

# BTI 2012 | Zimbabwe Country Report

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

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### Key Indicators

Population	mn.	12.6	HDI	0.376	GDP p.c.	\$	-
Pop. growth <sup>1</sup>	% p.a.	0.8	HDI rank of 187	173	Gini Index		-
Life expectancy	years	48	UN Education Index	0.566	Poverty <sup>3</sup>	%	-
Urban population	%	38.3	Gender inequality <sup>2</sup>	0.583	Aid per capita	\$	58.8

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

## Executive Summary

Zimbabwe's Government of National Unity (GNU) ruling coalition marked its second anniversary of coming to power at the beginning of 2011. It was meant to break the trap of the sociopolitical and economic crisis that had lasted for more than ten years, but the country's prospects have not brightened. President Mugabe and his party, the Zimbabwe African National Union – Patriotic Front (ZANU-PF), have continuously used violence and repression to dominate government institutions. The former opposition party, the Movement for Democratic Change (MDC), lacks the power to be a serious counterweight, implement its political agenda and end human rights abuses.

The power sharing agreement which was finally reached between the three parties in February 2009 led to some economic improvements. Economic reforms pushed for by MDC had limited success: Hyperinflation was stopped and the first, modest economic growth after years of dramatic shrinkage was achieved. Furthermore, in the period under review, food security has improved and the production of the staple crop, maize, rose. Most schools and hospitals reopened. Major structural reforms are, however, still needed to sustain and improve the overall situation.

Political disagreement and stalemates between the coalition partners still make economic and desperately needed political reforms merely a distant vision of the future. Under the so-called Global Political Agreement (GPA), ZANU-PF and MDC agreed to jointly work on electoral as well as a constitutional reform, to bring an end to human rights abuses and to the limitation on civil rights. Yet although the two parties under the MDC umbrella constitute the majority in the assembly and Morgan Tsvangirai has assumed the post of prime minister next to President Robert Mugabe, the MDC has not been able to curb the power of ZANU-PF. The latter managed to keep a tight grip not only on the country's resources but also on the security forces. It continues to uphold its patronage system and to harass political dissenters at all levels. The

constitutional outreach process, launched in 2010, has particularly been marred by intimidation by ZANU-PF supporters and private militias. Mugabe's announcement that the elections will take place in 2011 despite the fact that the planned reforms are not even close to implementation has created a climate of fear.

Moreover, both parties suffer from heavy infighting. Within ZANU-PF, several factions compete with each other, openly and behind the scenes: Moderates and hardliners; unconditional supporters of Mugabe and those who want to replace him; the various sub-clans of the dominant ethnic group. So far, Mugabe has been able to master the complex power game within his party. However, as he becomes increasingly frail this ability might vanish and the dominant party disintegrate. Declining cohesion is not only a problem for ZANU-PF but also for the opposition movement. MDC first formally split in two in 2005, resulting in a faction led by Morgan Tsvangirai (MDC-T) and a smaller one led by Arthur Mutambara (MDC-M). The split seemed to be at least partially mended by the two parties' agreement to join the coalition with ZANU-PF. Since then, however, MDC-M fragmented even further. Mutambara was ousted from his post as party chairman and replaced by Welshman Ncube, who, in turn, was denied Mutambara's position as deputy prime minister by President Mugabe. Furthermore, some members of the former opposition parties have obviously started to enjoy the trappings of power and its accompanying wealth.

## 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 politburo of the ruling party, ZANU-PF. Zimbabwe's 1980 elections marked the 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, bestowing ever-greater powers on the president.

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 Mugabe a historic defeat in 2000 when it convinced 56% of the Zimbabwean electorate to reject constitutional reforms proposed by the government. The opposition MDC, which was founded shortly before the constitutional referendum, 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. 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. State violence surged ahead of the run-off, leaving more than 100 opposition supporters dead and about 2,000 detained. Nevertheless, after intense negotiations led by the then South African President Thabo Mbeki, in September 2008 ZANU-PF and MDC approved the GPA which came into effect in February 2009. It was envisaged as a resolution of the political and economic crisis and a new beginning for the country. The 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 has taken place while human rights abuses continue and there is still no constitutional draft is on the table. Despite the establishment of the GNU, the ongoing repression by ZANU-PF, its private militias, police and secret service, economic despair and political stalemate has led to a constant retreat of Zimbabwean society from public life. This process has not only been reinforced by the continued presence of repressive laws such as the Public Order and Security Act (POSA) as well as the Access to Information and Protection of Privacy Act (AIPPA) but overall by the continued emigration of the well-educated middle class.

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. In an environment of rapidly increasing international competition, an economic policy based on import substitution and governmental control proved to be increasingly unsuited for maintaining Zimbabwe's prosperity. In addition, government patronage had meanwhile 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 have stopped production ever since. Consequently, Zimbabwe's economy experienced free-fall between 1998 and 2009, as its GDP declined by more than 40% and the inflation rate reached an estimated 15 billion% in 2008. Despite being trapped in a political stalemate, the GNU has managed to stop the inflation and initiate a recovery of the economy throughout 2009 and 2010, 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 10 (best) to 1 (worst).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

The state monopoly on the use of force has considerably eroded during the past twelve years, yet it is not that the state lacks the capacity to implement its monopoly, but that it lacks legitimacy. Mugabe and ZANU-PF have relied heavily on war veterans and youth militias to resolve conflicts over power, and these groups are prone to violence and have been ideologically indoctrinated. Large parts of Zimbabwe's rural areas are under the de facto control of these forces. The government's district administrative system and police are not only unable to do anything against these forces, but have increasingly assumed the role of agents of their violent rule. The establishment of the GNU has so far not led to a reversal of this trend. The build-up of these quasi-fascist parallel structures, along with ZANU-PF's prolonged efforts to encourage citizens and/or private militias to occupy land illegally, has created an overall climate of lawlessness. The last two years have however seen a rallying of state forces behind the president. The military leadership repeatedly proclaimed that it would neither serve under a president from the opposition nor under one that had not fought in the liberation war – directly excluding Morgan Tsvangirai and his colleagues from MDC. Moreover, since the formation of the GNU in 2009, state forces have acted as protectors of ZANU-PF or even as private army of Mugabe, while unlawfully arresting and abusing journalists, civil society activists and MDC supporters. Throughout 2010, particularly around the launch of the Constitutional Outreach Program (COP), both private and state forces have stepped up their presence and activity in Harare as well as the rural areas. They intimidate people who seek to speak out and also harass members of the opposition, instigating a climate of fear and throwing the monopoly on the use of force into reverse.

The Zimbabwean state is broadly accepted among its citizens. While it is split into two major and fairly distinct ethnic groups – the Shona, who are roughly three-quarters of Zimbabwe's population and the Ndebele who comprise more or less

Question

Score

Monopoly on the  
use of force

7

State identity

9

representing the remaining quarter – there is no relevant group or major political actor seeking secession. There is still some disgruntlement with the post-independence state among the small minority of European origin but this is more about leadership and policies than about the legitimacy of the Zimbabwean nation-state. Citizenship is, however, withheld from hundreds of thousands of migrant workers from neighboring countries, who have lived in Zimbabwe for decades and worked mainly on farms and in private households. The emigration of about 3 million Zimbabweans in the past 12 years has given rise to yet another problem with regard to citizenship: During the 2008 elections, exiled Zimbabweans were refused their right to vote and thereby deprived of their inherent rights as citizens. The government argued that it would not have the resources to facilitate postal ballots. This has led to a high level of disturbance, because a huge share of the Zimbabwean diaspora tends to vote against ZANU-PF and Mugabe. As the issue has not been tackled since, it will return to the agenda in the next elections planned for 2011.

Zimbabwe is a mainly Christian country with small minorities practicing Islam or traditional African cults. Beliefs in the power of spirits, ancestors and witchcraft remain deeply entrenched. Religious dogmas play no significant role for the state's legitimacy and its legal order, though religious authorities are widely respected by the political leadership and the population. They play an active part in politics and politicians often refer to religious norms and values in public statements. However, there are reports of increasing attempts by political parties to mobilize churches, especially indigenous-led ones, for political support. Political leaders, especially from ZANU-PF, feature at the annual festivals or congresses of these churches.

The Zimbabwean state still has a functional but less effective basic administration than it did ten years ago – from the local, via the provincial up to national level. It is still able to raise taxes and administer them, maintains a differentiated legal system and provides basic services. The breakdown of the economy has, however, also resulted in a decline of resources at the disposal of the basic administration. This led to a reduction of real wages for public servants, forcing them to search for alternative sources of income which in turn has resulted in the neglect of their original tasks. Public services, especially in health and education, have not only suffered from these developments but also from the massive emigration caused by the ongoing political and economic crisis. Despite the halting of inflation and the slow recovery of the economy, Zimbabwe has major problems maintaining the country's relatively well-developed physical infrastructure. In addition, the establishment of a parallel structure of control by war veterans and youth militias as well as the continued politicization and securitization or militarization of leadership positions in the administration are seriously undermining its functionality. The past two years under the GNU, however, brought slight improvement with regard to administration.

No interference of religious dogmas

9

Basic administration

5

## 2 | Political Participation

Zimbabwe's national elections have not been free and fair since the mid-1990s. The 1995 elections were already marred by significant infringements on the rights of supporters of the then-major opposition party. With the emergence of MDC and its success in the 2000 constitutional referendum, government efforts to make the playing field uneven intensified. The 2000 and 2005 parliamentary and 2002 presidential elections were characterized by restrictive media and public security laws, frequent bans of rallies and meetings of the opposition, intimidation, imprisonments, beatings and even killings of opposition activists, pressure on voters and inconsistencies of voter rolls. The results were distorted to a significant degree. Before the presidential and parliamentary election in March 2008, political apathy among voters seemed to be so widespread and the opposition parties so weakened that the ruling party obviously felt no need to use massive repression and manipulation. This was a miscalculation. The MDC won control of parliament with 100 seats to the 99 seats of ZANU-PF. A further ten seats were secured by another opposition party. In the presidential election, the main opposition candidate, Tsvangirai, gained 47.9% of the votes, 4.7% more than President Mugabe but less than an absolute majority.

Tsvangirai withdrew from the necessary run-off in June 2008 after the Zimbabwe Electoral Commission (ZEC) not only withheld the results for more than one month but was also suspected of rigging the results. Security forces and government-controlled militias conducted a repressive campaign against opposition supporters which dwarfed even those carried out before. Mugabe was re-elected and re-inaugurated as president. Eventually, one of the central efforts of the GPA was to change the constitution and electoral laws in a way that would create a level playing field for future elections. Furthermore, while a clear road map towards elections and a revision of existing voter rolls are required, a critical assessment and revision of the composition of the ZEC itself is even more essential. Tasked with organizing elections since 2005, the ZEC has been in the center of criticism as it embraces former soldiers and intelligence agents and is considered to be strongly biased in favor of ZANU-PF. As of January 2011 however, electoral reforms have not been outlined let alone adopted. Mugabe's announcement that the presidential and legislative elections will be held in 2011 without any such reforms in place led to fears that the same pattern of manipulation and repression would mark the next elections.

Free and fair  
elections

3



In the period under review, the power to govern has to a large part remained with President Mugabe and his intimates in the ZANU-PF. The president is still in control of the government and the state, and although the parliament enjoys its legal rights to a certain degree it has not been acting as a strong player. The opposition's control of parliament, however, requires some form of power sharing which was reached in the GPA agreed upon by ZANU-PF and the two MDC factions in September 2008. It provides for an executive president as well as an executive prime minister and an equal distribution of cabinet posts between the parties. The complex power-sharing structure agreed in the GPA has, however, hardly lived up to even modest expectations. Most observers see Tsvangirai more or less reduced to the role of a ceremonial prime minister. His proposals for cabinet members, governors as well as other high posts (central bank chief, general attorney) have been rejected by Mugabe, while other appointments (i.e., ambassadors, judges) have even been made without any consultation with Tsvangirai. Moreover, Tsvangirai has not been allowed to chair a single cabinet session since the establishment of the GNU. On the other hand, supporters of the GNU in the former opposition argue that the MDC ministers have reached significant achievements in the departments they head: Finance, health, education, labor and social welfare, water, energy, public service, economic planning, industry and commerce. Meanwhile, ZANU-PF and Mugabe are still in tight control of the government departments which control the country's resources and their allocation (agriculture, mining, local government, transport and infrastructure, lands and land resettlement) and, above all, of the only veto power which is in a position to render the last resorts of constitutional rule ineffective: The military. Since the establishment of the GNU, higher ranks of the military have actively undermined it. They boycotted the newly established National Security Council which officially replaced the Joint Operational Command. Meetings of the Joint Operational Command continue to take place every other week. The generals have furthermore repeatedly been refusing to implement decisions made specifically by the prime minister, publicly despising him and harassing MDC supporters. An electoral victory by MDC is therefore still regarded as potential trigger for a military revolt.

Effective power to govern

2

The Zimbabwean constitution guarantees freedom of assembly and association. However, several clauses and laws restrict those elementary rights, the most important of which is the Public Order and Security Act (POSA), a law to maintain public order that took effect in 2002 and has not been suspended or revised substantially since the GPA. It sets narrow limits on public assembly: Any gathering which involves more than two persons is considered a public meeting requiring authorization by state organs. This authorization is often withheld. Although arbitrary and politically motivated detentions and arrests have declined in the period under review, they have not ceased entirely and the laws are applied quite selectively to MDC supporters and CSOs opposed to ZANU-PF. The formation of parties is not restricted but parties including MDC are still subject to

Association / assembly rights

4

frequent acts of repression and manipulation. Even parliamentarians and designated members of cabinet have been imprisoned on the basis of questionable charges. The NGO Act passed in December 2004 by the then ZANU-PF-controlled parliament has still been not put into effect by the president but is being used effectively as a sword of Damocles. It would allow for tight controls of civil society groups and provide the government with the means to stop the foreign funding of human rights groups.

The Zimbabwean constitution guarantees freedom of expression. However, the Access to Information and Protection of Privacy Act (AIPPA, 2002) represents a fundamental curtailment of freedom of speech and freedom of the press. It requires all operating media and journalists to apply for registration with the information ministry, controlled by the president's party, ZANU-PF. Neither AIPPA nor the practice of denying registries to critical organs has been suspended in the period under review. The 2008 power-sharing agreement at least provided for the establishment of an independent Zimbabwe Media Commission (ZMC) aiming at executing media reforms, including the licensing of new press and broadcasting providers. In summer 2009, sanctions on CNN and BBC were lifted and in May 2010 several private newspapers were licensed. One of these has already gone in print. At the same time, private broadcasting is still nonexistent while local offices of broadcasting corporations transmitting from abroad have occasionally suffered from state infringements. The upcoming elections have tightened the climate again. Registry and accreditation pricing were raised up to 400% and licenses are increasingly being denied. Overall, journalists, private newspapers, their editorial offices, print services and street vendors frequently and increasingly face harassment and intimidation by state forces as well as private militia associated with ZANU-PF. The members of MDC as well as opposition leaders and human right activists have constantly been hit with lawsuits, harassment and violence. The constitutional outreach process which should create the conditions for a comprehensive constitutional reform has been characterized by intimidation and violence carried out by ZANU-PF supporters as well as state forces.

Freedom of  
expression

4

### 3 | Rule of Law

The Zimbabwean constitution provides for a separation of powers between executive, legislative and judiciary though the separation is partly blurred. The executive can initiate legislation – and does so in most cases – and law must be put into effect by the president. Moreover, the president appoints 16 out of 66 members of the senate, the second chamber of parliament. The president plays a central role in appointing and dismissing judges of the supreme and high court. In addition, the great parliamentary majority enjoyed by the ruling party often resulted in a mere rubber-stamping of legislation and had severely limited its oversight role.

Separation of  
powers

4

Nevertheless, parliamentary committees have frequently rejected bills or tried to make substantial changes on them and have critically reviewed the policies and activities of the government. The new majority of the MDC in the house of assembly has led to several efforts to tackle existing deficits in the legal and political setup, such as a revision of the draconian POSA law. However, these initiatives have more often than not failed due to delaying tactics in the ZANU-PF-led senate or by Mugabe himself, who still has to sign all laws that had been approved by parliament. Furthermore, the whipping system allows the executive to be the dominant player, giving ministers the power to pressure parliamentarians' consent to their proposals. A case in point was the approval of the 2011 national budget, which was only accepted by the assembly after Vice President Mujuru and Finance Minister Biti formed an unprecedented alliance and threatened to dismiss the members of parliament of their respective parties who remained defiant. The budget, however, was then stopped in the Senate when ZANU-PF senators refused to approve it following intervention by Mugabe who had not consented to the cross-party deal and saw an attempt to curb his power in certain provisions of the proposed bill. The budget was only passed after widespread changes had been approved in the lower house.

For many years, Zimbabwe was renowned as one of the few African states which had a truly independent judiciary. The supreme and high court frequently passed verdicts running against the government line or even forcing the government to withdraw a certain measure. This independence has, however, been consistently eroded since 2000 when the ZANU-PF-led government had first expanded the membership of the supreme court and then replaced its independent members with government cronies. Since the inception of the GNU, the situation has barely changed. Quite the contrary: Judges have been appointed by President Mugabe without any involvement of Prime Minister Tsvangirai and MDC. In the period under review hardly any judges in the Supreme or High Courts can be considered independent. They are closely tied to ZANU-PF and Mugabe, receiving rewards such as farmland, houses and cars. Even worse, the majority of the appointees are perceived as being insufficiently qualified. Judges who rule against ZANU-PF's policies risk being subject to immense pressure and intimidation. The lower judiciary is considered to experience a slightly lower degree of political interference but suffers from the general decay of the rule of law. For example, the police refuse to implement lower judiciary judgments and a spreading sense of lawlessness undermines the respects for magistrates among the general public. The overall economic desperation has given rise to more and more reports of widespread bribery throughout the judiciary system.

Independent  
judiciary  
3

Office abuse, be it by public servants or politicians, is prosecuted selectively and is often politically motivated. Although several corruption cases were made public in recent years, the strong impression remains that, especially in the cases concerning prominent political figures, anti-corruption measures are used for political purposes. Elected officials who belong to the MDC and other remaining opposition parties are particularly targeted on claims of corruption, sabotage or terrorism. Whistleblowers risk harassment and prosecution. Even within ZANU-PF, corruption cases are used for political in-fighting and power games. Ministers have been dismissed because of accusations of corruption on dubious grounds. On the other hand, posts are assigned not according to qualification but to local or family ties and party loyalty. Occupied farmland and revenues from the recently resumed diamond extraction have been given as rewards to loyal Mugabe supporters. The power-sharing agreement has not put an end to this practice. Even more so, there are constant concerns that high-ranking MDC members might get entangled in the system of loyalty rewards and hence be inclined to keep their posts despite the shortcomings of the coalition.

Prosecution of  
office abuse  
3

Among other rights, Zimbabwe's constitution guarantees protection from torture and arbitrary search or entry. Subsequent amendments subordinate these rights to "the interests of defense, public safety, public order, and public morality" leaving little room for dissent. Despite the power-sharing agreement between ZANU-PF and MDC, civil rights have continuously been restricted in Zimbabwe by repressive laws, the encroachments of security forces and by violent attacks by ZANU-PF supporters and militias on MDC members, opposition activists and ordinary people. Notwithstanding some temporary improvements in the direct aftermath of the inauguration of the GNU, the media law and public security act still limit freedom of expression and assembly substantially; the NGO act remains legally ineffectual. Civil society activists and MDC supporters have repeatedly faced harassment by the police and have been jailed, albeit in fewer numbers than before 2008. Reports of intolerable prison conditions and tortures abound. So far, police forces continue to apply the law selectively and no effective protections are in place against arbitrary or long-term detention without trial. The preparations for the 2011 elections have led to a resurgence of politically motivated violence from fall 2010 onwards, on a rapidly escalating scale. Furthermore, reports on newly reopened torture camps under control of ZANU-PF youth militia and war veterans are spreading, instigating a climate of fear and intimidation sharply reminiscent of the situation in 2008.

Civil rights  
2

#### 4 | Stability of Democratic Institutions

Formally, democratic institutions in Zimbabwe show a great degree of continuity and stability. Elections have taken place regularly; 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. Despite the power-

Performance of  
democratic  
institutions  
3

sharing deal with MDC, ZANU-PF uses its long-standing leverage in the executive to cultivate its patronage network, reward loyalty and punish dissent. It hands over privileges and positions to government supporters and withholds government services (security, education and health) and humanitarian aid from social groups and areas which are perceived as backing MDC or standing up against human and civil rights violations. The most extreme case of those practices was the 2005 bulldozing of densely populated settlements in the country's urban areas which destroyed the houses and premises of 700,000 people. Despite the majority held by former opposition parties in the house of assembly since 2008, the parliament could not prevent itself from being reduced to rubber-stamping ZANU-PF decisions as the executive still dominates the political arena and the consent of members of parliament is forced. The judiciary, especially at its higher levels, and the security forces are – because of government interference – increasingly less able and less willing to maintain the rule of law.

Barely any of the leading representatives of the former regime can be considered to be democrats by conviction. The leadership of ZANU-PF, 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 the desired results. The picture is certainly different for the leadership of the former opposition parties as well as the activists in the opposition movement and civil society. Here democratic norms and values prevail –though some of the MDC leadership is suspected of following the same political logic as their counterparts in ZANU-PF. There is, however, a deep-rooted respect in the security forces and the public administration for the primacy of decisions made by the government – a respect which implies the implementation of policies which are anti-democratic.

Commitment to democratic institutions

3

## 5 | Political and Social Integration

Compared to those of other developing and even transformation countries, the party system in Zimbabwe appears extraordinary stable. In 1980, at the time of independence there were two major parties: ZANU and PF-ZAPU which merged in 1987 to ZANU-PF. ZANU-PF, the ruling party since independence, has a developed structure, is represented with offices and officials in all parts of the country and enjoys broad support in the electorate. Until the emergence of MDC in 1999, its dominance was almost unchallenged by other parties. Within twelve years MDC has established itself as valid political force. It has built up viable party structures, enjoys a great following in urban areas and the Matabeleland provinces but is also sufficiently represented in other parts of the country. The 2005 split of the party was certainly a major set-back to its further consolidation, but perhaps a necessary step in the formation of the Zimbabwean party system as it formalized the division between the more leftist, trade-unionists' wing and the more liberal-

Party system

6

conservative, business-oriented wing. In the long run, Zimbabwe can be expected to develop a fairly stable two- or three-party system.

Zimbabwe's civil society can be divided into three parts: Interest groups representing certain parts of the society and the private sector, advocacy groups and community-based groups. Until the early 1990s, the interest groups were certainly the strongest among them. 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 business. Throughout the 1990s, the advocacy groups that demanded more democracy and respect for human rights mushroomed and gained strength. The same can also be said for the trade unions. Advocacy groups, trade unions and parts of the interest groups – increasingly alienated by government policies – joined forces in a coalition for the reform of the constitution. This was countered by the rise of the war veterans' association which was later co-opted by the government. The rising government repression and the economic crisis have seriously hampered the further development of civil society since 2000. The power-sharing agreement between the main opposition party MDC and ZANU-PF has not led to an end to repression of dissent and is causing political frustration and apathy. Repression notwithstanding, social activism, especially within community-based groups, is still higher than in other countries in the region.

Despite the enduring political stalemate, the general support for democracy has risen in the period under review. According to the last available survey (2010) by Afrobarometer, a program which assesses and compares political opinions and attitudes in 20 African countries, 83% of Zimbabweans still prefer democracy over any other kind of government – compared to 66% in 2005. At the same time, 34% currently regard Zimbabwe as not being a democracy at all. Some 32% consider their country to be a democracy with major problems, while only 6% are very satisfied. Rejection of the one-party state and support for multi-party democracy has been consistently strong in Zimbabwe. A full 45% strongly disapprove of only one political party being allowed to stand for elections and holding office, while a total of 58% reject one-man rule. The high voter turnout in a difficult political context for the March 2008 presidential and parliamentary elections underlines this common commitment.

The economic crisis and the breakdown of public services forced the Zimbabwean population to resort to self-help initiatives. This trend was already eminent in the 1990s when the decline of the formal economy led to a massive switch to informal economic activities and joint employment-creating efforts. In the meantime, community-based self-help groups provide a minimum income, food and health services for a greater part of the population. Church-based and donor-sponsored voluntary associations in particular try to fill the gap between immense demand for

Interest groups  
4

Approval of  
democracy  
n/a

Social capital  
5

assistance and the failure of the state to provide it. Since the inception of the GNU, trust in governmental services has been improving, particularly with regard to health services, food security and availability of basic commodities. However, as the political stalemate has not yet been overcome and the risk of renewed violence and economic meltdown persists, people continue to rely foremost on self-help organizations.

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

With a rate of about 62% (up from 42% in 1995), poverty has increased excessively in Zimbabwe in recent decades. Zimbabwe is among few countries in the world which has experienced an annual worsening of the HDI since the index was created: Between 1980 and 2010, Zimbabwe's life expectancy at birth decreased by 12 years, while Zimbabwe's GNI per capita dropped off by 34%. Although there have been some improvements since the inception of the GNU, such as the reopening of schools and hospitals, the situation is still dire. Inequality ranks high with an income Gini coefficient of 50.1 in 2000 – 2010. The population in high-density urban areas and in marginal rural areas is worst affected. The country continues to battle disease outbreaks. The fast-track land reform program has hardly improved the situation of the rural poor as its main beneficiaries are not the neediest but those who can demand support most aggressively or play an essential part in the government's patronage network. In terms of ethnicity, the home territory of the Ndebele, who are perceived as being in opposition to the government since independence, has been systematically neglected by the government in provisions of basic infrastructure. This shortcoming has so far not been tackled by the coalition partners.

Question  
Score

Socioeconomic  
barriers  
3

Economic indicators		2007	2008	2009	2010
GDP	\$ mn.	5018.2	4416.0	5836.0	<b>7474.0</b>
GDP growth	%	0.2	-17.7	6.0	<b>9.0</b>
Inflation (CPI)	%	24411.0	-	-	-
Unemployment	%	-	-	-	-

Economic indicators		2007	2008	2009	2010
Foreign direct investment	% of GDP	1.4	1.2	1.8	<b>1.4</b>
Export growth	%	-10.5	-24.7	5.2	<b>21.5</b>
Import growth	%	-16.8	12.3	36.0	<b>6.6</b>
Current account balance	\$ mn.	-	-	-	-
Public debt	% of GDP	65.7	90.8	96.1	<b>56.3</b>
External debt	\$ mn.	5198.2	5076.1	4801.0	<b>5016.2</b>
Total debt service	\$ mn.	96.1	82.2	101.0	<b>108.7</b>
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	3.4	2.0	13.3	<b>17.1</b>
Public expnd. on edu.	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	-	-	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

## 7 | Organization of the Market and Competition

Throughout the 1980s, Zimbabwe was considered as a basically market-oriented, though heavily state-regulated economy. In the early 1990s Zimbabwe started economic reform programs which were meant to deregulate the economy and strengthen competition forces. These reforms were never conducted effectively and decisively. Since the late 1990s they have been almost completely scrapped. Recent years saw excessive state interference in the foreign exchange regime, in the price mechanisms and labor market, in property rights and a systematic favoring of enterprises belonging to the state, to the ruling party or to important power brokers. Prior to the formation of the GNU, Zimbabwe had certainly been on track to evolve from a heavily state-regulated market economy to a state-controlled economy. As a result, the informal sector has seen a tremendous growth within the past few 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. Although MDC-driven policies have led to a slow recovery of the overall economic climate, divisions

Market-based  
competition

3



along party lines and the predominance of clientelism have so far prevented the installation of the large-scale structural economic reforms needed to ease the situation. In the 2011 ranking of the Index of Economic Freedom, Zimbabwe is the worst but one country. There are, however, according to the index, slight improvements with regard to business freedom and trade freedom (less government intervention), fiscal freedom (lower taxes) and freedom from corruption.

Zimbabwe does have monopoly legislation (Competition Act, 1996) but it has been barely implemented – also not by the Ministry of State Enterprises, Anti-Corruption and Anti-Monopoly. There has hardly been any privatization of the large monopoly-like state companies since the beginning of the structural adjustment programs in 1990. One exception was made when the country's economic state of emergency led to the state energy supplier falling under the control of Eskom, a private South African energy company. Despite this development, the ruling party has expanded its own business empire tremendously during the past few years. It has been attempting to buy up formerly profitable private enterprises that have run into trouble as a result of the economic crisis. State-owned companies and those of the ZANU-PF business empire are able to crowd others out of the market as they enjoy privileged access to foreign exchange, import licenses, raw materials and capital goods. The monopoly of the Grain Marketing Board remains unchallenged.

Anti-monopoly  
policy  
3

The liberalization of foreign trade started in the 1990s and has been effectively reversed in recent years. Foreign trade is mostly hampered by import bans and restrictions, restricted access to the services market, non-transparent regulations, government controls on exports and domestic trading of major agricultural commodities, customs inefficiency, and corruption. Though Zimbabwe is still a member of the WTO and takes part in the negotiations between African countries and the EU for the conclusion of trade-liberalizing Economic Partnership Agreements, it has increasingly been dissociated from the world market. There are, however, notable exceptions to this rule: An increasing dependence on the export of minerals – especially to China – and on imports of energy and consumption goods from South Africa.

Liberalization of  
foreign trade  
2

It is surprising that Zimbabwe has something like a functional banking system and capital market given the size and depth of the economic crisis. Though some of the players in the system and market may have benefited from the crisis – by currency speculation, clever lending and capital investments – the system is extremely fragile, as demonstrated by the bankruptcy of several banks in the last years. It is highly dependent on the willingness of foreign banks to maintain their branches in Zimbabwe. The capital market has suffered considerably from the economic crisis.

Banking system  
4

## 8 | Currency and Price Stability

Until 2008, Zimbabwe was renowned as the country with the highest inflation rates worldwide. The exchange rate of the Zimbabwean currency began its rapid decline in 1998 and only ended its free-fall at a rate of about 15 billion% when the GNU banned the Zimbabwe dollar and adopted a multi-currency system in early 2009. The inflation spiral was kicked off by the explosion in government spending due to politically motivated compensation payments to the country's war veterans and due to its participation in the Congo war. The breakdown of commercial agriculture after the start of the fast-track land reform program brought the almost chronic shortage of foreign exchange in the Zimbabwean economy to an unbearable stage, and the reserve bank printed more and more money to cover budgetary deficits. The temporary de facto abolishment of the Zimbabwe dollar as well as the removal of price controls have so far improved price stability and restarted financial intermediation, resulting in the first economic growth in years. However, further stabilization will be reliant on more reforms and also depend to a large extent on the global stability of the currencies used as well as on food and fuel prices. As President Mugabe and Reserve Bank Governor Gono have both called for a return to the Zimbabwe dollar, a resurgence of hyperinflation might once more occur if ZANU-PF wins the next elections.

Anti-inflation /  
forex policy  
3

The GNU, and in particular MDC Finance Minister Tendai Biti could put a halt to the downward spiral of the Zimbabwean economy by restoring at least a small degree of confidence and fiscal stability. While the Zimbabwean GDP shrank by more than 40% between 1998 and 2009, it grew 4.1% in 2010. The prospects for sustainable recovery, however, depend on further reforms taken by the more than fragile GNU. According to the Economist Intelligence Unit, GDP growth is actually predicted to slow down in 2011, reflecting business and political uncertainty as well as static commodity prices and supply-side constraints. In 2009, the IMF extended \$510 million to Zimbabwe as its share under an expansion of the Special Drawing Rights (SDR) facility that was authorized as a response to the global economic crisis. In its recent mission to Zimbabwe, the IMF identified the following priority areas for structural adjustment: The reduction of labor-market rigidities; the establishment of security of land tenure; the clarification of ownership requirements under the indigenization legislation; and the addressing of concerns about governance in the diamond sector.

Macrostability  
3

## 9 | Private Property

Since the implementation of the fast-track land reform program in 2000, property rights in Zimbabwe can hardly be seen to be guaranteed. Although MDC did not approve of those policies, it has not managed to reverse them since the inception of

Property rights  
2

the GNU. Though ZANU-PF continually pretends that the expropriation of land follows a legal process, the respective legislation and several constitutional amendments in 2005 set narrow limits on landowners whose property has been expropriated. It is almost impossible for them to obtain adequate compensation or even to push through their property rights. The issue of expropriation of land was brought to the Southern African Development Community (SADC) tribunal, an organ of the regional body of which Zimbabwe is a member. The tribunal ruled that the exercise was unlawful and discriminatory, and subsequently ordered the Zimbabwean government to protect the farmers, their rights to their land, and to pay compensation for land already seized. Mugabe and ZANU-PF declared that the tribunal's rulings were "null and void." Shortly afterwards, the High Court ruled that the tribunal's orders on land reform had no authority in Zimbabwe. Another case of disrespect for property rights is President Mugabe's threat to nationalize enterprises that showed themselves disloyal to the government through, for instance, involvement in general strikes, advertising in the opposition press or firing employees. In March 2008, President Mugabe signed a new law requiring foreign- and white-owned businesses in Zimbabwe to hand over 51% control of their operations to indigenous (i.e., black) entrepreneurs. As provisions of the rule had given rise to high uncertainties, more concrete regulations were published in February 2010 and concrete guidelines are expected to be released in 2011.

In principle, private companies can act freely in Zimbabwe but there have been massive infringements of their property rights (see above); in their abilities to obtain and spend foreign exchange; to import and export goods and commodities; to determine prices and to employ labor. In addition, the government heavily favors state- or ZANU-PF-owned companies, and parastatals dominate the strategic business sectors. The only private companies who gained from the economic developments of recent years – beyond those already mentioned – seem to be South African and Chinese companies.

Private enterprise  
3

## 10 | Welfare Regime

On paper, Zimbabwe has a comprehensive social welfare system. All workers are required to pay into a pension fund, from which they receive payments once they have reached retirement age or become disabled. In practice, however, household employees, government employees, agricultural laborers and those employed in the information sector, who together make up the vast majority of workers, do not pay into the pension fund. Moreover, the pension payments are being devalued by the high inflation rate. Large segments of the population must rely upon the support of their family members if they become unable to work due to age or illness. There is no unemployment insurance. The unemployment rate is estimated to be more than 90%, but this figure might be very inaccurate, due to widespread employment in the

Social safety nets  
2

informal sector of the economy and also due to emigration. A health care program is available for low-paid workers, and free health care is available to those under a certain income level. The outbreak and rapid spread of a cholera epidemic in 2008/2009 reflects the desolate situation of the state health care system and its inability to provide basic health care. In addition, it forces patients to make informal payments for scarce services and pharmaceuticals, even though these are supposed to be free. Hospitals in-patients must have their food provided by relatives. Similar circumstances exist in elementary school education, which is also supposed to be free. Learning materials, the construction of school buildings and even the salaries of teachers are frequently covered through “voluntary” payments by parents. As a result, the school enrollment rate is decreasing, which mainly affects girls, children of subsistence farmers and inhabitants of urban slums.

There is no de jure discrimination against certain social and religious groups but there is also no legislation to compensate women and others for gross social differences, with one notable and politically highly controversial exception: the fast-track land reform program that officially aims at mitigating the enormous social differences between commercial farmers, almost exclusively of European origin, and African communal farmers. The major shortcoming of this program – besides its shaky legal basis and the fact that the acquired land is relatively unevenly distributed – is that after having received the land the new holders get neither title deeds on it (it remains in state-ownership) nor sufficient training and inputs to use it effectively. So, the mere resettlement of poor farmers on potentially rich farming land will in the long run not significantly reduce the gross social differences in agriculture. The social group most severely affected by the economic crises of recent years were women: Maternal deaths rocketed mainly because of the breakdown of the health sector. The life expectancy of women is three years lower than the already low level of 41, the drop-out rate of girls from schools is higher than that of boys, and it is far more difficult for them to obtain jobs in the formal economy than it is for men. The Gender Gap Index 2010 published by the World Economic Forum ranks Zimbabwe at rank 92 (out of 130 countries), well below the median line but in the middle group of sub-Saharan countries.

Equal opportunity  
3

## 11 | Economic Performance

After many dreadful years, the Zimbabwean economy could recover slightly as a result of some improvements in economic and fiscal policies made since 2009. Hyperinflation could be 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 economic recommendations, GDP grew for the first time in years. The budget revenue increased significantly, helping to finance improved

Output strength  
2

delivery of public services. The situation is, however, anything but eased, as formal employment is at a record low and Zimbabwe is clearly in debt distress: External debt is currently estimated at almost 150% of GDP. The IMF concludes that debt overhang cannot be tackled without debt relief. While the most recent jumpstart in growth was consumption-led, Zimbabwe's export sector, in particular mining, is regarded as the most viable option for providing the much-needed fiscal revenues for a cash-strapped government with large external obligations. However, as Zimbabwe performs very poorly in terms of competitiveness, whether it is measured by governance indicators, investment climate, or price/wage indicators, it will be difficult to achieve a rapid increase in exports and FDI, including mining. Furthermore, the fact that economic policy is still driven by political considerations does not predict a bright future when the current state of affairs in the GNU is considered.

## 12 | Sustainability

Despite the improvements outlined above, the once flourishing Zimbabwean economy has deteriorated to an economy of survival. This implies that concerns of sustainability and environment have become rather irrelevant. The Zimbabwean economy is insufficiently industrialized for concerns about pollution and carbon dioxide emission to rank high on the agenda of government and population. Environmental concerns are mainly focused on land degradation, deforestation and water shortage. The resettlement of small-scale communal farmers on large-scale commercial farms has certainly worsened these situations. Experience and long-term interest in the sustainability of their land has led large-scale commercial farmers to develop an efficient system of land, cattle and water management. The newly resettled farmers lack both and, even if they had them, they would not have the resources to maintain this system. The result is the rapid degradation of agricultural land in the formerly commercial farming area. Zimbabwe is still a model of efficient and sustainable wildlife management though its successes in this field are increasingly threatened by rising poaching due to the economic crisis and the continued decay of the rule of law.

Although the Zimbabwean population's literacy rate is still about 90% – among the highest in Africa – the decline of government services has hit the education sector hard throughout the last decade. The quality of primary and secondary education has seriously declined and schools increasingly depend on “voluntary” contributions by pupils' parents to operate. In addition, the entire education sector, particularly universities and colleges, has seriously suffered from emigration. A high number of teachers, professors and lecturers left the country, not only because of low salaries but even more so because of the continued political violence exercised by ZANU-PF private militias and police forces. The brain drain also

Environmental  
policy  
3

Education policy /  
R&D  
4

affects R&D, which in general is not very well developed in Zimbabwe but has in the past achieved impressive results in agricultural research. Since the inception of the GNU, the situation has improved slightly: Most schools and institutes could reopen and the MDC-led ministry not only tries to protect the education system from political interference but has also succeeded in slashing official school fees. Nevertheless, the increasing poverty has reduced school attendance considerably in the period under review, while universities and colleges still face a tremendous lack of human, material and financial resources.

# Transformation Management

## I. Level of Difficulty

In its quest to move the country forward, the Zimbabwean government is unquestionably faced with great challenges. Economic transformation is not easy, given a laundry list of factors: The historic, extremely unfair distribution of land; periodic and more frequently occurring droughts; the high birth and HIV/AIDS infection rates; Zimbabwe's dependence on exporting agriculture and raw minerals; the relatively high transaction costs for imports and exports that Zimbabwe faces as a landlocked country. However, prior to 1998, Zimbabwe possessed a series of advantages that offered better chances for successful political and economic transformation than those enjoyed by most of the other countries on the continent. In 1980, the new Zimbabwe inherited the old Rhodesian apartheid state's relatively good infrastructure, which it essentially maintained until the mid-1990s. A massive investment in the expansion of social infrastructure during the 1980s meant that the education level of the Zimbabwean population is one of the highest in Africa, even today.

The country possesses rich mineral resources, a relatively favorable climate and tourist attractions. Prior to 1998, it was distinguished by efficient, export-oriented agriculture. It also had a diversified industry, which could have formed the nucleus for the comprehensive industrialization of the country.

Political reconciliation between the white minority and the black majority appeared to have been successful after long years of civil war. Zimbabwe could look back on a long phase of relative political stability. Basic democratic standards appeared to be guaranteed, and the quality of the rule of law was exemplary by African standards. On the whole, in 1997, Zimbabwe's chances of making great progress in political and economic transformation within five years were not bad, particularly since, just a few years before, apartheid in South Africa had been eliminated, thus lifting a regional blockade to development. The political crisis has, however, led to a deepening and a perpetuation of pre-existing structural constraints throughout the last decade. With an unemployment rate of up to 90%, people are constantly either being dragged into the informal sector, or into emigration. The unresolved issue of land ownership has hampered the output of the agricultural sector and furthermore

Structural  
constraints  
7

impedes any potential long-term investments. Moreover, frequent power shortages, the persistent scarcity of bank credits, and the uncertainty of the scheduling of elections continue to pose risks to overall economic recovery.

The traditions of civil society in Zimbabwe are quite meager. During the white minority system, the European settlers, managed to establish quite efficient interest groups and engaged themselves in charity organizations following a largely patronizing approach. The civil society of the African majority was more or less confined to community-based self-help groups, religious organizations and illegal solidarity groups for the armed struggle. This changed only slowly after 1980, until civil society experienced a major up-swing in the 1990s as a consequence of the social effects of the first structural adjustment programs and of rising disgruntlement with the authoritarian style of ZANU-PF's rule.

Civil society  
traditions

7

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

Conflict intensity

7



## II. Management Performance

### 14 | Steering Capability

Question  
Score

Prioritization  
2

From the perspective of political and economic transformation towards democracy and a market economy, the period under consideration gives a mixed though predominantly negative picture. Such a transformation has never been the real goal of the policies of the Mugabe regime. ZANU-PF's rhetorical support for democracy was only put into practice as long as its hold on power was not endangered by elections. Market economy reforms were not driven by the government's sense of conviction, but rather by the pressure of national debt and international lenders. Two other goals dominated the ZANU-PF's efforts: Maintaining power and redistributing land ownership. To maintain power, the party availed itself of repression and manipulation when it became clear for the first time, at the end of the 1990s, that forces were brewing in Zimbabwean society and politics that were strong enough to replace the ruling party.

Because the ability of the Zimbabwean state to distribute resources was progressively diminished by the deep-rooted economic crisis, it was almost inevitable that, in its efforts to maintain the system of patronage, the government turned to the last resource available in abundance: Land. From ZANU-PF's point of view, using the land question as an instrument to maintain the power of the Mugabe regime was logical. If one views the maintenance of power and the expropriation of the white-owned large-scale property holdings as the primary goals of the Zimbabwean government, it can at least be accorded a certain degree of reliability in setting and pursuing strategic priorities. This assessment was reinforced by Mugabe's signing of the Indigenisation and Economic Empowerment Bill, which will force foreign-owned firms to sell at least 51% of the shares of every public company and other businesses to indigenous (i.e., black) Zimbabwean businessmen.

The inclusion of the former opposition parties in the GNU demands some tempering of the picture of a government which is only interested in maintaining power and totally opposed to democratic and economic reforms. Though not all of the opposition leaders are democrats by heart, most of them have tried to achieve democratic and market-oriented reforms since joining the government. The limited success they have had so far is partly due to the continued resistance of ZANU-PF hardliners. But is also the result of a concentration of efforts on stabilizing the economy and mitigating the worst social effects of the economic crisis.

Since 1997, any efforts to reform Zimbabwe's economy have effectively been stalled and even reversed by more state control. Even the official top priority of the government's agenda, the fast-track land reform, failed in economic terms – mainly because it was poorly designed and subjugated to political considerations. Agricultural output dropped sharply, the new holders of the redistributed land lack the resources, knowledge and commitment to maximize its productivity. Almost the same can be said for political reform. From the mid-1980s to the mid-1990s political reforms, mainly in the form of constitutional amendments, were aimed at strengthening the executive and above all the president. After the failure of the constitutional referendum and break of the two-thirds majority of the ruling party in parliament in 2000, these efforts paused for five years but were resumed when the 2005 elections and the nomination of 30 members of parliament by the president had once more endowed the ruling party with a two-thirds majority in parliament. Though the last parliamentary election in March 2008 brought the opposition a majority in parliament, this did not result in a greater reform orientation for the government. On the contrary, Mugabe could ultimately – and by the use of excessive repression – win another turn as president and force the opposition into a power-sharing agreement. The 2009 power-sharing agreement has resulted in a highly complex system of government burdened with political infighting between and within the parties involved. There has been minimal progress towards the implementation of any of the conditions of the GPA and most economic and political decisions have still been hampered by political considerations.

Nevertheless, some ministries, mostly under MDC control, have been able to improve their steering capability and effectiveness. This applies specifically to the economic sector, as economic growth and a budget cash surplus in 2010 can be attributed to renewed efforts to strengthen and implement relevant policies. Furthermore, governance at the Reserve Bank of Zimbabwe has greatly improved and the government has made slight progress in strengthening the climate for business. The IMF confirmed the success by agreeing to restore Zimbabwe's voting rights after a seven-year suspension for unpaid debts in spring 2010. However, the government still has to come up with a comprehensive strategy for sound economic policies and clearance of arrears to official creditors in order to be eligible for IMF lending resources.

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 mis-designed and harmful policies, MDC-leaders and other parts of ZANU-PF are more reform-minded. The potential reformers in ZANU-PF are, however, unable to overcome the resistance of the party's hardliners and are concerned that a policy change might ultimately lead to their being ousted from power. As long as the

Implementation  
3

Policy learning  
2

reform-minded forces in ZANU-PF are not willing or able to join forces with the democrats in the MDC, the latter will be too weak to overcome the ZANU-PF hardliners and to push through comprehensive political and economic reforms.

There was room policy learning (and managing political conflicts): Skillful policies of co-opting and divisiveness by the government would have made it difficult for the extremely heterogeneous opposition to maintain its unity. Concessions in the debate over constitutional reform would have tempered the resistance of civic groups, without necessarily calling the ruling party's power into question. Moderate democratic reforms would have guaranteed a further influx of development aid, which in turn could have been used to improve government administration as well as the efficiency of the social and health care system. Even the land question could have been solved cooperatively. Both the large-scale landowners and the international donor community made concrete offers to carry out a land reform that would have considerably mitigated the land pressure in densely populated rural areas while at the same time preserving the productive capacity of the export-oriented agricultural industry. The fact that the government decided against these alternatives for many years can no doubt only be explained by an amalgam of distorted perceptions of reality, bad decisions and ideological fixations.

## 15 | Resource Efficiency

The government's use of resources has to be viewed from two angles. On the one hand there is ZANU-PF which keeps a tight grip on the country's revenues via the relevant ministries and its control over the security forces. The resources are not allocated for the stabilization of economy (i.e., infrastructure, health and education), but large amounts of the resources are being spent in the president's own everlasting patronage network. This accounts in particular for the revenues from the mining sector and for the still-ongoing land reform. MDC in contrast, with Finance Minister Biti at the forefront, seems to be on track in trying to improve economic indicators and stabilize the public budget as much as possible. The increase in budget revenue was used to finance the delivery of public services while the country's fiscal position was broadly balanced in the period under review.

For a long time economic policies were secondary to the government's desire to maintain control. Instead of encouraging the most effective use of scarce resources for the country's economic and social development, the government sought to use them to bind political supporters to the ruling party. Rewarding the loyalty of supporters with jobs, sources of sinecure income, licenses and development projects was politically highly effective. However, an economic policy that does not employ scarce resources where they provide the greatest economic benefit can function

Efficient use of  
assets

2

only as long as the resulting losses in efficiency are absorbed by third parties (i.e., international donors of development aid). This has been less and less the case since the beginning of the 1990s.

Before the power-sharing agreement was signed in 2009, the ZANU-PF-led government did not inevitably have to take the path it chose, or effectively avail itself of the resources that were at its disposal. Although the political foundation of the ruling party crumbled in the mid-1990s, the party was still strong enough organizationally, and even in terms of its platform, to withstand a challenge by an opposition party in free and fair elections.

In the period under review, the GNU has not been able to coordinate its policies and make them coherent to a sufficient degree. The two “partners,” ZANU-PF and MDC, are very much divided in their approaches to solving the country’s ongoing political and economic crisis. Reforms have been hampered by politicking. The proposal of elections in 2011 has put even more strain on the agenda. Furthermore, both parties are marred by infighting. ZANU-PF is suffering from ever-intensifying competition between ZANU-PF factions for Mugabe’s succession. This leads to considerable mistrust among government officials and attempts to undermine each other’s efforts. Another fundamental mismatch lies between the task of restabilizing the economy on the one hand and the need to use economic resources to maintain the patronage network on the other hand.

Policy  
coordination  
2

Again and again Zimbabwe has seen the publicizing and prosecution of high-profile corruption cases. In 2005, the government established an anti-corruption commission (Anti-Corruption Act, 14 January 2005) yet it has not been assembled since the inception of the GNU. While the population acknowledged to a certain extent some slight improvement in recent years, there are reports of rampant corruption up to the highest levels. According to Freedom House, the illegal reselling of agricultural inputs was common, as was corrupt behavior within the state-run Grain Marketing Board. Moreover, anti-corruption efforts are to a great degree being instrumentalized in the power game. Disloyal or dissenting officials run a particular risk of being targeted by accusations of corruption. The ZANU-PF factions also make use of these accusations to discredit representatives of the other camp. A multitude of opportunities for corruption are afforded by the complex system of controls over the economy and the lack of transparency in the land reform program.

Anti-corruption  
policy  
1

## 16 | Consensus-Building

There is a deep split among the major political actors on the question of making a market economy and democracy the long-term, strategic aims of Zimbabwe. The core leadership of ZANU-PF does not see both as strategic aims. The majority of

Consensus on goals  
4

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, the dedicated reformers and the opportunistic supporters of reform, should be strong enough to overcome the resistance of the anti-democratic hardliners if they can build up sufficient trust with each other. Nevertheless, it is difficult to see this as the outcome of the power-sharing arrangement between the ruling party and the opposition. Its provisions and the form of its implementation have so far left MDC with the role of a junior partner, very much limiting its ability to bring forward a new consensus on reform-oriented goals.

The hardliners' power in Zimbabwe is partly based on the mutual mistrust between the moderates' and reformers' camps as well as on the support of the security forces, in particular the military. Mugabe still enjoys a great following in the top ranks of Zimbabwe's army though parts of it are now identifying themselves with other ZANU-PF factions. The main problem for all those who would like to oust Mugabe is that nobody really knows how the military would react. Some military leaders have repeatedly emphasized that such a move would be totally unacceptable to them. On the other hand, the military has thus far strictly observed political primacy and only a few can imagine that the rank and file members of the army would follow orders to shoot down a popular uprising or the initiators of a palace coup.

Still the dominant political actor in the GNU, ZANU-PF has not mitigated existing social and ethnic cleavages but has instead exploited them. The explicit targets of this strategy were the landowners of European origin who were identified as the main culprits for Zimbabwe's economic and social problems. This campaign partly worked, especially in rural areas under considerable demographic stress, but it also met determined and sustained resistance. The implicit target of ZANU-PF's polarization strategy was the ethnic minority group of Ndebele who were defamed as collaborating with the landowners' attempts to keep the Africans, particularly the Shona, down. But the intensified power games in Zimbabwe also led – contrary to the intentions of Mugabe and his core followers – to a deepening of cleavages between the Shona sub-groups.

If conflict management is measured by the degree to which an open violent conflict could be hindered from breaking out, Zimbabwe's performance is not the worst. But the reasons for this "success" are very problematic: The massive repression of popular dissent by the president's party and the MDC's fear that any escalation would result in a civil war led to nothing more than rhetorical protests. The GNU did not succeed in managing conflicts and cleavages that have arisen within Zimbabwean society, with national healing remaining out of sight.

Anti-democratic  
actors

3

Cleavage /  
conflict  
management

2

The political leadership of ZANU-PF took all the necessary steps to discourage civil society from political participation. The power-sharing agreement with MDC has not put a hold to these policies. The POSA and the still envisaged NGO Act put narrow limits on such an engagement. Civil society leaders who express their opinion and criticize the government are intimidated again and again, prosecuted and put in jail. The only civil society groups able to flourish – if they deserve the term civil society – are the war veterans' association and organizations close to ZANU-PF.

Civil society participation  
2

Throughout the 1980s and 1990s, Zimbabwe was perceived as a model for reconciliation with regard to its overcoming of the bitter apartheid conflict. But, even at that time, this was only part of the story. In the mid-1980s the government unscrupulously dealt with the Ndebele dissidents in a counter-insurgency campaign which took more than 15,000 lives (at a conservative estimate). Since the late 1990s the government has changed tack, thrown its reconciliation policy overboard and resorted to a scapegoat approach aimed at the white minority. The developments of recent years would require another reconciliation process between perpetrator and victims of government repression. Human rights activists demand a truth, reconciliation and justice process, while more pragmatic leaders of the opposition fear that such a process will endanger the progress of what is in any case a laborious process of political transformation.

Reconciliation  
2

## 17 | International Cooperation

Despite some reforms in the economic sector, sanctions against Zimbabwe have not been lifted yet. ZANU-PF is still resisting meeting the demands of international donors, particularly with regard to repressive laws but also with regard to land reform. ZANU-PF consequently does not solicit international support – though it still insists that there is an international responsibility, especially from the British government, to support its land reform program. In the period under review, donors have kept their development aid to Zimbabwe at a minimum, mainly limited to humanitarian and food aid as well as to support for CSOs. The GNU still tries to escape its increasing international isolation by fostering links to China, Libya and Malaysia but also to Venezuela and Iran. Organizations in the UN system still provide for development aid but focus it very much on emergency areas, like food provision and health care. The government's repeated efforts at political instrumentalization undermine the effectiveness of this aid.

Effective use of support  
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Although there have been some improvements since the inclusion of MDC in the power-sharing agreement, the Zimbabwean government's credibility is very low in Europe and North America. However, Mugabe has succeeded in stylizing himself to some Muslim-dominated states and leftist-oriented governments in Asia and Latin America as a fighter against Western neo-imperialism and the global

Credibility  
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dominance of neo-liberalism in parts of Africa. This support makes it extremely difficult for African governments to deal with the Zimbabwean authoritarian system effectively. The leadership of MDC has enjoyed more credibility in the international arena but its poor record on policy and economic reforms have put a lot of strain on them.

Zimbabwe is member of the relevant regional and continental African organizations, especially the SADC as well as the AU. In both organizations Zimbabwe is, however, essentially a stumbling block to intensified cooperation and institutional reform. Mugabe's insistence on heading an important organ of the SADC hampered its transformation in an effective institution for many years. The Zimbabwean government's authoritarian rule undermines the credibility of the AU's reform program, NEPAD, and damages its efforts to develop a strategic partnership with the EU. Zimbabwe's relationship with its neighbors is varied. Relations are certainly most tense with Botswana whose leadership is relatively outspoken with regard to the situation in Zimbabwe and its consequences for the region. Zimbabwe's relationship with South Africa is ambivalent. Mugabe deeply mistrusts and envies his larger neighbor but heavily relies on the implicit support of the South African government. Zimbabwe has close relations with Angola and Namibia which it regards as essential partners in balancing South Africa's regional power, though relations with Namibia have cooled down a little bit with the change in the presidential office there. It is amazing how far the Mugabe regime has succeeded in avoiding real political and economic pressure from neighbors for reform, when one takes into account the negative spillover effects of his rule onto the country's neighbors.

Regional  
cooperation  
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## Strategic Outlook

The past two years have brought about two developments: On the one hand a halt of Zimbabwe's economic downward spiral and slight recovery, on the other, a political stalemate between a ZANU-PF clinging to power by all means and an MDC which still enjoys broad popular support but seems unable to translate it in real political strength. As the two-year term of the power-sharing agreement comes to an end in February 2011, neither constitutional nor electoral reforms are being put in place. Political instability is likely to increase as the date of the elections gets closer. While the MDC has stated that it will not participate in polls unless the planned constitutional reforms are in place, and has furthermore revealed the state's serious financial shortcomings for funding them at all, ZANU-PF has confirmed nevertheless its eagerness to call presidential and parliamentary elections in 2011.

At the time writing two scenarios can be considered:

In the first scenario, ZANU-PF quits the GNU, Mugabe dissolves the parliament and elections are called under the existing constitution for 2011: This scenario is most likely if ZANU-PF is either confident of winning the elections based on manipulation and repression or if Mugabe's health pressures them to move forward. In this case, MDC is left with a dilemma: If it takes part in the elections, ZANU-PF might rig the results as it did in previous polls. If MDC takes part in the elections and actually succeeds, Mugabe and ZANU-PF will most likely dispute the results, alleging vote rigging by pro-MDC civil servants. Mugabe will once again refuse to hand over power and either another power-sharing agreement will be concluded under the auspices of SADC or else ZANU-PF will try to govern alone. However, if MDC boycotts the elections as Morgan Tsvangirai has already hinted, ZANU-PF and Mugabe will carry the victory anyhow. MDC will then fall back into its position as opposition party without being able to influence the policies of the state. In any case, this scenario will heighten political and economic instability once more.

The second scenario entails an extension of the current power-sharing agreement. Elections are held based on reforms implemented beforehand: This scenario is most likely if SADC and particularly South Africa successfully increases its pressure on the GNU to fully implement the GPA. Institutional and legal, particularly electoral reforms spelt out in the GPA would have to be implemented. In particular, a constitution would have to be drafted and the referendum held would lead to a postponement of elections until at least 2012.

In considering these two scenarios, the international community is left with several obstacles and few options: In case of a victory of ZANU-PF and Mugabe – firstly in organizing polls and secondly in winning them – they will lose even more leverage than they already have. Sanctions have not had an effect on Mugabe's policies and are unlikely to do so in future, particularly if ZANU-PF is once more able to establish a de facto one-party rule. Revenues from the newly



revived diamond sector and the growing support from China and other, particularly Asian countries, give Zimbabwe room to maneuver.

However, cooperation with any state rests not only on hard interests but even more so upon shared norms and values. Therefore, the worst option for the community of democratic states would be to release pressure on Zimbabwean politicians, before at least a few steps have been taken. This applies for both scenarios and at either outcome of potential elections. First and foremost pressure to stick to the plan enshrined in the power-sharing agreement should be upheld. The implementation of envisaged reforms and the drafting of a new constitution are impossible as long as repressive laws are still in place and people are unable to exercise their constitutional rights of freedom of expression and assembly. Therefore, a suspension or considerable modification of the diverse laws oppressing civil society, human rights activists and political opposition (especially POSA and AIPPA) must be demanded, as must an end to politically instigated violence. Development cooperation should thus be limited to humanitarian aid and smart sanctions should be upheld against representatives of the ruling elite for as long as those minimum benchmarks are not met.

If there is significant progress in political reform, there are four obvious priorities for further cooperation. The first task is to restore and speed up the economy – by further deregulation but also by investments in the country's run-down physical and social infrastructure. Secondly, and as an integral part of the first task, the agricultural sector in Zimbabwe needs substantial assistance to regain some of its original strength. Land reform can certainly not be reversed. But the correction of the gravest injustices remains outstanding. The total privatization of land ownership should be considered. In addition, the new settlers of commercial farm areas are still in urgent need of training and agricultural inputs. Thirdly, the legal system – from the judges of the Supreme Court down to the lowest police officer – must be rebuilt. And finally, the country desperately requires some form of truth and reconciliation process.