

BTI 2016 | Zimbabwe Country Report

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Economic Transformation	1-10	3.46	# 115 of 129	➔
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This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2016. It covers the period from 1 February 2013 to 31 January 2015. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	15.2	HDI	0.492	GDP p.c., PPP \$	1779.8
Pop. growth ¹	% p.a.	2.3	HDI rank of 187	156	Gini Index	-
Life expectancy	years	59.8	UN Education Index	0.500	Poverty ³	% -
Urban population	%	32.5	Gender inequality ²	0.516	Aid per capita \$	54.4

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | UNDP, Human Development Report 2014. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.10 a day at 2011 international prices.

Executive Summary

The period under review was characterized by the consolidation of President Mugabe and ZANU-PF's political hegemony. The July 2013 election, which resulted in the election of a majority ZANU-PF government, was highly contested due to reports of threats and intimidation of opposition supporters. However, the Southern African Development Community Observer Mission declared the elections free and largely credible. Conversely, the opposition lost control of government, its membership became increasingly frustrated and its leadership fragmented. Despite ZANU-PF's control over the government and parliament, schisms have deepened within ZANU-PF as well. The First Lady, Grace Mugabe, has emerged as a new party leader amid an intensification in the struggle to succeed President Mugabe. The political struggle remains quite open. Several court challenges have been initiated by one faction, while President Mugabe and the First Lady's health is uncertain.

The introduction of a relatively liberal and progressive constitution was a major achievement for the Government of National Unity (GNU). The new constitution was passed by a referendum in March 2013 and signed into law in May 2013. It has an expanded Zimbabwe's Declaration of Rights, which has been hailed as a major achievement in the promotion of human rights in Zimbabwe. However, it needs to be supported by broader political in order to protect civil rights. Furthermore, it has not reduced the president's excessive powers nor strengthened the separation of powers. There has also been little political will to align existing laws with the new constitution, which would facilitate a more open democratic space.

Nevertheless, there has been little progress on furthering democratic reform. Abuse of public office has become endemic with major perpetrators escaping prosecution, which has encouraged more corruption. Where prosecutions have been initiated, they have been motivated by political retribution and rarely targeted senior officials. ZANU-PF, as in the past, has entrenched its authoritarian rule through the use of intimidation, fear and the violation of human rights.

Meanwhile, economic growth has stalled due largely to an unattractive investment climate caused by the uncertain political situation.

The lack of investment in the economy has led to a liquidity crunch, which has effected local businesses. The rate of GDP growth fell from 6% in 2013 to 3.1% in 2014 with the closure of a large number of companies. Furthermore, the unemployment rate is estimated to be 80%.

The government needs to negotiate a new debt relief program. In March 2014, foreign debt is estimated to be as high as \$7.23 billion, equivalent to 115% of GDP. The government must also overhaul public expenditure on wages, which accounts for \$4.1 billion or 80% of the government budget. The high cost of public sector wages is largely attributable to huge salaries for management and board members. The proposed reform of state-owned enterprises and parastatals will face severe resistance from within ZANU-PF, as these companies are central to ZANU-PF's system of patronage.

The government has demonstrated a commitment to the IMF's Staff Monitoring Program. The program's third review was completed in October 2014 and the government has requested an extension to the program. However, many of the program's targets have not been met and face substantial resistance from within the government. The slow rate of the program's implementation has mainly been due to vested interests within the government and ZANU-PF, which fear losing political and economic power.

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 more and more power in the presidency and the top circle of the ruling party, the Zimbabwe African National Union-Patriotic Front (ZANU-PF). Zimbabwe's 1980 elections marked a high point of political participation, with a voter turnout of 84%, and of political competition, with three large parties in parliament. The abolition 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 when the white minority also lost the seats reserved for them in parliament in 1990, Zimbabwe had effectively mutated into a single-party state, with 116 out of 120 representatives coming from the governing party. At the same time, a series of constitutional amendments transformed the country from a parliamentary to a presidential democracy.

The exclusion of the opposition resulted in voter turnouts of approximately 25% during the mid-1990s. Yet at the same time, civil society groups began to form, and they ultimately created a collective movement, the National Constitutional Assembly (NCA), to push through far-reaching constitutional reforms. The NCA dealt Robert Mugabe a historic defeat in 2000 when it convinced 56% of the Zimbabwean electorate to reject constitutional reforms proposed by the government. The opposition Movement for Democratic Change (MDC) managed to wrest 57 electoral

mandates from the governing party during the parliamentary elections in mid-2000. Repression and manipulation facilitated Mugabe's victory in the 2002 presidential elections and the 2005 parliamentary elections. More surprising was the MDC's victory in the parliamentary and presidential elections of 2008. The MDC, however, failed to achieve absolute majorities in both elections, leading to a run-off between the ruling president, Robert Mugabe, and the opposition leader, Morgan Tsvangirai. The Government of National Unity (GNU) was formed with Mugabe as president and Tsvangirai as prime minister. They intended to draft a new constitution within 18 months, to implement a security sector reform and restore the economy. However, after a short honeymoon period when hopes of breaking the impasse rose, no meaningful political transition took place while human rights abuses continued. After many controversial negotiations, the new constitution was finally adopted by a referendum in March 2013. Few months later, the Zimbabwe Electoral Commission (ZEC) announced a landslide victory for ZANU-PF in the parliamentary and presidential elections of July 31. Even though the MDC lost a lot of its credibility during its time as junior partner in the GNU, the proclaimed two-thirds majority of ZANU-PF seemed hardly plausible. However, the results were accepted by the Southern African Development Community (SADC) and particularly by South Africa as mediator of the Zimbabwean crisis soon after.

The country's economic transformation has always taken a back seat to the preeminence of politics. Prior to the abolition of apartheid, the economy served the privileged status of the white minority. A policy of import substitution, along with extensive controls on foreign currency, trade and prices was supposed to guarantee that the regime survived the international sanctions that had been imposed on it. Mugabe essentially maintained this course from 1980 on, but with one modified objective: Government control of the economy was now used to reward the adherents 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 existing, unbalanced property structures in the private sector. Furthermore, far-reaching privatization was made almost impossible until 1990 by the transitional constitution which was developed from the 1980 peace agreement between the white regime and the liberation front that ended the liberation war. Rapidly increasing international competition and massive 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 embark upon the first economic structural adjustment program, which was followed by others. Common to all of them was their half-hearted implementation. In this process, sectors that were of central importance for patronage purposes were bypassed. 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 and put further strain on the economy as most large-scale commercial farms were kicked out of production. Consequently, Zimbabwe's economy experienced free-fall between 1998 and 2009, as GDP declined by more than 40% and the inflation rate reached an estimated 90-sextillion % in 2008. Despite being trapped in a political stalemate, the GNU has managed to stop inflation and initiate a recovery of the economy throughout albeit from quite a low base

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Question
Score

The state monopoly on the use of force is established nationwide. The problem is not its capacity, but its legitimacy. The police and army are highly politicized, and act on behalf of the established ruling party, ZANU-PF. President Mugabe and the ZANU-PF rely heavily on certain groups, such as war veterans and ZANU-PF youth militias, to resolve power conflicts. These groups have been ideologically indoctrinated and were trained by former military personnel. During electoral periods, like in 2013, rural areas were put under the control of these groups.

Monopoly on the
use of force

8

Since 2000, militia bases have been established throughout the country. From these militia bases, the army, police, war veterans, youth militia, traditional leaders and ZANU-PF party members are creating a network of terror. The line between ZANU-PF as a political party and the state has been further blurred. For example, state forces have acted as protectors of ZANU-PF, while unlawfully arresting MDC officials and activists, journalists, civil society activists and ordinary citizens.

Factional fights within the ZANU-PF have led to an increase in clandestine politics, which has resulted in the emergence of various centers of power and weakening of the state's monopoly over power.

The state is broadly accepted by the population. While the population is largely split into two ethnic groups, there are no relevant groups or major political actors seeking secession. The larger ethnic group is the Shona, who account for roughly three-quarters of the total population. The smaller ethnic group is the Ndebele, who account for 16% of the total population. However, there are some minority political organizations, based in the Ndebele dominated Matebeleland region, which demand more power through, for example, greater devolution.

State identity

7

Dual citizenship is recognized by the new constitution, but in practice, the implementation of this provision has been slow. In the old constitution, citizenship

was withheld from hundreds of thousands of people whose parents were born outside of Zimbabwe. Section 35 of the new constitution offers the possibility for them to be granted citizenship. However, the process of applying for citizenship is unnecessarily bureaucratic. The rights of Zimbabwe's diaspora to vote in elections also remains a contentious issue, with the government having denied this group the right to vote in the 2013 election.

Zimbabwe is a mainly Christian country with small Islamic or indigenous religious minorities. Nevertheless, Catholicism and Protestantism have been increasingly losing ground to "white garment" and Pentecostal churches, which mushroomed during the economic crisis. In the 2013 election campaign, a concerted effort was made by ZANU-PF to cultivate support amongst indigenous churches (i.e. "white garment churches") and it appears to have succeeded through making various promises to them. Beliefs in the power of spirits, ancestors and witchcraft remain deeply entrenched. Towards the end of 2014, there was an intensification of factional politics within ZANU-PF and accusations of witchcraft were traded between the warring factions. Religious dogmas do not formally determine state legitimacy or the legal order. However, religious authorities are widely respected by the political leadership and general population. As such, religious dogmas do influence politics informally, with politicians often referring to religious norms and values in public statements.

No interference of
religious dogmas
9

Under the Government of National Unity, there was a relative improvement in local government administration and service delivery. Unfortunately, there has been a reversal of these gains in the last year. Serious problems in basic service provision have either emerged or persisted, such as in the supply of clean water and power. Basic services that had been restored in major towns are now confronting new challenges. For example, there are rampant deficiencies in sewage reticulation, while some low-density suburbs have not had access to any water for many years. In 2012 and 2013, residents in Harare had little access to potable water and sanitation services. As a result, residents often resorted to defecating outside, while also drinking water from shallow, unprotected and contaminated wells. In response, substantial donor aid has targeted provision of clean water, education and healthcare services, and the improvement of physical infrastructure. Yet, the scale of dilapidation prevents an immediate improvement. In 2014, local governance was characterized by corruption and mismanagement, which further exacerbated poor service delivery.

Basic
administration
5

2 | Political Participation

In a 2008 power-sharing agreement that lasted until 2013, a Government of National Unity (GNU) was formed by Prime Minister Morgan Tsvangirai, whose opposition party had won the parliamentary elections.

Free and fair
elections

3

Eventually, one of the central efforts of the GNU was to change the constitution and electoral laws in a way that would create a level playing field for future elections. Naturally, this issue met with resistance from ZANU-PF, who feared they would lose if the elections were fair. After intense debates among the members of the Zimbabwe Electoral Commission (ZEC) and delaying tactics by ZANU-PF officials, the Electoral Amendment Act was finally passed by the end of September 2012. One of its few achievements was to introduce a requirement that election results must be provided after five days. This requirement limits the scope for manipulation of the results as happened in 2008.

The act improves the mechanisms for registering new voters. Before the act, almost 30% of the voters on the official voters roll were deceased and 40% did not reside at their address registered.

ZEC has been accused of lacking credibility and professional personnel. For example, some personnel have been compromised by their close affiliation to ZANU-PF. Not only does ZEC lack the resources to operate independently, but also its chairperson is appointed by the president. Furthermore, its secretariat includes a number of people who are reported to have strong links to the military and security services.

The registration of new voters started in early January 2013 with elections held in July 2013. There were relatively fewer instances of political violence during the 2013 elections compared to previous elections. Although there was an increase in reported cases of threats and intimidation, according to the Zimbabwe Peace Project Annual Report 2013. There has been no improvement in how elections are managed by ZEC, which has nurtured an environment of distrust and anxiety not least among opposition parties and civil society. The results of the July 2013 election were highly contested; with the opposition arguing that the voters roll was not made available as soon as it should have been. In addition, there were widespread reports of voter intimidation, assisted voting comprised the secrecy of the ballot and many voters were turned away from the polling stations. Media coverage was also skewed in favor of ZANU-PF, with a biased state media and limited media access for the opposition parties. Nevertheless, the elections were endorsed by the SADC Observer Mission as being free and generally credible. Although SADC noted that some irregularities cast doubt on fairness.

In the period under review, President Mugabe and his intimates in the ZANU-PF returned to power following the end of the Government of National Unity (GNU).

Effective power to govern

2

The president is in control of the government and the state. Although the parliament has a degree of institutionalized power, it has not been a strong actor in practice. Under the GNU, ZANU-PF was the dominant political party and conceded little power to the other parties. It was heavily criticized for its violation of the coalition government. After the 2013 elections, President Mugabe can again officially exercise full control over government, cabinet and other public sector appointments.

These appointments have been based more on patronage than meritocracy, with the newly appointed official submissive to the president. This has enabled the president to further consolidate his hold on power. The “securocrats” - the heads of the defense forces, police, air force, prisons and Central Intelligence Agency - have close links to ZANU-PF. Although cracks have emerged within the former consolidated block. Having accumulated wealth and power during the Zimbabwean crisis, the securocrats now act as the gatekeepers to power under President Mugabe.

One of the major challenges in Zimbabwe is the failure by the state to separate government and party politics. There is a tendency for party politics to take precedence over public administration. This tendency undermines the power of civil servants to make technical decisions. The entourage of the president includes business people aligned to ZANU-PF whose influence has increased following Zimbabwe’s financial crisis.

In 2014, factional politics threatened to destabilize the government. Officials suspected to have close links to the then Vice President Joice Mujuru were purged from the government. This political ruse was primarily orchestrated by the First Lady, Grace Mugabe, and supported by the Justice Minister, Emmerson Mnangagwa. This ruse has led to speculation that political power effectively rests with the First Lady. Public pronouncements by the First Lady are highly influential within ZANU-PF and government decision-making.

Since the inauguration of the current parliament, parliamentary committees have been visibly active in addressing socioeconomic issues. Senior public officials, including bureaucrats and sometimes securocrats, have been summoned by parliamentary committees to account for their decisions.

The new constitution has strengthened freedoms of expression and assembly. However, the constraints on these freedoms imposed within an authoritarian should not be under-estimated. Chapter four of the constitution guarantees freedom of assembly and association. However, several laws restrict these rights, including the Public Order and Security Act (POSA). POSA is a draconian law rooted in Zimbabwe's colonial past and designed to maintain public order. The new constitution has not been aligned with the existing statutes and has not repealed laws like POSA. POSA limits people's rights to assemble. For example, any gathering of more than two people is defined by POSA as a public meeting, which requires the organizers to notify the police. This requirement has been interpreted by some state officials to mean that public meetings need state authorization, which is often withheld. Under the Government of National Unity, there was a modest opening up of democratic space. However, the space for political parties and civil society organizations has been slowly shrinking amid state harassment. Although arbitrary and politically motivated arrests have declined during the period under review, they have not ceased entirely and often discriminate against MDC supporters and civil society activists. Nevertheless, in recent years there have been few convictions. The formation of political parties is not restricted, though opposition parties are subject to frequent acts of repression and manipulation.

Association /
assembly rights
5

Section 61 of the Zimbabwean Constitution guarantees the freedom of expression and freedom of the media. Public expectations that the restrictive media law would be liberalized have been high. Though some improvement can be seen with regard to more diversity in print media, the general situation has not changed substantially in the last few years. Despite having a liberal constitution, there are still restrictive laws, which inhibit the activities of journalists. For example, the 2002 Access to Information and Protection of Privacy Act (AIPPA) represents a fundamental curtailment of freedom of speech and freedom of the press. The Criminal Law (Codification and Reform) Act severely limits what journalists may publish and imposes harsh penalties on those that violate the act, including long prison sentences. The 2007 Interception of Communications Act allows officials to intercept telephonic and electronic communications to monitor their content to prevent "serious offense" or a "threat to national security." These laws have not been repealed or amended so as to align with the new constitution. AIPPA requires all operating media and journalists to register with the Zimbabwe Media Commission (ZMC). The president appoints the chair and members of ZMC.

Freedom of
expression
4

There were few milestones in reforming the media during the era of the Government of National Unity. Although the licensing of five new newspapers and two new radio stations gave the false impression that progress had been made. The two radio stations were either owned by state ministers or a state controlled media company. The Zimbabwe Broadcasting Corporation (ZBC) still maintains monopoly over television, and is subject to overt political interference and censorship.

Improved access to the internet has improved access to informational, though tariffs for data are still more expensive than in neighboring countries. Zimbabwe has a relatively high rate of internet penetration for an African country, with nearly 19% of the population having access to the internet. As a result, public access to social media and other online news sources has been steadily undermining the monopoly position of state media. In particular, political posts on Facebook attract significant public attention.

3 | Rule of Law

The Zimbabwean Constitution provides for the separation of powers between the executive, legislative and judiciary branches. In recent decades, the use of presidential powers has blurred this separation of power. Executive authority is invested in the president, exercised through the cabinet and subject to the constitution (Section 88 of the Constitution). If a vote of no confidence in the government is passed, the president must dissolve parliament and general elections must be held within 90 days.

Separation of
powers

3

The president appoints and may remove the Attorney General at any time. The president also appoints the Chief Justice, Judge President of the High Court and all other judges in consultation with the Judicial Services Commission. An improvement in this regard has been the introduction of a requirement that these positions must be publicly advertised with public interviews of the candidates.

There has been an improvement in the oversight role played by parliament. The committee system has been more active since the 2013 elections. For example, a number of portfolio committees have met to deliberate key policy issues. However, some cabinet ministers have failed to attend sessions in parliament. The executive's lack of respect for legislative business has made the legislature little more than a talking shop with limited oversight over government.

There have been no significant changes relating to independence of the judiciary since the last review. There remains some hope that the new constitution potentially provides a more conducive atmosphere for independence. However, the authoritarian tone and orientation of Zimbabwe's politics represent an obstacle. Section 164(1) of the constitution expressly guarantees judicial independence and obliges the government to respect the judiciary's independence. The newly established constitutional court's powers have introduced additional checks and balances on actions of parliament and government.

Independent
judiciary

4

The process of appointing judges through public interviews has increased transparency. This has been a positive step towards minimizing political manipulation and ensuring the independence of the judiciary. The president however

retains some powers to remove judges. This undermines judicial independence, as ZANU-PF tends to appoint judges who are affiliated to the party. Consequently, some judgments have been regarded as being based more on political than judicial considerations. Additionally, the former Attorney General, who was known to have sympathies to ZANU-PF, was appointed head of the National Prosecution Authority.

Abuse of office has been and is endemic in Zimbabwe, while the major culprits have in most cases escaped prosecution. This impunity has fueled corruption across all sectors of society, including health care, education and sports. The abuse of office has become so rampant that in some cases it is accepted as part of the culture and is often institutionalized.

Prosecution of
office abuse

2

Diamonds are also a large source of corruption and are often plundered through a complex network of army, police, Central Intelligence Organisation (CIO) and senior ZANU-PF officials (among them the late Solomon Mujuru, the husband of the vice president). According to Partnership Africa Canada (PAC), some \$2 billion of revenues from the diamond sector has been lost in the last three years.

Public officials who have abused their office, like former Minister of Mines Obert Mpofu, are occasionally prosecuted. However, in most cases the prosecutions are politically rather than publicly motivated.

The ruling party, ZANU-PF, has managed to entrench its autocratic rule mainly through the use of intimidation and fear as well as the violation of basic human rights.

Civil rights

4

Political violence became the hallmark of Zimbabwean politics as hundreds of mainly opposition human rights activists were abducted, tortured, raped and killed. The worst violations occurred during the 2008 elections. Human rights abuses continued during the period of the Government of National Unity, though abuses were largely discreet rather than public acts of violence.

The reluctance by President Mugabe to tackle issues around his succession has led to factional infighting within ZANU-PF. The increase in factional politics within the ZANU-PF is likely to ignite further violence in the country.

The new constitution is more explicit about which rights should be protected. During the period under review, political tensions have been lower than in the past. Increasingly, citizens are attempting to defend their rights when they feel these rights have been violated. Chapter 4 of the constitution has expanded the Declaration of Rights, which was a major achievement in the promoting and protecting human rights. However, the Declaration of Rights needs the support of the political system in order to protect civil rights. Chapter 12 of the constitution also provides for the establishment of a Zimbabwe Human Rights Commission, with a mandate to promote and protect human rights. However, due to a lack of resources this important institution cannot fulfill its tasks at present.

4 | Stability of Democratic Institutions

Zimbabwe is an electoral autocracy. Formally, democratic institutions in Zimbabwe show a great degree of continuity and stability. Elections have taken place regularly, and positions in the judiciary and public administration are filled on the basis of due processes. In reality, the performance of democratic institutions is seriously infringed. The ruling party, ZANU-PF, uses its long-standing leverage in the executive to cultivate its patronage network, reward loyalty and punish dissent. Examples of the types of dissent that ZANU-PF seeks to punish include support of the opposition or the demand for compliance with human rights. The parliament routinely debates legislation, but parliamentary decisions are influenced by the dictates of ZANU-PF. Chapter 12 of the constitution provides for the establishment of key commissions to safeguard democracy. Among other policy areas, these commissions focus on the media, human rights, elections and corruption. However, these commissions lack the necessary resources to function properly and fulfill their constitutional mandates. Parliament has become more vocal and assertive in its oversight of some elements of the executive. However, a possible threat to this role is factional politics, especially in ZANU-PF. The parliamentary committee system has strengthened and parliamentary debates are more open. MPs are increasingly questioning government policies and making use of their right to summon “securocrats” to parliament hearings. Not much positive change can be seen with regard to the judiciary, as judges who were nominated by President Mugabe have remained in their posts. Nonetheless, some trials against ZANU-PF members have actually begun, a process that is itself extraordinary. Senior positions within the public administration are heavily dominated by ZANU-PF members. The participation of the opposition during the Government of National Unity strengthened democratic practices. However, these gains are being reversed under the current ZANU-PF government.

Performance of
democratic
institutions

3

The ruling party, Zimbabwe African National Union-Patriotic Front (ZANU-PF), has shown a blatant disregard for democratic institutions. Its leadership, the military and the other security forces, leading representatives of government and public services seem to accept democratic processes and structures only as long as they lead to desired results. The picture is certainly different for the leadership of the opposition parties as well as for the activists in the opposition movement and civil society. Here democratic norms and values prevail – though some of the Movement for Democratic Change (MDC) leadership is suspected of following the same political logic as their counterparts in ZANU-PF. Divisions within Movement for Democratic Change-Tsvangirai (MDC-T) about the way forward and the strategies to implement (of less compromising nature) have become stronger. There have been accusations that the leadership of the opposition has failed to abide by basic democratic principles. Signs of political corruption by higher and lower ranks as well as incidents of political

Commitment to
democratic
institutions

3

violence within MDC-T intensified in 2014. This led to the further fracturing of the opposition. There is, however, some consensus between parties on the new constitutional framework and the need to align existing laws and the new constitutional framework.

5 | Political and Social Integration

Compared to those of other developing and even transformation countries, the party system in Zimbabwe appears extraordinary stable. Both parties are socially rooted. ZANU-PF, the ruling party since independence, has a developed structure and widespread clientelistic networks. The party is represented with offices and officials in all parts of the country. Nevertheless, the party became more and more fragmented, as the debate on who will succeed President Robert Mugabe, who turned 91 in February 2015, has still not been resolved. In 2014, factional fights intensified within ZANU-PF. There was an accelerated purge of perceived and known political opponents within ZANU-PF by a faction aligned to Justice Minister Emmerson Mnangagwa and in support of First Lady Grace Mugabe. The conflict worsened as the First Lady repeatedly called for Vice President Joice Mujuru to resign by the end of 2014. Perceived as being too powerful, Vice President Mujuru was alleged to be orchestrating a coup. Meanwhile, those considered as being allies of Vice President Mujuru were threatened with arrest.

Party system

4

Until the emergence of the Movement for Democratic Change (MDC) in 1999, the dominance of the ruling party was almost unchallenged by other parties. In 2005, the MDC split. This proved to be a major setback to further democratization. However, it was perhaps a necessary step toward the formation of a multiparty system, as it formalized the division between a more left wing, trade union politics and a more liberal-conservative, business-oriented politics. In 2014, the opposition MDC split again amid calls for the resignation of the party's founding president, Morgan Tsvangirai. The MDC's former Secretary General Tendai Biti formed a splinter party, the MDC Renewal. The name, MDC Renewal, reflected the splinter party's demand for leadership renewal. The split within the opposition led a substantial decline in the opposition's active party members. In the long run, Zimbabwe can be expected to develop a fairly stable two- or three-party system. Although for political and ideological reasons, it might remain polarized for some time. The fragmentation within and between the political parties has resulted in growing mistrust among the citizens. Factionalism has affected the ruling party, ZANU-PF, as well as opposition parties. The MDC-T was weakened by splits in 2014, while divisions in ZANU-PF led to expulsion of high profile party leaders. It is possible that a splinter party will break away from ZANU-PF.

Zimbabwe's civil society can be divided into three parts: interest groups representing certain parts of society and the private sector; advocacy groups; and community-based groups. Until the early 1990s, interest groups were certainly the strongest of civil society groups. The associations of industry and commerce, employers, miners and farmers had built up considerable strengths and were partly incorporated by the government in the conceptualization and implementation of its policies, while the government focused on improving the representation of indigenous businesses. Advocacy groups, trade unions and especially students and parts of interest groups – joined forces in a coalition for the reform of the constitution and democratization of government institutions as well as policies. This resulted into the formation of the Movement for Democratic Change (MDC) party in 1999. The economic crisis, with unemployment rates at 90%, seriously hampered the activities of interest groups, trade unions and some community-based groups. However, when it became clear that state services were compromised, self-help initiatives appeared to focus on coping mechanisms for their membership and stimulated cooperation, which was hindered due to systematic harassment, intimidation, repression and infiltration of civil society organizations.

Interest groups
4

Of major concern is that the population in rural areas is traditionally not adequately represented in interest groups. The power-sharing agreement between the main opposition party MDC and the ZANU-PF led to a further weakening of advocacy groups, as some groups aligned more with the opposition MDC. The last few years have also seen the emergence of state sponsored interests groups competing with mainstream NGOs. Examples include the Resource Exploitation Watch, which was formed by ZANU-PF to protect its interests in the mining sector

Despite decades-long experience with authoritarian rule and the enduring political stalemates under a more democratic system, the general support for democracy is still quite stable. According to the last available survey (2012) conducted by Afrobarometer, 79% of Zimbabweans still prefer democracy over any other kind of government, compared to 83% in 2010. At the same time, 66% currently regard Zimbabwe as not being a democracy or a democracy with major problems. Compared to other African countries, the Zimbabwean population is the most unsatisfied with the status of their democracy, though the figure of those unsatisfied is cut by half when one looks at ZANU-PF supporters. Only a fifth of respondents are fairly satisfied with the extent of democracy, while 6% are very satisfied. Rejection of the one-party state and support for multiparty democracy has been consistently strong in Zimbabwe. Almost two-thirds of the population disapproves of only one political party being allowed to stand for elections and holding office, while a total of 85% reject one-man rule.

Approval of
democracy
n/a

Afrobarometer on Zimbabwe data for 2012 indicates that public trust in politics is low due to social and political polarization. An authoritarian context creates conditions of fear and mistrust of authorities, and the extended community beyond the family and clan. This is supported by authoritarian political culture, including political control and surveillance, and a traditional culture that fears witchcraft. There is an extensive sector of voluntary and autonomous cultural, environmental and social associations. However, these organizations do not challenge state hegemony. Political associations are more restricted in their operations because of the closed nature of democracy in Zimbabwe. The situation slightly improved during the Government of National Unity. However, it has regressed since July 2013.

Social capital
4

II. Economic Transformation

6 | Level of Socioeconomic Development

Question
Score

The problem of Zimbabwe is not so much the structural exclusion of specific demographic groups along gender or ethnic lines, but widespread economic exclusion within the whole population. This exclusion is due to economic mismanagement and a political elite that pursues its own self-interest.

Socioeconomic
barriers
3

According to the World Food Programme (WFP), 72% of the population lived on less than \$1.25 a day in 2013 and 2014. In rural areas, the proportion of poor increased from 63% in 2013 to 76% in 2014, according to the Zimbabwe Vulnerability Assessment Report 2014. Nevertheless, the proportion of the rural population needing food assistance has declined due to a very good cereals harvest in 2014. In the 2014 Human Development Index, Zimbabwe gained four places in the overall ranking, but still has a low human development score (0.492).

The inheritance of a once well-functioning schooling system still supports literacy rates above 80% (World Bank). The dropout rate of pupils, especially of girls is higher than that of boys, as many parents can no longer afford school fees or materials. That women have struggled more than men as part of the country's slow economic recovery is reflected in the country's Gini Index, which fell to 0.583 (2011). Nevertheless, the life expectancy of women (34 years in 2006) did rise considerably to 60 years (WHO, 2012). This is due to better nutrition and easier access to antiretroviral drugs for those infected with HIV.

Nevertheless, the country continues to struggle with the outbreak of diseases, as the water supplies are insufficient and the health sector lacks sufficient medicine and trained personnel, due to the mass exodus of health personnel during the crisis. A major problem especially for people in the rural areas is still the high price of food.

A barter economy has returned to dominate many areas. Ethnicity does not play a determinant role in Zimbabwean politics, as it has been downplayed for some time by the Mugabe regime. Nevertheless, unrest within the Ndebele population and some smaller ethnic groups, like the Tonga in the northwest, do exist. The constitution acknowledges 16 minority languages, which will become part of the country's official languages though the process of implementation is slow.

Economic indicators		2005	2010	2013	2014
GDP	\$ M	5755.2	9456.8	13490.2	13663.3
GDP growth	%	-5.7	11.4	4.5	3.2
Inflation (CPI)	%	-	-	1.6	-0.2
Unemployment	%	4.6	5.5	5.4	-
Foreign direct investment	% of GDP	1.8	1.8	3.0	-
Export growth	%	-7.3	1.9	5.9	5.6
Import growth	%	-9.1	-33.3	20.7	-4.1
Current account balance	\$ M	-	-	-	-
Public debt	% of GDP	38.6	63.2	54.2	53.4
External debt	\$ M	4444.6	6604.8	8193.3	-
Total debt service	\$ M	248.4	385.1	2650.2	-
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	15.2	11.8	15.7	16.2
Public expnd. on education	% of GDP	-	2.0	-	-
Public expnd. on health	% of GDP	-	-	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	2.3	1.0	2.6	2.7

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | International Monetary Fund (IMF), World Economic Outlook, October 2015 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2015.

7 | Organization of the Market and Competition

During the last 15 years, excessive state interference increased. This included manipulating foreign exchange, price mechanisms, labor market and property rights as well as systematically favoring state enterprises controlled by the ruling party or important power brokers.

Market-based
competition
4

As a result, together with the economic crisis, which led to hyperinflation, the informal sector has seen tremendous growth within recent years. Taking up an estimated 60% of the overall economy, the shadow economy serves as the main pillar of the country's economic activities and puts Zimbabwe at the top of the world's list of economies with informal activities. This is also due to a restricted government licensing policy. Although the informal sector is large and state control still considerable, there is growing consensus that the business environment should be improved.

Although there has been a considerable increase in Zimbabwe's overall Index of Economic Freedom score between 2012 and 2014, Zimbabwe scores only slightly better than Venezuela, Cuba and North Korea. The Zimbabwe's modest relative improvement has encouraged a growing number of foreign business delegations to assess business prospects over the last 18 months.

Since the adoption of the US dollar as the official currency, there have been improvements many economic freedoms, including trade, business, fiscal, labor and monetary freedoms. However, investment freedom is still non-existent as the state pursues sporadically a law that limits foreign ownership of companies. The unpredictability of the government's economic policies and the unstable political and economic climate has undermined foreign investment. Furthermore, any kind of lucrative business activity, whether international or domestic, needs the support of the ruling party to prosper.

Zimbabwe does have monopoly legislation as part of the Competition Act (1996) but it is seldom implemented, and also not by the Ministry of State Enterprises, Anti-Corruption and Anti-Monopoly. Monopolies or quasi-monopolies are common to Zimbabwe's economy. For example, Delta supplies more than 90% of locally produced beverages, while Econet dominates the telecommunications market and has moved into the banking sector.

Anti-monopoly
policy
4

There have been few privatization efforts for large state companies that maintain monopoly-like holds in their individual areas, although the sale of 10 highly indebted state enterprises and parastatals, out of a total of 78, has been on the agenda of the Government of National Unity (GNU) since 2010. Popular unrest has grown, with various suppliers such as the Zimbabwe Electricity Transmission and Distribution

Company (ZESA), which is highly undercapitalized but continues to raise consumer fees regardless of ongoing power cuts and shortages.

Since 2014, government initiatives have increased, with the introduction of audits for highly subsidized, non-profitable parastatals. Yet, many public officials are involved in institutionalized corruption within parastatals, as demonstrated by the astronomic payouts to management and board members. As a result, it is will be difficult to limit monopolies like the Grain Marketing Board.

Businesses and investors need to consider ZANU-PF or its affiliates to prosper. As such, many businesses avoid interfering or competing in ZANU-PF dominated markets. For example, President Mugabe and other prominent politicians have interests in the fuel market, and illegal cartels linked to the ZANU-PF youth protect these interests.

As part of the Economic Structural Adjustment Program (ESAP), Zimbabwe went through a liberalization-of-trade exercise from 1990 to 1994. The pace of implementation had been much quicker than expected, resulting in a contraction in output, rising unemployment and an increased trade deficit. These problems were not addressed on a structural level before Zimbabwe went into the years of crisis (2000 – 2008).

Liberalization of
foreign trade
4

Zimbabwe was forced to abandon the Zimbabwe dollar in February 2009. As the Reserve Bank could not wield authority over the use of U.S. dollars and South African rand that often were used in place of the Zimbabwe dollar, exchange controls and regulations restricting almost all imports fell away.

In 2012, a comprehensive National Trade Policy (2012 – 2016) was presented. As part of this, the country has committed itself to become part of the Continental Free Trade Area (CFTA) within Africa. Exported commodities are mainly platinum, cotton, tobacco, gold, iron alloys, textiles and diamonds.

Zimbabwe is party to a number of trade agreements and the WTO. Since 2009, Zimbabwe is also part of an Interim Economic Partnership Agreement (EPA) with the European Union, which used to be the country's biggest trading partner. The South African Development Community (SADC) have given its member Zimbabwe until 2014 to adjust its tariffs and to give local industry time to recapitalize and to become competitive.

Despite these trade agreements, in the Doing Business Survey 2015, Zimbabwe ranked 180 out of 189 countries for "trading across borders." This was well below the average for Sub-Saharan Africa and no improvement over 2010. This is due to the low competitiveness in Zimbabwe's industries.

South Africa is the country's largest trading partner, accounting for 60% of imports and 40% of exports, resulting in a constant trade deficit. To protect the local market from cheap South African products, which the crisis-torn local manufacturing sectors cannot compete with, temporary protective measures were introduced in 2013. It is likely that these measures will be extended in 2016.

The country's banking system to a large extent did not operate during the crisis. Many local banks collapsed, and more often than not depositors could not withdraw funds, as liquidity was so low. At the same time, the Reserve Bank of Zimbabwe printed ceaselessly new Zimbabwean dollar notes, which found their way to the active black market.

Years after the crisis the banking system is still quite fragile. In 2015, 19 of the banks that form the Financial Traders Association of Zimbabwe (FTAZ) were poorly capitalized and were at risk of defaulting. Consequently, the availability of credit to businesses was limited. Three more banks will likely close in 2015 due to undercapitalization. The minimum capital requirement is \$100 million. According to the IMF, the financial sector remains vulnerable because of nonperforming loans, low capitalization and tight liquidity conditions (28% by the end of 2013). The Reserve Bank of Zimbabwe stated that the average ratio of non-performing loans to total loans increased to 17%. Yet, banking sector is diverse. Five financial institutions hold two-thirds of the local banking market.

Further constraints are put on banks by the Indigenization and Empowerment Act, which requires that the investment of \$49 million by a foreign investor needs to be followed by the investment of \$51 million by a local shareholder. Reforms to the financial sector have been passed, but implementation has been slow.

8 | Currency and Price Stability

Until 2008, Zimbabwe was renowned as a country with the world's highest inflation rates in this century. The currency exchange rate began its rapid decline in 1998 and ended its free-fall at an annual rate of 90-sextillion % (in November 2008, when in January 2009 the Zimbabwean dollar was officially replaced by a multicurrency system. Currently, the US dollar, the South African rand, the Botswanan Pula and Chinese yuan are in use.

Since 2009, the inflation rate has been in single-digit levels. The inflation rate was 4.1% in 2013 and projected to be -0.2% in 2014. For 2015, the IMF expects the inflation rate to increase to 1.2%. The management of the Reserve Bank of Zimbabwe (RBZ) was a key contributor to hyperinflation in early 2011. As a result, a new RBZ board was created to overcome the legacy of the past. Furthermore, RBZ had to give up its temporary and non-legal responsibilities in the highly disputed mining sector.

Banking system

5

Anti-inflation /
forex policy

7

Since 2013, Zimbabwe is participating in a staff-monitored program (SMP) that addresses central bank reforms, financial sector reforms, and monetary and exchange policies. John Mangudya, who became the new Reserve Bank Governor in 2014, is charged with stabilizing the banking sector. He has argued for a reduction in government spending.

One major problem in achieving financial stability is the indebtedness of the RBZ. RBZ's owes \$1.35 billion to mining companies, banks and exporters (e.g., tobacco farmers). Of this, RBZ owes \$93 million to the banks. RBZ accrued these debts after RBZ took over the foreign currency accounts of domestic businesses to fund the government. The RBZ Debt Assumption Bill was submitted to parliament in April 2014. The bill seeks to transfer all RBZ liabilities to the government when it allocated farming equipment (cost-intensive tractors and other bigger machinery) to the new farmers. Yet, the bill's contents are highly controversial as government debt is already at a record high and many of the beneficiaries are senior ZANU-PF officials.

Since 2013, Zimbabwe is participating in the IMF Staff-Monitored Program (SMP) and completed its third review in October 2014. The successor program will cover the period October 2014 to December 2015. Its goal will be to address the country's high external debt levels, including clearing arrears and enabling the continuous payment of debts. This would enable the government to access external funding. The situation is serious and the IMF has stated "the external position is precarious, with low international reserves, a large current account deficit, an overvalued real exchange rate, and growing external arrears." In the period under review, it has become clear that the country's quick recovery phase, from 2009 to 2011, has come to a halt.

With liquidity too low to enable government borrowing, the government has been forced to balance revenue and expenditure since 2009. The budget balance has improved to -3.2% of GDP since 2009. Nevertheless, the current account deficit was \$ 3.51 billion or 24% of GDP in 2014. It is expected to decline to \$ 3.43 billion in 2015. In the 2015 National Budget statement, the Minister of Finance and Economic Development, Patrick Chinamasa, stated that he expected the capital account to remain in surplus, improving by 11% from \$2.76 billion in 2014 to \$3.07 billion in 2015.

Debt distress remains one of the biggest problems for the country's finance and economic sector. Policy on debt reduction since 2009 has been weak and inconsistent. In December 2014, Zimbabwe's debt distress totaled \$8.40 billion. Meanwhile, external debt was estimated to be \$7.23 billion, 81% of total arrears and 115% of GDP in March 2014. The World Bank is Zimbabwe's the largest creditor, accounting for \$1.17 billion of domestic debt, the equivalent of 8% of GDP. In the 2015 National Budget statement, the Minister of Finance committed to continue to make token payments on the debt, and to work with the World Bank and African Development

Bank to find a framework for debt relief. For Zimbabwe to be eligible to the HIPC initiative it needs to clear its arrears to the Poverty Reduction and Growth Trust (PRGT). The future of its debt clearance will depend on its economic and policy reforms within the Staff-Monitored Program.

In 2014, parliament debated a RBZ Debt Assumption Bill to address the \$1.35 billion owed by the Reserve Bank of Zimbabwe (RBZ). But Zimbabwe Coalition on Debt and Development (Zimcodd), a domestic NGO, wants a Public Debt Commission to conduct an official public debt audit before writing off the debts owed to beneficiaries whose names have not been made public.

International reserves are very low because of the effects of the crisis and continuous political insecurity. Government consumption is still highly dictated by high employment costs, particularly in the health care and education sector. In 2014, these costs accounted for 76% of national budget, which will rise to 81% in 2015. This leaves only 7.5% for operations, with \$384 million planned for 2015, and 6% for capital expenditure. Unplanned wage increases and the discovery of 75,000 “ghost” workers in 2010 further complicates the situation. Nevertheless, no civil service reform to streamline the many ministries and departments has been initiated. This situation cannot be sustained given the limited public resources available (\$4.1 billion budget in 2015). Most discouraging to foreign investors were the Indigenization and Economic Empowerment regulations introduced since 2010, which require foreign investors to relinquish up to 51% of ownership shares to indigenous people within five years.

9 | Private Property

Since the implementation of the fast-track land reform program in 2000, property rights in Zimbabwe are not guaranteed. This is further complicated by the confiscation of land from white farmers. At the beginning of 2015, when senior officials of the ZANU-PF, including acting President Emmerson Mnangagwa, threatened to evict the remaining white farmers. The Commercial Farmers Union (CFU) continues to represent the interests of white farmers, but their membership declined from 4,500 to 300.

Although the MDC did not approve of these policies, the party has not managed to reverse them during the Government of National Unity (GNU). Though ZANU-PF continually pretends that the expropriation of land follows a set legal process, respective legislation and several constitutional amendments in 2005 have set narrow limits for landowners whose property has been expropriated. It is almost impossible for landowners to obtain adequate compensation or even to claim their property rights.

Property rights
2

In the new constitution, property rights are guaranteed. Nevertheless, compulsory deprivation and acquisition are possible but at least the right to compensation and to a court hearing are recognized, rights from which the farmers previously were excluded. But, consistent with the government's discriminatory policies of the past, agricultural land is exempted from the clause. According to the constitution, Section 72, agricultural land may be "acquired for public purposes" by the state without any compensation. The constitution also allows those who occupy seized land to remain on the land.

In practice, there is a lot of confusion. While court judgments do return property, other property owners are threatened and chased off from their land.

Another case of disrespect for property rights is the Indigenization and Empowerment Act. The law requires foreign- and white-owned businesses valued more than \$500,000 to create and present a plan to the Ministry of Indigenization and Economic Empowerment which shows steps toward the empowerment of indigenous (i.e., black) entrepreneurs. However, so far the law has been applied inconsistently.

In the International Property Rights Index 2014, Zimbabwe ranked 93 out of 97 countries and in the Global Competitive Index for 2012 to 2013, it ranked 142 out of 147 countries with regard to protection of property (WEF 2014).

In the past, the government heavily favored the 78 state-owned enterprises and parastatal companies (SEPs). These companies were important in strategic business sectors, including electricity, water, fuel, communications and agriculture. They accounted for 40% of the economy, but have been underperforming over the last 15 years. Most of them depend on government funding to function, including the National Railways of Zimbabwe and Air Zimbabwe. Out of the 10 parastatals listed in 2010 by the Ministry of State Enterprises and Parastatals to be privatized, not one has been sold because of enormous debt, rampant corruption and unqualified staff.

The announced comprehensive restructuring process of SEPs was staggering in the last years. Only in early 2014, when it became that some managers were paying themselves monthly salaries up to \$535,000 and probably due to the pressure of the IMF Staff Monitored Program to cut state expenditure within the public sector, a new corporate governance framework was adopted. It requires annual meetings attended by representatives of government, treasury, auditors and comptrollers, limits the time of heads of public enterprises to 8 years and caps their salaries to \$6,000 per month.

Furthermore, an audit of all SEPs and local authorities remuneration' was commissioned. However, transparency in the procedures was missing. This measure needs to be considered alongside the bloated public sector payroll and the "ghost" workers, which cost government 80% of its budget. The 2010 audit revealed that

Private enterprise
3

some SEPs maintain soldiers on their payroll as a means of reducing the expenditures of ZANU-PF.

Amendments to the Public Finance Management Act will give government more control by incorporating public enterprises and local authorities. In his budget presentation, the Finance Minister announced a comprehensive audit of 10 parastatals. According to the former Minister for State Enterprises and Parastatals, Gordon Moyo, government ministers are deeply involved in the institutionalized corruption within the parastatals.

In principle, private companies can act freely in Zimbabwe but there have been massive infringements of property rights. In early 2015, the Mines and Mining Development Minister confirmed that the government would stick to the 51-49 percent threshold on property ownership. This policy requires 51% of a property's deeds to be held by local Zimbabweans, although by law only the presentation of an indigenization plan is required.

In a 2011 World Bank survey of enterprises, access to finance and political instability were the major concerns for companies operating in Zimbabwe. In the Doing Business Index 2015, Zimbabwe ranked 171 out of 189 countries. This is slightly better than in previous years, but still the second worst performing southern African country after Angola. Major obstacles for private companies are still trading across borders, dealing with construction permits and enforcing contracts. Starting a business takes an average 90 days. Interestingly, Zimbabwe ranked 104 out of 189 countries for getting credit, which is much better performance than the economy's financial situation would suggest. Zimbabwe ranked second among southern African countries for protecting minority investors after South Africa. Corporate income tax rate was lowered to 25% and the capital gains tax to 5%. Although the country has one of the highest taxed rates in the world and transparency in business norms and regulations is lacking.

10 | Welfare Regime

Zimbabwe has a compulsory national social security welfare system. In 1994, the National Social Security Authority (NSSA) started its operations with a National Pension Scheme (NPS) and a Workers Compensation Insurance Fund (WICF) for employees and workers. All workers are required to pay into a pension fund (50% by the worker, with the other half provided by the employer), from which they receive payments once they have reached retirement age, become disabled or suffer an accident. Household employees, agricultural laborers and those employed in the information sector, a group that together makes up the vast majority of workers, are excluded from the fund.

Social safety nets

3

A health care program is available for low-paid workers, and free health care is available to those under a certain income level. Problems have occurred due to the economic crisis, as payments and claims have been neglected, and pensions were devalued by a high inflation rate.

Although NSSA collections have doubled from 2011 to 2014, there has been little change in social security coverage in the last two years. Only half of employers are paying the compulsory 7% combined employee/employer social security contribution due to capital constraints. The unemployment rate is estimated to be above 80%, with only a minority of benefit payments paid by the NSSA. Social security schemes for issues relating to unemployment, old age, maternity health care and sickness are inactive.

The Parliamentary Portfolio Committee on Public Accounts recommended a change of management. However, at the time of writing, the general manager of the NSSA remains in his post. The government plans to change the NSSA Act to secure investments that depend on pension funds.

There is no de jure discrimination against certain social, ethnic, sexual or religious groups. However, same sex marriages are illegal and the president publicly talks disdainfully about homosexuality. It is widely known that the police persecute homosexuals, while access to legal representation, education and health care for homosexuals is limited.

Equal opportunity
3

There is also no legislation to compensate women or others for gross social differences. While there is some commitment to achieve equality of opportunity for women and ethnic groups, the weak base of the economy is a major hurdle and therefore a big challenge. Employment opportunities for the Shona, the largest ethnic group, are greater than for other ethnic groups. Although the appointment of Vice President Mnangagwe is something of a step towards increasing the representation of ethnic minorities, this is negated by his participation in the massacre of 20,000 Ndebele people in the 1980s.

The social group most severely affected by the economic crises of recent years was women: Maternal deaths increased significantly during the crisis, mainly due to the breakdown of the health sector and hospital fees which are unaffordable for most women, and is still higher than the global average. A 2013 UN report on maternal mortality estimated that 3,000 women die each year. Most of these deaths are not reported in the official statistics, because they occur outside of official health institutions. The budget of the Health Ministry was less than 10% of the GDP in 2013 and 2014. Furthermore, only 60% of the health care budget was disbursed, with wage expenses accounting for the majority of total health care expenditure. Maternal and child health care, and public hospitals and health centers budgets were reduced. Life expectancy is at 60 years, according to the HDI 2013.

The new constitution includes an equality and non-discrimination clause, which comprises equal opportunities in “political, economic, cultural and social spheres.” In 2014, the Minister of Women’s Affairs, Gender and Community Development proposed a Gender Commission Bill. The current gender commission, one of five commissions to promote democracy, cannot function independently, according to the NGO Zimbabwe Lawyers for Human Rights.

In the first two terms of parliament under the new constitution, 60 additional seats will be provided for women.

The Gender Gap Index 2014 published by the World Economic Forum ranked Zimbabwe at 63 out of 142 countries. This was an increase of 18 places over 2011. This gain was driven by improvements in health indicators, though secondary and tertiary education enrolment rates have lagged behind.

Due to a high enrolment rate in primary education, 80% of women are literate compared to 88% men (World Bank Indicators 2014). Meanwhile, best estimates suggest that 50% of women are economically active, though estimates of formally and informally employed people in Zimbabwe are unreliable.

A major problem is gender-based violence, as some three-quarters of women experience violence during their lifetime. Acts of domestic violence are widespread due to the patriarchal nature of Zimbabwean society. Furthermore, political violence against women has become a dominant feature of Zimbabwean politics

11 | Economic Performance

After many dreadful years, the rate of economic growth has been gradually recovering since 2009. Hyperinflation was halted following the adoption of a multicurrency system, restarting financial intermediation and imposing fiscal discipline by precluding the option of budget deficit monetization.

As a result of these measures and by further following international recommendations, GDP growth was 10.6% in 2012. This was driven by a recovery in domestic demand and strong external demand for mineral exports. However, GDP growth declined to 4.5% in 2013 and 3.1% in 2014. Estimates of GDP per capita vary substantially, though according to the World Bank Group GDP per capita was \$820 in June 2014.

The rate of inflation decreased from 3.9% in 2012 to 1.6% in 2013. For 2014, the Zimbabwe National Statistics Agency (Zimstat) projected the inflation rate to be -0.05% due to a lack of capital. This is due to the depreciation of the South African rand, devaluation in international commodity prices, decline in demand for raw materials, de-industrialization, excessive dependence on natural resources,

Output strength
3

informalization and a declining manufacturing sector. The manufacturing sector accounted for almost 30% of GDP in 1992, but only 15.6% of GDP in 2012.

Unemployment remains very high, though no reliable unemployment statistics exist. According to a 2011 Zimstat survey, 84% of workers are contracted on a self-employed basis by micro, small and medium enterprises. Not all of these workers receive payments for their work and only 11% are formally employed.

The manufacturing sector has further deteriorated, because of a lack of capital to replace failing equipment, unreliable energy and water supply, and political and economic insecurity. This is further exacerbated by the government's unpredictable use of the indigenization law. Industrial capacity utilization was almost to 60% in 2011, but has fallen to 40% in 2013 and 36% in 2014.

Key factors contributing to the economy's poor performance include political insecurity during an election year, a fragmented regulatory framework for FDI and the extreme inefficiency of government expenditure. Wage expenses account for more than two-thirds of government expenditure, with capital and operations accounting for only 6% and 7.5% of total government expenditure, respectively.

The government should prioritize FDI. At the time of writing, the government has made no progress on attracting FDI. On the contrary, FDI has declined from \$311.3 million in 2013 to \$146.6 million until October 2014. For 2015, the economy is expected to grow by 3.4% in the agricultural sector, 3.1% in the mining sector, 1.7% in the manufacturing sector, 4.7% in the tourism sector and 0.4% in the ICT sector. In 2013, FDI accounted for only 3% of the GDP, down from 3.5% in 2011.

At the time of writing, the budget balance had improved to -3.2% of GDP. Nevertheless, the current account deficit is \$3.51 billion or 24% of GDP. It is expected to decline to \$3.43 billion in 2015.

The capital account will likely improve by 11% from \$2.76 billion in 2014 to \$3.07 billion in 2015 (ZNCC 2014).

A major economic constraint is debt distress, which totaled \$8.40 billion in December 2014. External debt is estimated to be \$7.22 billion or 81% of total arrears. The World Bank is Zimbabwe's largest creditor, with domestic debt accounting \$1.17 billion. Tax revenue was lower than expected in 2014, totaling \$3.04 for the year to October 2014. Nevertheless, as collected tax revenue is equivalent to 28% of the GDP, Zimbabwe is one of the most taxed countries in southern Africa. Gross Capital Formation declined to 17% in 2013 and the budget balance was -1.7% in 2014.

12 | Sustainability

When the once-flourishing Zimbabwean economy deteriorated to a survival economy, concerns over sustainability and the environment became irrelevant. The Zimbabwean economy is insufficiently industrialized. However, air, water and soil pollution is significant. Chemicals are often dumped in rivers, polluting soil and water, and endangering the health of people and livestock.

Environmental
policy
2

Zimbabwe used to be a model of efficient and sustainable wildlife management. However, this model is increasingly threatened by poaching. Poaching is now practiced for personal enrichment, with the astronomic increase in the world price for ivory driving the poaching of elephants and rhinos. There are allegations that high-ranking ZANU-PF officials are involved in the illegal trade of ivory, given favorable access to hunting licenses. Poaching is estimated to make about \$30 million each year.

These developments are reflected in the 2014 Environmental Performance Index (EPI). Zimbabwe is ranked 94 out of 178 countries at the time of writing, lower than in 2012. There is no legal framework, institutional capacity or political will to properly manage the environment and implement existing policies. The Natural Resources Act does not even apply to the communal areas, which account for half of Zimbabwe's land (African Economic Outlook 2013).

Zimbabwe had one of the best education systems on the continent, and is still competitive when compared to South Africa. Though schools have reopened (by 2008, 94% of rural schools had been closed as teachers fled political violence) and have been provided with material (textbooks and so on) by the United Nations Children's Fund (UNICEF) and Western donors, the situation remains fragile. Major problems are the lack of human, material and financial resources, which have led to a lack of physical infrastructure, government financing and trained teachers. Zimbabwe since 2000 has lost around 20,000 teachers, as most have migrated to other countries, as salaries in Zimbabwe have been as low as the equivalent of \$1 per month during the years of hyperinflation. Universities and colleges still face a tremendous lack of human, material and financial resources as well as basic infrastructure such as accommodation for students, water shortages and sewage problems; libraries are not well-equipped, grants and loans are rare and scholarships are given only to a few, often to ZANU-PF supporters.

Education policy /
R&D
4

Literacy and numeracy levels in primary schools fell to 38% in 2014. This was due to the policies of the new Education Minister Lazarus Dokora, which reduced preparation time before exams. Furthermore, financial incentives for teachers, which

had been introduced in 2009, were cut. This led to a drop in teacher morale. In 2014, an average teacher salary hovered around \$500 per year.

Government spending on education is low. The problem lies not only with allocations but with the disbursement of funds. In 2013, the education sector did not receive the full amount of its allocated budget, and about 90% of the amount was spent on salaries and only 7% on operations.

Substantial improvements in the sector are due to donor assistance via the Education Trust Fund, which is administered by UNICEF. The Fund's second phase began in 2011 and will conclude in 2015. The Fund stood at \$160 million in 2013, but the new Minister for Primary and Secondary Education hesitated to use the fund. In the past, ZANU-PF had denounced the money to be illegal. In early 2015, there was not enough money to support the enrolment of about one million children at primary level. This was because the government had broken the constitutional guarantee of free primary education and international donors had not budgeted for this additional cost.

Transformation Management

I. Level of Difficulty

In its quest to move the country forward, the Zimbabwean government is unquestionably faced with serious challenges.

Economic transformation is not an easy task, given the country's laundry list of barriers: the historic and unfair distribution of land; periodic and frequently occurring droughts; a high birth rate and HIV/AIDS infection rate (15% in 2013); Zimbabwe's dependence on exporting agricultural goods and raw minerals; and the relatively high transaction costs for imports and exports that Zimbabwe faces as a landlocked country.

The political crisis has, however, deepened pre-existing structural constraints throughout the last decade.

Zimbabwe is rich in mineral resources, including gold, coal and iron ore, and has one of the largest diamond fields in the world. However, the alluvial diamonds are increasingly scarcer and it is unclear whether companies will continue to invest in further explorations. Zimbabwe is also the world's third largest producer of platinum, though the sector is expected to shrink. The legal system and trade barriers do not convey confidence to new investors.

Other constraints include uncertainty over environmental regulations, the taxation regime, disputed land claims and poor physical infrastructure. The unresolved issue of land ownership has hampered agricultural output.

On the positive side, Zimbabwe has a relatively favorable climate and tourist attractions and was co-hosting the United Nations World Tourism Organization (UNWTO) general assembly in 2013. Moreover, the debt overhang, high interest rates, antiquated machinery, high labor costs, rigid labor laws, high corruption levels and insufficient liquidity continue to pose obstacles to overall economic recovery.

Structural
constraints

7

The traditions of civil society in Zimbabwe are meager. Under white minority rule, European settlers on the one hand restricted and criminalized civil society work, yet on the other hand managed to establish efficient interest groups and engaged in charity work that followed a largely patronizing approach.

Civil society
traditions

6

The civil society of the African majority was more or less confined to community-based self-help groups and religious organizations. Nevertheless, well-organized labor movements were established which led to a nationwide strike by the end of the 1950s. In the decade before independence, illegal solidarity groups for an armed struggle were formed. The restrictions changed only slowly after 1980, with restrictive laws from colonial times still prevailing until civil society experienced a major upswing in the 1990s as a consequence of the social effects of the first structural adjustment programs and of rising disgruntlement with the authoritarian rule of Zimbabwe African National Union-Patriotic Front (ZANU-PF).

The height of civil society activity was the “no” vote campaign in the 2000 referendum, when ZANU-PF proposed far-reaching constitutional changes to consolidate its power. Afterwards, political repression, infiltration, brain drain due to massive emigration and frustration left its mark. The scale of emigration - following successive fraudulent elections, the end of the Government of National Unity and the return of a ZANU-PF dominated parliament - has worsened the situation for civil society.

Another challenge is the so-called founding member syndrome, in which founding members of civil society organizations hold on to their leadership positions despite everything, leading to splits within organizations or general disillusionment. Social trust, which was already low, declined further during the recent crises and is yet to recover. International donor support for civil society has been reduced. This has increased competition within civil society for scarce financial resources, reducing cooperation and increasing antagonism between civil society actors.

A relatively new phenomenon has been the emergence of civil society organizations sponsored by ZANU-PF. These organizations have been created to counter the mainstream civil society organizations and are present in a number of civil society spaces. The idea has been to dilute the influence of mainstream civil society as well as to shape public discourse within Zimbabwe. The emergence of the government-sponsored organizations among young people, students and workers weakens civil society. It remains a serious threat in the current authoritarian setting.

Zimbabwe experienced a decade of brutal civil war between the armed forces of European settlers and the liberation fighters of the African majority. The memory of this war and the continued use of violence as political tool by the Zimbabwe African National Union-Patriotic Front (ZANU-PF) regime after independence was the main reason preventing the political opposition from escalating the conflict with the ZANU-PF government.

Conflict intensity
5

Compared to other countries in the region, Zimbabweans show the highest evidence of trauma and other stress-related syndromes, as not only the result of the war but also of the ethnic and political cleansing massacres of the 1980s and political repression against rivals around elections and the demolition of thousands of houses during the Operation Murambatsvina in 2005.

Throughout the political and economic crisis (2000 – 2008), opinion polls showed clearly that an overwhelming majority of Zimbabweans dismissed the option of taking up arms against their oppressors. After 2008, the level of political violence has diminished considerably. Though tension between political adversaries has relaxed considerably at the government level, the polarization between ZANU-PF and MDC supporters has not diminished. The ZANU-PF still pursues its exclusionary campaign message, establishing anyone who is not their supporter as their enemy and using violence (through the police, military, war veterans or youth militias), though on a scale that has diminished considerably (when compared to the time before the formation of the Government of National Unity).

The ongoing succession battle within ZANU-PF has also affected the relationship between the various Shona subgroups. The dominant subgroups of the Karanga and the Zezuru – the latter from which the president hails – are deeply entangled in a controversy on the issue of who should succeed President Mugabe.

II. Management Performance

14 | Steering Capability

Question
Score

The Zimbabwe African National Union-Patriotic Front's (ZANU-PF) rhetorical support for democracy is put into practice only as long as its hold on power is not endangered by elections. Market economy reforms have not been driven by a governmental sense of conviction but rather by the twin pressures of national debt and reluctant international lenders. ZANU-PF's main goal is to maintain power.

Prioritization
3

When the patronage system required more resources, the government turned in 2000 to its only resource available in abundance, land. ZANU-PF supporters, especially

war veterans, were allowed to occupy and loot the vast properties of white owners. This process lacked preparation and guidance, and has had disastrous consequences for the economy. It has turned the economy from a regional breadbasket to an economy that lacks foreign capital while being dependent on food imports.

The same thinking can be seen with regard to the Indigenization and Economic Empowerment Act. This act has become an important part of ZANU-PF's patronage network. The act requires foreign-owned firms to present an indigenization plan to the government. Due to a deliberate misinterpretation of the law, it has become a prerequisite of business activity.

The priority list of the coalition government was pushed and partially influenced from the outside. Forced by South African Development Community (SADC) which brokered the "forced marriage" between ZANU-PF and the two Movement for Democratic Change (MDC) factions, President Mugabe and his supporters finally agreed to a long list of priorities, among them a new constitution to "deepen our democratic values and principles" and a commitment to guarantee political freedoms and rights.

A market economy did not figure among the many topics, as the reversal of a declining economy and the restoration of stability and growth were more urgent. While opposition parties were committed to set priorities in line with democratic values, the ZANU-PF managed to make the wording of the General Political Agreement (GPA) quite vague, leaving enough loopholes as to not restrict its actions. As the policy of the government after 2009 has shown, the ZANU-PF directive does not stick to these priorities but replaces them regularly with short-term interests aimed at their own political benefit.

Under the Government of National Unity (GNU), there were many public officials within government ministries that were attempting to drive reform. However, the efforts of these public officials were often obstructed or blocked by their seniors. ZANU-PF did not veto reforms in social policy areas, including health care, education or water supply, because these areas were not considered to be political, such as reform of the security services. ZANU-PF officials also claimed credit for reforms initiated by MDC-led ministries under the GNU.

After July 2013, the government was primarily occupied with finding much needed financial resources, until the succession battle intensified. In early 2015, there is a standstill within government and cabinet. Government officials and cabinet ministers are afraid to act for fear that any move could be misinterpreted as favoring a particular faction. There is an ongoing purge within the government and ZANU-PF, which officials and ministers are afraid of falling foul to.

In 2013, the government adopted the Zimbabwe Agenda for Sustainable Socio Economic Transformation (ZIM ASSET). ZIM ASSET was promulgated as the

official policy agenda of the government. Its priority areas are indigenization, empowerment and employment. Premised on an empowered society and a growing economy, ZIM ASSET failed and remains little more than rhetoric.

In 2013, a majority ZANU-PF government was formed. However, it proved incapable of implementing policies that would drive socioeconomic development. Most cabinet appointments were based on patronage rather than merit. As a result, most cabinet ministers are incapable and inefficient. Under the new ZANU-PF government, some of the Government of National Unity's successes have been reversed. In particular, the demarcation between the state and the ruling party has become blurred.

Implementation
2

Factional fights within the ruling party had a negative effect on the efficient operation of government.

Zimbabwe's ruling elite is split with regard to its capacities and willingness to learn. While large parts of the ruling ZANU-PF elite continue to stick to policies which benefit their own interests, leaders of the Movement for Democratic Change (MDC) and other parts of ZANU-PF are more reform-minded.

Policy learning
3

Policy learning in ZANU-PF only occurred in areas not deemed to be political, such as housing. ZANU-PF officials only promoted policy learning when their own interest was not disadvantaged and there was a small risk of retribution. Policy learning has also proven difficult for the former opposition.

The factional infighting within ZANU-PF has resulted in marginalization of moderates with links to former Vice President Mujuru. This has facilitated the radicalization of ZANU-PF, as being reform minded is now akin to opposing the hardliners.

15 | Resource Efficiency

Zimbabwe's budget has been extremely poor in past years. Employment costs have accounted 76% of the total government budget in 2014. This is estimated to increase to 81% out of a total government budget of \$4.1 billion for 2015. In 2014, government expenditure on operations and capital was 7.5% and 6% of the total budget, respectively.

Efficient use of
assets
3

The Staff-Monitored Program (SMP) of the IMF recommended an audit of the civil servant sector. In response, the Minister of Finance publicly confirmed the need for streamlining the sector. However, the bloated public administration statistics indicate that the patronage system of President Mugabe's regime is still alive and well. There are an estimated 75,000 ghost workers on the payroll of public agencies, particularly parastatals and the Ministry of Youth. These ghost workers help keep ZANU-PF in

power and present a major obstacle to the implementation of any kind of reform program.

Another major burden is high debt distress. In December 2014, total debt was estimated to be \$8.40 billion. Of this, external debt was estimated to be \$7.23 billion, 81% of total arrears and the equivalent of 52% of GDP. This can be partly ascribed to wage increases not included in budget planning.

It is striking that, though Zimbabwean diamonds may now legally be traded on the world market, increased revenues within the diamond sector have not significantly increased state revenues. There are still rumors that senior ZANU-PF officials are involved in the ongoing looting of minerals.

In 2013, the chairperson of the parliamentary portfolio committee for mines and energy, Edward Chindori Chininga, exposed corruption within the mining sector. He died in a car accident in June 2013. Although the new Mines Minister Chidakwa dissolved the boards of the Zimbabwe Mining Development Corporation (ZMDC) at the end of 2013, the sector remains as opaque as ever and at the center of the factional struggle within ZANU-PF.

In the coalition government, the quality of coordination was dependent on the policy issue. There were less trade-offs and more horizontal forms of coordination policy when less “political” areas like defense, security, resources and land reform were involved, whereas in non-political areas like health and education, policy coordination between parties had improved under the Government of National Unity.

Policy
coordination
2

Nevertheless, policy coherence has been lacking in most sectors. This has led to contradictory government statements and conflicting government programs. Frictions between different government branches are evident. For example, the Minister for Empowerment and Indigenization has been promoting a policy of nationalization, while the Minister for Finance and the Minister of Industry and Commerce have publicly criticized this policy for endangering FDI. This pattern of inconsistency did not end after the elections in July 2013, especially concerning FDI.

Instead of formulating coherent policies, the government has tried to accommodate many different needs, which has led to bizarre and contradictory arrangements.

With the factional struggle intensifying in 2014, policy coordination has suffered even more. Ministers are afraid of coordinating their activities for fear of being perceived as aligning with one faction or another. In midst of the ongoing purge, policy development has stagnated, with output oriented policies particularly marginalized.

Since 2005, an anti-corruption commission has existed but its performance was so meager that its actions received little credit. During the Government of National Unity (GNU), it took until August 2011 for the commissioners of the Zimbabwe Anti-Corruption Commission (ZACC) to be sworn in. The new commissioners are politically balanced between the three parties of the GNU, but none has experience with anti-corruption. The commissioner's terms of office expired in August 2013. As their wages have continued to be paid, they are now also accused of being corrupt. Mohadi unilaterally extended the commissioner's terms of office, arguing that the new constitution would require a new and lengthy nomination process for ZACC.

Anti-corruption
policy
2

Although the new constitution requires ZACC and the Commissioner General of Police to cooperate, no operating procedures exist to avoid confrontations between ZACC, the police and other law enforcement agents. The new constitution also requires the submission of annual ZACC reports to the vice president and the opportunity for commissioners to refer cases to the national prosecuting authority. Unfortunately, investigations into high-level corruption begun before August 2013 have still have not produced any results.

Corruption is widespread, including within the police, the Registrar General's Office, the judiciary and land services. A particular sector suffering from high levels of corruption is the lucrative mining sector with the senior army and ZANU-PF officials implicated. Any serious attempt to tackle corruption would damage the sophisticated patronage network build by ZANU-PF.

In 2014, details of cronyism, incompetence and greed within state-owned enterprises and Parastatals became public. The anti-corruption initiative was begun by the Information Minister Jonathan Moyo as means of discrediting Vice President Mujuru in the ZANU-PF power struggle. However, the Comptroller and Auditor General's Office will conduct an audit in 2015. However, it remains questionable whether this audit will have any effect on the current situation.

16 | Consensus-Building

There is a deep split among major political actors on the question of a market economy and democracy. The ZANU-PF supports democracy as long as its hold on power is not threatened. The core leadership of the party does not see democracy as a strategic aim, while a market economy would be tolerated as long as the ZANU-PF business empire can benefit and as long as ZANU-PF fiefdoms were guaranteed to be protected. Although the opposition MDC was founded on democratic principles, concerns have emerged about party leadership's commitment.

Consensus on goals
3

Market liberalization under the ZANU-PF government has been driven by high national debt and demand for FDI, rather than a commitment to the principles of a

market economy. ZANU-PF's main goal is to maintain power. On the other side, the majority of civil society leaders and the greater part of the leadership of MDC is deeply committed to a market economy and democracy, while others, plus parts 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 should be strong enough to overcome the resistance of the anti-democratic hardliners if they can build up sufficient trust with each other, something that is yet to happen. As factional politics within ZANU-PF intensifies, reformers have been marginalized and party line has hardened. Policy inconsistencies over the indigenization policy have undermined the government's commitment to developing a market economy.

The power of hardliners in Zimbabwe is partly based on mutual mistrust between the moderates and reformers' camps as well as on the support of security forces, in particular the military. President Mugabe, the most prominent anti-democratic actor, still enjoys a considerable following in the top ranks of Zimbabwe's army, though parts of it are now identifying themselves with other ZANU-PF factions. Basically, the "securocrats" are still the major obstacle to further political reform. However, some fissures have emerged among the securocrats, as the factional struggle within ZANU-PF intensifies.

Anti-democratic
actors

2

In the constitution, the mandate of the heads of the security forces has been restricted, in what can be seen as a major success if theory is really going to be put into practice.

In December 2014, Vice President Joice Mujuru was forced out of ZANU-PF and government by a rival faction led by Emmerson Mnangagwa. This consolidated the power of Mnangagwa anti-democratic faction within ZANU-PF, which is seeking to succeed President Mugabe in leading the ruling party and dominating the government. This has consolidated the anti-democratic hardliners, who are likely to purge the ruling party of any perceived reformers.

There is a danger that factionalism within ZANU-PF will escalate, but broader ethnic and regional cleavages have largely been contained. However, since the Government of National Unity (GNU), ZANU-PF has attempted to exploit existing cleavages. In particular, ZANU-PF has exploited the deeply polarized division between ZANU-PF and MDC supporters.

Cleavage /
conflict
management

3

Though President Mugabe has softened his speech on some occasions, his speeches of hate toward anybody who is not a reliable ZANU-PF supporter has not changed but intensified before the 2013 elections.

Furthermore, the government once more missed an opportunity to deal with the open wounds of the Gukurahundi massacre of the Ndebele minority. Mutual mistrust between the two ethnic groups can be observed in daily life. Attempts by ethnic entrepreneurs to exploit the collective malaise have been made unsuccessfully. The intensified power games in Zimbabwe have also led to a deepening of cleavages

between Shona subgroups. Conflict management by the government has so far been restrained in taking ethnic considerations into view when political positions are to be distributed (as an example: the second vice president is traditionally reserved for a ZANU-PF representative of the Ndebele community), but is far from a cohesive integration policy for the different social groups in Zimbabwean society.

The political leadership of the Zimbabwe African National Union-Patriotic Front (ZANU-PF) was never interested at the political participation of independent civil society groups but to incorporate them instead into party structures, or to infiltrate them. Therefore, the party created its own groups and associations, such as trade unions, women's organizations or war veteran's associations, and let them participate in political deliberations and in political agenda setting.

Civil society
participation
4

The power-sharing agreement with Movement for Democratic Change (MDC) has not changed these policies. Nevertheless, for the first time in Zimbabwean politics, civil society groups were invited to nominate candidates for commissions created according to the global political agreement (elections, human rights, anti-corruption, media and gender). However, ZANU-PF made sure strategically appoint party loyalists.

Indirectly, under the Government of National Unity (GNU), civil society demands were deliberated by the executive and included in legislation, as the MDC co-opted quite a number of skilled activists to reinforce its manpower. Political space for civil society was restricted even under the GNU, for instance the participation of civil society organizations in the drafting of the new constitution. There seemed to be little political will even on the part of the MDC to open up space for civil society participation.

A major question for civil society has been whether to engage with the new ZANU-PF government. On the one hand, it is necessary to engage with the government to drive reform of the constitution. However, engagement with government may weaken civil society organizations and enable the government to coopt civil society organizations.

Political reconciliation between the white minority and the black majority appeared to have been successful after long years of civil war, but the forced eviction of white farmers from 2000 on and the indigenization law have led to a tense relationship as expressed mainly in government rhetoric.

Reconciliation
5

The actions of the Government of National Unity (GNU) on reconciliation efforts are minimal. The created Organ on National Healing, Reconciliation and Integration (ONHRI) headed by the three parties, the Zimbabwe African National Union-Patriotic Front (ZANU-PF), the Movement for Democratic Change – Tsvangirai (MDC-T) and the Movement for Democratic Change – Ncube (MDC-N), has by far not met expectations of the country's deeply divided society, being unknown by three

quarters of the population after its first two years (Transitional Justice National Survey, 2011, Human Rights Forum).

By mid-2012, the creation of a National Peace and Reconciliation Commission (NPRC) was agreed upon, but this commission will only investigate cases from 2009 onwards, similar to the Human Rights Commission. The NPRC will ignore the post-election violence in June 2008 and the Gukurahundi massacre, despite public opinion polls indicating that 40% of respondents would want human rights abuses dating from 2000 to be investigated.

Furthermore, the NPRC is yet to be operational, despite a call for nominations having been advertised. The commission has been given 10 years to conduct its investigations. However, concerns about the government's sincerity in dealing with issues of peace and reconciliation remain. For example, some of the alleged perpetrators of human rights abuses are part of the current government.

17 | International Cooperation

The EU lifted its trade sanctions on Zimbabwe on 30 October 2014 following pressure from southern EU member states. It has also overturned Article 96 of the Cotonou Partnership Agreement between the EU, and African, Caribbean and Pacific countries. From 2002, this article had blocked the direct provision of development aid to the Zimbabwean government. However, travel sanctions against President Mugabe and his wife, First Lady Grace Mugabe, remain in effect. Their foreign held assets also remain frozen. This follows Grace Mugabe's active participation in the eviction of farmers, which she had participated in due to personal interests in the land.

This means that Zimbabwe would also qualify for the European Development Fund. The new EU ambassador to Zimbabwe, Philippe von Damme announced that the EU would like to start providing direct financial aid to Zimbabwe. The money would be channeled through local and international NGOs to support good governance, health care services and agricultural development. However, this mechanism could not prevent ZANU-PF controlled civil society organizations from capturing some of this funding.

In 2009, the Short Term Emergency Recovery Program (STERP 2009 to 2011) was presented and followed by STERP II (2011 to 2015). However, neither of these ambitious programs have been sincerely implemented or adequately funded.

Instead, the Zimbabwe Agenda for Sustainable Social and Economic Transformation (ZIMASSET) was announced. Its policy goals are unrealistically ambitious. Within five years, the agenda aims to create 2.2 million jobs, achieve a GDP growth rate of 7%, increase the profitability of the mining sector, improve food security and nutrition, expand access to social services, reduce poverty and develop physical

Effective use of
support
4

infrastructure. However, while most areas are targeting deficiencies, the proposals are too imprecise to facilitate effective implementation. According to many economists, including Tony Hawkins of the University of Zimbabwe, the program borrows from the failed programs of the past and does not acknowledge reality.

Since 2008, international aid has been channeled through a multi-donor fund. In 2013 and 2014, this international aid was not given directly to ministries, but to local civil society organizations. The multi-donor fund has been replaced by the Zimbabwe Reconstruction Fund (Zimref, 2014 to 2019). Zimref will target private sector development, capacity building and policy dialogue. It is aligned to ZIMASSET.

Under the Government of National Unity, cooperation between the donor community and selective ministries in the areas of education, health, water and energy supply, and finance was described as being fruitful, with international know-how being welcomed. On the other hand, ministries led by the ZANU-PF, especially the ones headed by hardliners, showed no real interest in accepting external advice, but demonstrated openly that international cooperation is seen as undesired political interference.

After July 2013, the new Minister of Finance and Economic Development, Patrick Chinamasa, reversed his position and opened up a dialogue with the international community. This U-turn was likely driven by the very limited government budget and huge debt overhang. Chinamasa has since agreed to most of the IMF's reform recommendations, despite resistance from many senior ZANU-PF officials.

In the period under review, both ZANU-PF and MDC lost further international credibility. While both MDC factions at the beginning of the Government of National Unity (GNU) were endowed with substantial credibility, the international community lost confidence not only because of the limited success of political reforms but also because of the many cases of corruption, inner-party violence, infighting and severe leadership problems.

Following elections on 31 July 2013 and the subsequent fall of the GNU, the factional struggle within ZANU-PF intensified. The handling of this infighting by senior officials further damaged the party's credibility. In December 2014, the party's congress demonstrated that a new force within the party had emerged, namely President Mugabe's wife. First Lady Grace Mugabe appears to wield increasing influence over President Mugabe and within the party structures.

Although it still enjoys some credibility within regional organizations, such as SADC and AU, Zimbabwe is still repairing its links and trust among international institutions like the EU and IMF.

Credibility

2

Zimbabwe is member of relevant regional and continental African organizations, especially the South African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA) as well as the African Union (AU). For nearly a decade, the international community has perceived Zimbabwe as an obstacle to further the regional cooperation and institutional reform.

Regional
cooperation
4

In August 2014, President Robert Mugabe became chair of the SADC, under the requirement to rotate the organization's chairs. This was notable given the lengthy SADC mediation process, South African intervention and President Mugabe's defiance of the SADC Principles and Guidelines Governing Democratic Elections during the 2013 flawed elections.

In January 2014, President Mugabe became the deputy chair of the AU. From January 2015 to January 2016, President Mugabe will chair the AU. Zimbabwe has also been elected into the AU's highest organ, the five-member Bureau of the Assembly of Heads of State and Government. Zimbabwe will act as first deputy chair of the bureau after other countries refused to accept the position due to, among other things, upcoming or recent elections. Arthur Gwagwa, a Zimbabwean NGO-activist, described the decision as a "theatre of the absurd" and as an indication of Africa's "belligerent attitude towards the West."

Even within ZANU-PF, there are doubts about whether Mugabe's health will allow him to carry out his duties as a chair. Nevertheless, the SADC may be a highly strategic partner for Zimbabwe, providing much needed funding for infrastructure projects. However, as with EU development funds, such funding may be captured by ZANU-PF sponsored civil society organizations and used stabilize ZANU-PF's control over power.

The SADC played an important role in the formation of the Government of National Unity. From 2009, the SADC mediated between the coalition partners. Zimbabwe's relationship with its largest trading partner, South Africa, cooled when the South African government pressured ZANU-PF to implement the requirements of a global political agreement in the run-up to the 2013 elections. Nevertheless, the South African president, Jacob Zuma, was one of the first to congratulate President Robert Mugabe on his landslide election victory. President Zuma also asked others to follow his example.

Strategic Outlook

The consolidation of ZANU-PF, Zimbabwe's ruling party, poses a substantial challenge for domestic and external reformists. The state is far from reforming with hardliners winning the succession struggle within ZANU-PF. This coincides with the fragmentation of the opposition, which had been regarded as the beacon of progress. Factions within the opposition are increasingly rejecting the democratic principles around which the opposition had formed. Furthermore, public disillusionment with politics is increasing, which is reflected in an increasingly weakened civil society.

Nevertheless, the situation is not totally hopeless. Greater emphasis on long-term initiatives would likely reduce frustration among international donors. It is critical that international donors better understand the long-term nature of democratization within Zimbabwe. In the long term, international donors must support programs that empower citizens. These empowerment programs must target reconciliation by addressing people's traumatic experiences with violence as well as tackling the increasing political polarization of the population. To reverse the economic deterioration, there needs to be a concerted national effort toward a common goal. In particular, initiatives should recognize the history of the political divide, and combine local, regional and national efforts.

In the medium term, initiatives must address the general lack of knowledge about democratic processes, even within the political elite. For example, most councilors are unaware of their functions and responsibilities or what the separation of powers really means. To address this, the government, civil society organizations and international donors should educate councilors and council staff about their democratic role, and provide organizational training.

Similarly, local people need to better understand their rights, especially regarding the new constitution's bill of rights.

These efforts should be supported by the development of community-based groups. These community groups are needed to engage with local governments to provide better social services, demand greater accountability and tackle corruption.

A mechanism to hold the government accountable for the promises it makes in its economic blueprint, ZimASSET, should also be introduced.

The legislature also needs to be strengthened by, for example, giving more powers to the parliamentary committee system, improving the legal literacy of legislators and simplifying bills for debate within the legislature.

In addition, young people should be encouraged to engage in politics and participate in student exchange programs. This would build capacity among the next generation of leaders.

However, the solution to Zimbabwe's political and economic crisis can only come from within. This will first require citizens to develop the confidence to assert their rights and demonstrate their force, which has been lost over the last decade.