

BTI 2010 | Zimbabwe Country Report

Status Index	1-10	3.01	# 122 of 128	
Democracy	1-10	3.95	# 100 of 128	➔
Market Economy	1-10	2.07	# 125 of 128	⬇
Management Index	1-10	1.50	# 127 of 128	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Transformation Index (BTI) 2010. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	12.4	HDI	-	GDP p.c.	\$	-
Pop. growth	% p.a.	-0.1	HDI rank of 182	-	Gini Index		50.1
Life expectancy	years	44	UN Education Index	0.79	Poverty ²	%	-
Urban population	%	36.9	Gender equality ¹	-	Aid per capita	\$	34.7

Sources: UNDP, Human Development Report 2009 | The World Bank, World Development Indicators 2009.

Footnotes: (1) Gender Empowerment Measure (GEM). (2) Percentage of population living on less than \$2 a day.

Executive Summary

2008 marks the tenth year of profound political and economic crisis in Zimbabwe. There have been four major developments since 2005: the securitization of the regime, growing tensions within the Zimbabwe African National Union – Patriotic Front (ZANU-PF) on the question of the duration of Mugabe’s rule and the issue of succession, crushed hopes of restabilizing the Zimbabwean economy, and the rise and fall of a resurgent political opposition.

There are three core elements to the regime’s securitization, which intensified in early 2005. First, there is the fact that the day-to-day running of the country has been increasingly left to the National Security Council, which comprises the cabinet and senior military officials, while “normal” cabinet meetings rarely take place anymore. Second, the Joint Operation Command, a body which includes the commanders of the army, air force, police, intelligence service and prisons, and which is chaired by the newly created minister of security, serves as a central oversight organ for all government operations and policies. Third, the military is deeply involved in shaping economic policy. This has been signified by the fact that under Operation Taguta, the military was given the mandate to boost agricultural production and the fact that an increasing number of high-ranking military officers have been placed in management positions of important state-owned companies.

This trend reflects the growing insecurity within the core group around President Robert Mugabe on the question of the extent to which they still control the ruling party, the Zimbabwe African National Union-Patriotic Front (ZANU-PF). The party is divided into three factions: Mugabe’s hardcore supporters and two others competing for Mugabe’s succession. Mugabe’s supporters still control the key positions in the party but not the majority of the party congress, which became very clear when Mugabe failed to get a mandate from the party’s congress in December 2006 to change the country’s constitution in order to prolong his (then) current term of presidency from 2008 to 2010. So far, Mugabe’s control over ZANU-PF has been based on his

ability to punish dissent, reward loyalty and manipulate the mistrust between the two other factions. On the other hand, the period immediately after the first round of the presidential elections also demonstrated just how much these factions still needed Mugabe. After losing the first election round, Mugabe appeared to be considering leaving his office. However, the regime's hardliners and the representatives of the faction that seemed to be in the weaker position – fearing a total loss of power, wealth and security without Mugabe – reportedly urged him to stay.

As the ZANU-PF's cohesion dissipated, the main opposition party, the Movement for Democratic Change (MDC) also fragmented. In March 2005, the MDC formally split into two parties. One faction, led by the MDC's former leader Morgan Tsvangirai, seems to enjoy the popular support of Zimbabwe's dominant ethnic group and is close to the trade-union wing of the party, while the other faction is controlled by the party's general secretary, Welshman Ncube. This faction has massive support among the minority ethnic group and is close to the business wing of the party. In the run-up to the elections of March 2008, the opposition seemed unable to pose a real challenge to the regime. However, there were three combined factors bolstering the opposition: accelerating economic decline, a slight relaxation of government repression, and the entry of former cabinet members in the presidential race, which underscored divisions within a weakening ruling party. However, massive repression and manipulation at the hands of Mugabe's supporters prevented the opposition from replacing Mugabe and resulted instead in a complicated power-sharing agreement in which the ruling party serves as senior and the opposition as junior partner. The power-sharing agreement was implemented in February 2009, but it remains unclear as to how successful this arrangement will be.

Finally, the Zimbabwean economy remains in free-fall. GDP declined by about 43% between 2000 and 2007, and the inflation rate reached 231,000,000% in mid-2008. Both trends reflect the total failure of the Zimbabwean government to re-stabilize the economy. It continues to interfere massively in the private sector through price controls, the institution of a complex system of licenses and an increasingly confusing and seemingly irrational foreign exchange regime. Life expectancy in Zimbabwe is now one of the world's lowest (40.9). After falling continually for many years, the Human Development Index for Zimbabwe stabilized in 2005, but the chaotic socioeconomic situation has precluded the collection of any recent UNDP data.

History and Characteristics of Transformation

From 1980 until the late 1990s, Zimbabwe's history of political transformation was characterized by a continual process of concentrating power in the presidency and the politburo of the ruling party, ZANU-PF. Zimbabwe's elections in 1980 marked the high point of political participation (84% voter turnout) and political competition (three large parties in parliament). The abolishment of the Rhodesian system of apartheid awakened great hope for political transformation.

The merger of the governing party with the largest opposition party in 1987 might have been considered an attempt at national reconciliation after the Matabele rebellion was quashed, but by 1990 Zimbabwe had effectively mutated into a single-party state. The country's white minority had lost the seats reserved for them in parliament and 116 out of 120 parliamentarians came from the governing party. At the same time, a series of constitutional amendments transformed the country from a parliamentary to a presidential democracy, bestowing the president with greater powers.

The exclusion of the opposition reduced voter turnout to approximately 25% during the mid-1990s. Yet, at the same time, civil society groups began to form and ultimately created a collective movement, the National Constitutional Assembly (NCA), to push through far-reaching constitutional reforms. The NCA dealt Mugabe a historic defeat in 2000 when it convinced 56% of the Zimbabwean electorate to reject the constitutional reforms proposed by the government. The opposition party, Movement for Democratic Change (MDC), which was founded shortly before the constitutional referendum, managed to wrest 57 electoral seats from the governing party during that year's parliamentary elections. In 2002, Mugabe used repression and manipulation to achieve victory in the presidential elections. Surprisingly, in 2008 the MDC won the parliamentary and presidential elections, though it failed to achieve absolute majorities in either. This occasioned a run-off between the ruling president, Robert Mugabe, and the opposition leader, Morgan Tsvangirai. State violence surged ahead of the run-off, leaving more than 100 opposition supporters killed and about 2,000 detained. Nevertheless, after the elections the ruling party and the opposition agreed on a power-sharing agreement, which was only implemented in 2009.

The country's economic transformation has always taken a back seat to politics. Prior to the abolition of apartheid, the economy served the privileged status of the white minority. The regime, though a policy of import substitution and extensive controls on foreign currency, trade and prices, attempted to insulate itself from the international sanctions that had been imposed on it. After 1980, Mugabe essentially maintained this economic policy, though modified its principle objectives. Under Mugabe, the government steered the economy in order to reward members of the ruling party and redistribute wealth in favor of the black majority population. For this project to succeed, however, the regime felt that it was necessary to avoid undermining productive capacity and left untouched the existing, unbalanced property structures in the private sector.

Furthermore, the Lancaster House constitution, developed after the 1980 peace agreement between the white regime and the liberation front, made far-reaching privatization almost impossible until 1990. In an environment of rapidly increasing international competition, an economic policy based on import substitution and governmental control proved to be increasingly unsuited for maintaining Zimbabwe's prosperity. In addition, government patronage reached a level that was exacting considerable economic costs.

As a result, Mugabe was forced to act against his own socialist convictions in 1990 and embarked upon the first economic structural adjustment program, which was followed by others. Common to all of them was that they were implemented half-heartedly. In this process, the government left alone sectors that were of central importance for patronage purposes. The collapse of government finances in 1997 led to a step-by-step abandonment of economic deregulation. The reversal of deregulation eventually led to the reinstatement of a comprehensive price control regime in 2002. The official start of the fast track land reform in 2000 seriously undermined the validity of private property rights in Zimbabwe. In the past years, Zimbabwe's economy has been in free fall. GDP declined by about 43% between 2000 and 2007. The inflation rate reached 231,000,000% in mid-2008.

Transformation Status

I. Democracy

Zimbabwe has suffered severe setbacks in all sectors of its democratic order during the past ten years with one exception: the country's civil society has grown.. Key state institutions have eroded, rule of law is seriously undermined, and the conditions for political participation are extremely poor. Meanwhile, civic-minded groups experienced an enormous surge in popularity throughout the late 1990s in response to the aspirations of a majority of Zimbabweans for democracy and political change coupled with their dissatisfaction with the current political regime. This led to the creation of a viable opposition party in 1999. This trend seemed to have passed its zenith by 2000. In addition, since 2002 the government has more forcefully suppressed dissidence, thus increasing the sense of powerlessness and undermined stamina among Zimbabwe's civil society. The resurgence of the opposition party in the 2008 elections was unexpected. The government reacted by launching a massive effort to repress it. Regional mediation and growing desperation forced the opposition into a power sharing agreement with the government (as the junior partner) in mid-2008. The agreement was implemented in early 2009.

1 | Stateness

The state's monopoly on the use of force has considerably eroded during the past ten years, not caused by the increasing power of revolutionary groups but rather by the regime itself. To resolve conflicts over power, the Mugabe government relies heavily on war veterans and youth militias, ideologically indoctrinated groups that are prone to violence. Large parts of Zimbabwe's rural areas are under the de facto control of these forces. The government's district administrative system and police are not only unable to do anything against these forces but are increasingly collaborating in their violent rule. The build-up of these quasi-fascist parallel structures, along with the state's efforts to encourage some citizens to occupy land illegally, has created an overall climate of lawlessness. In addition, the fact that these informal forces of repression and control enjoy more privileges and better payment than the formal security forces has created increasing unrest among the latter's rank and file. There are some indications that sympathy with the opposition's demands is increasing among the police and lower ranks of the army.

Monopoly on the use of force

If the present state of lawlessness and economic decline continues, the government-controlled militias could very well transform themselves into private gangs under the leadership of regional warlords.

The Zimbabwean state is broadly accepted among its citizens. With regard to ethnicity, Zimbabwe is split into two major and fairly distinct ethnic groups – the Shona (roughly 75% of the population) and the Ndebele (25%). Despite this ethnic divide, no relevant group or major political actor of either ethnicity openly pursues secession. Some disgruntlement persists among the small minority of European origin with the post-independence state, but this is more about leadership and policies than about the legitimacy of the Zimbabwean nation-state. Citizenship is, however, withheld from hundreds of thousands of migrant workers, who came originally from neighboring countries but have lived in Zimbabwe for decades and work mainly on farms and in private households. In addition, the constitutional amendment of 2005 allows the government to seize the passport of any Zimbabwean it deems to be a threat to national security. This provision, however, has been challenged in the courts.

State identity

Zimbabwe is a mainly Christian country with small minorities practicing Islam or traditional African cults. Beliefs in the power of spirituals, ancestors and witchcraft are still deeply entrenched. Religious dogmas play no significant role for the state's legitimacy and its legal order. Nonetheless, religious authorities are widely respected among the political leadership and the population. They play an active role in politics. Politicians, likewise, often refer in their statements to religious norms and values.

No interference of religious dogmas

The Zimbabwean state still has a functional but increasingly less effective basic administration – from the local, via the provincial up to the national level. The state administration is still able to raise taxes and administer them, maintains a differentiated legal system, and provides basic services. Zimbabwe's economic breakdown, however, has caused a decline of resources at the disposal of the basic administration. This led, among other things, to a reduction of real wages for public servants, which in turn forced them to search for alternative sources of income and has resulted in them neglecting their official tasks. Public services, especially in health and education, have suffered from both these developments and from the massive emigration caused by the ongoing political and economic crisis. Zimbabwe is struggling to maintain the country's relatively well-developed physical infrastructure. In addition, the establishment of parallel structures of control by war veterans and youth militias together with the intensifying politicization and securitization of leadership positions in the administration are seriously undermining the functioning of the state.

Basic administration

2 | Political Participation

Since the mid-1990s, Zimbabwe's national elections can hardly be considered free and fair. Already in the 1995 elections, the government significantly infringed on the rights of the supporters of the then major opposition party. With the emergence of MDC and its success in the constitutional referendum 2000, the government's efforts to manipulate the political process intensified. Restrictive media and public security laws, frequent bans on opposition rallies and meetings, intimidation, imprisonments, beatings and even killings of opposition activists, pressure on voters, and inconsistencies of voter rolls characterized the parliamentary elections of 2000 and 2005 as well as the presidential election of 2002. Needless to say, these repressive tactics were reflected in the distorted results. Before the presidential and parliamentary election in March 2008, political apathy among voters seemed to be so widespread and the opposition parties so much weakened that the ruling party did not feel like it needed to employ massive repression and manipulation. This was a miscalculation. The MDC won control of parliament with 100 seats to the ZANU-PF's 99 seats. Another opposition party secured an additional ten seats. In the presidential election, the main opposition candidate, Tsvangirai, gained 47.9% of the votes, 4.7% more than President Mugabe but less than an absolute majority. Tsvangirai withdrew from the eventual run-off in June 2008 after security forces and government-controlled militias conducted a campaign of repression against opposition supporters, the severity of which dwarfed those carried out before. Mugabe was re-elected and re-inaugurated as president.

Free and fair elections

Zimbabwe's elected leaders – even if elected under dubious circumstances – have the power to govern. The president still is in control of the government and the state; the parliament, though restricted, remains able to exercise some of its legal rights. The opposition's control of parliament, however, requires power-sharing with the ruling party as structured in the September 2008 agreement between the ruling party and the main opposition parties. The agreement created a political framework consisting of an executive president, an executive prime minister and an equal distribution of cabinet posts between the ruling party and the opposition. The controversy surrounding cabinet positions delayed the implementation of the arrangement until February 2009. Despite formal implementation, the complex power-sharing structure is unlikely to work. Its failure might further strengthen the only veto power that is in a position to render constitutional rule ineffective: the military. The past four years have seen a securitization of Zimbabwean politics with high-ranking military officers openly and repeatedly stating that they would never accept a president who had not fought in Zimbabwe's liberation war. Nevertheless, it remains unclear whether the military would really dare to block or unseat a government. Its present influence on government policies seems limited to the role of providing auxiliary troops for the president rather than being in control of the regime.

Effective power to govern

A 2002 law aimed at maintaining public order set narrow limits on public assembly. The law considers any meeting that involves more than two people a “public meeting,” which requires state authorization. This is often withheld. The government does not legally restrict the formation of parties but subjects opposition parties to frequent acts of repression and manipulation. The NGO Act passed in December 2004 by parliament allows the government to tightly control the activities of civil society groups and provides it with the legal means to block the foreign funding of human rights groups. So far, the president has been hesitant to put the act into effect. Nonetheless, the act seems to have already unfolded its restrictive power. A great number of civil society organizations seem to calculate that they still can prevent the act’s ratification by a certain degree of good behavior. Relaxation of these repressive laws is in theory part of the 2008 power-sharing agreement, but this has not been implemented so far.

Association /
assembly rights

The media law, the Access to Information and Protection of Privacy Act (AIPPA) of 2002, represents a fundamental curtailment of freedom of speech and freedom of the press. It required all operating media to apply for registration. The government withheld this registration for some critical organs. No private broadcasting exists in Zimbabwe. Local offices of foreign broadcasting corporations suffer from state infringements. Editorial offices, print services and journalists are frequently subject to official searches and investigations as well as violent attacks and intimidation. The regime confronts opposition leaders with lawsuits and physical violence. Though a high court rule has at least temporarily stopped government efforts to control international telephone traffic, the parliament is still considering legislation that would allow the government to monitor and intercept all Internet and e-mail traffic entering and leaving Zimbabwe. Even after the conclusion of the power-sharing arrangement in September 2008, the regime has abducted, tortured and imprisoned human rights campaigners on charges of high treason.

Freedom of
expression

3 | Rule of Law

The Zimbabwean Constitution provides for a separation of powers between executive, legislative and judicial branches, though this separation is partly blurred. The executive can initiate legislation – and does so in most cases – and law must be put into effect by the president. Moreover, the president appoints 16 out of 66 members of the second chamber of parliament, the Senate. The president plays a central role in appointing and dismissing Supreme and High Court judges. In addition, the ruling party’s overwhelming parliamentary majority often results in a mere rubber-stamping of legislation and severely limits its oversight role. Nevertheless, parliamentary committees have frequently rejected or altered bills and have critically reviewed government policies and activities. It is too early to assess how the new opposition majority in the House of Assembly and the power-sharing arrangement will alter the political landscape. The latter could further strengthen the executive, while the former has the potential to reinforce the separation of powers.

Separation of
powers

For many years, Zimbabwe was renowned as one of the few African states with an independent judiciary. The Supreme and High Courts frequently passed verdicts that cut against the government line or that forced the government to withdraw a certain measure. Since 2000, the government has focused on expanding the membership of the Supreme Court and on replacing its independent members with government cronies. By now, hardly any Supreme Court justice can be considered independent; even worse, a majority of the new appointees are widely perceived to be insufficiently qualified. The situation is a bit better with regard to the High Court where judges still dare to pass independent judgments. But these judges are under immense pressure from the executive and intimidated by ZANU-PF henchmen. The lower judiciary is less subject to political interference but suffers from the general decay of the rule of law. Police sometimes refuse to implement judicial judgments and a spreading sense of lawlessness undermines the public's respect for magistrates.

Independent
judiciary

In the past years, the state has pursued a good number of corruption cases. It has even targeted the higher ranks of government, and prosecuted and sentenced some high-ranking officeholders. There is, however, the impression that especially in the cases concerning prominent political figures anti-corruption measures are used for political purposes. Elected officials who belong to the opposition parties are particularly targeted. The most prominent recent case was the investigations against the MDC mayor of Harare, which led to his removal from office. Meanwhile, corruption cases also serve as means of political clashes and power games within the ZANU-PF. The government has dismissed ministers charged with corruption on dubious grounds. Human rights activists and a significant part of civil society argue that government-controlled repression in the mid-1980s and in the past years as well as its failure to provide food security and health care also constitute acts of office abuse. They demand an end to the culture of impunity. A prosecution of these offenses would, however, put a sudden end to the power-sharing arrangement.

Prosecution of
office abuse

Civil rights are massively restricted in Zimbabwe by repressive laws, encroachments by security forces and violent attacks of government supporters and militias on opposition activists and ordinary people. The media law and public security act substantially limit freedom of expression and assembly. The legally ineffective NGO act likewise creates de facto restrictions on the freedom of association. The police frequently beat up and torture opposition activists, who are jailed under intolerable circumstances. The Zimbabwe Human Rights NGO Forum counted several hundred reported cases of torture during the past years. In some rural areas, war veterans and youth militia have established a terror regime unhindered by the police. Though the number of killings of opposition supporters by henchmen had declined from 2006 to 2008, it peaked again between March and June 2008 when – according to the claims of the opposition parties – 120 of their supporters were killed.

Civil rights

4 | Stability of Democratic Institutions

In a formal sense, democratic institutions in Zimbabwe show a great degree of continuity and stability. Elections take place regularly, and the government fills positions in the judiciary and public administration in accordance with due processes. In reality, the performance of democratic institutions is seriously infringed. The executive increasingly uses its power to cultivate a patronage network, reward loyalty and punish dissent. Its tactics include handing over privileges and positions to government supporters and withholding government services (security, education and health) and humanitarian aid from social groups and areas that it perceives back the opposition. The most extreme case of such practices was the bulldozing of densely populated settlements in the country's urban areas in 2005, which destroyed the houses and premises of 700,000 people. Parliament was in danger of degrading itself to mere rubber-stamping. This might change with the new majority of the opposition parties in the House of Assembly. The judiciary, especially its higher levels, and the security forces are – because of government interference – increasingly less able and willing to maintain the rule of law.

Performance of democratic institutions

Hardly any of the relevant players – besides the activists in the opposition movement and civil society – can be considered convinced democrats. The leadership of the ruling party, the military and the other security forces, and leading representatives of government and public services seem to accept democratic processes and structures only as long as they lead to the desired results. The same is certainly true for a part of the leadership of the main opposition party. There is, however, a deep-rooted respect in the security forces and the public administration for the primacy of government decisions – including anti-democratic policies.

Commitment to democratic institutions

5 | Political and Social Integration

Compared to other developing and even transformation countries, the party system in Zimbabwe appears very stable. In 1980, at the time of independence two major parties ZANU and Patriotic Front - Zimbabwe African Peoples Union (PF-ZAPU) dominated the political landscape. In 1987, they merged to form ZANU-PF. ZANU-PF, its power since independence, has a developed structure with offices and officials in all parts of the country and enjoys broad support in the electorate. Until the emergence of MDC in 1999, its dominance was almost unchallenged by other parties. Within ten years, MDC has established itself as a valid political force. It has built up viable party structures and enjoys great following in urban areas and the Matebeleland provinces. It is also sufficiently represented in other parts of the country. The party's split in 2005 was a major set-back to its further consolidation, though it was perhaps a necessary step in the formation of the Zimbabwean party

Party system

system because it formalized the division between the more leftist trade unionists and the more liberal-conservative, business-oriented wing. In the long run, Zimbabwe can be expected to develop a fairly stable two or three-party system.

Zimbabwe's civil society can be divided in three parts: interests groups representing certain parts of the society and the private sector, advocacy groups, and community based groups. Until the early 1990s, the interest groups had been the strongest among them. The associations of industry and commerce, employers, miners, and farmers had built up considerable strengths. The government partly incorporated these groups into its processes of policy conceptualization and implementation. This was particularly true with regard to the government's policy toward indigenous business. Throughout the 1990s, advocacy groups demanding more democracy and respect for human rights mushroomed and gained strength. The trade unions also consolidated their force. Advocacy groups, trade unions and parts of the interest groups – more and more alienated by government policies – joined forces in a coalition for the reform of the constitution. This was countered by the rise of the war veterans' association, which was later co-opted by the government. Since 2000, rising government repression and economic crises have seriously hampered the further development of civil society. Since then, social activism has focused on community-based groups and self-help initiatives.

Interest groups

The decay of democratic institutions has left its mark on the attitudes of the populations with regard to democracy. According to the last available survey (2005) of Afrobarometer, a program which assesses and compares political opinions and attitudes in 18 African countries, only 31% of Zimbabweans are willing to give democracy time to solve problems. On the other hand, rejection of the one-party state and support for multiparty democracy had been particularly strong in Zimbabwe. Only 14% of Zimbabweans are satisfied with the status of democracy in their country, which makes – according to Afrobarometer – the support-satisfaction gap the biggest in the sample of 18 countries. 66% of the Zimbabwean people, however, still prefer democracy to any other form of government. The high voter turnout in the March 2008 presidential and parliamentary elections in a difficult political context underlines this common commitment.

Consent to democratic norms

The economic crisis and the breakdown of public services increasingly forced the Zimbabwean population to turn to self-help initiatives. This trend became already apparent in the 1990s when the decline of the formal economy led to a massive turn to informal economic activities and joint employment creating efforts. In the meantime, community-based self-help groups provide a great part of the population with a minimum income, food and health services. In particular, church-based and donor-sponsored voluntary associations try to fill the gap between immense demand for assistance and the failure of the state to provide it.

Associational activities

II. Market Economy

6 | Level of Socioeconomic Development

Poverty has excessively increased in Zimbabwe in the past ten years. More than seven million Zimbabweans live below the poverty line. Zimbabwe is the only country in the world that has experienced an annual worsening of the Human Development Index since the index was created in 1990. Mostly affected is the population in high-density urban areas and in marginal rural areas. The outbreak of the cholera epidemic at the end of 2008, which left more than 60,000 infected and more than 4,000 dead, signifies the virtual collapse of the health system and water supply. The fast-track land reform program has hardly improved the situation of the rural poor as its main beneficiaries are less the neediest than those who can demand support most aggressively or play an essential part in the government's patronage network. In terms of ethnicity, the home area of the Ndebele, who have been perceived as being in opposition to the government since independence, are being systematically neglected (increasingly so in the past years) by the government in terms of provisions of basic infrastructure.

Socioeconomic
barriers

Economic indicators		2004	2005	2006	2007
GDP	\$ mn.	4712.3	3418.1	-	-
Growth of GDP	%	-3.8	-5.3	-	-
Inflation (CPI)	%	282.4	302.1	1096.7	24411.0
Unemployment	%	4.2	-	-	-
Foreign direct investment	% of GDP	0.2	3.0	-	-
Export growth	%	1.8	-3.4	-	-
Import growth	%	1.7	-2.6	-	-
Current account balance	\$ mn.	-	-	-	-

		2004	2005	2006	2007
Public debt	\$ mn.	3564.2	3217.0	3408.8	3734.7
External debt	\$ mn.	4787.6	4254.9	4651.5	5293.4
Total debt service	% of GNI	2.9	7.3	-	-
Cash surplus or deficit	% of GDP	-	-	-	-
Tax Revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	23.3	27.2	-	-
Public expnd. on edu.	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	3.4	4.0	4.5	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	5.4	3.8	-	-

Sources: The World Bank, World Development Indicators 2009 | UNESCO Institute for Statistics | International Labour Organization, Key Indicators of the Labour Market Database | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security.

7 | Organization of the Market and Competition

Throughout the 1980s, Zimbabwe was considered to have a basically market-oriented, though heavily state-regulated economy. In the early 1990s, Zimbabwe initiated economic reform programs in order to deregulate the economy and strengthen competition. These reforms were never conducted effectively and decisively. Since the late 1990s, the government has basically scrapped them completely. The past years saw excessive state interference in the foreign exchange regime, price mechanisms, the labor market, property rights and a systematic favoring of enterprises belonging to the state, the ruling party or important power brokers. Zimbabwe is certainly on the track from a heavily state-regulated market economy to a state-controlled economy.

Market-based competition

Zimbabwe has done little to implement its monopoly-legislation (Competition Act, 1996). This also holds true for the Ministry of State Enterprises, Anti-Corruption and Anti-Monopoly. Little privatization of the large monopoly-like state companies has occurred since the beginning of the structural adjustment programs in 1990. One exception was when the country's current economic state of emergency led to the state energy supplier falling under the control of Eskom, a private South African energy company. Despite this development, the ruling party has expanded its own business empire tremendously during the past few years. It has been attempting to buy up formerly profitable private enterprises that have run into trouble as a result

Anti-monopoly policy

of the economic crisis. State-owned companies and those of the ZANU-PF business-empire are able to crowd others out of the market because they enjoy privileged access to foreign exchange, import licenses, raw materials and capital goods. The monopoly of the Grain Marketing Board remains unchallenged.

The liberalization of foreign trade started in the 1990s and has been effectively reversed in the past years. Foreign trade is mostly hampered by the restrictive, complex and confusing foreign exchange regime. Though Zimbabwe is still a member of the WTO and takes part in the negotiations between African countries and the European Union for the conclusion of trade liberalizing Economic Partnership Agreements, it has become increasingly dissociated from the world market. There are, however, notable exceptions to this rule: an increasing dependence on the export of minerals, especially to China, and on energy and consumption goods imports from South Africa.

Liberalization of
foreign trade

Compared to its size and depth of its economic crisis, Zimbabwe, surprisingly, has something like a functional banking system and capital market. Though some of the players in the system and market may have benefited from the crisis – by currency speculation, clever lending and capital investments – the system is extremely fragile. This is signified by the bankruptcy of several banks during the last years and the country's dependence on the willingness of foreign banks to maintain their branches in Zimbabwe. In October 2008, the operations of banks in Zimbabwe were further hindered when the government banned electronic transfers between banks.

Banking system

8 | Currency and Price Stability

Anti-inflation is the area of economic policy in which the government has failed most visibly. The exchange rate of the Zimbabwean currency started its rapid decline in 1998 and hasn't stopped to fall ever since. While in 2000, \$1 was still 38 ZWD, in 2007 it was 30,000 ZWD. The inflation rate was three digits in the years from 2002 to 2005 (lowest level: 133 in 2002, highest level: 365 in 2003), four digits in 2006 (1,281), five digits in 2007 (66,212) and finally reached 231,000,000% in July 2008. In January 2009, the currency was practically abandoned by the announcement of the Zimbabwean minister of finance that people were allowed to use of multiple foreign currencies for business transactions. The explosion of government spending on politically motivated compensation payments to the country's war veterans and Zimbabwe's participation in the Congo war precipitated the inflation spiral. The breakdown of commercial agriculture after the start of the fast-track land reform program brought the almost chronic shortage of foreign exchange in the Zimbabwean economy to an unbearable level. The government reacted with a restrictive foreign exchange regime and comprehensive price controls, which far from bringing this downward trend under control have instead fostered it.

Anti-inflation /
forex policy

There is no macroeconomic stability in Zimbabwe at all. Hopes by some economists that the government would succeed in re-stabilizing the economy, albeit on a lower level than ever since independence, became futile in the past couple of years. On the domestic level, the government is still borrowing money excessively, though it has considerably reduced foreign debt by repaying an overdue IMF loan. The abandonment of the Zimbabwean currency will end hyper-inflation, but this does not mean it will result in macroeconomic stability. It is difficult to imagine that the complex governance system created by the power-sharing arrangement could produce macro-stability.

Macrostability

9 | Private Property

Since the implementation of the fast-track land reform program, property rights in Zimbabwe can hardly be seen as being guaranteed. Though the state tries to give the impression that the expropriation of land follows a legal process, the respective legislation and several constitutional amendments in 2005 set narrow limits on the ability of expropriated land-owners to obtain adequate compensation or even to pursue their property rights. Some commercial farms were formally handed over to those who had illegally invaded them beforehand. Moreover, President Mugabe threatened to nationalize enterprises that showed themselves disloyal to the government. Examples of this so-called disloyalty included involvement in general strikes, advertising in the opposition press and firing employees. In March 2008, President Mugabe signed a new law requiring foreign- and white-owned businesses in Zimbabwe to hand over 51% control of their operations to indigenous (i.e., black) entrepreneurs.

Property rights

In principle, private companies can act freely in Zimbabwe, but in practice the government has massively infringed on their property rights and their abilities to obtain and spend foreign exchange, import and export goods and commodities, determine prices, and employ labor. In addition, the government heavily favors state- or ZANU-PF-owned companies. Parastatals dominate the strategic business sectors. The only private companies who gained from the economic developments of the past years – beyond the already mentioned – are South African and Chinese companies.

Private enterprise

10 | Welfare Regime

On paper, Zimbabwe has a comprehensive system of social welfare. All workers are required to pay into a pension fund, from which they receive payments once they have reached retirement age or become disabled. In practice, however, household employees, government employees, agricultural laborers and those employed in the information sector, who together make up the vast majority of workers, do not pay

Social safety nets

into the pension fund. Moreover, the pension payments are being devalued because of the high inflation rate. Large segments of the population must rely upon the support of their family members if they become unable to work because of age or illness. There is no unemployment insurance. The unemployment rate is estimated to be more than 80%, but this figure might be very inaccurate due to widespread employment in the informal sector of the economy as well as emigration. A health care program is available for low-paid workers, and free health care is available to those under a certain income level. The outbreak and fast spread of a cholera epidemic in 2008-2009 reflects the desolate situation of the state health care system and its inability to provide basic health care. In addition, the system forces patients to make informal payments for scarce services and pharmaceuticals, even though these are supposed to be free. Those being treated as in-patients in hospitals must have their relatives provide them with food. Similar circumstances exist in elementary school education, which is also supposed to be free. Learning materials, the construction of school buildings and even the salaries of teachers are frequently covered through “voluntary” payments by parents. As a result, the school enrollment rate is decreasing, mainly affecting girls, children of subsistence farmers and inhabitants of urban slums.

De jure no discrimination threatens certain social and religious groups, but there is also no legislation to compensate women and others for gross social differences – with one notable and highly controversial exception: the fast-track land reform program at least officially aims at mitigating the enormous social differences between commercial farmers, almost exclusively from European origin, and African communal farmers. The major shortcoming of this program – besides its shaky legal basis and the fact that the acquired land is relatively unevenly distributed – is that after having received the land the new holders do not receive title deeds on it (it remains in state-ownership) or sufficient training and inputs to use it effectively. The mere resettlement of poor farmers on potentially rich farming land will in the long run not significantly reduce the gross social differences in agriculture. The social group most severely affected by the economic crises of the past years were women: maternal deaths exploded mainly because of the breakdown of the health sector; life expectancy of women is three years lower than the previous low level of 41; the drop-out rate of girls from schools is higher than those that boys; and women have a much more difficult time than men obtaining jobs in the formal economy. The Gender Gap Index 2007 published by the World Economic Forum ranks Zimbabwe 92 out of 130 countries. This is well below the median line but in the middle group of sub-Saharan countries.

Equal opportunity

11 | Economic Performance

The performance of the Zimbabwean economy in the past ten years has been dreadful. The inflation rate exploded, unemployment in the formal economy is estimated at more than 80% of the work force, the budget is out of control and depends on excessive domestic lending, foreign trade has seriously declined, and real GDP growth has been consistently negative since 1999. The present economic policy is doing little to significant improvement the situation. This is likely to remain the case for the foreseeable future.

Output strength

12 | Sustainability

The Zimbabwean economy has deteriorated into an economy of survival. In this context, concerns about sustainability and environment have become rather irrelevant. The Zimbabwean economy is not industrialized enough that concerns about pollution and carbon dioxide emission would rank high on the government or public agenda. Environmental concerns are mainly focused on land degradation, deforestation and water shortage. The resettlement of small-scale communal farmers on large-scale commercial farms has certainly worsened the situation. Experience and long-term interest in the sustainability of their land had led the large-scale commercial farmers to develop a quite efficient system of land, cattle and water management. The newly resettled farmers lack this expertise, even if they had it, they would not have the resources to maintain the system. The result has been rapid degradation of agricultural land in the formerly commercial farming area. Zimbabwe still is a model of efficient and sustainable wildlife management, though its successes in this field are increasingly threatened by a rise in poaching following the economic crisis and the decay of rule of law.

Environmental policy

The decline of government services has hit the education sector especially hard. Though the enrollment rate is still officially high, the quality of primary and secondary education has seriously declined and schools are increasingly depend on “voluntary” contributions by the pupils’ parents to operate. In addition, the flood of emigration during the past years has severely impacted the education sector. A high number of teachers and lecturers left the country. The brain drain also affects R&D, which in general is not very well developed in Zimbabwe but had in the past achieved impressive results in agricultural research.

Education policy / R&D

Transformation Management

I. Level of Difficulty

In its quest to move the country forward, the Zimbabwean government is unquestionably faced with great challenges. The historic, extremely unfair distribution of land, frequent droughts, the high birth and AIDS infection rates, Zimbabwe's dependence on exporting agriculture and raw minerals, as well as the relatively high transaction costs for imports and exports that Zimbabwe faces as a landlocked country, do not make economic transformation easy. Yet, prior to 1998, Zimbabwe possessed a series of advantages that offered better chances for successful political and economic transformation than most of the other countries on the continent. In 1980, the new Zimbabwe inherited the old Rhodesian apartheid state's relatively good infrastructure, which it essentially maintained until the mid-1990s. Massive investment in expanding the social infrastructure during the 1980s meant that the educational level of the Zimbabwean population was one of the highest in Africa, even today. The country possesses rich mineral resources, a relatively favorable climate and tourist attractions. Prior to 1998, it was distinguished by efficient, export-oriented agriculture. It also had a diversified industry, which could have formed the nucleus for the comprehensive industrialization of the country. Political reconciliation between the white minority and the black majority appeared to have been successful after long years of civil war. Zimbabwe could look back on a long phase of relative political stability. Basic democratic standards appeared to be guaranteed, and the quality of the rule of law was exemplary by African standards. On the whole, in 1997, Zimbabwe's chances of making great progress in political and economic transformation within five years were not bad, particularly since, just a few years before, apartheid in South Africa had been eliminated as a regional blockade to development.

Structural
constraints

The traditions of civil society in Zimbabwe are quite meager. During the white minority system, the European settlers (a small minority of the population) managed to establish quite efficient interest groups and engaged themselves in charity organizations following a mainly patronizing approach. The civil society of the African majority was more or less confined to community-based self-help groups, religious organizations and mainly illegal solidarity groups for the armed struggle. This changed only slowly after 1980 until civil society experienced major

Civil society
traditions

growth in the 1990s as a consequence of the social effects of the first structural adjustment programs and of rising disgruntlement with the authoritarian style of ZANU-PF's rule.

Zimbabwe experienced a decade of a brutally fought civil war between the armed forces of the European settlers and the liberation fighters of the African majority. The memory of this war is often quoted as one of the main reasons that the political opposition has thus far refrained from escalating the conflict with the government and that the oppressed have not taken up arms against their oppressors. It is also referred to as one of the reasons for the widespread lethargy of the Zimbabwean population and their preparedness to bear suffering. The violent conflict of the past, in other words, might be the most effective prophylactic against the present political conflict turning into a violent one – despite the government's strategy to exploit the existing social conflicts and ethnic cleavages, and the excessive use of force by security forces, war veterans and ZANU-PF militia against the government's opponents. In the past years, the government has made enormous efforts to characterize the few remaining European farmers as the real culprits for Zimbabwe's economic and political malaise and has tried to mobilize political support in their crusade against them. Moreover, the concept of the enemy white farmer also served the purpose to damage the reputation of the political opposition: it was discredited as being only the puppet of the commercial farmers' interests. The government's campaign of polarization also worsened the already uneasy relationship between the ethnic Shona majority and the minority Ndebeles, as the latter strongly supported the political opposition. But the manifest political and economic crisis has also affected the relationship between the various Shona sub-groups. In particular, the dominant sub-groups of the Karanga and the Zezuru – the latter providing the present president – are deeply entangled in a controversy on the issue who should succeed Mugabe. Nevertheless, none of the social and ethnic cleavages and conflicts seems to be of an insurmountable nature. Even with massive politicization, these conflicts have not turned violent.

Conflict intensity

II. Management Performance

14 | Steering Capability

In terms of Zimbabwe's transformation toward democracy and market economy, the period under consideration was a dismal failure. However, it is highly doubtful whether such a transformation has ever been Mugabe's real goal. The Zimbabwean government's rhetorical support for democracy was only put into practice as long as its hold on power was not endangered by elections. Market economy reforms were not driven by the government's sense of conviction, but rather by the pressure of national debt and international lenders. Two other goals dominated the government's efforts: maintaining power and redistributing land ownership. To maintain power, the government availed itself of repression and manipulation when it became clear for the first time, at the end of the 1990s, that forces were brewing in Zimbabwean society and politics that were strong enough to replace the ruling party.

Prioritization

Because the ability of the Zimbabwean state to distribute resources was progressively diminished by the deep-rooted economic crisis, it was almost inevitable that in its efforts to maintain the system of patronage the government turned to the last resource available in abundance: land. From the government's point of view, using the land question as an instrument to maintain the power of the Mugabe regime was logical. Land reform was not just a means to an end. At least for Mugabe, it was a goal in itself. He appears to be convinced that his historic mission, which also coincides with his socialist ideals, is to finally solve the problem that, in his own estimation, adverse circumstances have effectively prevented him from addressing for more than 30 years. If one views maintaining power and expropriating the whites' large-scale property holdings as the primary goals of the Zimbabwean government, it can at least be accorded a certain degree of reliability in setting and pursuing strategic priorities. This assessment was reinforced by Mugabe's signing of the Indigenisation and Economic Empowerment Bill, which will force foreign-owned firms to sell at least 51% of the shares of every public company and other businesses to indigenous (i.e., black) Zimbabwean businessmen.

The reform-mindedness of the Mugabe government is insignificant. If it exists it is certainly not oriented towards democracy and market economy. Since 1997, any efforts to strengthen Zimbabwe's economy have not only stalled but have been reversed by more state control. Even the top priority on the government's official agenda, the fast-track land reform, failed in economic terms – mainly because it was poorly designed and subjugated to political considerations. Agricultural output dropped sharply. The new holders of the redistributed land lack the resources, knowledge and commitment to maximize its productivity.

Implementation

Almost the same can be said for political reform. From the mid-1980s to the mid-1990s political reforms, mainly in the form of constitutional amendments, aimed at strengthening the executive and above all the president. In 2000, after the failure of the constitutional referendum and the end of the ruling party's two-thirds majority in parliament, reform efforts paused for five years. They were resumed after the elections of 2005 and the nomination of 30 MPs by the president endowed the ruling party again with a two-thirds majority in parliament. Though the last parliamentary election in March 2008 brought the opposition a majority in parliament, this did not result in a greater reform orientation of the government. On the contrary, Mugabe ultimately –by the excessive use of repression – won another term as president and forced the opposition in a power-sharing agreement. The power-sharing agreement resulted in another series of constitutional changes, which will create a highly complex system of government. This system, if put in place, is highly unlikely to improve the steering capability of the government or automatically result in a greater reform orientation.

Zimbabwe's ruling elite is either unwilling or unable to learn. It sticks to ill-designed and harmful policies with regard to the development of democracy and market economy. Some members of the leadership are still leaning towards socialist ideologies and concepts, while some see the present political and economic direction as the only way to stay in power. A growing group of leaders in ZANU-PF has become well aware that the present political situation and economic policy is unsustainable, but they are either unable to overcome the resistance of the hardliners or concerned that a policy change might ultimately lead to their ousting out of power. The leadership of the opposition is of course reform-minded, but it remains to be seen whether those who have become part of the government according to the power-sharing agreement will be able and willing to steer the hardliners of the Mugabe in a new direction.

Policy learning

15 | Resource Efficiency

Economic policies are secondary to the government's desire to maintain control. Instead of encouraging the most effective use of scarce resources for the country's economic and social development, the government sought to use them to bind political supporters to the ruling party. For a long time, rewarding the loyalty of supporters with jobs, sources of sinecure income, licenses and development projects was politically effective. However, an economic policy that does not employ scarce resources where they provide the greatest economic benefit can function only as long as the resulting losses in efficiency are absorbed by third parties, in other words by international donors of development aid. This safety-valve has been closing since the beginning of the 1990s.

Efficient use of assets

The Zimbabwean government did not have to take the path selected. Although the political foundation of the ruling party crumbled in the mid-1990s, the party was still strong enough to withstand a challenge by an opposition party in free and fair elections. Skillful policies of co-opting and divisiveness by the government would have made it difficult for the extremely heterogeneous opposition to maintain its unity. Concessions in the debate over constitutional reform would have tempered the resistance of civic groups without necessarily calling the ruling party's power into question. Moderate democratic reforms would have guaranteed a further influx of development aid, which in turn could have been used to improve government administration as well as the efficiency of the social and health care system. Even the land question could have been solved cooperatively. Both the large-scale landowners and the international donor community made concrete offers to carry out a land reform that would have considerably mitigated the land pressure in densely populated rural areas while at the same time preserving the productive capacity of the export-oriented agricultural industry. The fact that the government decided against these alternatives in its uncompromising course for many years can only be explained by an amalgam of distorted perceptions of reality, bad decisions and ideological fixations.

The Zimbabwean government is finding it increasingly more difficult to coordinate its policies and make them coherent. There are two main reasons for this. The first is the intensifying competition between ZANU-PF factions for Mugabe's succession. This leads to considerable mistrust among government officials and attempts to undermine each other's efforts. The second central incoherence is between the task to re-stabilize the economy on the one hand and the need to use economic resources to maintain the patronage network on the other hand. The black market for foreign exchange and goods is partly controlled by important power brokers who are either deliberately not prosecuted or only selectively targeted. Because of the increasing problems of policy coordination in the cabinet, Mugabe

Policy coordination

increasingly relies on the National Security Council and the Joint Operation Command in designing and executing his policies. The task of policy coordination will be even more complicated if the new government structure is put in place. It foresees an executive president and an executive prime minister with a cabinet headed by the former and a council of ministers chaired by the latter. It also calls for an equal distribution of cabinet posts among ZANU-PF and the opposition. Not only is the division of labor among those government functions unclear, the leading protagonists of ZANU-PF and the opposition do not share a minimum of consensus on what the policies of the new government should be.

Zimbabwe has seen time and again the publication and prosecution of high-profile corruption cases. In 2005, the government established an anti-corruption commission (Anti-Corruption Act, 14. January 2005). Anti-corruption efforts, however, are to a great degree instrumentalized in the power game. Disloyal or dissenting officials run a particular risk of being targeted by accusations of corruption. The ZANU-PF factions also make use of such accusations to discredit representatives of the other camp. In the past years, corruption has hardly decreased in Zimbabwe. A complex system of foreign exchange, price and other controls as well as the lack of transparency of the land reform program offer a multitude of opportunities for corruption.

Anti-corruption
policy

16 | Consensus-Building

A deep split exists among the major political actors on a market economy and democracy as long-term, strategic aims. The government's core leadership and the ruling party do not see both as strategic aims. The majority of civil society leaders and the greater part of the leadership of the opposition party are deeply committed to market economy and democracy, while others, including part of the ZANU-PF leadership, at least accept both systems as the only workable and efficient models to allocate scarce resources in a non-violent manner. Both camps, the dedicated reformers and the opportunistic supporters of reform, should be strong enough to overcome the resistance of the anti-democratic hardliners if they can build up sufficient trust in each other. Nevertheless, it is difficult to see that this will be the outcome of the power-sharing arrangement between the ruling party and the opposition. The provisions of the power-sharing arrangement and the form of its implementation leave only the role of a junior partner for the opposition. This will very much limit its ability to bring forward a new consensus on reform-oriented goals.

Consensus on goals

The hardliners' power in Zimbabwe is partly based on the mutual mistrust of the moderates' and reformers' camps as well as on the support of the security forces for them, in particular the military. Mugabe still enjoys a great following in the top ranks of Zimbabwe's army, though parts of it are identifying themselves with other ZANU-PF factions. The main problem for all those who would like to oust Mugabe

Anti-democratic
veto actors

from power is that nobody really knows how the military would react then. Some military leaders have repeatedly emphasized that such a move would be totally unacceptable to them. On the other hand, the military has so far strictly observed the political process and few people can imagine that rank and file members of the army would follow orders to shoot down a popular uprising or the initiators of a palace coup.

The government has deliberately chosen not to mitigate existing social and ethnic cleavages but to exploit them. The primary target of this strategy were the landowners of European origin, who the government identified as the main culprits for Zimbabwe's economic and social problems. This campaign partly worked, especially in rural areas under considerable demographic stress, but also met determined and sustained resistance. The implicit target of the government's polarization strategy was the ethnic minority group of Ndebele who were defamed as collaborators with the landowners' attempts to hold the Africans, particularly the Shona, down. The intensified power games in Zimbabwe also led unintentionally to a deepening of cleavages between Shona sub-groups.

Cleavage /
conflict
management

If conflict management is measured by the degree to which an open violent conflict could be hindered from breaking out, Zimbabwe's performance is not the worst. The reasons for this "success," however, are highly problematic. They include massive government repression of popular dissent and the fear of the opposition that any escalation of the conflict between them and the government would result in a civil war.

The political leadership took all the necessary steps to discourage civil society from political participation. The NGO Act sets narrow limits to such engagement; civil society leaders who express their opinion and criticize the government are intimidated, tortured, prosecuted and put in jail. The only civil society groups able to flourish – if they deserve the term civil society – are the war veterans' association and organizations close to ZANU-PF.

Civil society
participation

Throughout the 1980s and 1990s, Zimbabwe appeared as a model for reconciliation with regard to overcoming the bitter apartheid conflict. Even at that time, however, this was only part of the story. In the mid-1980s, the government unscrupulously dealt with the so-called Ndebele dissidents by initiating a counter-insurgency campaign, which cost more than 15,000 lives (conservative estimate). Since the late 1990s, the government has changed tact, thrown its reconciliation policy overboard and resorted to a scapegoat approach aimed at the white minority. The developments of the past years would require another reconciliation process between perpetrator and victims of government repression. Human rights activists demand a truth, reconciliation and justice process, while more pragmatic leaders of the opposition fear that such a process would endanger the progress of an already burdensome process of political transformation.

Reconciliation

17 | International Cooperation

As the present government does not pursue domestic reform policies in line with the objectives of international donors, it consequently does not seek their support – though the Zimbabwean government insists that there is a responsibility, especially of the British government, to support its land reform program. Donors have reduced their development aid to Zimbabwe to a minimum, mainly limited to humanitarian and food aid as well as to support for civil society organizations. The Zimbabwean government tries to escape its increasing international isolation by fostering links to China, Libya, Malaysia, Venezuela and Iran. U.N. organizations still provide for development aid but focus it on emergency areas like food provision and health care. Efforts of political instrumentalization by the government repeatedly undermine the effectiveness of this aid.

Effective use of support

Mugabe's and the Zimbabwean government's credibility is very low in Europe and North America. In parts of Africa and among some Muslim-dominated states and leftist-oriented governments in Asia and Latin America, Mugabe succeeds in stylizing himself as a fighter against Western neo-imperialism and the global dominance of neo-liberalism. This support makes it extremely difficult for African governments to deal with the Zimbabwean authoritarian system effectively. The leadership of the opposition enjoys some credibility in the international arena, but this will not be automatically transferred on the government when the opposition joins it. On the contrary, suspicion is high that the opposition will be quickly discredited nationally – and eventually internationally - after it becomes ZANU-PF's junior partner.

Credibility

Zimbabwe is a member of the relevant regional and continental African organizations, especially the Southern Africa Development Community (SADC) and the African Union (AU). In both organizations, Zimbabwe is an essential stumbling bloc for intensified cooperation and institutional reform. Mugabe's insistence to head an important organ of SADC hampered its transformation into an effective institution for many years. The Zimbabwean government's authoritarian rule undermines the credibility of the AU's reform program, NEPAD, and damages its efforts to develop a strategic partnership with the European Union. The relationship with the neighbors is diverse. Zimbabwe certainly has the most tension with Botswana, whose leadership is the relatively outspoken with regard to the situation in Zimbabwe and its consequences for the region. The relationship is ambivalent with regard to South Africa. Mugabe deeply mistrusts and envies this bigger neighbor, but he also heavily relies on the implicit support of the South African government. Zimbabwe has close relations to Angola and Namibia, both of which it regards as essential partners in balancing South Africa's regional power. Zimbabwe's relations to Namibia have cooled down a little bit, however, with the

Regional cooperation

change in the presidential office there. It is amazing how much the Mugabe regime has succeeded in avoiding real political and economic pressure from its neighbors, especially when one takes into account the negative spill-over effects that Zimbabwe's deterioration has on its border countries.

Strategic Outlook

Political and economic developments of the past ten years in Zimbabwe seemed to be leading the country to a decisive break: Either the previous tendencies will continue and the country will descend into economic chaos and political anarchy, or a new regime will pave the way for comprehensive democratic and market economy reforms. The victory of the opposition in the parliamentary election of March 2008 and subsequent power-sharing agreement opened up two other alternative options. First, ZANU-PF might succeed in co-opting and slowly discrediting its junior partner. The opposition would make some adjustments regarding its demands for strengthening civil liberties – a release of political prisoners, less systematic repression, freer media – and economic reform but would not push for fundamental change in policy direction. The result would be a status qua ante, which means a return to the Zimbabwe of the 1990s when a less authoritarian regime allowed for some political and economic space but effectively blocked a real transformation of the country to liberal democracy and market economy. The second alternative option is a slow transformation of the regime from within. The leaders of the opposition could form an alliance with the reformers of ZANU-PF in the new coalition government and succeed in sidelining the hardliners. This would lead to free and fair elections as well as decisive police changes.

Whether one or the other development will become reality will not only depend on the motives, power resources and strategies of players in Zimbabwe but also on the behavior of regional and international leaders. The worst these external leaders could do is to release the pressure from the country and fully resume development cooperation the moment the opposition joins a government of national unity. Before both can be the case, the new government has to deliver some tangible results: first, a suspension or considerable modification of repressive laws like the Public Order and Security Act (POSA), AIPPA, NGO Act and so forth; secondly, a timetable for the preparation of early parliamentary and presidential elections, including a provision for effective international monitoring. Until then, development cooperation should still be limited to humanitarian aid and smart sanctions should be upheld against representatives of the ruling elite. If there is significant progress in political reforms, there are four obvious priorities for further cooperation. The first task is to restart the economy. To do this requires a combination of deregulation and investments in the country's run down physical and social infrastructure. Secondly, Zimbabwe's agricultural sector needs assistance to regain its original strength. The land reform can certainly not be turned back, but the gravest injustices must be remediated and total privatization of land ownership should be considered. In addition, the new settlers of commercial farm areas urgently need training and agricultural inputs. Thirdly, the legal system – from Supreme Court justices down to the lowest police officer – must be rebuilt. And finally, the country desperately requires some form of a truth and reconciliation process.

Zimbabwe's neighbors and the international community also have to prepare themselves for less positive developments. They need a plan B if the new government either fails or tries to muddle through. Such a plan B would then be very close to the present policies. They also need a plan C if the worst case becomes reality: total economic collapse and political anarchy. This would require some form of immediate intervention, other by the neighbors or the United Nations.