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Subcommittee on African Affairs

Hearing on:

“Exploring U.S. Policy Options toward Zimbabwe’s Transition”
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I would like to express my appreciation to Senator Feingold, Chair of the Subcommittee, and to the Ranking Member, Senator Isakson, for the opportunity to offer testimony today on the situation in Zimbabwe. I thank the Subcommittee for holding this hearing to review what is a critically important US policy challenge in Africa. Zimbabwe has been on a difficult path in recent years, but the events of the past six months give some reasons for hope – and therefore it is a very appropriate moment for this body to review the US Government’s policies towards the country.

I am here today in my capacity as the President of Mercy Corps, a major international humanitarian and development nonprofit organization that currently works in 40 conflict-affected and transitional countries, helping to rebuild safe, productive and just societies. Mercy Corps works in some of the world’s most challenging transitional environments, including Afghanistan, Pakistan, Iraq, Sudan, the Democratic Republic of Congo, Sri Lanka and Colombia. Our work is supported by a wide range of public, private, and international donors, including a strong partnership with USAID. Mercy Corps has been operational in Zimbabwe since 2002, working hand in-hand with local communities in six of the country’s ten provinces. We respond to the relief and development needs of more than 100,000 of Zimbabwe's most vulnerable people. Our programs are working to create support systems for orphans and other vulnerable children, enhance food security, increase access to safe water, sanitation and community health information, and coordinate a humanitarian response to vulnerable displaced populations.

The humanitarian efforts of the UN and NGOs have been critical in saving lives during the difficult period since 2005, when the Government’s “Operation Restore Order” forcibly cleared out urban slums and displaced 700,000 people. However, we now have an urgent opportunity to move beyond the series of band-aids we have been collectively applying and begin supporting recovery and reconstruction in Zimbabwe. The international community has been understandably reluctant to invest in recovery given the tenuous political situation. However, we see an important opportunity to support and reinforce a positive path for Zimbabwe and, most urgently, address the continuing humanitarian crises at a more systemic level. With my testimony today, I will discuss why international support for recovery is so critical at this stage and offer some recommendations on next steps for international recovery and reconstruction assistance.

As many of you know, Zimbabwe has been gripped in a spiraling collapse for the last decade. However, since the advent of the Unity Government in February of this year, there have been growing glimmers of hope. During my trip this summer to Zimbabwe, I saw firsthand the availability of goods in the stores and increased optimism in the communities I visited. Most importantly, we have seen the following indicators that progress is happening and should be supported:

- The economic situation has improved drastically following the adoption of the US dollar as the country's working currency. After suffering through unimaginable hyperinflation since early 2007, with prices doubling on almost a daily basis¹, the dollarization of the economy in January 2009 has restored a level of basic functionality within the economy. As a result, trade with neighboring states is returning, stores have rebuilt their stocks, and widespread shortages of basic goods are a thing of the past. This has laid an important piece of the foundation for Zimbabwe's economic recovery.
- Restrictions on the movement and activities of NGOs, which were put in place following last year's electoral controversy have been greatly eased. These restrictions were suspended in August of 2008, and since then international aid agencies have been able to move freely through much of the country. We are not now facing political interference with our activities.
- Within some of our projects, we now have partnerships with local government officials, something that would have been unthinkable a few years ago. The Unity Government has taken a more open and collaborative approach to NGOs, and this has built on the easing of restrictions the government initiated a year ago.
- Finally, in our experience, Zimbabweans are feeling a sense of cautious optimism about their country for the first time in years. After a decade of watching the creeping collapse of their country, they are finally seeing signs of progress, and some reasons for hope.

Despite these signs of progress, the potential for further humanitarian crises could threaten what has so far been achieved. The fear of a renewed cholera outbreak during this year's rainy season² and forecasts of a significant food gap this winter³ are stark reminders of the country's fragile state and persistent humanitarian challenges. The cholera outbreak which began last fall and persisted until July 2009 vividly illustrates how Zimbabwe's emergencies flow from infrastructural collapse. Approximately 100,000 people fell sick and over 4,000 died from a disease that is a virulent result of poor infrastructure and weak social services. Cholera typically spreads via the contamination of drinking water with human waste. The wide impact of this epidemic reveals the massive collapse of the country's safe water and sanitation infrastructure, as well as the poor state of public health education. Risky water, if boiled, becomes safe to

¹ John Hanke, Economics Professor at Johns Hopkins - <http://www.cato.org/zimbabwe>

² Zimbabwean health expert Itayi Rusike has said cholera is "endemic" – that is, a persistent problem – in the country. <http://reliefweb.int/rw/rwb.nsf/db900sid/SNAA-7VA4Z4?OpenDocument&rc=1&cc=zwe>

³ Famine Early Warning System Network (FEWS-NET) report, August 2009
<http://reliefweb.int/rw/rwb.nsf/db900sid/MYAI-7VG3QS?OpenDocument&rc=1&cc=zwe>

drink, yet this message was clearly not understood by much of the population. Upon catching cholera, mortality can be reliably averted through basic medical treatment and ingestion of simple rehydration solutions. The fact that thousands still died shows how comprehensively the health care system has collapsed.

Extend this scenario of collapse across Zimbabwe's other social and economic sectors and one begins to understand the level and scope of recovery challenges that the country now faces:

- The health system, once among the very best in Africa, remains in shambles. While the cholera epidemic has mercifully abated, it could easily reappear and the system continues to face other challenges, most recently a staff strike over inadequate and sometimes unpaid wages.
- The education system, which once gave Zimbabwe some of the highest literary rates in Africa, has greatly deteriorated. Teacher wages are now being paid, but remain low relative to the expenses that teachers face. Transport costs alone can consume up to a quarter of teachers' salaries. Facilities are crumbling for a lack of basic maintenance; the poor water and sanitation infrastructure at many schools continues to contribute to cholera risks. Basic school supplies are so scarce that some students this year are going to class without any books.
- The agricultural sector is falling far short of its potential productivity and continues to face serious obstacles. Annual agricultural production in the country declined by 30% from 2006 to 2008⁴. Smallholder farmers are among the hardest hit, as declining yields, diminished purchasing power, and livelihood vulnerability will cause an estimated 2.8 million households to experience food insecurity within the coming year.⁵ The fruits of the economy's collapse are evident in the more than one million Zimbabweans who have migrated to South Africa in search of work. The basic economic infrastructure supporting the agriculture sector, such as input suppliers, processors, and market and transport linkages, has greatly deteriorated. Without this infrastructure in place, the sector will struggle to recover, and we will continue to see Zimbabwean economic migrants flooding into South Africa in search of work.

The humanitarian challenges that Zimbabwe faces are, ultimately, systemic problems and must be addressed through investments in recovery and reconstruction.

The international community is understandably reluctant to invest resources in recovery and reconstruction without further progress in the political sphere. However, we believe that a strategic approach to recovery assistance would both address some of the systemic causes of humanitarian needs, as well as support positive progress. Conversely, withholding recovery resources may simply undermine confidence in the Unity Government and provide convenient excuses if conditions fail to improve.

I therefore strongly urge the USG to begin shifting assistance policies towards recovery and reconstruction, both to address the systemic drivers of the humanitarian crises and to reinforce the potential for positive political and social change. Recovery efforts can be

⁴ WFP/FAO Study, June 2009

⁵ Ibid.

most effective if they engage municipal authorities, community leadership, and civil society in joint efforts to address basic recovery needs in ways that were not previously feasible. With the changing environment, NGOs can work in partnership with willing local officials of any party to provide key inputs, rehabilitate infrastructure, and address key training and capacity-building needs.

One example is our current work in Mutare, Zimbabwe's third-largest city. Mercy Corps is supporting the rehabilitation of the entire water purification system of Mutare, and is doing so in close collaboration with the local municipal authorities. We manage all the procurement and control the funds, but the municipality provides the technical staff and personpower required to revitalize the water system. With this model of collaboration, the accountability and management of donor funds are ensured while the government takes responsibility for providing increased services to its population. This sort of joint NGO-local government-community collaboration is a good model for engaging the local government in the restoration of services, while maintaining accountability and project integrity. Whether in MDC or Zanu-PF areas, this kind of approach has the potential to provide positive incentives for constructive government behavior.

What Zimbabwe most needs are programs that will enable recovery in key economic and social service sectors. Particularly notable have been the loss of community-level resiliency, the implosion of the country's economy, and the degradation of key social services. We see the greatest areas of immediate need and near-term potential as:

1. Increase recovery and transitional support at the community level

There are many community-level initiatives that can begin re-knitting the social fabric and restoring livelihoods. After the crippling effects of the last decade, these efforts are essential to enable families to support themselves with dignity and hope, to address the needs of the country's 1.5 million⁶ orphans and foster further confidence in the road ahead. Such efforts go beyond the scope of humanitarian relief by enabling communities to take charge of their own recovery. Livelihoods are a critical component here - the restoration of livelihoods will have a positive effect on household-level food security and mitigate vulnerability to hunger and disease, including efforts to re-start and expand smallholder agricultural production. Meanwhile, the country's longstanding financial crisis means that small and medium-sized entrepreneurs, who play a critical role in the functioning of rural economies, lack reliable access to credit and so cannot finance the rebuilding of their businesses. The country's microfinance institutions have yet to recover from the hyperinflation and need infusions of lending capital in order to resume operations. NGOs have been working to set up savings-and-lending cooperatives for more than 5500 households, have constructed over 500 market stalls to support small entrepreneurs, and helped to establish more than 1800 household gardens – but much greater investments are needed.

Community-level reconstruction support is also needed in the areas of water and sanitation services. A huge proportion of the population continues to lack access to

⁶ <http://news.bbc.co.uk/2/hi/africa/8092896.stm>

safe drinking water and hygienic latrine facilities. Rectifying these problems is a critical step in protecting against future cholera outbreaks. Mercy Corps is working in partnership with community leaders and local officials to build and rehabilitate wells in more than 100 villages, constructing hundreds of sanitary latrines, and training thousands of community members on good community hygiene practices. These are good first steps – but it is time to begin a larger-scale shift of community infrastructure resources towards recovery rather than emergency response, and begin thinking on multi-year timeframes rather than 6-to-12 month relief cycles.

2. Support private sector recovery to revitalize the economy

Efforts to restore livelihoods and productivity at the community level must be complemented by the rebuilding of Zimbabwe’s commercial agriculture sector, especially to avert future food crises. This recovery is greatly impeded by the deterioration of the economic infrastructure that formerly supported the sector. The agriculture “value chain” of economic actors and functions that brings goods from individual farmers to processing to market to sale is in extreme disrepair. Vital private-sector networks of agricultural input suppliers, product vendors, warehousemen, and traders have largely broken down. Assistance in rebuilding these value chains will be a vital component of efforts to restore agriculture production and revitalize the sector.

The non-agriculture sectors of the economy also need extensive support if they are to recover. The manufacturing sector is operating well below capacity and the private sector in general faces a longstanding lack of access to credit. While the dollarization of the economy and the corresponding end to hyperinflation has improved the economic environment, there is a persistent lack of available credit to finance recovery of businesses.

3. Target critical areas of health and education, in partnership with responsible, accountable government actors when possible

The health and education sectors have fallen from among the best in Africa to collapsed sectors that provide little to no services. Both sectors are underfunded and face persistent threats of staff strikes over inadequate and irregular salary payments. Rebuilding these systems will be a long-term effort, but efforts should start now to extricate Zimbabwe from its current cycle of humanitarian crises. Mercy Corps’ experience in Mutare demonstrates that it is possible for NGOs to work in constructive partnership with local government structures to initiate service recovery activities. This model should be rapidly extended to the health and education sectors, so donor resources begin to support service recovery efforts wherever local government actors and communities are willing to engage constructively and accountably in such programs.

Conclusion

These recommendations represent the first incremental and feasible steps on Zimbabwe’s long road to recovery. Working at community and local municipal levels, significant progress can be made in further building the capacity of key actors, rehabilitating

shattered systems, and supporting positive progress. NGOs, local civil society organizations, and UN actors can all play a role in this process, serving as channels for smart, targeted recovery assistance that can support and reinforce ongoing Government reform efforts and avert additional humanitarian crises. Donors should continue to press the government on performance benchmarks, but should not let government shortcomings preclude all efforts to support recovery. On balance, investments in Zimbabwe's recovery are a risk worth taking. If the US begins to incrementally ramp up recovery support, there will be multiple opportunities along the way to review the government's engagement with the recovery program and determine whether such efforts are making progress. There is relatively little to lose – but potentially much to gain.