

Weighing Risk: Structural Adjustment and Drought in Zimbabwe

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Abstract

Risk from natural hazards for most Less Developed Countries (LDCs) is conceptually different from that of More Developed Countries (MDCs). Natural hazards are of relatively greater impact to LDCs, and their potential costs go beyond direct physical damage; they often entail widespread economic costs and potential political instability. This is well illustrated by the case of Zimbabwe and the 1991-92 drought which devastated not only maize, wheat, tobacco, and cotton production, but also the livestock industry, the sugar refining industry, and even the mining sector. Millions of dollars were spent on mitigation, and the drought disrupted the nation's plans with the World Bank for economic reform.

Despite the costly implications of the 1991-92 drought, the Government of Zimbabwe (GOZ) was initially slow to officially recognize the drought. Instead of drought preparation measures, President Mugabe exported over 75% of his maize reserve stock and refused to arrange for imports until January of 1992 when there were only a few weeks left of maize in stock. Problems in the transfer of scientific information to the GOZ, the centralized structure of the administration, and the politics of crop pricing are partially responsible for the delay. However, the primary explanation for Mugabe's actions can be found in Zimbabwe's 1991 contract for economic reform with the World Bank.

In February of 1991, Mugabe launched a World Bank-supervised Economic Structural Adjustment Program (ESAP) in an attempt to amend the nation's extreme shortage of foreign exchange, high unemployment, and lack of foreign investment. In order to receive funding from the Bank, Zimbabwe needed to demonstrate its commitment to reform by

implementing cuts in spending, devaluing its dollar, cutting subsidies, and promoting exports. The importance of guaranteeing the World Bank loan, and thus subsequent future investment and Western aid, put considerable pressure on the GOZ to comply with the ESAP's preliminary conditionalities. The GOZ's export of its maize stock and its reluctance to import maize can thus be explained by the World Bank and GOZ concern over the need to earn, rather than spend, foreign exchange. This risk of losing the Bank loan was perceived as a greater risk than that posed by the developing drought. Mugabe initiated drought mitigation measures only after the Bank loan was secure (February 1992).

World Bank ESAPs are not formed with the environmental vulnerability of African states in mind. In the interest of receiving returns on its ESAP loans, the World Bank should recognize the comprehensive effect natural hazards can have on the development of agricultural economies. The World Bank can assist LDCs in preventing the economic collapse that resulted from the 1992 drought in Zimbabwe by including climate forecasts and environmental assessments of the agricultural sector in the design and implementation of ESAPs. Such measures will help mitigate the political, economic, and physical risks natural hazards pose in LDCs. Only through understanding the relationship between hazard preparation, environmental security, and economic development will economic reform succeed in nations like Zimbabwe.