THE IMPACT OF THE ZIMBABWEAN CRISIS ON PARASTATALS

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ABSTRACT

According to the Zimbabwe African National Union Patriotic Front (ZANU PF), the emergence of Zimbabwe's political and economic quagmire was triggered by the sanctions imposed on some individuals and companies in 2002. This theory gained momentum as ZANU PF took advantage of its monopoly over the broadcast media to preach its viewpoint. In light of this entrenched notion, this article argues that the theory that Zimbabwe's difficulties were exclusively generated by Western countries and their allies fall short of answers to explain the country's perennial problems. Besides, it is a diversionary tactic to pacify people from the upheavals at home. Zimbabwe should move from the anti-West rhetoric and provide truthful solutions to the woes affecting the underprivileged. State controlled institutions in Zimbabwe should move from under-performance and corruption to service delivery for the betterment of people's livelihoods.

Introduction

Since the dawn of the new millennium, Zimbabwe has seen a sharp decline in the growth of strategic economic sectors, especially agriculture. Government run institutions are in shambles and this greatly contributed to the economic chaos confronting the country. Although the origins of Zimbabwe's problems are multidimensional, there is no qualm corruption dominates them all. The institutions mandated to drive the country's economy face serious challenges rooted in corruption, poor management and lack of patriotism. It is therefore imperative for the country to be realistic and honest when it comes to the management of the country's strategic institutions. It is a fact that parastatals contribute to economic development by creating employment for the

more than 80 percent unemployed persons, many of whom are now vagabonds in Zimbabwe and other countries. Currently, the only readily available job in Zimbabwe is illegal vending. A visit to Harare's Central Business District (CBD) from, let us say, "Copacabana" bus terminus at Cameron street to Mbuya Nehanda street around 7 o'clock evening, demonstrates how vending has become a surviving strategy for millions of Zimbabweans.

It is no secret that if properly managed, parastatals can play a very significant role in the economic turnaround fortunes of the country. Zimbabwe has at least 78 State-controlled public enterprises, most of which are operating at a loss, or are nearing collapse (*Daily News*, 2013). According to Information, Media and Broadcasting Services permanent secretary, George Charamba, parastatals at their best contribute about 60 percent to the country's gross domestic product and their underperformance translates to 60 percent of loss making (Mugabe, 2014). The country's state run enterprises are strategically positioned and anything mischievous makes the nation to sneeze. Examples of these parastatals include the National Railways of Zimbabwe (NRZ), Zimbabwe National Water Authority (Zinwa), Air Zimbabwe, Zimbabwe Broadcasting Corporation (ZBC), Zimbabwe Electricity Supply Authority (ZESA), Zimbabwe United Passengers Company (Zupco), the Cold Storage Company (CSC) and the Grain Marketing Board (GMB), all of them ailing. Those which pretend to perform such as the Zimbabwe National Road Administration (ZINARA), Zimbabwe Electricity Supply Authority (ZESA), Zimbabwe Revenue Authority (ZIMRA) and the Zimbabwe Mining Development Corporation (ZMDC) are blamed for contributing little to national development (Mugabe, 2014). There is very little accountability in the mining sector where all hopes for economic revival are pinned. Zimbabwe's economy at the present mainly relies on agriculture and mining, but the looting and mismanagement at the GMB and ZMDC shows that no economic growth can be expected in the near future.

The paper offers an alternative explanation to the challenges facing the country, which has been in an economic and political crisis since the imposition of Economic Structural Adjustment Programme (ESAP) in 1992. The situation was further compounded by the dishing out of unbudgeted perks of Z\$50 000 (then equivalent to US\$4000) to war veterans in 1997 and the country's subsequent intervention in DR Congo the following year. The chaotic and violent land

reform spearheaded in 2000 put the final nail on the country's coffin. There is a need for a paradigm shift by the government in its tackling of the challenges facing the country rather than sticking to the traditional and archaic version of sanctions. Sanctions were imposed in 2002 but the rot in parastatals started way before and never stopped. If the nation accepts that parastatals are failing everyone below their leaders, then the right solutions would be hatched. Transparency holds keys to investor confidence which is at its bottommost.

Theoretical framework

This article benefited from the public management theory which articulates the importance of the behaviour of managers of public enterprises. Leadership with integrity is a very important component of public management and this explains why Zimbabwe's parastatals are in chaos-the important aspect is lacking. The theory thus provides a framework for a precise comprehension of the role of leaders managing public institutions.

Where are parastatals losing the plot?

Unrealistic salaries

The salaries and allowances which the parastatal bosses awarded themselves did not relate to the performance of their companies. Most of these companies are reeling under a heavy debt burden and workers could go for months without receiving their meagre salaries, yet the bosses received hefty packages. Using these factors as yardsticks, it is clear that greediness has its fair share in the crumbling of the once vibrant parastatals. As of December 31 2013, the Premier Service Medical Aid Society (PSMAS) then led by Cuthbert Dube had a debt totalling US\$38 million, which was supposed to be paid to service providers for medical services provided to its members. This was against the backdrop that the top management earned sky high salaries. The situation was not ideal for an organisation that provides health services for more than 600 000 people, the majority of whom are government workers (*The Herald*, 2014). The table below summarises what the top management at PSMAS got despite the challenges facing the company and the country at large.

Post	Salary (US\$)
Group chief executive	230 000
Group finance manager	200 000
Group operations executive	122 000
Senior directors (8)	60 000 per director
Three middle managers	30 000, 22 000 and 15 000 respectively
(The Herald, 2014)	

Table 1: Salary schedule at PSMAS

(*Ine Herala*, 2014)

The state of Zimbabwe's economy does not naturally permit salaries of this degree. In December 2013, most people failed to access their salaries on time because of the liquidity crunch and the situation has not bettered in any way. Companies are closing and workers are struggling to make ends meet. In relation to the plunder that was taking place at PSMAS, The Herald editorial of 23 January 2014 commended that:

The revelation that a handful of PSMAS bosses are chewing up to US\$1 million in monthly salaries is the latest expose of what can and should be equated to institutionalised plunder in Government-linked enterprises.

The disastrous part of the PSMAS disgrace is that it followed on the heels of another corruption scandal involving the Zimbabwe Broadcasting Corporation (ZBC) superior, Happison Muchechetere, who was suspended for siphoning US\$40 000 from the parastatal per month. High profile cases of corruption are prevalent in state-owned enterprises (*The Herald*, 2014). The sarcasm is that when Happison Muchechetere earned a salary of US\$40 000, other workers at ZBC went for seven months without pay (Mugabe, 2014). The insatiable appetite of ZBC bosses was revealed by gobbling US\$800 000 in salaries per month, half of it going to 46 managers. This was happening at a time when the public broadcaster is bankrupt and possesses an outdated infrastructure which prevents it from broadcasting a wide range of educative and 'people driven' programmes (Mambo, 2013).

The Standard editorial of 15 December 2013 put it correctly that Zimbabwe's parastatals were synonymous with looting and corruption by arguing that:

The struggling state-owned enterprises have become feeding troughs for corrupt ministers and other senior government officials who turn to them whenever they are broke. It is now commonly understood that these officials draw large sums of money from their coffers, leaving the taxpayers to cover the gaps. Bootlicking managers are more than happy to bail out these officials and they sometimes go as far as buying them top-of-therange vehicles. They also fund their political campaigns and expensive trips abroad.

As a matter of fact, state enterprises are besieged, yet top management take a lot of money in salaries and other benefits such as fuel, school fees, entertainment and other allowances (Mugabe, 2014). What the parastatal bosses got sharply contradicts what is paid to the highest-paid Chief Executive Officer (CEO) in Zimbabwe's private sector, a figure believed to be between US\$50 000 and US\$60 000 (Chipunza & Murwira, 2014). It is therefore important for parastatal bosses to consider the viability of their operations before awarding themselves excessive packages. The step by government to set up a new salary structure for government CEOs in March 2013 is highly commendable, but it remains to be seen if there are serious mechanisms to enforce it.

Poor management

It can be argued that the 'militarisation' of parastatals has greatly contributed to the decay of Zimbabwe's state run companies. Individuals are not appointed on merit, but history has proved that retired military personnel, especially war veterans, are eligible for these positions. This was, among other occasions, revealed by President Mugabe during the burial of retired Air Commodore Mike Karakadzai in August 2013. Mugabe unequivocally stated that ZANU PF could not be separated from the military when he said:

We have not militarised the public sector, nothing could be further from the truth. Zanu PF is already militarised. Yes, it has the political side for which its military fought for,

but the life of the party which led to victory came from the armed struggle (Majaka, 2013).

Karakadzai left the Air Force to "revive" the National Railways of Zimbabwe but nothing improved during his tenure, but rather compounded the challenges facing the institution. The fact that ex-military or military personnel are appointed to lead these key institutions means something ought to be addressed if the obligation of these institutions is to translate to economic revival. The state of the institutions which they run reveals their incompetence.

There are many benchmarks which can be used to judge pathetic management. GMB general manager, Albert Mandizha, revealed that from late 2011 to early 2013 the parastatal lost more than 10 million kilogrammes of maize, which was destroyed due to poor storage facilities (Mhandu & Kudzedzereka, 2013, p. 1). The mockery is that this happened at a time when most parts of rural Zimbabwe were hard hit by food shortages. GMB explained that the destruction was caused by the parastatal's failure to secure money to renovate and upgrade existing silos. In addition, this indicates that there is a lot of looting for a company that claimed to have recorded a profit during the 2011-2012 financial year (Mhandu & Kudzedzereka, 2013, p. 1). Most farmers have shunned GMB because it does not pay competitive prices to maize producers. In 2012, GMB 'paid' US\$285 for a tonne of maize yet it cost between US\$380-\$400 to import the same amount from South Africa and Zambia respectively (The Sunday Mail, 2013, p. 1). Most of the time farmers are not paid instant cash but can wait for up to a year and this just shows how unserious these parastatals are. Right in 2014, farmers have not received their money for the maize and other grains which they delivered to GMB in 2013. Just to strike some sense in the parastatal's head, farmers asked GMB to provide them with fertilisers if the money was hard to come by but nothing seemed achievable. Moreover, at a time when the GMB should create employment, the parastatal retrenched 20 percent of the labour force so as to remain with 1 300 permanent employees. The retrenchments resulted in the loss of 1 229 jobs at a period when the unemployment rate is as high as 80 percent (The Sunday Mail, 2013, p. 4). The conclusion is that if we agree that the land reform is yielding positive results, then more jobs should be created by this agro-based parastatal.

The Cold Storage Commission (CSC) suffered as a result of pitiable management, corruption and redundancy (Nyamukondiwa, 2014). In the 1990s, the parastatal used to have thousands of cattle and employed as many as 500 people, but this is now a thing of the past. The slaughter rate of cattle per day was 500 but now it is only 15 beasts a day on a service slaughter basis, a process whereby people bring in their cattle for slaughtering and go away with the meat but pay CSC US\$25 for using its abattoir facilities (Nyamukondiwa, 2014). CSC in practice does no longer exist. Its plants in Chinhoyi, Kadoma, Marondera and Masvingo are dysfunctional with the exception of the one in Bulawayo. Zimbabwe used to be a huge exporter of beef, but now the country is at the receiving end of genetically modified organisms (GMOs). CSC should decide to pursue an aggressive revival plan in order to position itself as the biggest meat supplier in the country and the region for the good of the country.

Corruption and looting

Corruption and looting are unmistakably Zimbabwe's worst enemies. These are the very reasons which gave the Movement for Democratic Change (MDC) legitimacy and leverage. The country is off the rails because many people in government are mainly driven by self-aggrandisement and egocentrism. Departments such as education, registrar's office, police force, immigration, vehicle inspection and city councils easily accept bribes. In June 2012, the parliament of Zimbabwe called for the swift dismissal of Zupco management connected in the looting of company property and corruption (Farawo, 2012, p. 2). This came in the midst of the 'disappearance' of 3 bus engines and spare parts. Despite the looting, the Zupco management had an arrear of more than US\$6 million in salaries dating back to 2009 (Farawo, 2012, p. 2).

One of the most strategic security departments invaded by corruption is the police force. Corruption has badly taken root in the Zimbabwe Republic Police (ZRP). In one of the many incidences of corruption, the traffic department of the Zimbabwe Republic Police was involved in a corruption scandal on December 24, 2013, when 10-year-old Nodia discovered the US\$2 000 loot buried inside the pit while she was searching for some "valuables" near the site of the roadblock. The cops manning a roadblock along the Harare-Masvingo road near Gilstone Farm, some 40 km outside Harare, allegedly hid the money bribed from motorists (*Newsday*, 2014). Some school of thought is of the view that corruption in the police force can be traced back to

the economic and political crises that affected the country over the past 14 years, that is, from year 2000 to the present (*Newsday*, 2014). The police force became heavily politicised and this gravely compromised their work. Some officers ended up acting like commissars for ZANU PF, whereas a number of them survived from traffic loot (*Newsday*, 2014).

Effects of political influence in the underperformance of parastatals

There is an absolutely absence of political will in Zimbabwe to address the gross anomalies in the public sector. This was revealed by Media, Information and Broadcasting Services minister, Jonathan Moyo, at the presentation of a public lecture at the Zimbabwe Staff College in January 2014 when he said that "politics of slogans" was over as the country now needed "informed debate" pertaining to the economic challenges (Chidavaenzi, 2014). It is irrefutable that there is a robust connection between politics and economy. Looking at ZMDC for example, it is the one responsible for "investing, planning and coordinating mining projects on behalf of the State and to engage in exploration and mineral beneficiation programmes" (New Ziana, 2013, p. B2). ZMDC holds shares on behalf of government in companies such as Mbada Diamonds, Anjin and the Diamond Mining Corporation and solely controls Marange Resources (New Ziana, 2013, p. B2). Anjin is congested by state security bosses and the Chinese 'investors' who use diamond revenue as they please. The then finance Minister, Tendai Biti, was on record saying that diamond revenue was not reaching the Treasury. Between August 2011 and September 2013, only US\$300 million was remitted to the Treasury, an amount considered too low from what had been extracted and sold. Proceeds from the sale of diamonds have mainly benefited the politically connected and financed underhand security operations (Chimhete, 2012, p. 7). This argument is founded on the basis that most ZANU PF bosses lost their economic grip as a result of the hyperinflation. Besides inflation, sanctions crippled most of ZANU PF's operations as companies linked to the party failed to access loans to boost their operations (Chimhete, 2012, p. 7). This then meant that diamonds were the only source to sustain party operations.

It is widely thought that ZANU PF uses the diamond revenue for the benefit of its members. It is against this backdrop that critics argue that Zimbabwe's parastatals have been in ruins as a result of poorly qualified managers who are largely aligned to ZANU PF. These were promoted because of their political links and not practical expertise (Bhebhe, 2012, p, 17). According to

Pedzisai Ruhanya, an academic and Zimbabwe Institute director, "the collapse of parastatals was largely based on ZANU PF's politics of patronage where it rewarded top military personnel with little or no expertise to manage them" (Mambo, 2013). It is obviously detrimental to the economy if politicians abuse the parastatals to achieve their political ends at the expense of the struggling masses.

Analysis: Long term effects of parastatals rot

The rot in the parastatals is a reflection of what has made Zimbabwe to be a destitute nation despite the fact that almost each parastatal is run by men and women who claim to be patriotic. The damage that was done by NRZ, GMB, ZMDC, CSC, Ziscosteel and ZBC to mention but a few, explains the sorry state that the country's economy finds itself in. There is no doubt that the continued mismanagement will further widen the gap between the rich and the poor and impede economic development. This is true in view of the fact that between the dawn of the Government of National Unity (GNU) in 2009 and the beginning of 2013, more than 100 companies in Zimbabwe's second largest city, Bulawayo, shut down operations resulting in more than 25 000 workers losing jobs (The Standard, 2013, p. 6). The situation is more or less similar to what is happening countrywide. One cannot also ignore the damage that was done to the country's iron and steel giant, Zimbabwe iron and steel company (Ziscosteel), which now lies in a miserable state. Ziscosteel at its peak used to employ more than 5000 full-time employees and many others downstream and was a source of livelihood for over 100 000 people residing in Redcliff and Kwekwe (Mhlanga, 2013, p. 8). Ziscosteel is now a ghost industry evidenced by the absence of production since 2009. Government's efforts to engage an Indian company called Essar failed to materialise. According to the then Minister of Industry and Commerce, Welshman Ncube, the government through the Ministry of Mines sabotaged the revival of Ziscosteel (Mhlanga, 2013, p. 8).

It is provable that parastatals are operating at alarming losses. Instead, it was going to be logical if these institutions were able to give efficient service to their clients. Profit wise, they are not likely to rake a lot because they tend to charge lower prices for their services, although most of them such as Colcom, Zupco, Air Zimbabwe and GMB charge at market price. Air Zimbabwe is one of the parastatal that have struggled for a long time, resulting in the cancellation of most, if

not all international flights. The major reason was that the airline could not meet its fuel obligations after suppliers who were owed an excess of US\$1, 6 million halted deliveries (Nleya, 2011, p. 1). The state of the parastatal was worsened by a series of strikes as pilots protested over unpaid allowances. The Civil Aviation Authority of Zimbabwe (CAAZ) rested old planes and all these factors led the ailing parastatal to slump further (Nleya, 2011, pp. 1-2). In July 2012, the financially crippled airline dispatched a near empty Boeing 767 to South Africa to pick up President Mugabe yet it owed its workers over US\$40 million (Mushava, 2012, pp. 1- 2). The decline of Air Zimbabwe opened business opportunities for other airlines around the world. Air Zimbabwe is a very strategic branch of the economy and once it falls into such a crisis, it is common to press the panic button.

There is overwhelming evidence to substantiate that something is wrong not only with the parastatals but with the ZANU PF regime that has ruled the country since 1980. We can forget about the Unity Accord of 1987 and the Government of National Unity, which came into force in 2009 and expired in 2013 because ZANU PF firmly dictated pace in all these marriages of convenience. There are ample reasons to blame ZANU PF for the rot that has taken place in the parastatals-it is the party which appoints, directly or indirectly, the bosses who run them and as a result, they always dance to the tunes of the party, not by force but as a sign of allegiance.

A touching example of how ZANU PF has ruined the country can be seen in the state of NRZ today. ZANU PF inherited a very vibrant railway system which in 1980 was able to conveniently transport passengers and goods. The collapse of NRZ, just like any other sector of the economy was apparent in 2000. NRZ was capable of transporting 12 million tonnes in 1992 and there was a remarkable increase in 1997 when this improved to 19 million. Fast forward to 2014, NRZ is able to move an average of 1 million cargo (Mwase, 2013, p. D1). What it consequently means is that the parastatal is no longer able to generate income from the freight services-the avenue where it used to get 95 percent of its revenues (Mwase, 2013, p. D1). The table below is a summary of what happens when an organisation goes on a looting spree:

Table 2: State of NRZ

Year	Locomotives	Wagons
2011	168 (only 71 were serviceable)	8 682 (only 3 427 were operational)

As if this was not enough, the workforce that was available in the 1980s of 18 000 stands at 7 000 (Mwase, 2013, p. D1). The few workers who remained go for months without pay. NRZ has lost a lot of revenue because its previous customers in the agricultural, mining and industrial sectors moved to logistics companies who use road transport (Mwase, 2013, p.D1). The collapse of NRZ has also led to a crisis in urban and intercity transport because the passenger trains are now redundant. This has left urban commuters at the mess of kombis which charge US\$1 at peak hours for distances charged R5 during times outside these.

Implications for practice

• There is a need for a quick response by government to allegations of corruption. The media in 2012 exposed the corruption that was taking at ZBC. The workers at the parastatal revealed that at a time when the bosses were living in luxury, ZBC had only 3 cameras for 15 reporters while the archiving system was in a deplorable state (Matshazi, 2012, p. 7). The top 4 managers got loans amounting to US\$50 000 each to buy luxurious vehicles and more than US\$200 000 as housing loans (Matshazi, 2012, p. 7). This partly explains why the national broadcaster has become a laughing stock. The mother ministry did nothing to address these challenges and it only took the appointment of Jonathan Moyo as Information Minister in 2013 to clean up the mess. Although the decision by Moyo to expel Muchechetere is commendable, it was obviously too late. The minister who used to preside over this parastatal was Webster Shamu, but he did nothing even when things were heading for a wrong turn. Instead, Shamu protected Muchechetere. It is also important to have 'independent' players in the broadcast industry to reduce cases of negligence. ZBC TV needs competitors, just to knock some sense in its head.

- The Government should play a decisive role in ensuring that there is a standardised package obtained by CEOs depending on the performance of their companies. This encourages competition, which is very healthy for the country. According to the then Minister of State Enterprises, Gorden Moyo, it was self-defeating to overpay bosses at the expense of loss-making companies (Matshazi, 2012, p. 5). Salary structures should also be very transparent. This goes in line with the Movement for Democratic Change's call for an urgent Parliamentary investigation into all State parastatals so that they are fully restructured, reorganised and become functional with an accountable management (*Daily News*, 2013). This is important in the sense that despite the fact that the government stipulated a salary range of around US\$5 000, most parastatal bosses were awarding themselves up to US\$20 000 (Matshazi, 2012, p. 5). The recent move to peg CEO's salaries is noble, but it should not be blanketed. A case specific approach is important.
- It is important for the government to give positions of authority to men and women of integrity and ability so that the country can get the best out of these parastatals.
- The media, both traditional and new, should continue providing informative news, which contributes to the development of the country. It took less than a week for Cuthbert Dube and PSMAS board chairperson to be fired after revelations of their hefty salaries (*Newsday*, 2014).

Conclusion

The Zimbabwe government has a tall order if hopes for an economic turnaround are to be revived. Looting in key government institutions should be seriously condemned, starting from the highest hierarchy. The country openly boasts of abundant and rich mineral resources, but these can be a curse if the benefits do not trickle down to the poor. Everyone knows what needs to be done to stop this rot, but the politics of patronage are overtly sustaining what we need to get rid of. Parastatals play a very significant role in the development of the country, especially in uplifting the livelihoods of the people. If GMB, NRZ, ZBC, ZMDC and Ziscosteel for example

continue to underperform, then the economic future looks bleak. ZANU PF simply needs to be serious and remind its employees to execute their mandate.

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