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NEWS

OSSREA was invited to a Conference Entitled ‘Moving Africa’s Development and Industrialization Agenda Forward: Trade Unions Alternatives’

Professor Paschal Mihyo, the Executive Director of OSSREA, was invited by the African Organization of the International Trade Union Confederation (ITUC-Africa) to attend their conference on ‘Moving Africa’s Development and Industrialization Agenda Forward: Trade Unions Alternatives’. Professor Mihyo was one of the two keynote speakers and the focus of the presentation was on the role of trade unions in promoting human rights and the decent work agenda and addressed the following:

- The historical role played by unions in fighting for the right to organize, engage in collective bargaining and equal pay for equal work; the struggle against forced and child labour and against any forms of discrimination at work.
- The role of unions in protecting the enterprise system from self destruction by fighting for health and safety at work; struggling for labour standards and labour inspection; ensuring enterprises pay taxes and comply with legislation etc.
- The role of unions in the struggle for decent and dignified pay which started in the 1950s and continues to date with some countries having passed legislation that restrict the payment of starvation wages while some still lag behind.
- The recent threats to labour and human rights arising out of neoliberal policies of deregulation and informalization of labour markets; the end of fordism and the return to backward feudalistic labour practices.
- Racialization and feminization of the informal labour markets especially in the two cones of Africa (North and Southern Africa)
- The violence off development as signified by privatization, commercialization, casualization, land alienation etc, by the so-called developmental state in Africa which has led to massive lay-offs, loss of livelihoods, forcible eviction of peasants from their land without any or adequate compensation; governments taking public assets from the many and selling them to the few and sweetening public enterprises in order to sell them to foreign investors or state bureaucrats and their cronies.
- Investment protection that subsidizes investors and suspends regulations on labour rights and decent work allowing the investors to establish systems of economic apartheid in Africa and do things which they cannot do in their own countries.
- Best practices of policies that have been put in place in Brazil, Tunisia (before the uprising) and South Africa on social dialogue, enterprise promotion, training schemes for retirees and retrenchees; special public works programmes etc., to stem the tide of impoverishment that can result from the violence of development.
The conclusion was that development is humane and being inclusive is possible and that Europe is a good example of a continent, which has for the last 40 years, attained high levels of growth based on systems and practices that promote inclusive, democratic and humane development.

**OSSREA Attends a Scoping Conference on ‘The Links between Social Inclusion and Sustainable Growth in Africa’**

Dr Melese Getu Research Specialist at OSSREA was invited by the Knowledge Platform on Development Policies of the Ministry of Foreign Affairs of the Netherlands to attend a scoping conference on ‘The Links between Social Inclusion and Sustainable Growth in Africa’ at the Conference Centre in The Hague from 29 October to 31 October 2013.

The Conference was composed of the following six sessions.

1. Can Social Protection Contribute to Growth in SSA?
2. Experiences with Social Protection Programmes and their Growth Impacts
3. Issues in Policy Making
4. Learning from Country Examples: Ethiopia, Mozambique, Ghana and Uganda
5. The Global Debate: South-South Cooperation and OECD Experiences

Dr Melese was given the opportunity to prepare a power point presentation and give a 15 minutes presentation based on OSSREA’s book titled *Informal and Formal Social Protection Systems in Sub-Saharan Africa*. The presentation highlighted a synthesis of the book and focused on the following outlines:

- **Gaps in the literature on social protection in sub-Saharan Africa**: a gap has emerged in the conceptualisation & practice of social protection in Africa; Social protection in Africa is increasingly dominated by programmes designed & financed by Western donor agencies; building programmes on ideas and experiences derived from countries outside Africa; although these programmes are often evaluated as effective & successful they rarely take into account the rich history of traditional solidarity mechanisms & indigenous self-help institutions; informal & semi-formal systems and institutions continue to operate alongside ‘modern’ publicly administered social protection programmes; informal and semi-formal systems and institutions complement by meeting specific needs and reaching groups of people that most formal social protection programmes do not reach.

- **Complementary roles of existing informal and formal social protection systems in the context of the trend towards institutionalizing social protection as a core government responsibility**: some of which are relatively neglected or under-researched.

- **Challenges this book offers to current thinking and practice**: this book calls for the need to focus attention on local or ‘indigenous’ mutual support systems and institutions/ ‘informal’ and ‘semi-formal’ social protection mechanisms which are undervalued or
even neglected in the discourse of ‘formal’ social protection policy-making and programming.

- Informal social protection; urban social protection; social protection in unstable contexts; climate change; pastoralism and gender; three chapters assess specific social protection instruments: cash transfers, health insurance and education bursaries. The presentation however, focused only on three broad thematic areas covered by the book namely, informal social protection, urban social protection, and gender and social protection; and drew on case studies from Ethiopia, Kenya and Zimbabwe, although several other countries are also covered in the book.

**Conclusion:** It was stated that informal social protection is pervasive and often the dominant form of social protection in Africa. For the majority of rural people and those engaged in the informal economy, informal social protections are primary lines of protection. There is a need to assess and consider the synergy and complementary roles of informal and formal systems and institutions; and build on ideas and experiences derived (institutions evolved) from within African societies and take into account the rich history of traditional solidarity mechanisms and indigenous self-help institutions.
OSSREA Attends the Africa Portal Content Partners Meeting

OSSREA was represented by Mr. Alemu, the OSSREA ICT Specialist who attended the first Africa Portal Content Partners Meeting from November 10 – November 13, 2013 in Johannesburg, South Africa. The Africa Portal is an online knowledge resource for policy-related issues on Africa. An undertaking by the CIGI and the SAIIA, the Africa Portal offers open access to a suite of features including an online library collection; a resource for opinion and analysis; an experts directory; an international events calendar; and a mobile technology component – all aimed to equip users with research and information on Africa’s current policy issues. The Africa Portal Content Partners meeting took place on the 11th of November 2013. The meeting was hosted by SAIIA (South African Institute of International Affairs) and CIGI (Centre for International Governance Innovation). The meeting was attended by 42 participants (ICT and related professionals) who came from 32 content partner organizations based in Africa. The meeting had the following agenda which were covered by representatives of Africa Portal (Renette Collins, Shingi Muzondo, Suzanne Cheery and Som Tsoi) and the floor was open for discussion.

The major theme for discussion was “Development of the Africa Portal and the Africa Initiative to date”:

- How to effectively use the portal library – a refresher training session on its functionality;
- Key role of content partners;
- Marketing the portal;
- Technology update;

Representing OSSREA as a leading content partner of the Africa Portal, Mr. Alemu raised some of his experiences in using the portal for the past three years. Among the questions raised were:

- The format of statistical usage reports issued to content partners
- User registration features
- Publishing of specific articles instead of journals as books
- Publishing of executive summaries and abstracts
- Editing and updating of the experts directory

Representatives of the Africa Portal addressed most of the queries and promised to make the necessary updates to the portal. Finally after discussing the summary of the discussions closing remarks were made by the head of the SAIIA (Elizabeth Sidiropoulos).

The next day all Africa Portal participants were invited to attend a parallel session on BRICS and AFRICA: A Partnership for Sustainable Development organized by SAIIA and BRICS Policy Centre.
OSSREA held its 11th Congress at the Desalegn Hotel from December 9th to 11th 2013 while the conference was held on the 9th and 10th of December 2013 with the theme of **OSSREA’s Response to Africa’s Challenges of Change**. The conference was opened by Dr Kaba Urgessa, the State Minister of Education for Ethiopia who talked about the challenges of education in the country. The main objective of this conference was to bring together academicians, researchers and policy makers to discuss various topical issues that Africa is dealing with including – climate change, land deals, social protection, unemployment, HIV/AIDS, gender equality, public sector reform, higher education, water resource management, etc. At this conference budding scholars from Eastern and Southern Africa presented the outcomes of their research projects and the books that have been published by international and regional publishers on the issues have been launched to the wider community and OSSREA’s stakeholders.
At the conference a number of good will presentations were by:

1. Ambassador Dr Samuel Assefa, African Capacity Building Foundation (ACBF);
2. Madam Nina Sokoine, East African Court of Justice;
3. Madam Caroline Khamati Mugalla, East African Trade Union Congress (EATUC);
4. Madam Alice Sena Lamptey, Association for the Development of Education in Africa (ADEA);
5. Mr. Daniel Osiemo, NEPAD (KENYA);
6. Dr. Morrison Rwakakamba, President’s Office, Government of Uganda;
7. Dr Admasu Tsegaye, President Addis Ababa University represented by Dr Gebre Yintso
8. Professor Mohammed Salih, University of Rotterdam the Netherlands;
9. Professor Edward Kirumira, The Nile Basin Research Project (WASO) and Makerere University;
10. Dr Munzoul Assal, NORHED Project and University of Khartoum;
11. Ms. Hannak Tsadik, Life and Peace Institute;
12. Dr Benedicto Kondowe, Malawi Human Rights Commission.
13. Dr. Steve Kayizzi Mugerwa, African Development Bank (ADB);
After the opening and introductions the OSSREA Secretariat presented a three year comparison report about the activities of OSSREA which included research, publications and finance and administration. The dissemination conference was a golden opportunity where OSSREA presented its publications of the last three years and managed to share the findings with its stakeholders and also produce policy briefs for further dissemination activities.
Participants Featuring at the Closing Ceremony

A Group of Participants
Participants visiting OSSREA Publications on Display
Community-Based Health Insurance Schemes: A Systematic Review† A Policy Brief

Anagaw Derseh Mebratiea, Robert Sparrowb, Getnet Alemuc, Arjun S. Bedid

Due to the limited ability of publicly financed health systems in developing countries to provide adequate access to health care and the shortcomings of informal coping strategies to provide financial protection against health shocks, in the international development discourse various forms of community-based health care financing have been proposed as an alternative approach. The most common forms of community health financing schemes are community prepayment health organizations, provider based health insurance, and government-run but community-involved health insurance.

Motivated by the continued attention given to such schemes, this review examines the impact of CBHI on inclusion of lower income groups and adverse selection in enrolment, on healthcare utilization and on OOP expenditure. Moreover, it looks at the extent to which variations in outcomes may be related to key scheme design characteristics and scrutinizes the research methodology of the various studies and comments on the potential effects of the study design on the empirical findings. This research relies on 46 micro level studies that have been published or have become publicly available between 1995 and 2012 and covers a range of low and middle income countries. In order to assess the overall message emerging from existing studies, this study applies the basic principles of a systematic review.

The review reveals several insights. Scheme participation, which is linked to cost-recovery, varies considerably across schemes and also within schemes across different sites. Scheme coverage as a share of the target population, for the schemes that provide such information, ranges from 1 percent to 100 percent. Turning to the issue of who participates, the majority of the papers (61 percent) find statistically significant evidence to support the claim that the ultra-poor are excluded from CBHI schemes. Even when such households become members, they tend to use healthcare services less intensively as compared to higher income groups potentially due to their inability to afford co-payments and other related costs (transportation and forgone income). About 67 percent (6 out of 9) of the studies find evidence that individuals suffering from chronic health conditions are more likely to join CBHI schemes as compared to those in good health. To control for adverse selection a number of schemes allow enrolment only at the household rather than the individual level and/or promote group registration at the village level. Other schemes introduce a waiting period before new members can receive assistance in order to discourage opportunistic scheme uptake.

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Turning to the effect of the scheme on utilization of care, consistent with the results of previous reviews our analysis shows that 74 percent of the studies (26 out of 35) find positive and statistically significant CBHI membership effects on health care utilization. The effect differs across the type of health care services and supports the idea that such schemes are somewhat more effective in extending access to outpatient as compared to inpatient care – 75 percent of the studies find an effect on outpatient care while the corresponding figure for inpatient care is 64 percent. In terms of magnitude, the increase in outpatient care utilization for insured versus uninsured ranges from 4.3 to 10.5 percentage points and for inpatient care utilization from 1.1 to 6.9 percentage points. Several CBHI schemes do not cover both types of care and if they do, inpatient care coverage has a high co-payment arrangement which is likely to dissuade health care use.

There is also evidence that CBHI schemes provide financial protection against health care expenditure. Sixteen studies in this review have examined the impact of the schemes on out-of-pocket payment and seven papers looked at the effect of the schemes on catastrophic health expenditure. 56 percent of such studies conclude that the schemes have been successful at reducing OOP healthcare payments and in 86 percent of the cases in preventing catastrophic health expenditure. For those papers where the effect is statistically significant, the reduction in OOP expenditure ranges between 12 to 35 percent.

The pertinent policy issue is perhaps not so much whether CBHI schemes enhance access and provide financial protection but what are desirable scheme design features. A relatively novel aspect of this review has been an assessment of the link between scheme design characteristics and effectiveness. We found that top-down government-run schemes appear to be better in terms of ensuring health care access and reducing OOP expenditure as compared to community-run schemes. However, community-run schemes seem to be stronger in terms of reaching out to marginalized groups. Schemes that have access to external sources of financing, in addition to premiums, are more effective in providing financial protection and expanding access to healthcare services. A clear pattern, regardless of scheme type is that schemes where the community plays a role in scheme design and implementation are better at ensuring access to health care and financial protection – in turn, rather ironically, suggesting a greater need to bring in the community into scheme design and implementation.

Notwithstanding the relatively positive stylized facts emerging from the review, the quality of the underlying research base needs to be carefully considered. There are three key concerns. First, the bulk of the papers are based on a single period cross-section data set. While such studies are useful there is a clear need to analyse scheme performance over time. Such dynamic analyses are essential in order to assess the long-term feasibility of a community-based health financing approach. Second, while there is a greater recognition of the need to control for self-selection in scheme uptake and to account for the endogeneity between CBHI uptake and outcomes, the bulk of the papers (37 out of 43) on utilization continue to ignore selection effects, which raises doubts about their internal validity. Third, baseline and (repeated) follow-up data are needed in order to identify causal effects and at the moment a limited set of papers used such data in their assessments of the impact of CBHI schemes.
Notwithstanding the methodological concerns, given the consistency of the findings across the various papers at least with regard to health care utilization and financial protection, the accumulated evidence suggests that CBHI schemes play a limited but important role in ensuring greater access to health care and providing some measure of financial protection to a sub-set of workers in the rural and informal sector in developing countries.

From a methodological and more importantly from a policy perspective, future work needs to provide a more careful assessment of scheme design characteristics which impinge on scheme success and if possible, scheme roll-out and evaluation needs to be integrated so that baseline data and repeated follow-up data are readily available and may be used both to control for unobserved heterogeneity which may be driving scheme uptake and outcomes and to support longer-term analysis of such schemes.
Shocks and Coping Strategies in Rural Ethiopia†
A Policy Brief

Zelalem Yilma\textsuperscript{a}, Anagaw Mebratie\textsuperscript{b}, Robert Sparrow\textsuperscript{c}, Degnet Abebaw\textsuperscript{d}, Marleen Dekker\textsuperscript{e}, Getnet Alemu\textsuperscript{f}, Arjun S. Bedi\textsuperscript{g}

Rural Ethiopian households are confronted by a variety of risks and shocks which render them vulnerable to economic deprivation. Conventional wisdom argues that by drawing on informal risk-sharing networks, households are more successful at insuring themselves against relatively idiosyncratic, household specific shocks as compared to common shocks that also affect other members of a village or region. Based on a 2011 household survey covering 1,632 households, drawn from four Ethiopian regions (Tigray, Amhara, Oromiya, and SNNPR), and event history interviews, this brief provides a multi-shock analysis and an examination of coping responses triggered by different types of shock.

The various shocks experienced by households are classified into four main categories and includes health related events, natural events, economic events and crime/conflict related events. Coping, defined as actions undertaken by a household to accommodate the effect of a shock, is categorized into six groups plus the option that the household does not adopt any active coping response. These categories include the use of savings, reducing food consumption, selling assets, borrowing (from relatives, formal sources, neighbours, money lenders, and funeral and credit associations), receiving gifts (in cash or in kind from informal groups, neighbours or the government) and labour supply based strategies (increasing own labour input, hiring in, sending out family members outside the kebele, working off-farm).

We find that natural shocks dominate and have affected almost half of all sampled households in the past 12 months, while economic and health shocks have each affected about a third. Crime/conflict related shocks are rare and have been experienced only by 7 per cent of the households. In terms of scope, natural and economic shocks may be characterized as covariate/common as their effects tend to be widespread and may affect multiple households simultaneously, as opposed to health and crime/conflict shocks which are relatively idiosyncratic/household specific.

Consistent with expectations, we find clear differences in terms of coping strategies. The two relatively covariate shocks – economic and natural – are more likely to trigger the use of savings and a reduction in food consumption while the sale of assets and borrowing was a relatively less likely response. Coping with health shocks which typically trigger a need for cash was met by reductions in savings, asset sales and especially a far greater reliance on borrowing from informal sources as compared to other shocks. Reducing food consumption, a prominent

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response in the case of covariate shocks, was not due to its absence in the case of health shocks. The lack of reliance on such an approach is consistent with the need for cash to deal with the consequences of health shocks which cannot be readily met by reducing food consumption. While relying on informal networks for borrowing and support is far more likely in the case of relatively idiosyncratic health shocks, a notable feature is that across all shock types, households do not tend to rely much on borrowing, support from family and friends or on enhancing their labour supply as coping approaches. The analysis of the event history interviews led to the conclusion that households prefer not to rely on their networks for gifts and when they do borrow from family and neighbours it is a last resort, and an intermediate strategy as households attempt to repay as soon as possible by selling assets. Households were also reluctant to borrow as they have to pay interest unless a loan is for a short period, and because borrowing is associated with a loss of pride.

The analysis presented in this brief supports the idea that while prima facie the lack of an effect on food consumption due to health shocks suggests that households are better able to insure themselves against health shocks, this is perhaps misleading. A more insightful interpretation is that a reduction in food consumption is not sensitive to health shocks as such reductions are not a viable coping response to a health shock and that the adverse effects of health may have been postponed due to the reliance on asset sales and borrowing.

Overall, the analysis clearly shows that informal safety nets and reliance on friends and family for support, at least in the form of gifts is virtually non-existent. While informal borrowing to deal with idiosyncratic shocks does appear to provide some succour, it is often shunned. These patterns suggest a potentially important role for formal protection systems. In particular, the community based health insurance scheme launched by the government in 2011 may be expected to play a role in providing financial protection and mitigating the impoverishing effects of health shocks.
FEATURE ARTICLES

Post-Multiple Currency Strategy: Which Way Zimbabwe?

Mbetu, Katazo Cecil*, Chikoko, Laurine** & Charumbira, Martin***

Abstract

The paper explores the options that Zimbabwe can adopt in the short-term and long-term post-multiple currency era. The methodology adopts a comparative analysis with countries that have previously experienced similar situations. An evaluation of the convergence characteristics of the economies in the trade bloc is also invoked. Multiple currency regime in Zimbabwe is viewed as a symptom hence accelerating reforms, the major problems would eventually be overcome leading to good money chasing away bad money. The way forward on Zimbabwe post multiple currency strategy is the adoption of the Muddling-through-with-Accelerating reforms strategy. In conclusion, the paper advocates for macroeconomic policies that complement with the identified currency option.

I. Introduction

Zimbabwe experienced a decade of major challenges, chief among them being hyperinflation, idle capacity in the manufacturing sector, negative growth rates, and negative balance of payment. In a bid to stabilize the economy, the government introduced the multi currency system in February 2009. Multiple currencies are the use by a country of various currencies.

The multiple currencies system succeeded in reversing the hyperinflation from multimillion levels to negative territories in the first half of the year. (see Appendix 1). There has been increased stability in the macro economy which led to increased business confidence levels. The multiple currency dispensation led to significant improvement in the standard of living of the average person. In addition, the regime resulted in the stronger flow of essential goods into the economy. Capacity utilization by firms increased from about 10% (Feb 2009) to about 35% (Sept 2009).

In general, signs of recovery in the economy have been observed. Although immense benefits could have been yielded by the multiple currency regime it has presented with it new set of challenges. Some of the challenges include an acute shortage of liquidity, cash for transaction purposes is in short supply, and many people do not have access to hard currencies.

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The extent of the liquidity challenges is evidenced by the increase in barter trade transactions. Lack of liquidity in the economy has resulted in consumers having little to spend and save. In turn, investment in the economy has remained low with financial institutions adopting a conservative approach in their lending activities that could have quenched the thirst for working capital. The result has been compromised economic growth and subsequently economic recovery.

The multiple currency regime brought with it challenges which include volatility of deposits, absence of an active interbank market, market illiquidity, cash based transactions, shortage of smaller denominations leading to problems of transactional change and lack of an effective lender of the last resort function by the Central Bank.

It is on the given background on the challenges of the multiple currency phenomenon that prompts for a post-multiple currency strategy. In line with this, this paper discusses the various currency options for Zimbabwe.

II. VARIOUS CURRENCY OPTIONS

The various currency options include Official Dollarization, Single Currency option, Currency Board and De-dollarisation.

A. Official Dollarisation

Official dollarisation implies the substitution of a given country’s currency by the US$. The US$ would perform the functions of means of payment, asset to hold savings and unit of account given its stable value, its wide use in international transactions and as a reserve currency (Felipe and Tavares 2003). A number of countries have dollarised because of lack of policy credibility intending to obtain in monetary and economic stability by importing credibility from another country. Among the countries that have dollarised due to macroeconomic imbalances include Argentina, Panama, Uruguay, Bolivia, Mexico, Turkey, Peru, Ecuador and El Salvador.

Preconditions for a successful dollarisation:

The major preconditions to official dollarisation are summarised below:

- A robust financial system and strong financial supervision in order to minimize the likelihood of banking crises in an environment of potential limited lender-of-last resort facility.
- Solid public finances that give sufficient assurances to market participants in relation to the sustainability of the fiscal policy.
- Flexible labour markets that would facilitate macroeconomic adjustment in response to external shocks.

There is overwhelming body of evidence that a country can effectively solve the problem of each exchange rate by dollarizing without first having to satisfy the preconditions. Eichengreen (2001) identifies some of the dollarised economies as Ecuador, El Salvador, Bulgaria having dollarized without meeting the preconditions. Similarly it has been argued that if a country meets the preconditions, it may not even find it necessary to adopt dollarization.
Given this, it may be important to highlight characteristics for a country to benefit from dollarization. Some of these are:

- Country with volatile exchange rate
- Country with history of high inflation rates
- Track record of poor macroeconomic policies
- Lack of credibility regarding sustainable stabilisation programs
- Poorly developed financial markets
- High levels of unofficial dollarization
- High levels of financial integration with the dominant country
- Citizens that do not attach a strong value to political autonomy

**Benefits and Costs of Dollarisation**

The section below presents the summary of the costs and benefits from the economic literature on official dollarization.
Table 1. Benefits of an official dollarisation

<table>
<thead>
<tr>
<th>Authors</th>
<th>Benefits</th>
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<tbody>
<tr>
<td>Mendoza (2000)</td>
<td>Welfare gains by removing lack of credibility of Stabilization (6.4-9.7% of level of consumption)</td>
</tr>
<tr>
<td>Inflation has been significantly lower in dollarized nations than in non-dollarised ones.</td>
<td></td>
</tr>
<tr>
<td>Edwards and Magendzo (2001)</td>
<td>The gains are inversely proportional to the national money’s quality, past, current and prospective</td>
</tr>
<tr>
<td>Chang (2000)</td>
<td>May enhance the credibility of fiscal policy if the government does not choose sound policies</td>
</tr>
<tr>
<td>Interest rates, devaluation and default risk</td>
<td>Lower level and volatility of domestic interest rates.</td>
</tr>
<tr>
<td>Calvo (1999a,b)</td>
<td>Pensions funds and other savings would be protected against devaluation and inflation.</td>
</tr>
<tr>
<td>Hinds (1999)</td>
<td>Less inflation improves the safety of property rights, and thus, this allows less credit risk.</td>
</tr>
<tr>
<td>Schuler (1999)</td>
<td>Eliminates the sudden risk of sharp devaluations, and thus reduces risk premium of international borrowing.</td>
</tr>
<tr>
<td>Berg and Borensztein (2000)</td>
<td>May lower country’s cost of credit.</td>
</tr>
<tr>
<td>Panizza et al. (2000)</td>
<td>Virtually eliminates exchange rate risk.</td>
</tr>
<tr>
<td>Chang (2000)</td>
<td>Implies dramatic decline in interest rates with all attendant benefits.</td>
</tr>
</tbody>
</table>
Dornbusch (2000)  Devaluation risk would be greatly reduced. It can never be fully eliminated because a sovereign nation might always try to reverse the dollarization.

Mendoza (2002)

<table>
<thead>
<tr>
<th>Financial integration and banking system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calvo (1999a, b)</td>
</tr>
<tr>
<td>Schuler (1999)</td>
</tr>
<tr>
<td>Berg and Borensztein (2000)</td>
</tr>
<tr>
<td>Goldfajn and Olivares (2000)</td>
</tr>
<tr>
<td>Panizza et al (2000)</td>
</tr>
<tr>
<td>Mendoza (2002)</td>
</tr>
</tbody>
</table>

Trade and current account position

| Panizza et al. (2000)                     | Lower transaction costs related to trading goods and assets denominated in different currencies. |
| Lizano (2000)                             | Reduces uncertainty and risk (exchange rate volatility) in trade and investment; and costs related to the need to deal with multiple currencies. |

Investment and growth

| Berg and Borensztein (2000)               | Higher level of confidence among international investors, more investment and growth. No possibility of sudden capital outflows motivated by fears of devaluation. |
| Lizano (2000)                             | Sharp decline in information costs: foreign investors would no longer need to pay for information on the dollarized economy’s monetary policy. This can increase demand elasticity for emerging markets equity of foreign traders which limits the size of asset price declines. |
Table 2. Costs of an official dollarization

<table>
<thead>
<tr>
<th>Authors</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monetary and exchange rate polity</strong></td>
<td></td>
</tr>
<tr>
<td>Berg and Borensztein (2000), Mendoza (2002)</td>
<td>Loss of monetary policy. This is replaced by the US Fed monetary policy, the central bank can not affect money supply of the economy because that results from balance of payments.</td>
</tr>
<tr>
<td>Schmitt-Grohe and Uribe 2001a</td>
<td>The least successful of monetary policies (in the particular case of Mexico). Agents would prefer to give up 0.1 – 0.3% of consumption to have a policy other than dollarization.</td>
</tr>
<tr>
<td>Cooley and Quadrini (1999)</td>
<td>It is not welfare improving because of the lack of long-term monetary policy.</td>
</tr>
<tr>
<td><strong>Lender of last resort</strong></td>
<td></td>
</tr>
<tr>
<td>Berg and Borensztein (2000)</td>
<td>Loss of lender of last resort (LLR) and hence the central bank’s response to financial system emergencies. But it should not impede the ability of authorities to provide short-term liquidity to the system or assistance to individual banks in distress.</td>
</tr>
<tr>
<td>Gale and vives (2002)</td>
<td>Whereas the LLR may impose too little financial discipline, dollarization may impose too much.</td>
</tr>
<tr>
<td><strong>Fiscal policy</strong></td>
<td></td>
</tr>
<tr>
<td>Savastano (1999), Mendoza (2002) and Berg and Borensztein (2000)</td>
<td>Loss of seigniorage. For a country that does not have enough foreign reserves to buy up its domestic currency, the acquisition of initial stock could add indirect costs.</td>
</tr>
<tr>
<td><strong>Investment and growth</strong></td>
<td></td>
</tr>
<tr>
<td>Goldfajn and Olivares (2000)</td>
<td>The absence of monetary and exchange rate policy might induce larger output volatility (providing fiscal policy is not very countercyclical) in comparison to a flexible exchange rate regime.</td>
</tr>
<tr>
<td>Edwards (2001), Edwards and Magendzo (2001)</td>
<td>Dollarized countries have grown at a significantly lower rate than non-dollarised countries.</td>
</tr>
<tr>
<td>Drew et al. (2001)</td>
<td>Volatility in output and inflation would be greater under a common currency policy environment.</td>
</tr>
</tbody>
</table>
In summary, the benefits of official dollarisation are:-

- Increased credibility
- Less exchange rate volatility
- Lower interest rates
- Lower inflation
- Lower transaction costs
- Improved information and increased international integration

The costs can be summarized as:-

- Loss of national currency which is an important national political sign
- Loss of seignorage
- Loss of lender of last resort function of the Central Bank
- Problems of dealing with asymmetric shocks and business cycles
- Loss of independent monetary policy

From the above analysis, it is clear that Zimbabwe’s characteristics fits well to benefit from official dollarization but what is questionable is more on political acceptability and illustrated trade-offs. Of consideration are the political and social relationships between Zimbabwe and the United States of America.

It is important to note that what is critical in the official dollarization debate is the fact that it does not entail purely on economic considerations alone. It is basically a political decision involving political trade-offs.

Taking the Argentina debacle, it has lent new urgency to evaluating the wisdom of the decision of any country to link its fortunes to the US dollar.

In short, official dollarization irrespective of its merits or demerits, does not appear to be realistic for Zimbabwe due to political reasons.

**B. Single Regional Currency Option**

This section presents an analysis of the possibility of Zimbabwe joining a monetary union. A monetary union is when a group of countries share a currency for example West African Monetary Zone (WAMZ), European Monetary Union (EMU), Gulf Cooperation Council (GCC) and the Common Monetary Area (CMA). This discussion considers the implications of Zimbabwe joining the CMA.

**Preconditions for Single Regional Currency:**

For the country to join CMA the following macroeconomic convergence factors should be met. The variables to be tested for convergence are exchange rate, interest rates, budget deficits, economic growth and inflation.
Macroeconomic convergence has been cited as an important precondition to ensure that no country is made worse off as a result of the CMA.

The macroeconomic Convergence goals for five target variables are:

- Budget deficit of less than 5% of GDP
- Single digit inflation rates
- Government debt of less than 60% of GDP
- Foreign reserves covering 3 months imports
- Central bank credit of less than 10% of tax income

The structure of the economy should be such that the general economic policies and other economic fundamentals are consistent with those in the other countries. The countries should experience similarity of shocks and business cycles.

![Figure 2. Summary of Growth Trends and Business Cycles](image-url)

Figure 2 above illustrates that prior to 2009, the economic growth trends in Zimbabwe tended to diverge from the general behaviour displayed by the members of CMA. The apparent lack of convergence and the dissimilarity in the pattern of shocks and business cycles is then a cause of concern if the country is to join the CMA (See Appendix 1 for details).

There should be sufficient levels of trade integration across the countries. The option of Common Monetary Area is most appropriate for countries that have already developed extensive trade and other economic ties.

It can also be a good option for small countries already integrated in larger neighboring countries.

**Benefits of Zimbabwe Joining the CMA**

- The CMA has recorded significant improvement in its trend growth performance and by joining, Zimbabwe will benefit from the increased credibility.
- CMA has outperformed other unions in Africa therefore its an attractive union to join.
• There has been convergence in terms of prices in the CMA therefore high possibility of price stability in the CMA.
• Joining the CMA provides a ready market for exports because of the credibility that comes with being linked to one of the fastest growing emerging country.
• CMA facilitates cross border trade and capital flows.
• Reduction in transaction costs wherever exchanging goods, services and capital with the union.
• Reduction in exchange rate risk when doing business within the union.
• Installing of fiscal discipline e.g. compliance to the convergence of economic variables like exchange rates, interest rates and budget deficits.
• Substantial savings on trade costs.
• Lower interest rates leading to higher economic growth.
• In summary, increased trade, capital mobility, FDI and general improvement in the welfare and standard of living of the population of these countries.

Costs of Zimbabwe Joining CMA

• Loss of monetary and fiscal policy autonomy e.g. major reason UK did not join the EMU. The argument has been that sovereignty had been lost to no particular country or union while a multiple currency only implies usage of a foreign currency but not adopting policies of any country.
• Capital flight i.e. from smaller state to the dominant are highly likely e.g. what has been happening between Namibia and SA and the foreign investment gained due to the credibility of the union might be lost through capital flight as well.

Decision on Joining CMA or Not

If Zimbabwe joins the CMA it would benefit from no internal tariffs that would favour trade between the member states. Zimbabwe’s imports largely originate from South Africa, implying that the use of the rand would call for no exchange measures, hence no exchange rate risk. Zimbabwe also stands to benefit from the positive credibility of the anchor country in terms of monetary policy formulation. This would stabilize the financial environment, lure foreign investment in the country and ultimately overall macroeconomic stability. There will be no liquidity shortages because all cash needs will be addressed by the South African Reserve Bank. In light of this, it’s important to note that Zimbabwe can have its currency and link to the rand like what other member state have done.

The major cost of joining the Monetary Union is loss of policy space with respect to the exchange rate and interest rate.

Overall benefits of Zimbabwe joining the CMA outweigh costs. It is important to note that decisions to join a Monetary Union however, stretch far from being economic but political. The argument has been advanced that a regional market integration arrangement does not in itself solve the economic problems facing most developing countries which revolve around lack of diversification in their manufacturing sector.

Given the post 2010 uncertainty, and the future of the rand, then great caution should be taken before adopting the CMA option. If there are any asymmetric shocks within the union, Zimbabwe may find it difficult to adjust. With experiences such as the 2008 xenophobic
reaction in South Africa, it may point to the political difficulties that will be encountered in changing the political mindset of member states on regional flow of labour\textsuperscript{4}.

C. Currency Board Arrangement
A currency board implies strict exchange rate regime supported by a monetary system based on legislative commitment to exchange domestic currency to a specified foreign currency at a fixed rate.

Domestic currency is only issued against foreign exchange. A currency board is close to official dollarisation, the difference is that it is less rigid. It will reinstate seignorage unlike official dollarization which removes it completely. The countries that have previously adopted currency board include Estonia, Lithuania, Bosnia, Hong Kong among others. Such an arrangement effectively replaces the central bank.

Pre-conditions for Currency Board
This is appropriate for countries with a history of monetary disorder, high inflation and low credibility of policy makers that need a strong anchor for monetary stabilization.

Merits of the Currency Board
- Provides maximum credibility for the economic policy regime
- Can facilitate disinflation
- Not prone to currency crisis

Costs of Currency Board
- Central bank loses the role of lender of last resort
  - Higher probability of liquidity crisis\textsuperscript{5}
- Low seignorage
- No capacity to absorb shocks

In the case of Zimbabwe, the currency board arrangement is not feasible because there are no official reserves. Implementing such an arrangement appears to be beyond the financial capacity of Zimbabwe.

D. De-Dollarisation
De-dollarisation means to revert to the domestic currency. Countries that have previously de-dollarised include Israel, Poland, Mexico, Egypt and Turkey. Government may enforce the use of local currency as in the case of Lao PDR (1997)\textsuperscript{6}.

Pre-Conditions for De-dollarisation
- Central bank independence;
- Confidence in the value of the domestic currency and willingness of citizens to hold the domestic currency;
- Stable macro-economy with significant levels of capacity utilization,
- Fiscus discipline.
Benefits of De-dollarisation

- Sovereignty and nationhood is guarded.
- Monetary and fiscal policy autonomy.
- Liquidity challenges addressed.
- Transaction change.

Costs of De-dollarisation

- May lead economy back into economic instability.
- Resurfacing of black market.
- Fiscal indiscipline and monetary financing of deficit may become issues.

In the Zimbabwean scenario there is widespread lack of acceptance to the Zimbabwean dollar due to loss of confidence worthlessness of the previous set of notes. The ZS has been associated with constant source of pain and stress.

There is the possibility of high inflation trends re-emerging and commodity shortages resurfacing, thereby destabilising the economy. In short, it should be noted that its not only the issue of introducing the currency but it should have a backup with economic growth strategies which includes investment stimulation, building bilateral and multilateral relations with trading partners, independence of the Central bank.

Productivity should be ensured in all key sectors of the economy like farming, mining and manufacturing. This would ensure a rise in exports to match with levels of imports in order to record a surplus in the BOP leading to economic growth.

In the light of this, de-dollarisation is not a short term option for Zimbabwe.

III. WAY FORWARD FOR ZIMBABWE

In our view none of the currency options discussed above are feasible. As a way forward, a strategic systematic approach should be undertaken. In light of this, we recommend Menon (2007) Muddling-Through but Accelerating Reforms Approach.

Muddling-Through but Accelerating Reforms Approach

This option involves minimum amount of direct intervention, maximum amount of indirect changes in terms of policy and reform measures. The approach recognises that the only sustainable move away from the multiple currency phenomenon and towards increased usage of domestically issued currencies must come from increased confidence in the latter.

Multiple currency is viewed not so much as the problem, but rather a symptom. The real problem is lack of confidence in the domestically issued currencies which emanates from macroeconomic instability, political uncertainty, under-developed financial and monetary system and weak legal and institutional system. When these problems are eventually overcome, then the symptom in the form of the multiple currency will also disappear. Empirical evidence could be drawn from Vietnam, which was trading in multiple currencies.
and eventually has diminished as the monetary and institutional systems have developed and matured as macroeconomic stability has been restored.

**Accelerating Reforms**

- Political will to facilitate speedy implementation of reforms
- Reform the monetary and financial system by adopting the relevant changes to the Reserve Bank Act and the Banking Act.
- Instil investor confidence
- Normalise relations with the international community
- Reforms in financial and banking sectors that facilitate deepening of the sector need to be pursuant with greater urgency and commitment in order to address lack of funds constraints
- Skilful resource management.

In conclusion, this paper has noted that the issue of Zimbabwe is not about the exchange rate regime but need for development which would automatically point to a feasible currency option.

**NOTES**

1. Dollarisation could refer to the adopted of any other chosen currency.
2. CMA has Lesotho, Namibia, Swaziland and predominant being South Africa.
3. The question would be on a country using multiple currency would be affected by this since non-usage of local currency implies no local monetary policy at play.
5. Refer to Argentina (2005)
6. Central bank decreed that only the Kip can be used as a medium of exchange of all domestic transactions. The outcome was counterproductive.
7. By definition money should be scarce
9. This is exactly what happened to all countries that have dollarized or multiple currencied.

**REFERENCES**


### Appendix A: Macroeconomic Trends in Selected Countries in the Regional Bloc

<table>
<thead>
<tr>
<th>country</th>
<th>YEAR</th>
<th>GDP (billions of RAND)*</th>
<th>GROWTH (%)</th>
<th>INFLATION (%)</th>
<th>CA(%OF GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWAZI</td>
<td>2000</td>
<td>10.509</td>
<td>2.039 %</td>
<td>7.20%</td>
<td>-4.95%</td>
</tr>
<tr>
<td>SA</td>
<td>2000</td>
<td>922.148</td>
<td>4.16%</td>
<td>5.37%</td>
<td>-0.13%</td>
</tr>
<tr>
<td>NAM</td>
<td>2000</td>
<td>27.126</td>
<td>4.08 %</td>
<td>9.268 %</td>
<td>7.88%</td>
</tr>
<tr>
<td>LES</td>
<td>2000</td>
<td>5.435</td>
<td>4.52%</td>
<td>6.132 %</td>
<td>-19.63%</td>
</tr>
<tr>
<td>ZIM</td>
<td>2000</td>
<td>US$ 2.892</td>
<td>-7.251 %</td>
<td>55.64%</td>
<td>0.40%</td>
</tr>
<tr>
<td>SWAZI</td>
<td>2001</td>
<td>10.609</td>
<td>0.95%</td>
<td>7.489 %</td>
<td>-4.31%</td>
</tr>
<tr>
<td>SA</td>
<td>2001</td>
<td>947.373</td>
<td>2.74%</td>
<td>5.7 %</td>
<td>0.28%</td>
</tr>
<tr>
<td>NAM</td>
<td>2001</td>
<td>27.444</td>
<td>1.171 %</td>
<td>9.266 %</td>
<td>1.68%</td>
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<td>LES</td>
<td>2001</td>
<td>5.6</td>
<td>3.036 %</td>
<td>6.92%</td>
<td>-13.23%</td>
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<td>ZIM</td>
<td>2001</td>
<td>US$ 247.084</td>
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<td>73.392 %</td>
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<td>SWAZI</td>
<td>2002</td>
<td>10.795</td>
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<tr>
<td>SA</td>
<td>2002</td>
<td>982.121</td>
<td>3.67%</td>
<td>9.177 %</td>
<td>0.83%</td>
</tr>
<tr>
<td>NAM</td>
<td>2002</td>
<td>28.759</td>
<td>4.79%</td>
<td>11.282 %</td>
<td>3.41%</td>
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<tr>
<td>LES</td>
<td>2002</td>
<td>5.691</td>
<td>1.63%</td>
<td>12.476 %</td>
<td>-20.67%</td>
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<tr>
<td>ZIM</td>
<td>2002</td>
<td>US$ 2.805</td>
<td>-4.37 %</td>
<td>133.215 %</td>
<td>-0.57%</td>
</tr>
<tr>
<td>SWAZI</td>
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<td>11.211</td>
<td>3.86%</td>
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<td>6.82%</td>
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<td>SA</td>
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<td>1012.76</td>
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<td>29.983</td>
<td>11.28%</td>
<td>7.152 %</td>
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<tr>
<td>LES</td>
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<td>7.152 %</td>
<td>3.94%</td>
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<td>US$ 2.568</td>
<td>-10.363 %</td>
<td>598.75%</td>
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<td>1062.03</td>
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<td>3.45%</td>
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<td>33.661</td>
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<td>6.185</td>
<td>4.55%</td>
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<td>34.5</td>
<td>2.49%</td>
<td>2.26%</td>
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<tr>
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<td>2005</td>
<td>6.227</td>
<td>0.682 %</td>
<td>3.44%</td>
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<tr>
<td>Country</td>
<td>Year</td>
<td>GDP (USD)</td>
<td>Change (%)</td>
<td>Growth (%)</td>
<td>Infl. (%)</td>
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<tr>
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<td>3.51%</td>
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<td>2008</td>
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<td>1267.67</td>
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</tbody>
</table>

*The figures for GDP are all in billions of rand except for Zimbabwe which is in US$.}
PoliticalCampaigningand Harmonized Elections in 2013:
Examining the Strategies

by
Dorothy Goredema* and Pecyslage Chigora**

Abstract

The 2013election results in Zimbabwe have once again divided the nation and the regional community. The main losing MDC-T dismissed the elections as a farce, alleging that the election was stolen using systematic rigging and various elections irregularities similar sentiments were raised by MDC and ZAPU who all alleged that ZANU PF rigged the elections. On its part, ZANU PF attributes its landslide victory not to rigging but to the effectiveness of its campaigning strategies which were numerous and varied. In addition, the majority of the general populace and most of the regional leaders concurred that ZANU PF won the election because the party had done its homework and had campaigned ceaselessly. This research therefore seeks to examine and document the campaign strategies used by the political parties in the 2013 Harmonised elections and the effect they had on electoral outcome.

Introduction

On the 31st of July 2013 Zimbabweans voted. Robert Mugabe leader of ZANU PF was declared winner of the presidential elections on the 3rd of August 2013. Mugabe garnered a massive 61.09% of the total votes while Morgan Tsvangirai leader of MDC-T obtained 33.94% of the total votes. Welshman Neube of MDC polled 2.68% of the total votes and Dumiso Davengwa of ZAPU received 0.74% of the votes. Kissinoti Mukwazhi of ZDP pulled 0.29% out of the race. There has been an outcry as to the outcome which has greatly tilted its favour to the long-time ruling party ZANU PF since independence in 1980. The paper seeks to provide a holistic explanation as to the winning and losing of political parties in Zimbabwe. The research indicates that the Zimbabwean case demonstrates, campaigning strategies have an effect on the outcome of elections hence candidates should plan and form an overall plan for the campaign season. Methodologically the research is largely qualitative with the main research tools used being secondary sources. Primary sources were used in some instance especially, interviews with key informants; discussions with ordinary people, historians and political analysts; and observation.

Theoretical Underpinnings to the research

A number of theories have been put across to try and understand the effect campaign strategies have in relation with election outcome. This research incorporated three theories that try to explain the effect of campaign strategies on election outcome. The research triangulates theories that encompass candidate independence theory, reactive responsiveness theory and the rational expectations theory. The candidate independence theory posits that candidates put in place before the campaign begins a strategy that he or she believes will help her win the election and sticks to that plan regardless of what his/her opponent does. The research identified traces of the theory in the strategies used by candidates in the 2013 elections. Candidates had made an early strategy calculation which they believed would promote their chance of winning the election.

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One Charles Mhere a political analyst explained that before politicians start to campaign they already would have put a plan in place.3

The reactive responsiveness theory views candidates as adopting their behaviour in response to the observed behaviour of their opponent. Here candidates engage in a give and take over the course of the campaign, reaching to what their opponent does. Campaign staffers monitor press releases, public events and campaign commercials of their opponents and events. The press also fosters reactive responses between candidates. With reporters covering the campaigns routinely contacting representatives from the opposing camp seeking comments about or reactions to what the candidate whom they are following said or did.2 In the 2013 elections there is substantial anecdotal evidence that both ZANU PF and MDC candidates reacted to what their opponents did. ZANU PF would react to these comments threatening to deal with the MDC accordingly should the party continue being careless with words. At rallies and even on radio and television ZANU PF would comment on Morgan Tsvangirai’s speeches at rallies as being very insensitive to the people whom he was seeking votes from. This suggests that although candidates initially had a plan or a campaign strategy laid out, they also adopted a reactive responsive strategy. This theory becomes central in explaining the media attacks and counter –attacks on each other by the 2013 political candidates.

Lastly, the research incorporated the rational expectation theory. Rational expectations refer to rational actors gathering information to form unbiased expectations about voting behaviour and then acting on those expectations.3 The theory assumes that candidates and their advisers can forecast the behaviour of their opponents. To do so, candidates must develop beliefs about the information to which their opponent has access and how their opponent will react to new developments. In addition, campaigns often experience unexpected events. Scandals emerge, political and economic conditions might change unexpectedly all giving a random shock to the campaigning environment. This theory will be used to show how candidates in the 2013 elections made use of rational or unbiased advisers in predicting expectations about voting behaviour in the 2013 election and the advice given on how the candidate must act on those expectations. These theories have enabled the researchers to illuminate major issues in comprehending campaign strategies and their effect on determining the electoral outcome.

Do Campaigns Have an Effect on The Outcome of Election?

Johnson et al. and Casey have defined political campaign as a dynamic struggle between candidates to determine the informational context for office. Political scientists are divided on the effects of campaigns on electoral outcome. In his study, Lazarsfield found that only 8% of the electorate changed their minds during the course of the campaigns. As such he argues that with such a small proportion of the population persuaded to change their vote intention, campaigns did not seem to matter with respect to the election outcome.4 Finkel also came to the same conclusion as Lazarsfield that campaigns had a lesser effect with respect to the election outcome.5 In their work, Lewis-Beck and Rice also argue that one does not need to campaign in order to determine who will win the election. They pointed out that even without taking campaigns into account; forecasters have found that they can predict the election results.6 Gelman and King also concur with Lewis-Beck and Rice by pointing out that with just a couple of economic and political variables, forecasters have been able to predict, accurately, the election results within 2-5% of the outcome. In the Zimbabwean case the Zimbabwe Freedom House Survey predicted a ZANU PF win, the Stoneman Survey also did the same after looking at the economic environment prevailing in Zimbabwe at the time of the elections.
However there is the other group of political scientist which strongly feel that election campaigns do have an immense effect on the outcome of an election. Politicians, campaign managers and strategists are also of the opinion that campaigns are relevant in any election if a candidate is to win. Consequently they urge candidates to campaign aggressively until the Election Day. Abramowitz, a political analyst posits that campaigns are of importance in any election since they are supposed to educate the voters about both the candidates’ personal qualities and the major issues. In fact without effective campaigning, any level of issue voting would be impossible, since voters would be unaware of the differences between candidates on certain issues. Recent research by Popkin shows that one should not underestimate the effect of a campaign in an election. They are of the opinion that voters in most cases make decisions basing on what candidates would have communicated to them through campaigns. Their argument is that any small difference in the campaign can make a large impact on the outcome of an election than previously thought. In line with the above argument, Alvarez also argues that if a candidate does not campaign at all, many voters would be uncertain about the candidate and uncertainty has been found to have a negative effect on voters. He further pointed out that his findings point to the fact that if a candidate ran a counterproductive campaign, the number of loyal voters for the party would decline in an election. Shaw is of the opinion that campaigns are necessary to educate voters about the external reality upon which their predictions are based. Basing on the 2013 Zimbabwean election outcome, these researchers argue that electoral campaigns are necessary in any election and do have an effect on the outcome of the elections. In its premise this paper does not take a minimalist definition of campaigning which restricts the issue to rallies, but rather a broad perspective that takes into cognisance the party’s historical contribution to the people, i.e. its past programmes and projects; its contemporary policies and actives; its envisages future undertakings; and the overall appeal to the people at that particular time, especially its election materials to include advertisements, manifesto, regalia and its incentives to the voters.

Public Response to the Zimbabwean 2013 Election Results

The initial response by the general Zimbabwean populace was shock, disbelief and numbness particularly in the camp of the opposition, MDC. The opposition was shocked that ZANU PF had won the election because the general assumption, (based on the evidence from the two previous election and the pre-dollarization economic conditions) had been that this was going to be a walk over election which would usher MDC into power. Within the opposition camp the general perception was that ZANU PF had lost it all. The leader of the party, Morgan Tsvangirai strongly believed and assured both followers and sponsors that ZANU PF had indeed imploded as evidenced by the following headlines in local newspapers based on the announcements he made such as “ZANU PF is finished, haiku (it no longer exists)”, So when ZANU PF was announced winner of the 2013 elections, the opposition was dismayed and shocked. The MDC had ignored the reality that the 2013 elections would/ had taken place in a different environment. In an attempt to explain to their followers, sympathises and sponsors why ZANU PF, a party they had earlier on said was non-existent, opposition parties resorted to the same old song of vote rigging. The MDC formations and ZAPU alleged that ZANU PF rigged its way back to power. The opposition strongly maintain that the election results can only be explained by the rigging phenomenon alone. According to the press reports, the opposition parties allege that ZANU PF won the elections because, first, the voter’s roll was not properly in place, especially the much coveted electronic version. They also argue that there was evidence of intimidation and coercion, thus insinuating that ZANUPF had forced voters to vote for the party. It was also pointed out that the ink used in some places could be easily reused. Experts in the camp of the opposition “revealed” that some of the ballot papers, the so-called mutating ballot paper, smuggled into the
pools was programmed to react to traces of the ink to generate a positive vote for ZANU PF and erase the entries by voters. The Chinese and Israeli company Nikuv were said to have masterminded this massive strategy. That in some areas there were polling stations that existed without the knowledge of other political parties.

In a statement issued to the press by the MDC-T Information department, the secretary explained that the party’s response to the outcome of the election was total rejection of the electoral process and the outcome announced. He cited that the Zimbabwean election was a monumental fraud by state security, agents and ZANU PF. The department reiterated the issue of massive intimidation of the voters by state security agents and traditional leaders in rural Zimbabwe. Dumiso Dabengwa leader of ZAPU’s response to the outcome of the 2013 election was that of total rejection citing serious flows in the voters’ roll, the turning away of millions of voters on election day and issues of thousands of assisted voters. He explained that to that extent, his party had dismissed the outcome of the elections, pointing out that they could never be free and fair. The head of Civil Society Organisations in a press release also pointed out that Civil Society Organisations coalitions and networks in Zimbabwe does not accept the results of the 2013 elections. They cited that the processes leading up to the elections do not by any stretch of the imagination qualify this election as being free, fair and credible. The release went on to explain that CSO, took the above position fully subscribing to the reasons and substantiations given by NGOs, ZESN at their press conferences held on August 1 and 2. CSO coalitions and its networks in Zimbabwe explained that at the conference it was pointed out and agreed that the elections were a fraud because of lack of integrity of the voters’ roll, lack of timely availability of the voters’ roll, suspiciously high numbers of voters turned away, suspiciously high number of assisted voters, bussing in of people from outside constituencies and the failure by the government to implement agreed reforms.

The international community also added its voice to the outcome of the 2013 elections. On August 5, 2013, the Daily News reported that the United States, Britain and the European Union did not accept the results of the elections pointing out that the election won by incumbent Mugabe was not credible because of rigging by ZANU PF. The United States Secretary, John Kerry said that the poll was “deeply flawed” and the results shows Mugabe winning the 7th time were not credible. Kerry pointed the irregularities in the voters’ roll, suspiciously high numbers of voters turned away, suspiciously high number of assisted voters, bussing in of people from outside constituencies and the failure by the government to implement political reforms.

On the same note, the European Union rejected the results citing irregularities and lack of transparency in the poll. The British Foreign Secretary William Hagal said that they had “grave concerns over the conduct of the elections. We noted that some political parties have rejected the results on the basis of these irregularities.” Australia’s Foreign Minister, Bob Carr, called for a fresh poll “given our doubts about the results”. For Germany, the results “casted a big shadow on the political and economic future of Zimbabwe.”

ZANU PF’s response to the results was that it did not have to rig the election considering the way the opposition parties performed in their campaigns. Party supporters pointed out that their party campaigned aggressively towards the elections and the results were testimony to that. The regional community, SADC and continental body AU attributed ZANU PF’s victory not to rigging but to effective campaign strategies employed by the party.
Campaign Strategies in the 2013 Election

Some historians, political analysts, the regional groupings, some countries and certain individuals, ZANU PF and its supporters attribute their landslide victory in the 2013 election to aggressive and effective campaign strategies adopted by the party. Some academics and scholars point out that the GNU was an embarrassment to ZANU PF that it had lost the support base of its party even in the rural areas which had been its stronghold. As such, soon after the party’s loss in 2008, Mugabe called all his membership and told them that they were in an inclusive government because they had failed to campaign effectively. He urged them to go back and reorganise the party, address the challenges that had led to them losing and to go and re-engage the people, through campaigns in order to win the next election if they are to get themselves out of this situation (inclusive government). Addressing his party in 2008, Mugabe said:

We went to the election unprepared, we went to the elections completely unprepared, unorganized and this, against an election weary voter. Our structures went to sleep, were in deep slumber in circumstances of an all-out war. The structures were passive; they were lethargic, ponderous, divided, diverted and disinterested, demobilised or simply non-existent. It was so terrible to see the structures of so embattled a ruling party so enumerated. As leaders we all share the blame, from national level to that of the branch chairman. We played truant, we did not lead, we misled, we did not encourage we discouraged, we did not unite, we divided, we did not inspire, we dispirited, we did not mobilise, we demobilised hence the dismal result we are landed with.

Analysts argue that it is within this backdrop that ZANU PF campaigned. The party campaigned effectively and has managed to hit back so hard that the opposition thought they rigged or stole the election. Various party officials who were interviewed explained that ZANU PF started campaigning in 2008 soon after the setting up of the inclusive government. According to ZANU PF Masvingo Provincial Chairperson Lovemore Mutate, in 2008, the party re-organized their structures, started empowerment schemes and develop infrastructures such as roads and schools while MDC took the people’s support for granted. The MDC-T went to sleep, forgot to campaign, its leadership was enjoying the newly –found perks, privileges and high titles that come with being in government. In another interview, comrade Hondo, a branch chairman in Bikita district pointed out that: “We had to put our structures in order because we were aware of the 2008 disaster. We approached this election with great care and we made sure we were in touch with the grassroots as what our president had advised us to do.”

Dick Mafios, another ZANU PF chairperson for Mashonaland Central said that the party had done a lot of work which began soon after the 2008 elections. ZANU PF employed a village based campaign, going door to door persuading voters to vote for ZANU PF:

The party was targeting at least 50 people per village. Our campaign strategy was village based, we were aiming for at least 50 people per village to vote for ZANU PF. We had 21 people in each village who were in the party structures and we were telling each person to mobilize at least two people to vote for ZANU PF. If we do that, from our calculations, we should be able to deliver a minimum of 18000 votes per constituency in Mashonaland Central.

This campaign strategy proved to have been fruitful if one considers the margins between ZANU PF and MDC in some of the constituencies.

ZANU PF also aided by civil society organisations that were aligned to it especially the war veterans. Jabulani Sibanda, a war veterinary leader said it took his association four years to
campaign around the country’s ten provinces meaning that they were on the ground since the July 2008 run-off:

We have been on the ground for the past four years in what we termed “Operation Kubudirana Pachena” where we have been meeting all church pastors, traditional chiefs and the majority of Zimbabweans educating them on the importance of the just ended election.”

“While MDC lied that we are a violent organisation, Zimbabweans proved them wrong by voting for ZANU PF. We are happy that we have delivered victory to ZANU PF” said Sibanda. The effect of these campaign strategies can be witnessed in the election results.

Raftopolous, a senior research mentor at the University of the Western Cape said despite serious irregularities which surrounded the elections, ZANU PF vigorously campaigned centering on indigenisation and empowerment carried the day for the party. He observed that despite losing in 2008, Mugabe and ZANU PF still retained a substantial social base which the party effectively built upon to win the elections. In his opinion, when these factors are combined with the greater political cohesion of Mugabe’s party, the resonance of its message around empowerment and indigenisation, particularly among the youth, it is apparent that these are multiple reasons for the political resurgence of Mugabe and his party.

It is true that ZANU PF’S election manifesto attracted many voters. The party’s campaign style and message centred on the party’s leadership of the liberation struggle, deliverance of social services in the 1980s, improving of the education sector, the building of schools, tertiary education and universities. Promises to deliver economic empowerment and indigenization of the economy by capturing majority shares in mining sector and in other foreign owned companies in the country was hammered on. The party was very clear on its stance on land and that it hoped to consolidate land reforms as well as its dedication to the creation of prosperity through indigenisation. Mugabe was trumpeted as a mature, seasoned leader tried and tested. The MDC manifesto compared to that of ZANU PF was a far cry. It was not detailed, lacked clarity on important issues of land and wealth creation. The economic recovery which should have been their trump card was countered by ZANU PF’s populist indigenization programme and changing perceptions of the land reform programme.

Concerning the Matabeleland vote which analysts like Petinna Gappah and Ibbo Mandaza alleged as testimony to ZANU PF’s rigging of the election, historians and political analysts argue that they should be used as testimony that ZANU PF campaigned vigorously. Historian and culturalist, Phathisa Nyathi, said ZANU PF played underdog in the two Matebeleland provinces and campaigned more vigorously to win the hearts of the people. “It is a bit difficult to say, but perhaps MDC assumed and relaxed while the underdog campaigned vigorously and gained ground”

ZANU PF National Chairman Cde Simon Khaya Moyo who spearheaded the campaign in Matebeleland South said his party’s victory was testimony of sound campaign strategies and political leadership. Through campaigns people of Matebeleland South were made to realize that ZANU PF was the only party committed to seeing the people’s interests. Comrade Andrew Langa, Provincial Chairman of ZANU PF Matebeleland South said his party’s victory was testimony of campaign strategies employed by the party. He pointed out that the attendance at the star rally in Gwanda where the President made a final campaign before the election was a clear testimony that ZANU PF was poised for a resounding victory.
That ZANU PF campaigned effectively cannot be disputed as the party was very visible towards the election date nationwide. The party branded thousands of t-shirts, caps, bandanas, doeks and scarves and wrappers. These were given to people of all walks of life, urbanites and the rural folk alike during the door-to-door campaigns. These were given to anyone regardless of party affiliation. Again at the star rallies which were addressed by the President, the party regalia was distributed to anyone present. In addition, torches, plates, kettle flasks with the ZANU PF logo was also given to the general populace. These rallies created social spaces where the party marketed itself thereby gaining more support and distributing tangible benefits to the people.

The other strategies used by ZANU PF included the display of campaign material almost everywhere to include vehicles increasing the visibility of the party. Musicians, the likes of Suluman Chimbetu, Jah Preza, Methias Mhere, Blessing Shumba were also hired to perform at rallies and road shows incidentally capturing the emotions of a number of people. Youth and elders alike thronged to the rally just to witness the favourite musicians performing live connecting with people and demonstrating the ability to organise and serve the interests of the people especially in as far as entertainment was concerned.

As observed by Paul Themba Nyathi, a senior member of MDC-N and the party’s losing candidate for the National Assembly seat in Gwanda North constituency, “Towards election, ZANU PF became visible with their regalia and election posters. In places like Khezi, ZANU PF campaign material from posters to regalia was all over.”

This visibility cannot be said of the MDC formations and ZAPU. In the eight hours that the Zimbabwe Independent crew drove through Mazoe, Glendale, Bindura, Mt. Darwin and Rushinga, it only came across five youth wearing MDC-T regalia, bearing Tsvangirai’s portrait. At Matope business centre in Mt. Darwin three MDC-T youth in the company of their aspiring House of Assembly candidate for Mt. Darwin South, Gift Sambama could be seen putting up Tsvangirai’s posters as ZANU PF supporters watched with amusement. In Zhaugwe, Shurugwi there were no posters of MDC at all. Comrade Chombo, a war vet explained that in Zhaugwe the MDC knew very well that the area was a no go area for them because most of the resettled farmers are war veterans. The general feeling among the Matabeleland populace was that the campaign strategy used by ZANU PF of food aid was very effective. ZANU PF is said to have cashed in on the drought that hit Matabeleland Province by giving villagers maize and rice.

An analysis of campaign strategies used by ZANU PF shows that there was complacency on the part of the MDC as it started campaigning rather late. To begin with, the party did not expect elections to be held any time sooner than in October. When the election date was announced the party stated campaigning, racing with a party that had campaigned for the past four years despite the fact that MDC was not fully prepared for the election, it went ahead with it because it hoped to win. Commenting of the MDC performance in the election, Muridzo a reporter pointed out that Tsvangirai did not campaign seriously for the elections. He cited that Tsvangirai was confident enough to believe that people would naturally choose him over Mugabe, without him doing any heavy lifting in the run-up to the election. The MDC continued riding on the 2008 wave, assuming it would miraculously produce even better results in 2013.

Others cited that during the brief moments that the party campaigned, it resorted to negative campaign against Mugabe rather than putting out a proper governance and recovery plan.
According to Fakir, there are a series of issues the opposition should have defined clearly, including what their tactics were, their constituency and what they were promising them and whether these promises were realistic, viable and valuable. Fakir further observed that although the MDC made some promises, the negative campaigning overshadowed the positive messaging. There was a lot of over-confidence. Yet voters tend to switch-off when there is excessive negative messaging and wild accusations.

Paul Themba Nyathi observed that the strategies used by ZANU PF were brilliant—even in Matebeleland, the so-called MDC stronghold. He pointed out that “There is something that made people to fall in love with ZANU PF again and it is not intimidation. I got a feeling that Gwanda North (my constituency) was unwinnable. People who used to come to our rallies and support us suddenly could not look me in the eye. They started vacillating. We had a free and fair contest. Hand in heart; I think ZANU PF beat us fair and square.”

As the election campaigns unfolded all over the country, it became clear to everybody that the MDC leader did not have the language and style let alone the imagination to communicate meaningfully with the electorate. The MDC leader was careless with words during campaigns. At rallies Tsvangirai pointed out that those determined to support ZANU PF would die without ever affording trousers or underpants. Such callous statements were uttered before a well-meaning group of bewildered peasants who waited in vain for answers to their plight. The same kind of mockery continued when Tsvangirai addressed resettled farmers. He wondered why their houses remained backward that each time they came out, it was as if they were emerging from some dark primitive hole! By referring to the police as “vana ndini ndamubata” the MDC leader came across as someone incapable of respecting the very electorate from whom he needed votes. Tsvangirai’s vocabulary both in English and Shona was painfully limited while his command of ideas and concepts was often fragile and tenuous. Often his intended humour miraculously mutated into unintended mockery of his audiences. These poor campaign strategies alienated the party with resettled farmers, peasants and even the police. As rightfully observed by Shepherd Manhambara, MDC formations lost the recent election partly because the campaigning done by Tsvangirai and his senior party officials was singularly inept and in some instances deeply offensive to the electorate.

The non-apPEAL to the people was worsened by the fact that during their four years in government the MDC had turned their backs on the civil servants whom they never gave any pay increases despite the fact that this class was the party’s support base. In fact they should have been seen in the inclusive government fighting for the improvement of the welfare of workers given the fact that the support base to the formation of the MDC in 1999 was mainly provided by workers, especially the civil servants, promise could have been good enough. For their urbanites supporters, the strategy of scraping off water bills by ZANU PF was effective in wooing the urbanites to vote for the party, we would have expected MDC to have made this decision since it was in control of councils but they left ZANU PF to make use of the strategy.

The other strategy used by ZANU PF was the use of the national public television. The ZTV gave more airtime to ZANU PF’s electoral campaigns in its news bulletins. More time was allocated to reporting the party’s campaign activities in its main news bulletins of six, seven, eight and eleven p.m. from the time the election day was announced to the eve of the election. In addition, ZTV had more time playing the party’s jingles articulating the interests of ZANU PF. A good example being the jingles by Chipangano choir, Mbare Chimurenga choir and Comrade Chinx. Many adverts showing the party’s achievements were also shown.
Conclusion
The Zimbabwean example showed that campaign strategies are very important in the outcome of any election. As such, candidates in any election should always strive to campaign vigorously if they are to win an election. Our findings also showed that besides effective campaign strategies other factors such as preparedness for an election, experience, ability to communicate with the electorate also contribute to the outcome of an election. Effective support has to be derived from benefits extending to the electorate in the past, the present and the future. Propaganda per-se without meaningful and tangible outcomes places any political party far away from the electorate. Again propagating the future without meaningful present projects makes the electorate more doubtful about your ability to deliver.

NOTES
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NEW PUBLICATIONS

One nation becoming two—looking into an arduous process ridden with violence, and sketching out the struggles with the legacies of an already troubled history, are the motivations for this publication on the Republic of Sudan and the Republic of South Sudan. The governments and societies of the two countries are facing challenges of internal disunity and deepening social and economic cleavages. Armed fighting for inclusion in positions of power, for access to resources and economic development, and for recognition of the interests of marginalized groups have mounted and escalated in each country. In their attempts to stay in power, the two governments have adopted the same approach: increased repression of critics, military response to armed resistance groups, and perpetuating patronage-based authoritarian regimes. Interventions of the international community, more often than not, have played into the hands of the divisive politics of the two governments. Beyond their power struggles, the two countries have to cope with remaining interdependent as neighboring states, as well as being embedded in the region.

The papers collected in this book are like spotlights illuminating facets of the complex consequences of the division of Sudan into two states. Many of them provide insights into a particular social setting focusing on specific actors and their interrelations, and some consider the links to the wider social and political context. As a whole, this collection provides a concrete account of efforts in development and conflict resolution, of a range of actors and their potentials and limitations, and of the risks and limitations of foreign assistance in Sudan and South Sudan after the division.
The January 2014 issue of the EASSRR volume XXX No.1 2014 includes the following six articles:

The Effects of Oil Price Volatility on the Sudanese Economy

*Ebaidalla Mahjoub Ebaidalla*

Effects of Socio-Economic Status and Food Consumption Pattern on Household Energy uses: Implications for Forest Resource Degradation and Deforestation around Wondo Genet Catchments, South-Central Ethiopia

*Mesele Negash and Girma Kelboro*

Measuring the Statutory Independence of Sub-Saharan Africa Central Banks

*John Davison Gondwe Nhavira and Matthew Kofi Ocran*

South-South Versus North-South Trade Linkages: A Case Study of Ethiopia and Implications For the Country’s Industrial Development

*Mutambara, Tsitsi Effie and Richard HESS*

Regional Peace and Security Co-Operation Under the Intergovernmental Authority on Development: Development and Challenges

*Mulugeta Gebrehiwot Berhe*

Democracy, Democratic Institutions and Good Governance in Nigeria

*Daniel Eseme Gbervbie*
International Land Deals

Edited by

Paschal B. Mihyo

Classical and Marxian economics and even intuition, too inform us that land is among the most important factors of production. With the increase in the size of the world’s population, associated food shortages, capitalist zeal to accumulate more wealth, globalisation and market liberalisation, international demand for large tracts of land for commercial production has been growing at high propensity. While countries in the South with benevolent endowment of productive land are the hosts, investors from the North and Middle East countries are the ones eying for such tracts of land. As such, international land deals are becoming one of the topical and contentious issues in many developing countries of the world in general and in countries of Eastern and Southern Africa, in particular.

The issues confounding international land deals are in fact many and weighty. To mention just a few are concerns relating to their negative impacts on hosting ecologies, including lose of important flora and fauna and lessening of bio-diversity, which are likely to be caused when land deals are not informed by rigorous environmental impact assessments; encroachment into natural heritages; impacts on the livelihoods of local communities; under-valuation of land that manifests in insignificance of land taxes and negligibility of compensations to land losers; irregularities in the deal processes; the sharing of the benefits accruing from such land deals; the contribution of land deals to local and national level food security/insecurity; and local level employment/unemployment. Given their implications for sustainability of the natural and social capital and hence for socio-economic development of the host communities and countries at large, the viability of international land deals is thus met with mixed reactions in many of the recipient countries. On the one hand, there are outcries from local communities, environmentalists, academia, researchers, and international media institutions that concentrate on the downside of the issues. Subsequently, international land deals have even been termed as 'land grabbing’, ‘new forms of colonisation’ and the like by many environmental activists and scholars in the host countries and their alleys. On the other hand, investors advance counter arguments and complaints to make their cases and secure the land they need to produce mostly biofuels and food grains to close the food deficits back home while at the same time gathering wealth. The leasing agencies standing in-between tend to tap the potentials of those lands to attract FDI and even to nurture a beneficial political economy with the countries where the investors come from.

International Land Deals in Eastern and Southern Africa, edited by Professor Paschal B. Mihyo, is an anthology of rigorously peer-reviewed empirical evidence on the above and other related issues in Ethiopia, Malawi, Tanzania, Uganda, Zambia, and Zimbabwe. Starting with a succinct introduction, the book avails outputs of the case studies in its first nine chapters and ends with the last chapter which presents conclusions and policy considerations. It is ‘a must to read’ book which offers invaluable insights to concerned government agencies in the host countries, policy-makers, decision makers, academia, researchers with interest in the area, and students at HEIs. At this juncture, the authors also deserve thanks for contributing the informative case studies constituted in this anthology.

Matebu Tadesse (OSSREA)
Employment Policies and Unemployment in Sub-Saharan Africa

Edited by

Paschal B. Mihyo

Effectiveness and viability, or otherwise, of public policies and strategies, quality of governance, and sustainability of socio-economic growth of a country are gauged, among other things, by the level and quality of employment opportunities they create and sustain for citizens in general, and the youths in particular, as youth are imbued with great potentials of productivity and innovation that could shape the destiny of the nation as a whole. As such, the extent to which a country is able to avail decent and gainful employment to its citizens is considered among one of the indicators of the level of growth or development of that country and its prospects as well. However, compounded with worrying quality of educations offered by institutions of higher learning and technical and vocational skills to equip the youths with the competence needed to get employed and to create employment for themselves as well, governments’ inability to create and sustain adequate employment opportunities has been one of the major setbacks in most developing countries in general and in the Sub-Saharan African countries in particular.

This book “Employment Policies and Unemployment in Eastern and Southern Africa” edited by Professor Paschal B Mihyo brings together outputs of studies conducted in Ethiopia, Kenya, Uganda, Tanzania, Rwanda, Zambia, and Namibia. The studies reported in this anthology focus on graduate unemployment as a function of poor quality of education offered by IHEs and weak employment creation by governments; contributions of entrepreneurship training in solving unemployment; employment policies and unemployment; youth aspirations and employment; role of business linkages in promoting employment; the causes, coping strategies and consequences of urban unemployment; and unemployment and underemployment. Some of the Chapters construe rapid population growth as one of the factors exacerbating the rate of youth unemployment; and many document that unemployment and underemployment are preserving and escalating inequalities between and among different groups of people. Drawing from the findings reported in these studies, effective employment policies and strategies seem to be inexorably needed, as part of the solutions.

The book is indispensable for development policy and decision makers, programme designers, social security agencies, institutions of higher learning and technical and vocational education, curriculum designers, academia, researchers and students of IHES.

Matebu Tadesse (OSSREA)
The OSSREA Bulletin Vol. X No. 3 (October 2013) constitutes news articles, feature articles, the feature articles include:

Revision of Consumer Price Index Basket in Zimbabwe  
*Chikoko Laurine Tawedzerwa Ngundu* and *Kennedy Kupeta*

The Need to Apply Geographic Knowledge in Implementing Rural Development and Poverty Reduction Programmes in Developing Countries: The Nigerian Example  
*Raymond Ekam Matiki*

Traditional Gender Roles in Energy Conservation in Madagascar: Focus on Gender Mainstreaming Politics in the Fokontany of Amboniriana  
*Elyette Nirina RAJAOFERA*
CALL FOR ARTICLES, REVIEWS AND COMMENTARIES

Since the February 2003 issue of its Newsletter, OSSREA has been publishing short articles on topical issues concerning the transformation process in Africa. The African Union and NEPAD have been among such topics dealt with from various angles. Our aim is to provide members of the academic and research institutes with a lively forum for debate and reflection on matters of critical concern for the people of the continent.

In the June 2014 issue of the OSSREA Bulletin, we plan to publish a few articles on issues of interest to the continent. Accordingly, OSSREA members and other interested scholars are invited to contribute articles.

Articles should be 6-8 pages in length, including a brief abstract. Authors are advised to include their full address and send their contributions by e-mail before 30th April 2014 to:

The Editor
OSSREA Bulletin
OSSREA, P.O. Box 31971
Addis Ababa, Ethiopia
E-mail: pubunit@ossrea.net

Readers wishing to respond to or comment on the articles in this Bulletin should also send their papers to pubunit@ossrea.net
The Eastern Africa Social Science Research Review (EASSRR)

OSSREA invites contributions to its journal. The EASSRR publishes articles, book reviews, research notes and other short communications pertaining to the social sciences. The Editorial Policy and Authors’ Guidelines are available on the website http://www.ossrea.net
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