Colliery, Zimbabwe Electricity Supply Authority (ZESA) and Zimbabwe Iron and Steel Company (ZISCO).

Where parastatals have been privatised, there were retrenchments of workers. Those retrenched have largely not received any assistance in re-entering the job market, i.e. through retraining by either the government or the companies. As a survival strategy, the majority of the retrenched have therefore joined the informal sector.

## 4. Labour market, structure and policy

### Employment structures

According to the 1999 labour force survey, just above one third of the labour force are paid employees and one third are communal farmers working on their own account. Almost one tenth work on their own account in other sectors, one tenth are unpaid family workers and 6 % are unemployed. (See table).

Due to the problems in defining the demarcation between unemployment, unpaid or own account employment, as well as the overlapping activities of many paid employees into the informal sector, the figures must at best be taken as indications, rather than accurate.

The survey shows major differences in the labour activities by sex. Half of the men have a paid job, while only 22 % of the women have. And twice as many women as men work on their own account. The survey is based on information provided by each person on her or his actual employment status.

**Table 6. Labour force (aged 15 years and above) by activity and sex, in %, 1999**

<b>Activity</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
Paid employee	51	22	37
Employer	0,6	0,1	0,4
Own account worker	29	58	43
- Communal farmer	..	..	34
- Other	..	..	9
Unpaid family worker	13	15	14
Unemployed	7	5	6
<b>Total %</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Total persons, thousands</b>	<b>2,573</b>	<b>2,390</b>	<b>4,963</b>

Source: Calculated from 1999 Indicator Monitoring Labour force Survey. Central Statistical Office.

In reality, the rate of unemployment is much higher, as the unpaid family workers (14 %) and a large part of those who work on their own account (43 %) have only a marginal income from their work. In the government's *National Report on Social Development 1995 – 2000*<sup>23</sup>, the *unemployment rate is estimated as "about 50 %" in 2000*, a sharp increase from 35 % in 1995. Given the sharp decline in GDP at about 22 % in the period 2000 – 02, the level of unemployment has risen much further, although no official figures are released.

More detailed statistics are available on formal-sector employment, based on information provided by the employers.

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<sup>23</sup> Ministry of Public Service, Labour and Social Welfare, 2000

**Table 7. Employment, formal sector, annual average in thousands, 1980-2000**

	<b>1980</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2000 %</b>
Agriculture	327.0	290.0	334.0	325.0	26
Mining	66.2	51.4	59.0	44.6	4
Manufacturing	159.4	197.1	185.9	181.4	14
Elec. and water	6.7	8.7	9.5	11.2	1
Construction	42.2	75.8	71.8	53.8	4
Finance	12.5	17.6	21.1	34.9	3
Distribution	70.3	96.0	100.6	103.3	8
Transp. & communication	45.6	53.3	50.9	43.9	4
Public administration	71.1	93.4	77.0	58.5	5
Education	41.9	108.1	115.6	139.7	11
Health	15.2	25.0	26.0	27.9	2
Private domestic	108.0	102.1	102.1	102.1	8
Other	43.8	73.7	86.1	110.8	9
<b>Total</b>	<b>1009.9</b>	<b>1192.2</b>	<b>1239.6</b>	<b>1236.9</b>	<b>100</b>
<b>Change in %</b>		<b>18.1</b>	<b>4.0</b>	<b>-0.2</b>	

Source: Calculated from Central Statistical Office: *Quarterly Digest of Statistics*, various issues.

After an increase from 1980 to 1990 of 1.8 % per year on average, employment grew at less than 1 % annually from 1990 - 95. From 1995 to 2000 formal-sector employment has declined slightly.

The distribution by sector indicates that by 2000, *commercial agriculture accounted for more than ¼* of the persons employed in the formal sector, followed by the manufacturing, education, distribution and the private domestic sectors.

Yet it should be kept in mind that the actual figures for the second half of 2002 looks very different. Not only has employment in agriculture been reduced by as much as half; also the manufacturing and service sectors have seen substantial reductions in employment. According to the Employers' Confederation of Zimbabwe, more than 54,000 people lost their jobs in their member companies between January and October 2000.<sup>24</sup> Furthermore, from October 2000 to October 2001, the volume of manufacturing output decreased by 9.2 %<sup>25</sup>, and the output is estimated to decrease with 12 % in 2002 alone.

The effect of these figures on employment may well amount to a *loss of almost 200,000 jobs in the formal sector* in the last two years, excluding agriculture, which has its own even more serious problems. As illustrated below, the labour force has felt the hardship of the failures of the economic reforms in full in terms of declining wages.

<sup>24</sup> Business Herald, The Herald, Dec. 7. 2000

<sup>25</sup> Central statistical Office: *Stat-Flash*, March/April 2002

**Table 8. Index of real average wages, 1980-99. (1980=100)**

	<b>1980</b>	<b>1986</b>	<b>1992</b>	<b>1995</b>	<b>1998</b>	<b>1999</b>
Agriculture	100	137	70	63	80	73
Mining	100	116	97	90	118	106
Manufacturing	100	103	83	74	75	68
Electricity	100	93	79	99	182	139
Construction	100	98	57	52	67	54
Finance	100	87	89	86	88	73
Distribution	100	94	70	61	68	61
Transp & Comm.	100	81	66	56	64	64
Public administra.	100	63	41	37	68	67
Education	100	73	64	44	75	74
Health	100	85	68	56	99	87
Private domestic	100	100	48	25	13	8
<b>Total</b>	<b>100</b>	<b>102</b>	<b>78</b>	<b>66</b>	<b>89</b>	<b>81</b>

Source: Calculated by ZCTU from *Quarterly Digest of Statistics*. Central Statistical Office.

Real wages fell sharply after the drought in 1992 and recovered only partially afterwards. The full negative impact on real wages (money wages deflated for inflation) from the political and economic turmoil since 1998 – 99 is not yet reflected in the statistics. The table shows considerable differences between sectors over time; the most striking being the extreme decline in real incomes for private domestic workers since 1986. Table 9 reports a similar trend for the average monthly *minimum* wage.

**Table 9. Trends in minimum wages, 1996-2002.**

	<b>1996</b>	<b>1998</b>	<b>2000</b>	<b>2001</b>	<b>May'02</b>
Average Minimum Wage	725.57	1294.32	3109.76	8925.96	8925.96
CPI (1990=100)	406.9	636.9	1573.6	2705.9	5276.2
Real Wage	178.32	203.22	197.62	329.87	169.17
Real Wage Index	100.0	114.0	110.8	185.0	94.9
Urban PDL (family of 5)	1415.53	2215.66	5474.28	9413.35	18354.97
Minimum Wage / PDL (%)	51.3	58.4	56.8	94.8	48.6

**Note:** CPI: Consumer Price Index  
PDL: Poverty Datum Line

**Source:** Zimbabwe Congress of Trade Unions: *Collective Bargaining Paper, 2002*.

Real wages peaked in 2001 before they declined to their lowest level since 1996 by May 2002.

Following negotiations in the Tripartite Negotiation Forum (TNF), new national minimum wages were gazetted and effective from 1 October 2001. The new minimum wages were based on the minimum wage policy of the 1980s with minimum wages based on a two-tier system, namely, agriculture and domestic service, as well as commerce and industry. The national minimum wages were introduced to boost wages, which had

remained very low during the period of negotiations based at the sectoral (National Employment Council) levels. The new minimum wages were gazetted as follows:

- ? for agriculture, Z\$4,181.38, matching the food poverty datum line as at June 2001;
- ? for agro-industry, Z\$7,902.54, the rural poverty datum line as at June 2001;
- ? for industry, commerce and other sectors, Z\$8,925.96, the urban poverty datum line as at June 2001.

The respective poverty datum line (PDL) levels were set for a family of 5 (average family size in Zimbabwe). Private domestic service and the unclassified sectors were excluded and were to remain under the tripartite Wages and Salaries Advisory Board. In addition, the TNF agreed to equate the tax threshold with the PDL, implying those earning a wage below the PDL do not pay tax. In the 2002 national budget, the Ministry of Finance put the tax threshold at Z\$7,500.

While the wage review of 2001 pushed the average minimum wage to a level of 95 % of the urban Poverty Datum Line, by May 2002 it had already dropped to only 49 % of that level. As an illustration of the difficulties in negotiating wages in an economy with hyper-inflation, table 10 shows the real value (buying power) of the 1990 Z\$ over the period 1990 to May 2002.

**Table 10. Real Value of the 1990 Z\$ (in cents)**

1990	1992	1994	1996	1998	2000	May 2002
100	57	37	25	16	6	2

**Source:** Zimbabwe Congress of Trade Unions: *Collective Bargaining Paper, 2002*. Based on the Central Statistical Office's Consumer Price Index (CPI).

As illustrated above, the value of the 1990 Z\$ has been eroded to 2 cents as at May 2002, implying that what 2 cents could buy in 1990 is what 100 cents buys at May 2002 prices. The harsh realities of this economic environment will inevitably have some implications for the trade unions' strategy on collective bargaining (See chapter 6).

Finally, it should be kept in mind that – besides the actual economic hardship mainly caused by bad governance - a major problem in relation to the labour market is the low productivity of the communal, informal sectors and even parts of the formal sector. These sectors are partly held hostage in a vicious circle. Given the low productivity and scarce economic resources, they cannot in general expand through input of technology and skilled labour into a more profitable production with the potential for better jobs and higher wages.

From a trade union point of view the extensive use of unskilled labour is not an attractive strategy in a world economy where competition is increasingly skills-based. Thus, sustained growth is increasingly associated with the building of skills, technological capabilities and of appropriate institutions.

### **Labour market policies<sup>26</sup>**

Industrial relations before independence in 1980 offered no employment security. Workers were poorly paid, and generally the standard of living of the people was deplorable. To promote employment security and narrow the income differentials, the new government introduced the Labour Relations Act (1985). The law protected workers, as the regulations made it difficult to unilaterally dismiss workers. There were rigid procedures that had to be followed, and the process was cumbersome. Reacting to changing economic situations and organisational restructuring was difficult, resulting in over-employment in companies. A minimum wage was also set. During this period there was no collective bargaining. There was institutionalised wage setting mechanisms with employment boards playing an important role in determining pay levels and conditions of service. The dispute resolution process was very long. As a result of the rigidities in the labour market and administration system, a reform was executed in 1991-92.

The 1992 Amendment to the Labour Relations Act provided for collective bargaining, but the role and status of trade unions were further diminished by the greater emphasis on workers' committees. Works Councils, composed of management and workers' committees, were given powers to negotiate collective agreements or employment codes. These can override industry-wide agreements reached by National Employment Councils, also called industrial councils, made up of unions and employers. The government can veto agreements which it believes are harmful to the economy. The act includes a provision giving the Ministry of Labour the possibility to regulate the minimum and maximum wage level.

Long and extremely cumbersome procedures must be followed before workers can go on strike, making legal strikes virtually impossible. The law provides for a wide definition of essential services in which strikes are banned. The Minister of Labour can at any time designate any service or occupation as essential. In reality this means that almost all strikes are declared illegal.

Labour law bans union dues from being used for political purposes. The Minister of Labour has wide powers of control over union finances and can even set the level of union dues.

After nearly ten years of negotiations, the government is expected to table a *new Labour Relations Amendment Bill* later this year (the Bill was tabled before Parliament in 2001, but proceedings were not finalised). The new harmonised labour bill is supposed to apply to both private and public sector employees and would allow public servants, teachers and nurses to belong to unions, bargain collectively and have limited rights to strike. Currently, these workers cannot join trade unions, and the government determines their conditions of employment. They are, though, allowed to join associations, which cannot bargain collectively or strike. The umbrella body, the Public Service Association, which, however, does not cover the teachers and nurses, was until recently a ZCTU affiliate.

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<sup>26</sup> See *Labour market and economic development, 1991 – 2000*. ZCTU 2001

### **ZCTU positions<sup>27</sup>**

The trade union soon saw that the expected growth in private-sector employment under the Economic Structural Adjustment Programme, ESAP, did not materialise. In some of the sectors in the economy, marginal increases in employment materialised, but far below expectations. The predicted fall in real wages did occur, implying that real wage rigidity did not exist in Zimbabwe, but the welfare-enhancing effect of the reforms expected to come from rising employment did not happen. After recognising that action was necessary, the ZCTU advocated a *two-tier strategy*:

- ? the adoption of technology-intensive techniques essential for international competition in the formal sector, while at the same time;
- ? promoting labour-intensive informal, small and medium-scale enterprises in both rural and urban areas.

This two-tier strategy is still at the core of the ZCTU's policy, although the scale of the national economic challenges has since multiplied.

Up to the 2002/3 collective bargaining rounds, the ZCTU has had a debate on the effectiveness of raising minimum wages without stabilising the economy by such measures as reigning in inflation. The ZCTU argues that the workers' standard of living can only be raised on a sustainable basis by addressing the root cause of inflation, i.e. government borrowing. The ZCTU has argued that workers have borne a disproportionate share of the burden of adjustment through real wage erosion and has called for the adoption of a strategy to share the burden.

### **Restoration of purchasing power and a more fair wage structure**

The focus for the 2002/2003 negotiation processes will again be on raising those at the bottom of the wage scales in order to achieve a more fair wage structure and to share the burden of adjustment. The gap between the highest and lowest paid in the economy remains obscene. The richest 20% of the population account for 60% of the income, while only 10% of the income goes to the poorest 40% of the people.<sup>28</sup> The last group contains the majority of union members.

Against this background, ZCTU has reasserted the goal of ensuring equity in income policy and ensuring that the minimum wage is a living wage. It is therefore a priority for the ZCTU that the minimum wage be linked to the Poverty Datum Line as agreed by the Tripartite Negotiating Forum in 2001.

### **Widening the range of negotiable issues**

The tendency over the years has been for negotiations to focus only on wages. Under conditions of high inflation, all that may be gained from collective bargaining can easily be eroded. The ZCTU intends therefore to include more non-wage issues in negotiations, such as reducing working hours. In the retail sector, reduced working hours can allow for the creation of more employment. The union also is considering making industrial restructuring a negotiable issue. Making such an issue negotiable would help in

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<sup>27</sup>Based on: Zimbabwe Congress of Trade Unions: *Collective Bargaining Paper, 2002*

<sup>28</sup> UNDP: *Zimbabwe Human development Report, 1998.*

addressing issues such as retrenchment and in encouraging responsible behaviour on the part of employers. Schemes such as profit sharing have so far been based on a formula that benefits the highly paid. ZCTU would like a new formula that benefits the low paid to be negotiated at the National Employment Council (NEC) level.

### **Active labour market policy programmes**

The ZCTU argues that the NEC should adopt active labour market policies to deal with retrenchments. *‘It should be the responsibility of each sector to ensure that retrenched workers are empowered through (re)training so that they can be reintegrated into (self-) employment. Both the retrenching employer and the NEC must actively participate in realising this goal.’* (ZCTU: Collective Bargaining Paper, 2002). In addition, labour market information systems should be put in place to compile data specifically related to each sector, and a minimum retrenchment package should be included in the new Labour Relations Amendment Bill.

### **Sector specific productivity centres**

To survive in the increasingly competitive world economic order, the companies should reorganise themselves, adopt new technologies in ways that minimise redundancies and focus on upgrading skills and training. In this regard, the ZCTU suggests that the NEC should establish productivity movements in their sectors. Training within the company should also be increased in order to upgrade the skills of the workers and hence give workers the capacity to perform effectively in the face of the challenges posed by globalisation.

### **Macroeconomic stabilisation and development**

Finally, the ZCTU is fully aware that in circumstances characterised by huge macroeconomic instability, the role of collective bargaining is circumscribed. The stabilisation of the macro-economy and policies that ensure economic growth are fundamental to the sustainable improvements in working and living conditions. Again, ZCTU points to the Tripartite Negotiating Forum, TNF, as a forum that should play a more leading role in achieving this.

### **Labour Relations Amendment Bill**

On the new Labour Relations Bill the ZCTU has put forward a number of specific comments<sup>29</sup>. Some central points are:

- ? The right to strike is not guaranteed. New labour laws are introduced to penalise those who take collective action, including stay-aways. The Bill gives the Minister the power to deregister trade unions organising stay-aways and provides for new offences and penalties for union leaders who organise stay-aways and for workers who participate in stay-aways;
- ? The Bill obliges workers to vote by secret ballot before taking collective job action;
- ? There are no guidelines protecting the retrenchment packages for workers;
- ? The definition of managerial employees is too wide and excludes these people from joining trade unions;

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<sup>29</sup> ZCTU: *Workers` Position on The Labour Relations Amendment Bill, No 24 of 2001*

- ? The Bill does not properly address the superiority of a trade union committee over a workers' committee;
- ? The Bill excludes workers employed in Export Processing Zones from the labour law;
- ? The Bill still provides for a multiplicity of judicial organs to decide on labour matters, including the conventional courts, and does not deal with the long delays in receiving judgements on these matters;
- ? The Bill does not address problems of the casualisation of labour and discrimination on the grounds of AIDS and new forms of employment such as outsourcing.

Finally, the public sector workers are still left out in the cold, as the bill leaves the existing Public Service Act and regulations un-repealed. It leaves a loophole to exclude certain workers and leaves out public service workers on issues such as employee participation in management discipline.

### **Tripartite bodies**

*The National Economic Consultative Forum (NECF)* was launched by the government in January 1998. The ZCTU was the creative force behind the NECF, which was accepted by the government, but the ZCTU quickly withdrew from active participation. Unilateral alteration to the agreed framework amongst key stakeholders undermined the legitimacy of the National Economic Consultative Forum and left the government without a viable policy on or mechanism for national consultation. The ZCTU position is that unless the structure, mandate, content and time frames are renegotiated in line with the originally agreed framework, the current consultative forum will be an exercise in futility. The absence of a viable mechanism for national consultation has weakened the capacity to forge a national socio-economic programme.

*The Tripartite Negotiation Forum (TNF)*, launched in 1998 in response to claims from the ZCTU to negotiate a social contract, has not delivered convincing results. For long periods the ZCTU has not attended its meetings, as it has been considered a waste of time, because the government has not responded positively to the issues raised by the trade union.

*Zimbabwe Occupational Health and Safety Council (ZOHSC)* is a tripartite advisory body to the Minister of Public Service, Labour and Social Welfare. After periods of inefficiency and the government's neglect of its tripartite character, ZOHSC was at one point considered to be a well functioning and effective body with an impact on the policies and initiatives on occupational health and safety in most sectors. Yet, as for the social dialogue in general, the preconditions for a fruitful dialogue on OHS activities are no longer in place.

Up till 2001 Danida provided technical assistance to the National Social Security Authority, NSSA, while LO/FTF Council still provides assistance to the ZCTU in the field of Occupational Safety and Health.

In addition, the ZCTU is a member of the following tripartite bodies:

- ? The Wages and Salaries Advisory Board;
- ? The Retrenchment Committee;
- ? The Pensions Advisory Board;
- ? The National Manpower Council.

Finally, a number of task forces with tripartite participation have been set up including:

- ? National task force on child labour;
- ? National task force on HIV/AIDS and employment;
- ? National task force on women workers' rights.

### **Employers' and industry's organisations**

1) *The Employers Confederation of Zimbabwe, EMCOZ*

President: Joshua Nyoka

2) *The Confederation of Zimbabwe Industries, CZI*. A membership of about 800 manufacturing companies and a number of associations.

President: Anthony Mondiwana (interim President)

([www.czi.co.zw](http://www.czi.co.zw))

Both organisations have been seriously weakened during the present economic and political crisis. Although their members are suffering badly from the consequences of the multifaceted crisis, both organisations have had considerable difficulties in coming up with a clear, independent position towards the ZANU regime's disastrous economic policies and the politically induced crisis. In the tripartite process, for instance, the EMCOZ has been exposed as a weak organisation that has not been able to come up with any truly independent and critical positions towards policies of the government, which in turn has in general neglected the social partners.

### **Ratifications of the fundamental conventions of ILO**

	Forced Labour		Freedom of Association		Discrimination		Child Labour	
	C.29	C.105	C.87	C.98	C.100	C.111	C.138	C.182
Zimbabwe	1998	1998	-	1998	1989	1999	2000	2000

The Constitution of Zimbabwe provides for the right to freedom of association and assembly and specifically affords citizens the right to be organised into trade unions. In spite of this, Zimbabwe has not ratified Convention 87. The government argues that it needs to harmonise labour relations first before ratifying the convention. While the constitution of Zimbabwe conforms to Convention 87, the new Public Order and Security Act (POSA) does not, as it has vast restrictions on the freedom to assemble.

## 5. Education, structure and policy

Before independence, the educational level amongst blacks was deliberately kept extremely low, in line with the policy of white supremacy. It is estimated that 25 % of black children never started school, and 60 % never completed the full primary level. Resources spent on white students were on average many times higher than those spent on black children.

It is well known that after independence Zimbabwe made huge efforts to redress the racial imbalance of the past. For example, during the first five years of independence (1980-85), the expansion rates were 61 % at primary school level and 63 % at secondary school level, and the number of primary schools almost doubled. The number of secondary schools expanded even more from 177 in 1979 to 1215 in 1985.<sup>30</sup> However, with the growing economic difficulties and the introduction of ESAP, a decline in the real per capita spending on education followed in the 1990s. This subsequently led to rising costs of education for households. Today, access to secondary schools remains inadequate in several parts of the country. Lack of funds to buy books and materials and poor conditions for the teachers have led to a decline in quality and a rising number of unqualified teachers, especially in poorer rural schools.

With the escalating crisis in 2000-02, school fees at secondary schools have increased to a level that is out of the reach of the ordinary Zimbabweans. Even worse, many ordinary families today cannot afford to pay the fees for primary school, resulting in a growing number of children dropping out of school.

The Apprenticeship Training System<sup>31</sup> from 1934 was not only racially biased, but was also designed to produce only a few graduates. Thus, of the 5,100 apprentices in February 1981, 56 % were of European origin, 26 % were Africans, 7 % coloured and 1 % Asians. Under-categorisation of skill levels amongst blacks was used to reduce competition with whites.

To correct the distortions in the apprenticeship training system, a Manpower Planning and Development Act was passed in 1984. The Act introduced a centralised recruitment system such that prospective apprentices had to apply to a Registrar of Apprenticeship at the Ministry of Labour. After the initial selection, at least twice as many candidates as expected were sent to interested employers. Data suggests that intakes declined from 2,044 in 1981 to 1,274 by 1989 with minor fluctuations thereafter. The decline reflects how the private sector suspected and resented the government's policies particularly its socialist rhetoric. Hence, the centralisation of the recruitment process exacerbated the relationship between government and the private sector. While the system achieved the objective of providing universal access to apprenticeship training, the real bottleneck regarding the shortage of workers with adequate skills had worsened. Workers undergoing on-the-job-training declined from 5 % in 1981 to 2 % by 1986.

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<sup>30</sup> UNDP: *Human Development Report 2000*, Zimbabwe

<sup>31</sup> Based on ZCTU: *Untitled paper on education and HDR development*. ZCTU, 2002

The supply of technical skilled labour remained limited, resulting in a skills drain from the public to the private sector and increased wage premiums for such skills. The Zimbabwe Manpower Development Fund, ZIMDEF, which was created on the basis of a 1 % levy of payroll of formal sector employees, did not work as planned. Employers complained of excessive bureaucracy, and a large proportion of funds were used for purposes other than those initially intended.

To address the under-categorisation of skills among blacks, the government introduced access to skills upgrading through trade testing in 1981. In addition, vocational training was expanded through the creation of new technical colleges, adding to the two existing from the independence period. The annual enrolments increased from 3,469 in 1980 to 9,385 by 1989. Unfortunately, the facilities at the centres had been under-utilised due to a shortage of qualified lecturers, inadequate and obsolete training equipment and declining staff morale arising from poor working conditions. In sum, a remarkable progress was achieved in the expansion of the education and training system. Unfortunately, however, the rapid expansion of the system within a very short period inevitably occurred at the expense of quality.

Because of the government's high priority on education and the expansion of the educational system in the 1980's, the IMF and the World Bank expected the government to continue to give priority to the education sector. The education sector, however, had all along been heavily dependent on donor support. As this funding decreased in the late 1990's, the government did not take over to compensate for the fall in donor funding, and the sector has subsequently suffered severely.

### **ZCTU positions**

It is the position of ZCTU that the government has an important role to play in directing the process of vocational training. To do this, sanctions and incentives need to be put in place. The ZCTU is advocating that *"a transparent incentive system is used to generate signals which make it individually worthwhile to act in ways that are socially desirable."*

To encourage more flexibility in the system, the ZCTU makes reference to a worldwide trend towards decentralising the running of vocational training institutions. This is to reduce the mismatch between supply and demand and to promote quick responses to changing demand conditions. Thus, employers and employees are increasingly involved in running the institutions.

With reference to Zimbabwe, the ZCTU argues that:

- ? the bureaucratic control of training institutions should give way to greater autonomy in decision making;
- ? the centralised recruitment of apprentices has created conflictual relationship between government and the private sector;
- ? although a more cooperative approach has evolved, especially through the tripartite National Manpower Council, the running of the institutions should be more decentralised.

Finally, as all sectors are now expected to have Employment Councils, these could be used to select and administer training in specific sectors. According to ZCTU, the involvement of unions will safeguard the equity objectives that led to the introduction of the centralised structure.

## 6. Trade unions

### Data

<b>Name of Centre: Zimbabwe Congress of Trade Unions (ZCTU)</b>	<i>International/Regional affiliation:</i> ICFTU, ICFTU-AFRO, SATUCC, OATUU, CTUC
<i>Address:</i> 10th Floor, Chester House, 88 Speke Avenue, P.O. Box 3549 Harare, Zimbabwe.	<i>Number of affiliated unions:</i> 39
<i>Telephone:</i> + 794702/794742/793093	<i>Total declared membership:</i> 165,012
<i>Fax:</i> + 728484	<i>Of which female:</i>
<i>E-mail:</i> zctu@primenet.co.zw	<i>Number of women in leadership:</i> 3 of 8 in the executive committee, (incl. the first Vice-President and the Treasurer)
<i>Web-page:</i> www.samara.co.zw/zctu	
<i>President:</i> Lovemore Matombo	
<i>Secretary General:</i> Wellington Chibebe	

<b>Name of Centre: Zimbabwe Federation of Trade Unions (ZFTU)</b>	<i>International/Regional Affiliation:</i>
<i>Address:</i>	<i>Total Declared Membership:</i> <i>Female:</i>
<i>Telephone:</i> <i>Fax:</i>	<i>Number of Affiliated Unions:</i>
<i>President:</i> Alfred Makwarimba	
<i>Secretary General:</i> Ephraim Tsvaringe	

### Membership in ZCTU affiliated unions

	<b>Union</b>	<b>Abbr.</b>	<b>Members 30.11.00</b>	<b>Members 30.08.02</b>
1	Associated Mineworkers' Union of Zimbabwe	AMWUZ	10,000	10,000
2	Automotive & Allied Workers' Union of Zimbabwe	AAWUZ	2,000	2,000
3	Cement Lime Workers' Union	CLWU	1,300	1,300
4	Commercial Workers' Union of Zimbabwe	CWUZ	15,000	11,000
5	Employment Council Workers' Union	ECWU	50	50
6	Food Federation Workers Union	FFWU	3,000	3,000
7	General Agriculture & Plantation Workers' Union of Zimbabwe	GAPWUZ	5,000	5,000
8	Iron Steel Workers' Union of Zimbabwe	ISWUZ	2,000	2,125
9	Medical, Professional and Allied Workers' Union of Zimbabwe	MPAWUZ	1,100	1,100
10	National Airways Workers' Union	NAWU	747	747
11	National Engineering Workers' Union	NEWU	9,000	9,000
12	National Union of Clothing Industry	NUCI	4,500	4,500
13	Public Service Association	PSA	20,000	20,000

14	Railways Artisans' Workers' Union	RAU	1,110	1,110
15	Railway Association of Enginemen	RAE	745	702
16	Transport General Workers' Union	TGWU	2,000	2,000
17	Zimbabwe Amalgamated Railwaymen's Union	ZARU	9,000	7,000
18	Zimbabwe Banks and Allied Workers' Union	ZIBAWU	4,000	4,560
19	Zimbabwe Catering Hotel Workers' Union	ZCHWU	13,000	8,500
20	Zimbabwe Chemicals, Plastics and Allied Workers' Union	ZCPAWU	3,723	3,723
21	Zimbabwe Construction and Allied Trades Workers' Union	ZCATWU	3,000	3,000
22	Zimbabwe Domestic and Allied Workers' Union	ZDAWU	1,500	1,500
23	Zimbabwe Education, Scientific, Social and Cultural Workers' Union	ZESSCWU	3,500	4,000
24	Zimbabwe Electricity Energy Workers' union	ZEEWU	3,075	3,075
25	Zimbabwe Ferro-Alloy Workers' Union	ZFZWU	510	510
26	Zimbabwe Furniture, Timber Allied Workers' Union	ZFTAWU	3,500	3,500
27	Zimbabwe Graphic Workers' Union	ZGWU	1,797	1,797
28	Zimbabwe Leather, Shoe and Allied Workers' Union	ZLSAWU	5,645	6,745
29	Zimbabwe posts Telecommunication Workers' Union	ZPTWU	6,000	5,700
30	Zimbabwe Pulp Paper Manufacturing Workers' Union	ZPPMWU	550	800
31	Zimbabwe Radio, Television, Electronics Manufacturing Workers' Union	ZRTVMWU	560	560
32	Zimbabwe Rural District Council Workers' Union	ZRDCWU	4,000	4,000
33	Zimbabwe Sugar Milling Workers' Union	ZSMWU	4,000	5,000
34	Zimbabwe Textile Workers' Union	ZTWU	7,000	7,000
35	Zimbabwe Tobacco Industrial Workers' Union	ZTIWU	3,000	3,000
36	Zimbabwe Union of Journalists	ZUJ	200	200
37	Zimbabwe Union of Musicians	ZUM	400	400
38	Zimbabwe urban Council Workers' Union	ZUCWU	9,500	9,500
39	Civil Services Employees' Association*	CSEA		5,000
	<b>Total of members</b>		<b>165,012</b>	<b>162,704</b>
	<b>Members paid up</b>		<b>138,512</b>	

Note: \* The association is also member of the Public Service Association (13)  
Source: Data by ZCTU, August 2002

### Structure

*General Conference/Congress* (every 5 years):

*General Council* (at least three meetings annually):

- ? 8 officers elected by the conference: The president, 3 vice-presidents, the treasurer, the secretary general and 2 deputy secretaries;
- ? 1 representative of each affiliated trade union;
- ? 3 representatives from National Women's Advisory Council (WAC).

*Executive Committee:*

- ? 8 officers elected by the conference;
- ? 2 members of Women's Advisory Council (chairperson and secretary);
- ? 9 members elected by the General Council.
- ?

*6 Regional Committees:*

- ? Chairperson and vice-chairperson, secretary and treasurer, defined by the constitution;
- ? 1 representative from each union in the region.

*National Women's Advisory Council:*

- ? 5 members elected by the Women's conference, held each 5<sup>th</sup> year.

Plus a number of other committees under the General Council.

*Departments (each with a Head of Department):*

- ? Administration and Financial Department;
- ? Economics Department;
- ? Education and Training Department;
- ? Health and Safety Department;
- ? Information and Resource Centre;
- ? Legal Department;
- ? Organising Department;
- ? Advocacy;
- ? The Worker.

Total professional staff: approximately 20.

*Membership:*

Over the last two years, the total recorded membership has declined slightly, although a new affiliate, the Civil Service Employees with 5,000 members, has joined the ZCTU. Members' subscription to their affiliated union is 1 % of their salary, while the unions currently have to pay 7 Z\$ per member per month to the federation. In the below table, it is worth noting the rate of unionisation of 13%.

**Table 11. Membership and Unionisation rate, 1990 - 2000 ('000 and %)**

	<b>1990</b>	<b>1992</b>	<b>1994</b>	<b>1996</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Membership	200.1	200.6	192.1	152.5	193.3	197.9	165.0
Employment	1192.1	1236.2	1263.3	1273.8	1348.5	1314.4	1290.0
Unionisation rate	16.8	16.2	15.2	12.0	14.3	15.1	12.8

Source: ZCTU Database. From: Kanyenze, Godfrey and Blessing Chiripanhura: *The State of Union Organisation in Zimbabwe*. Work paper. Harare, September 2001

The rate of unionisation has been generally low in the country. This indicates that the unions, although having some foothold in parts of the formal sector of the economy, in general must be considered being weak. When the agricultural sector is excluded, the unionisation rate increases to 18 % of the total employed.

Among the 39 members, some are very small with eight unions having below 1,000 members. There are indications that membership varies with unions' subscription rates. There has been a problem of unions under-declaring their membership to ZCTU in order to save money.

Public-sector employees have not been allowed to form unions or bargain collectively. As mentioned in chapter 4, this is one of the central issues in the debate on the Labour Relations Amendment Bill, which is expected to be tabled in Parliament later this year. Most civil service employees have formed associations along the professional lines instead. Four of these associations, representing central government employees, have formed the Public Services Association, which was recently excluded by ZCTU in 2002.

A major association outside the ZCTU is the Teachers' Association (ZIMTA) with an estimated 70-80,000 members.

### **Legal framework for the union activities**

Most labour market relations are regulated according to the Labour Relations Act, which includes very detailed directives for trade unions, employers' organisations and federations.

The 1985 Labour Relations Act provided for workers' committees to be set up at each workplace and to negotiate with management on a wide range of plant-level matters, excluding wages. The committees exist alongside trade unions, and are legally independent of them.

With the 1992 Amendment to the Labour Relations Act, the Works Councils, composed of management and workers' committees, were given powers to negotiate collective agreements or employment codes. These can override industry-wide agreements reached at the National Employment Councils, also called industrial councils, which comprise of union and employer representatives.

Export processing zones were exempted from labour law regulations under a 1994 act. However, the law did provide for the EPZ Authority to establish special labour regulations in the EPZs, in collaboration with the Ministry of Labour. After ZCTU protests, the government indicated that regulations would be put in place to protect workers. Since 1998, the EPZ employment has been governed by regulations other than the Labour Relations Act. Some unions are organising members in the EPZs.

### **The trade union situation**

Trade unions, like political parties, worked hard in fighting the colonialism in the country. But on independence the unions were fragmented and weak. In 1980, there were as many as six national trade union centres, most of them associated with a political party.

The ruling ZANU-PF did not have strong trade union connections, and indeed the government tended to be suspicious of trade unions and to be paternalistic in its approach to them. The ZANU government initiated the creation of the Zimbabwe Congress of Trade Unions in 1981, based on 52 existing unions. The idea was to harness workers' power for ZANU-PF's benefit in the fight against foreign-owned companies and enterprises. Measured by African standards, the ZCTU is considered to be one of the strongest trade unions in Southern Africa. The then General Secretary of the ZCTU, Morgan Tsvangirai, was also Secretary General of the SATUCC - the trade union counterpart of SADC - until November 1998.

For a few years, the ZCTU worked smoothly with the ruling elite. It was only after a change of leadership in the ZCTU in 1988, with a new generation taking over, that the ZCTU gradually succeeded to position itself as a major, independent actor in the national development process. The role of the ZCTU in Zimbabwe was for a long time a "check and balance" role in the absence of a strong political opposition.

The relation between the government and the trade unions in Zimbabwe, however, became increasingly tense during ESAP in the 1990s with declining living conditions and increasing political mismanagement. The relations have worsened ever since 1995 with major strikes taking place, as described in the chapter above on the political situation.

ZANU-PF has always tended to see the trade union as an arm of the party, which was obliged to follow the party policies and decisions without questioning. In line with this, ZANU-PF has constantly and energetically been seeking to infiltrate the unions. The political attacks on the trade union have even materialised as violent attacks on both the General Secretary and the Deputy General Secretary of the ZCTU culminating with the recent arrestation of the general secretary in November 2002.

Already in December 1997, attempts were made to liquidate the then General Secretary Morgan Tsvangirai, ZCTU. Tsvangirai was taken to hospital unconscious after being attacked by seven armed men, just two days after the ZCTU had led the country's biggest protest strike ever. The strike was called to protest against a 5 % levy on wages to finance compensation payments for veterans of the independence struggle, a 2.5 % sales tax and an increase in fuel and electricity costs.

Police soon closed the case, announcing that their investigations were fruitless, although the ZCTU had provided them with names of three suspects.

In March 1998, the ZCTU held a two-day national strike to protest against the increases in sales tax and the 5 % levy on income. After the strike, the ZCTU offices in Bulawayo were destroyed by a fire. President Mugabe alleged that the ZCTU was plotting with whites to topple him from power. After the general strike in March 1998, trade unionists claimed they were under constant surveillance and feared for their lives.

In January 1999, just over a year after the attack on Morgan Tsvangirai, Isidore Zindoga, the Deputy Secretary General of the ZCTU, was beaten unconscious by allegedly three police officers.

During May Day 1998, the ZCTU said that it planned to call a five-day general strike to press for tax cuts. The General Secretary also declared that Zimbabwe needed new political leadership to tackle rising unemployment and poverty. This was followed by a series of mass stay-aways in November 1998.

The governmental reaction came in November 1998, when President Mugabe used his powers under the Presidential Powers (Temporary Measures) Act to amend the Labour Relations Act. He declared any industrial action illegal, thus circumventing Parliament, reversing a statement made only the week before that stay-aways were the responsibility of employers and employees. The ZCTU challenged the government in the High Court over the legality of the ban. In February 1999, the Zimbabwean Parliament's legal committee ruled that President Mugabe's decree was unlawful.

In September 1999, ZCTU was the driving force behind the founding of the new party, the Movement for Democratic Change (MDC). Morgan Tsvangirai, the ZCTU General Secretary, and Gibson Sibanda, the ZCTU President, became President and Vice-President of MDC and soon left office in the ZCTU.

Later, the open political crisis up to the referendum in 2000, the general election in 2000 and the presidential election in March 2002 has created even more tensions and a growing harassment of unions and union members. In response, the unions in some cases have organised mass actions in protest against the assaults and the violence aimed against the trade unions' rights, with varying success.

### **ZFTU**

With the growing independence of the ZCTU, Mugabe decided to create a rival umbrella labour body, the Zimbabwe Federation of Trade Unions (ZFTU) as a rival to ZCTU. The ZFTU was registered in July 1998. However, almost all of its affiliates were registered after the registration of ZCTU indicating a top-down approach. The actual membership base is uncertain, as no reliable figures are disclosed. Indications suggest that some have only a handful of members.

The ZFTU and its affiliates support the government and receives support and room for manoeuvre from the government for their operations, which are often unlawful and unethical. The President of the ZFTU was the first President of the ZCTU, whose executive was removed at the 1985 congress following mass corruption and mismanagement. Its first Vice-President, Joseph Chinotimba, the self-appointed leader of the farm (and later factory) invasions, was clearly installed by ZANU-PF.

### **ZCTU after the 2000 election**

The ZCTU did not officially support any of the parties in the election campaign in 2000. ZCTU, though, were very active in running voters' education activities. Due to the tensions in the country, the ZCTU even called off the May Day rallies in an effort to avoid clashes and violence. However, a dozen of the MDC's 57 new MPs went into Parliament from positions in the ZCTU and its affiliates, including the former ZCTU President, Gibson Sibanda. Others left the trade union for jobs in the MDC organisation itself.

After the parliamentary election, ZCTU called for a one day stay-away on August 2<sup>nd</sup> to protest against the deterioration in living standards, the state of lawlessness and the continuing widespread violence, in particular against the farm workers. The action had widespread support around the country.

The ZCTU also called on the government to remove the war veterans and ZANU-PF supporters from the commercial farms to clear the way for the production and the work to continue. ZCTU called for the establishment of a tripartite land commission to oversee the land redistribution and claimed that the policy should safeguard the rights of the farm workers.

Furthermore, the ZCTU called for a reopening of tripartite negotiations to deal with the numerous, fundamental problems which faced the Zimbabwean economy and the labour market in particular.

### **New challenges and a new leadership**

With a multi-party parliament and a number of key unionists now being MPs for the MDC, the ZCTU is in a crucial period of transition. The unions and the ZCTU have had to adjust their strategies and find new balances in their relations to the two political parties with an almost equal number of MPs, and on their position up to the presidential election in March 2002.

The ZCTU held its congress in late February 2001 to take a bearing on its politics and strategies, and to elect a new leadership. The congress voted in an almost entirely new leadership team. The two members, Lovemore Matombo and Wellington Chibebe, do not hold any positions in either of the political parties.

Given the hostile political climate – and the economic and social hardship – the trade union has deliberately kept its focus on core trade union activities and the fight for trade union rights. Yet Robert Mugabe has incessantly continued to target the ZCTU and its active members through police intimidation, government threats, police harassment of legal trade union meetings and the arbitrary use of the Public Order and Security Act (POSA). For instance the May Day 2001 and the stay-away in July 2001, which was both declared illegal by the government and ZCTU were harassed and intimidated. The action was called after the government has ignored mounting pressure from the ZCTU to review the prices rises).

On 14 March 2002 the police insisted they would attend a meeting for the General council of ZCTU, which is the highest policy-making body. The meeting was

subsequently called off. The High Court later ruled that the police had acted illegally. This again infuriated the government and led it to castigate the judge.

In flagrant disregard of an April High Court ruling, which allowed trade union meetings without police interference, the government-led harassment continued. The crackdown on activities of the ZCTU even included threats from the then Home Affairs Minister, John Nkomo, to outlaw the union. Foreign trade union visitors to the ZCTU are regularly turned away at the airport, even if they hold a valid entry visa, or are abruptly ordered to leave if they have succeed in entering the country.

After the presidential election the ZCTU called for a mass stay away from 20<sup>th</sup> to 22<sup>nd</sup> of March 2002. The action was initiated as a protest against:

- ? the state's disregard for trade union freedoms;
- ? attempts by the state to weaken the ZCTU and thereby expose the workers to victimisation;
- ? the harassment, beatings and displacement workers are experiencing in the aftermath of the election;
- ? general lawlessness, which will influence company closures and massive job losses.

However, the action was not a success. The leadership afterwards admitted that the action was poorly planned – all the way from the decision making to the communication to unions and members – and consequently created confusion amongst the members and the public in general.

### **Major challenges**

The Zimbabwean trade union movement has for long been one of the most viable in Africa. It plays an active, independent role in the civil society of Zimbabwe. Given its open, democratic structure, the ZCTU has gained recognition and influence. It has often had a leading role in debates and in collaboration with other civil organisations. Yet, to ensure the viability through this period of new challenges and threats – towards both the members living conditions and the organisation as such – a number of challenges are ahead of ZCTU.

### **Increase membership and improve membership relations**

The ZCTU has recognised the need for a special effort to turn around the declining membership in order to gain new strength in negotiations and in influencing the political dialogue. Although the new ZFTU is rightly disregarded as a mere ZANU-PF spawned splinter-organisation with poor trade union credentials, it should be noted that its radical and militant mode of operation could attract a segment of workers that are demanding highly active and visible trade unions. Hence, the presence of the ZFTU should be an *incentive to increase the dynamics* of the unions and improve the services for the members.

Both the ZCTU and some of the affiliates have taken measures to organise *informal sector* workers. In early 2002, the ZCTU launched a project to strengthen the unorganised workers in the informal sector through educational programmes and seminars supported

by the Commonwealth Trade Union Council. The ZCTU intends to develop strategies to support the informal-sector workers and foster legislative changes. A department has been established in the ZCTU to co-ordinate the programme.

In combination with a general *upgrading in the servicing of members*, these initiatives will be crucial to the much-wanted growth in union membership, which in the long run will be a prerequisite to the growth of the trade unions' organisational and political strength. Intensifying awareness programmes aimed at *young workers and students* should have a high priority in this respect.

The unionisation of *senior staff and professional personnel* will also be important for the continued vitality of the ZCTU and the unions. Technological development is increasing the demand for skilled and professional personnel. In addition, professional and senior staff generally earn higher salaries and thereby have a capacity to also generate bigger contributions to the unions.

### **Merger of unions and revitalising of unions' democratic structures**

With eight affiliates having less than 1,000 members there is an urgent need for a debate on the *merger of the smallest affiliates* with bigger ones, and on the viability of unions with less than for instance 5,000 members. The small unions do not always have adequate capacity to provide for a comprehensive service delivery for their members.

The unions in general should persistently seek to *vitalize their democratic structures and procedures* and *extend the services to their members*. The election and democratic procedures laid down in the constitution should be met. And the dialogue with members should be strengthened to uphold the legitimacy in the eyes of existing and potential members and the public. Yet some unions elections are not being held in due time. The democratic procedures and the openness and transparency towards the members need to be fully established in all unions. In addition, a *systematic delegation of duties and responsibilities* should be implemented in the unions and the federation to avoid an excessive and unproductive centralisation of functions and communication. This in turn would reduce the often heavy administrative workload for the leaders, providing them with favourable conditions to carry out political leadership.

While in 2001 the ZCTU had an almost total change of leadership with new people replacing the ones that for the most part joined the MDC, most of the national unions have seen little change of leadership for some time. In addition, some leaders have suffered from severe health problems for years, and there seems to be an urgent need for a new generation of leaders to take over. Also, it should not be ignored that the – albeit chaotic and often lawless – activities of the ZFTU have formed a basis for recruitment of workers who might have felt let down by some of the old unions which undertook little activity on the ground.

### **Strengthening the regional level**

There is a need to strengthen the regional level, the base unit of the ZCTU, and to intensify the interaction, confidence and dialogue between the rank-and-file and the elected leadership.

### **Organisational priorities and practises, and analytical capacities**

The ZCTU has positioned itself with clear statements on major political and economic issues on the national political agenda. The trade union participates in the public debate in general, advocates more specific issues and addresses the government on actual policy initiatives. The ZCTU plays a central role in the tripartite forums and its achievements have been based on informed analytical input, which enables the ZCTU to put forward constructive, alternative political proposals to government and other parties and organisations.

To uphold this position, the ZCTU needs to prioritise its objectives and resources. The congress in 2001, for some reason, did not adopt a working programme. The lack of an explicit *priority listing of the many objectives* should be underlined, given that the ZCTU does not have the resources to deal with them all fully.

The ZCTU is considering *strengthening its analytical capacity*, especially in the field of economics. The Economics Department has a highly qualified and well-esteemed staff. (See appendix for a list of available information from the department). Given the many tasks, an increase of the team - and thereby of the capacity - and a possible strengthening of its structure, would be most relevant.

Finally, given the scope of the demands and challenges - to the affiliated unions, the regional level and society at large - the ZCTU could achieve substantial gains in its capacity and effectiveness by *improving the prioritising, planning, coordination and implementation* of activities. Moreover, this would improve the base for dialogue, with the unions, employers and with other parties.

The democratic procedures within the unions and the openness and transparency towards the members need to be fully established. In addition, it is recommended that a systematic delegation of duties and responsibilities should be implemented in the affiliates and the federation to avoid an excessive and unproductive centralisation of functions and communication.

### **Information**

Information and effective communication are of utmost importance for civil society organisations as they engage their membership, the state and other social stakeholders. For trade unions to represent and serve the interests of their members, they need qualitative, regular and up to date information on relevant issues. They also need to be able to get their messages across to the widest possible audience through externally-oriented publicity and information channels in order for the public to clearly understand the position of the labour movement.

The ZCTU has acknowledged the need to address weaknesses within the labour movement on these issues and in 1997 started work to develop a ZCTU “communications strategy”. However, despite recognising its importance, the trade union has not used information adequately as a tool to engage government, employers and the public. Hence,

the considerable amount of useful information has not been sufficiently utilised. A recent study by the ZCTU points to a number of weaknesses to be addressed<sup>32</sup>:

- ? Poor information flow within ZCTU structures;
- ? Low information capacity within trade union affiliates;
- ? Inadequate information flow between the ZCTU and trade union affiliates;
- ? Insufficient contact with media and other external information distribution channels.

The report states that “*..the weakness ... has been exacerbated by financial and skills resource shortages, which have limited planning and expectations around information....Resource shortages are approaching acute levels in the key information structures of the Information Department and The Worker newspaper.*”

An illustration of the somewhat poor state of external information is the outdated information on the homepage of ZCTU ([www.samara.co.zw/zctu](http://www.samara.co.zw/zctu)). Given the high international focus on Zimbabwe and the crucial role of the trade union, this state of neglect of information is clearly unfortunate and counterproductive in the long run.

The above mentioned report makes both broad strategic recommendations for the restructuring of the information activities of ZCTU and detailed recommendations for their practical implementation. It argues for an integrated media and information strategy to redress the poor projection of the ZCTU and labour movement in the national media, which seeks to undermine their position and diminishes their potential impact as a key national stakeholder.

The recommendations include the restructuring of the ZCTU Information Department to include all information activities; strengthening the ZCTU library; strengthening the Information Department’s publicity and media functions; strengthening The Worker newspaper and incorporate its staff under the Information Department; and finally, the establishment of an information officers’ network.

### **Trade union assistance programmes**

Over the years the ZCTU has developed a close cooperation with a number of international and national trade union organisations. It is a challenging and demanding mission to make the best of this network of cooperating partners and manage the number of donor-supported projects each with their own specific requirements. Hence, ways to simplify the cooperation procedures and improve the coordination in order to ensure meeting the core needs should be considered by both parties.

The assistance programmes include:

Topic: *Health and Safety Work*  
Objective: Improve the occupational health, safety and environment for workers  
Host: ZCTU

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<sup>32</sup> Zimbabwe Congress of Trade Unions: *Information and Communication: Strategic Options for the ZCTU*. December 2001

Duration: 1997 - 2003  
Donor: Danish LO/FTF Council

Topic: *A number of focused activities in different fields*

Objective:  
Host: ZCTU  
Duration: Mostly short term  
Donor: Solidarity Centre (AALC)

Topic: *Organising the informal sector*

Objective: To strengthen the unorganised workers in the informal sector through educational programmes and seminars. Develop strategies to support the informal sector workers and bring legislative changes.

Host: ZCTU  
Duration: 2002 -  
Donor: Commonwealth Trade Union Council (CTUC)

Topic: *Administrative support and organising*

Objective: Support of general activities  
Host: ZCTU  
Duration: On a running basis  
Donor: LO, Norway

Topic: *Support of research capacity*

Objective: Establishing a semi-independent research unit  
Host: ZCTU  
Donor: FAFO, Norway

### **Concluding remarks**

The historic and current political initiatives of the ZCTU illustrate that it has not only a strong commitment but also to a large extent the capacity to base its initiatives on a professional and analytical basis. Thus, the ZCTU has the essential prerequisites for acting as a driving political force on behalf of the labour movement in the dialogue with government and other social partners in economic and social development.

Yet, given the decline in employment and the declining trend in trade union membership, priority must be given to activities to *strengthen the membership base*. That is, both to maintain the existing members and to campaign for the recruitment of new ones. For this effort to succeed it is essential that the unions have a high level of interaction with their members and a well-known record for an extensive and high-quality service to their members. As the workers of Zimbabwe are struggling with both social and economic hardship, many would be tempted not to pay their subscription fee unless they are convinced that their union is doing a really good job.

Besides the key issue of increasing the membership base, initiatives should be taken to:

- ? strengthen the structures through the merger of unions and revitalising the unions' democratic structures;

- ? strengthen the regional level and intensify the dialogue between the rank-and-file and the elected leadership;
- ? strengthen the analytical capacity;
- ? improve the prioritising, planning, coordination and implementation of activities;
- ? strengthen the information activities.

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**Links :**

<a href="http://www.cfu.co.zw">www.cfu.co.zw</a>	Commercial Farmers' Union
<a href="http://www.icftu.org">www.icftu.org</a>	International Confederation of Free Trade Unions
<a href="http://www.rbz.co.zw">www.rbz.co.zw</a>	Reserve Bank of Zimbabwe
<a href="http://www.samara.co.zw/zctu">www.samara.co.zw/zctu</a>	Zimbabwe Congress of Trade Unions
<a href="http://www.worldbank.org">www.worldbank.org</a>	World Bank
<a href="http://www.czi.co.zw">www.czi.co.zw</a>	Confederation of Zimbabwe Industries

## **Abbreviations**

CFU	Commercial Farmers' Union
CZI	Confederation of Zimbabwe Industries
EMCOZ	Employers' Confederation of Zimbabwe
ESAP	Economic Structural Adjustment Programme
MDC	Movement for Democratic Change
NEC	National Employment Councils
NECF	National Economic Consultative Forum
PDL	Poverty datum line
TNF	Tripartite Negotiation Forum
ZANU PF	Zimbabwe African National Union - Patriotic Front
ZCTU	Zimbabwe Congress of Trade Unions
ZFTU	Zimbabwe Federation of Trade Unions

## **Appendices**

### **1. Information Available from the ZCTU Economics Department**

#### **Economic Trends**

All major economic indicators such as GDP, savings, investment, balance of payments statistics; data on fiscal matters (revenues, expenditures, budget deficits etc); domestic and foreign debt; employment by sector, gender and tenure; unemployment; and poverty datum line updates (derived from published and unpublished data).

Also available are analytical papers on the economy, including specific ones commenting on government policy documents (e.g. ESAP, ZIMPREST, MERP) and annual budgets. In addition, the following are available: critical appraisals on globalisation, the LOME and COTONOU agreements, debt, EPZs, privatisation, AGOA, the SADC Trade Protocol, the COMESA Free Trade Area.

#### **Wages and Salaries**

Minimum wages by sector 1990-2001; average wages (nominal and real) by sector since 1980; salaries data from PriceWaterhouseCooper's annual surveys. Also available: analytical studies on wages and salaries and annual position papers on collective bargaining.

#### **Tripartite Committee Positions**

The department has a rich deposit of position papers of stakeholders and the tripartite decisions on retrenchments, incomes policy, the social contract, fuel pricing system, the proposed productivity movement and establishment, and collective bargaining, among others.

#### **Economic Literacy Manuals**

The department has developed materials for its economic literacy programmes on globalisation, trade agreements, debt, EPZs, economics and statistics.

#### **Labour Disputes and Strikes**

Information on strikes between 1980-2000 was compiled on the basis of own research. The area of labour disputes is not systematically developed.

#### **Consultancy Papers**

Papers on globalisation, economic governance, vocational education and training, the labour market, the state of the labour movement in Zimbabwe, trade policy, labour market information, youth unemployment, among others, are available.

#### **Beyond ESAP Project**

The Beyond ESAP document is available in hard and soft copy, together with additional papers on macroeconomic recovery, mining, labour market and gender; all of which are part of the process of updating the *Beyond ESAP* document of 1996. It is planned to update this document fully.

### **Special Projects**

The department is involved in special projects on globalisation, where it exchanges information with the Canadian Steelworkers on their experiences with NAFTA, EPZs and building networks against globalisation. A regional project on privatisation involves South Africa, Namibia, Zambia and Ghana. Large amounts of data have been collected through these projects.

The Department is heavily involved in activities such as SAPRI, the Non-State Actors Forum and the Zimbabwe Conference on Debt and Development. These projects have generated much grassroots-based information, which has been stored and analysed.

### **Regional and International Data**

While not well developed, the department has a database covering other countries in the region, and beyond. This is an area which requires further development by linking with other organisations collecting this information, such as the ILO/SAMAT.

Excerpt

Note: Information supplied by ZCTU Economics Department. Reproduced from ZCTU: *Information and Communication: Strategic Options for the ZCTU*. December 2001

## **2. SADC and COMESA**

### **SADC**

The Southern African Development Community (SADC) was established in 1992. Initially, the SADC approach to regional integration placed emphasis on infrastructure development as opposed to the market integration approach. But in 1996, 13 states signed the SADC Protocol on Trade, which came into effect on September 1st 2000.

SADC members:

Angola	Namibia
Botswana	Seychelles
D.R. of Congo	South Africa
Malawi	Swaziland
Mauritius	Tanzania
Mozambique	Zambia
Zimbabwe	Lesotho

In broad terms, the objective of the Protocol is the establishment of a Free Trade Area among the SADC member states. An important aspect of the agreement is that manufacturing products produced in the member states can be exempted for duty tariffs, when traded internally. It is, however, not all products that qualify for the duty-free status. Three criteria of qualifications will have to be met:

- 1) The products have to be produced in their entirety in the country of origin.
- 2) The cif (cost, insurance and freight) value of imported materials from outside SADC to be used in the manufacturing of the products from outside SADC cannot exceed 60 % of total costs of materials used in the production. Otherwise the value-added resulting from the production process should account for at least 35 % of the ex-factory costs of the goods.
- 3) Changes in tariff headings should be applied for the products deriving from the processing carried out on the imported, non-origination material.

The SADC Treaty recognises the differences in the levels of development among its member countries. The SADC Trade Protocol hence acknowledges the principle of asymmetry in the establishment of a common free trade area to reflect the imbalance in the strengths of the various economies. So far, only South Africa has made a concrete commitment to progress, agreeing to reduce its tariffs substantially during the eight-year period.

The SADC Trade Protocol stipulates a product-by-product approach to duty-free intra-trade, as opposed to the COMESA approach of across-the-board zero tariffs.

### **COMESA**

The Common Market for Eastern and Southern Africa (COMESA) is a geographically widespread trade community that was founded in 1994. Until Tanzania's recent withdrawal it covered 22 member countries with a total population of more than 300

million people. The main aim of COMESA is to create a level of regional integration that could eventually develop into a common market in which goods, services, capital and labour could move unhindered. For the manufacturing sector in the member countries, a full implementation of the COMESA directives would mean gradual reduction and eventual elimination of tariffs on finished products as well as imported inputs.

COMESA members:

Angola	Malawi
Burundi	Mauritius
Comoros	Namibia
D.R. of Congo	Rwanda
Djibouti	Seychelles
Eritrea	Sudan
Egypt	Swaziland
Ethiopia	Uganda
Kenya	Zambia
Madagascar	Zimbabwe

While the SADC Trade Protocol has applied the principle of asymmetry, the COMESA free trade stipulation treats every country equally.

Tanzania formally withdrew from the organisation in September 2000. The reason for the withdrawal was mainly the country's substantial and growing trade deficit within the organisation.

### 3. Statistical and technical notes

The figures in the report should be *used with caution* and must in general be taken more as estimates rather than facts, due to variation in definitions and weaknesses in methods of collecting and compiling data.

#### Technical notes

The data in the socio-economic profile are mainly based on the World Bank's [www.worldbank.org/data](http://www.worldbank.org/data), World Development Indicators 2002 and the UNDP's Human Development Report 2002.

The *definitions* of some of the main indicators are:

**Labour force** comprises people who meet the ILO definition of the economically active population: all people who supply labour for the production of goods and services during a specified period. It includes both the employed and the unemployed. While national practices vary in the treatment of such groups as the armed forces and seasonal or part-time workers, in general the labour force includes the armed forces, the unemployed, and first-time job-seekers, but excludes homemakers and other unpaid caregivers and workers in the informal sector.

**GDP**, the gross domestic product, measures the total output of goods and services for final use produced by an economy by both residents and non-residents, regardless of the allocation to domestic and foreign claims. It is calculated without making deductions for depreciation of physical capital or depletion and degradation of natural resources. The GDP figures are shown at market prices and have been converted to U.S. dollars. Total GDP is shown at purchaser value, while value added components are conventionally reported at producer prices. The GDP growth rates are presented in real terms.

**GNI per capita** is the gross national income in current U.S. dollars as divided by the mid-year population. GNI measures the total domestic and foreign income claimed by the residents of the economy. It comprises GDP plus net factor income from abroad, which is the income residents receive from abroad for factor services (labour and capital) less similar payments made to non-residents who contributed to the domestic production. GNI in U.S. dollars is calculated according to the World Bank Atlas method of conversion from national currency to U.S. dollar terms.

The *Atlas conversion* factor for any year is the average of the country's exchange rate for that year and those for the two preceding years, adjusted for differences in relative inflation between the country and the G-5 countries (France, Germany, Japan, the United Kingdom and the United States). This three-year average smoothes fluctuations in prices and exchange rates for each country.

**Poverty:** percent of population living of less than 1 US dollar a day (1993 PPP). The indicator uses purchasing power parities (PPP) rather than official exchange rates to calculate GDP per capita: a measure of the overall mean level of poverty at the national level.

At the PPP rate, one dollar has the same purchasing power over domestic GDP in the respective country as the US dollar has over US GDP. The PPP rates allow a standard comparison of real price levels between countries; normal exchange rates may over- or undervalue purchasing power. The base year for the compilation of the internationally comparable PPP data is 1993.

*National poverty line* is defined as the level below which adequate standards of nutrition, shelter, and personal amenities cannot be assured. The authorities of each country set the appropriate level for the country. Since these levels are country specific, cross-country comparisons cannot be made.

**Human Development Index**, HDI, is a composite index that contains three indicators: life expectancy at birth; educational attainment, as measured by a combination of adult literacy (two-thirds weight) and the combined gross primary, secondary and tertiary enrolment ratio (one-third weight); and GDP per capita (PPP US\$) as a proxy for a decent standard of living.

The HDI values range from 0 to 1. Measured by region the OECD is in front with 0.900 in 1999, while the Sub-Saharan African countries measure 0.467, and all the developing countries 0.647.