

Food Aid Plan 'Noble but Unsustainable'

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President Mugabe promises to make cheap food available to all - but where will he get the money to pay for it?

President Robert Mugabe this week launched an ambitious programme to provide subsidised food to millions of hungry Zimbabweans, but there are questions about whether his government can bear the cost and whether the distribution process will be fair.

According to the state-owned Herald newspaper, the Basic Commodities Accessibility Programme will provide hampers containing enough maize meal, baking flour, cooking oil, bath soap and salt to last a family of six for one month.

The programme will also subsidise boarding schools, clinics and household expenses using a coupon system.

Most of the goods on offer under the scheme have disappeared from the formal market and can only be bought at exorbitant prices on the black market.

The hampers will retail at 100 billion Zimbabwean dollars, ZWD. At the moment, unregulated street traders are charging this sum for one loaf of bread. A 75 centilitre bottle of cooking oil will be valued at 12 billion ZWD compared with the current street price of 150 billion.

On July 17, the official exchange rate was 25.4 billion ZWD to the American dollar. Illegal street traders are offering closer to 75 billion to one.

Reserve Bank governor Gideon Gono said the Gono said the government programme would show manufacturers that "goods can be produced and sold to people at affordable prices and still make a profit".

Yet most of the goods in hampers seen by IWPR were not produced in Zimbabwe, but imported from South Africa. The financial burden of importing these items has led some analysts to warn that the scheme could make the economic situation even worse.

Zimbabwean leaders are clearly suggesting that the shortage of goods is a result of profiteering by businesses, and has nothing to do with the government's own macroeconomic policies.

"We want to confront market failure with market instruments... which will deal with market indiscipline by way of profiteering and side-marketing at the expense of the real consumer," said Gono.

In what has come to typify Mugabe's strained relationship with the private sector, he used the launch to threaten business executives who are "in the habit of exploiting the masses" with arrest if they failed to hold down the prices of basic commodities to benefit the poor.

"There are other ways of getting them to heed the message, but behind doors and behind bars," he warned.

In June last year, the government launched a campaign to slash prices, ordering businesses to adhere to a pricing structure set by the authorities and arresting businessmen who resisted.

It was a vain attempt to address the country's inflation problem, but instead it resulted in panic-buying which cleared shop shelves, and the closure of many retailers and manufacturers. In summer 2007, the year-on-year inflation rate was around 4,500 per cent. This week, Gono said the rate had reached 2.2 million per cent, although some economists put it much higher.

An aid agency official based in Harare said the government would not be able to sustain the low prices because it lacked the foreign currency to fund imports. He also said it was wrong to be importing finished products rather than buying in cheaper raw materials and thereby stimulating Zimbabwean manufacturers.

"This is the most shocking yet programme for this illegitimate government," said the official, speaking on condition of anonymity, as his agency has just been allowed to resume distribution of food on a very limited basis.

"How can they import finished goods when local industry is operating at less than 15 per cent capacity due to a shortage of foreign currency to import raw materials? Olivine Industries and National Foods have all but stopped producing oil because they can't get foreign currency from the Reserve Bank. So where is the money coming from to import the same products from South Africa?"

The aid official said the fact that grassroots leaders such as chiefs and village headmen would decide how the hampers were distributed left the programme open to corruption and discrimination. In particular, the government's recent record on food policy suggests that anyone perceived to be a supporter of the opposition Movement for Democratic Change, MDC, rather than Mugabe's ZANU-PF, could be excluded.

"This would be a noble project if it was sustainable," he said. "Unfortunately it is not. It will soon be hijacked by party officials and it might be hard for MDC supporters to access the hampers, especially if everyone is required to produce [ZANU-PF] party cards. In the end, it shows you that there is no substitute for local production."

Mike Nyoni in Harare is the pseudonym of a reporter in Harare.

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