

BTI 2014 | Zimbabwe Country Report

	scale	score	rank	trend
Status Index	1-10	3.91	# 108 of 129	
Political Transformation	1-10	4.38	# 88 of 129	➔
Economic Transformation	1-10	3.43	# 114 of 129	↗
Management Index	1-10	3.21	# 116 of 129	

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2014. It covers the period from 31 January 2011 to 31 January 2013. 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	13.7	HDI	0.397	GDP p.c.	\$	-
Pop. growth ¹	% p.a.	2.7	HDI rank of 187	172	Gini Index		-
Life expectancy	years	55.9	UN Education Index	0.571	Poverty ³	%	-
Urban population	%	39.1	Gender inequality ²	0.544	Aid per capita	\$	46.8

Sources: The World Bank, World Development Indicators 2013 | UNDP, Human Development Report 2013. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

The case of Zimbabwe demonstrates best how close to failure a transformation process can come. During the period under review, the country's Government of National Unity (GNU), formed in 2009, oscillated from one stalemate to the next. The most controversial and prominent topic during the period was the constitutional reform process. After the Zimbabwe African National Union-Patriotic Front (ZANU-PF), led by Robert Mugabe, in September 2012 tacked on a new 266 amendments to the constitution, after a "final" draft had been signed in July, many believed agreement between the three coalition partners impossible. But in January 2013, under pressure from the South African Development Community mediation team and with regard to paving a way for elections in 2013, an agreement was reached; the new constitution was scheduled to be presented to parliament in February 2013. This achievement opened the way for a referendum on the constitution in March, with elections either in June or in September/October.

Can the draft constitution be called a success? What became clear during the review period is that under Zimbabwe's government, no real successes with regard to democracy and a market economy could be expected. Since 2009, the inclusive government has tried to accommodate widely diverse views on democracy and a market economy with the former opposition party Movement for Democratic Change (MDC) and its two factions, one headed by the Prime Minister Morgan Tsvangirai (MDC-T) and the other headed by Welshman Ncube (MDC-N). While the MDC adopts the view of a reformist party, the ZANU-PF in contrast blocks all political projects which could endanger its grip on power.

The policy outcome of the three coalition partners is therefore highly compromised and has resulted in a draft constitution that on the one hand, includes a more comprehensive and inclusive bill of rights, introduces the idea of devolution of power and removes some executive powers (no unilateral dissolution of parliament, presidential term limits as well as term limits for security service heads). But on the other hand, the constitution, once it comes into force, will not open up

the media space, does not provide for a more independent judiciary and legalizes property seized during land invasions since 2000.

With regard to the much needed reconciliation process, a new Peace and Reconciliation Commission will be established, yet its investigations will be limited from 2009 onward. The same counts for the Human Rights Commission Act, which is also not allowed to look into atrocities committed before the inception of the GNU.

The country's market economy too presents the same ambivalent picture. Finance Minister Tendai Biti (MDC-T party) has tried to stabilize the economy, but because of the unstable political environment amid GNU stalemates and unsolved succession issues, foreign investors have been hesitant. Particularly as the minister for indigenisation and empowerment has attempted to make his mark in the Mugabe succession battle, he has pushed a policy which mostly benefits the ZANU-PF patronage network. The Indigenisation and Empowerment Act has pressured mining giants, such as South African Impala Platinum Holdings, to give 31% of its ownership shares to the state. One glimmer of hope is the willingness of the IMF to start a staff-monitored program (SMP) in Zimbabwe in 2013, especially as economic prospects have cooled, with GDP growth falling from 9% to 4.4% in 2012 and with external debt still high at \$10.7 billion (113.5% of GDP).

With 2013 expected as an election year, the prospects for the economy are not good. Voter registration started slow and in general, lacks funding. The overhaul of voter rolls, which include some 2.5 million "ghost" voters, will be crucial in enhancing the transparency of the upcoming elections. If parties and the government adhere to the Electoral Amendment Act passed in September 2012, ideally better conditions for a free and fair contest, in comparison with 2008, can be expected. Nevertheless, new electoral rules together with a new constitution still do not provide an equal playing field for the different political parties. And importantly, the question remains whether the government and ZANU-PF will follow the laws they passed or how much money, food aid, intimidation and violence will be used before and after the elections to manipulate the results.

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, 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 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), 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 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.

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 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

The state monopoly on the use of force is established nationwide, yet problem is not its capacity but its legitimacy. The police and army are highly politicized and act on behalf of only one of the three coalition partners of the Government of National Unity (GNU), the ruling party Zimbabwe African National Union-Patriotic Front (ZANU-PF). In coalition negotiations, Robert Mugabe's ZANU-PF insisted on controlling the defense ministry and on a shared but de facto control of the home affairs ministry. In addition, Mugabe and ZANU-PF rely heavily on parastatal groups, like war veterans and youth militias, to resolve conflicts over power; these groups have been ideologically indoctrinated and were trained by former military personnel to use violence to achieve their aims. Rural areas are under de facto control of these forces. Since 2000, militia bases have been established throughout the country, where army, police, war veterans, youth militia, traditional leaders and ZANU-PF members of parliament and party officials work hand in hand to establish a network of terror. Even after the formation of the GNU, state forces have acted as protectors of ZANU-PF, while unlawfully arresting ministers of the Movement for Democratic Change (MDC), parliamentarians, party supporters, journalists, civil society activists and ordinary citizens. Throughout the review period, parastatal and state forces stepped up their presence and activities in Harare as well as in rural areas whenever Mugabe unilaterally pronounced vague intentions for elections, a reduction of executive powers (as discussed during the formation of the new constitution) or during the census in August 2012.

The Zimbabwean state is broadly accepted among its citizens. While the state is split into two major and fairly distinct ethnic groups – the Shona, who make up roughly three-quarters of Zimbabwe's population, and the Ndebele (approximately 16% of the population) – there is no relevant group or major political actor seeking secession, although there are smaller political parties based in the Ndebele homelands that are demanding a greater share in political power. Such requests could be met if

Question
Score

Monopoly on the
use of force

8

State identity

7

devolution of power, as foreseen in the new draft constitution, is implemented. As part of the prior constitution, citizenship is withheld from hundreds of thousands of migrant workers who come from neighboring countries yet who have lived in Zimbabwe for decades and work mainly on farms or in private households. The draft constitution offers the possibility for these individuals to be granted citizenship. No real consensus was reached over the issue of dual citizenship for the 3 million Zimbabweans who migrated to other countries during the crisis (2000 – 2008), however, with the decision left to parliament. With elections in 2013 and opinion polls suggesting that a huge share of the Zimbabwean diaspora tends to vote against ZANU-PF, their participation might be decisive for the outcome of the vote.

Zimbabwe is a mainly Christian country, with small minorities practicing Islam or following traditional African cults. Nevertheless, Catholics and Protestants are losing more and more ground to African Independent or “white garment churches” and Pentecostal churches that mushroomed during the economic crisis. Belief in the power of spirits, ancestors and witchcraft remain deeply entrenched. Religious dogma plays no significant role in 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 the Zimbabwe African National Union-Patriotic Front (ZANU-PF) and the Movement for Democratic Change (MDC) parties to mobilize churches, especially indigenous-led ones, for political support in elections. This tendency has intensified with regard to African Independent churches. Before ZANU-PF sided for more than a decade with the Anglican Church in hope of political support; it took sides with the highly controversial Bishop Kunonga until he was excommunicated and stripped of his properties in 2012.

No interference of religious dogmas

9

The state maintains a more or less functional but much less effective basic administration at local, provincial and national levels than it did before Zimbabwe’s political and economic crisis. The legal system is differentiated in that law enforcement is a problem when ZANU-PF officials are concerned or with regard to accusations of corruption. The judiciary and the police are highly controlled by the Zimbabwe African National Union-Patriotic Front (ZANU-PF) party, and corruption is widespread. In the period under review, the raising of taxes has been improved thanks to technological upgrades, including the acquisition of new computer equipment. During the crisis, the provision of basic services was compromised; and although the situation has dramatically improved when compared to 2008, some problems such as access to clean water and power still persist. Notwithstanding that basic services such as refuse collection have been reinstated, particularly in the capital deficiencies in sewage networks are still rampant and some low-density suburbs have not received water for many years. According to the World Bank, in 2010 only 40% of the population had access to sanitation facilities, resulting in the regular outbreak

Basic administration

5

of epidemics such as cholera and diarrhea on a still-controlled scale. Thanks to substantial donor aid in the areas of water, education, health and physical infrastructure, these sectors are slowly recovering. Nevertheless, the emigration of thousands of nurses, doctors and teachers still impacts negatively on the delivery of social services. The city council of Harare is one example of how corruption, mismanagement and poor delivery of services are connected.

2 | Political Participation

Zimbabwe's national elections have not been free nor fair since the mid-1990s. Before the presidential and parliamentary election in March 2008, political apathy among voters seemed to be so widespread and opposition parties so weakened that the ruling party underestimated the effect a slight opening of the political space would have, thanks to the interference of the South African Development Community (SADC).

The Movement for Democratic Change (MDC) won control of parliament with 100 seats to the 99 seats of the Zimbabwe African National Union-Patriotic Front (ZANU-PF). A further 10 seats were secured by another opposition party. In the presidential election, the main opposition candidate, Morgan 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 campaigns carried out before. Mugabe was re-elected and re-inaugurated as president. Eventually, one of the central efforts of the General Political Agreement (GPA) was to change the constitution and electoral laws in a way that would create a level playing field for future elections. Naturally, this issue encountered resistance from the ZANU-PF, which feared the potential loss of its power and status amid a fair political field. After intense debates also among ZEC members 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 is that election results must be provided after five days, in an attempt to limit any scope for manipulation of the results, to avoid any repeat of the events of 2008. The act also provides for the new registration of voters, as almost 30% of voters on the rolls were deceased, and 40% did not reside at the address registered. Nevertheless, the responsibility for the voting rolls is split between the ZEC and the Registrar General's Office, the latter being nominated by the president. ZEC lacks professional personnel and resources; the ZEC chairman, for example, is a highly reputed judge to the High Court of Namibia and relocated to this neighboring country possibly out of

Free and fair
elections

3

frustration. The ZEC chairperson is appointed by the president after consultation with the Judicial Service Commission and the parliamentary committee on standing rules and orders. Voter registration started in early January 2013, with elections scheduled either in July or in September/October.

The power to govern has to a large extent remained with President Mugabe and his intimates in the Zimbabwe African National Union-Patriotic Front (ZANU-PF), including business interests aligned with the party. The president is still in control of the government and the state, and although the parliament enjoys legal rights to a certain degree, it has not acted as a strong political player. The opposition's control of parliament, however, requires some form of power-sharing, which was reached as part of the General Political Agreement (GPA) agreed upon by ZANU-PF and the two Movement for Democratic Change (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 Morgan Tsvangirai more or less reduced to the role of a ceremonial prime minister. ZANU-PF and President Mugabe still have a tight grip on government departments which control the country's resources and their allocation (agriculture, mining, local government, transport and infrastructure, land and land resettlement) and, above all, of the only veto power which is in a position to render the last resort of constitutional rule ineffective, that is, the military. Since the establishment of the Government of National Unity (GNU), the higher ranks of the military have actively undermined it. The so-called securocrats, or the heads of the defense forces, the police, the air force, the prisons and the central intelligence agency, have publicly criticized the prime minister, swearing that they would never serve an entirely MDC-led government. Having accumulated wealth and power during the Zimbabwean crisis, the required security sector reform is a highly complex issue. The intentions of securocrats are unclear, as some prominent figures have undergone academic training, probably to launch their political career within the already highly militarized state administration. There seem however to be some friction within the ranks of securocrats, as some may still accept a government led by Tsvangirai. Though the National Security Council, which should have replaced the Joint Operation Command (JOC), the de facto government before the formation of the GNU, is still not meeting on a more regular basis; but suspicions are high that JOC is still operative.

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 has roots back in colonialism but was revised and strengthened in 2002. Though there has been an individual effort from a member of parliament (Movement for Democratic Change (MDC) party), the revision of the law has been

Effective power to govern

2

Association / assembly rights

5

blocked by the Zimbabwe African National Union-Patriotic Front (ZANU-PF) and its vice president, Joyce Mujuru. 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. However, the space for parties and civil society organizations has expanded a little more despite restrictive laws and periodic state harassment. 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 civil society organizations opposed to ZANU-PF. Nevertheless, in recent years there have been few convictions. This changed however in the run-up to elections. The formation of parties is not restricted but parties, including the MDC, are still subject to frequent acts of repression and manipulation. Members of civil society and even parliamentarians and cabinet members have been harassed and arrested on the basis of questionable charges.

Expectations have been high that with the Government of National Unity (GNU), the restrictive media law would be liberalized. Though some improvement can be seen with regard to more diversity in print media, the general situation has not changed substantially when compared to 2008. The Zimbabwean constitution, as well as the new draft constitution in theory, guarantees the 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 and has not been amended in the period under review. AIPPA requires all operating media and journalists to apply for registration with the Zimbabwe Media Commission (ZMC), whose chair and members are appointed by the president. Local offices of foreign broadcasting corporations were threatened to be banned in early 2012 if they did not register with the ZMC. In September 2012, a media council to regulate the conduct of journalists was created, in what is seen by journalists as a further step to control freedom of expression. However, with President Mugabe pushing for elections, a Press Freedom and Transparency bill was presented at the end of 2012, with the intention to get a blessing by the South African Development Community (SADC) to go ahead with elections in 2013. The bill clearly shows the different attitudes of the parties, as the Zimbabwe African National Union-Patriotic Front (ZANU-PF) prioritizes the regulation of media against free access to information, as required by the Movement for Democratic Change (MDC).

The GNU is still far from providing free access to information; from 14 applicants for a commercial radio broadcast license, only two broadcasters (closely linked to the ZANU-PF) were licensed and started broadcasting in June 2012. The state-appointed Zimbabwe Broadcasting Authority (ZBA) is still sitting on applications for private television licenses and for communal radio stations. In the run-up to the elections, journalists, private newspapers and print services increasingly face harassment and intimidation by state forces.

Freedom of
expression

4

3 | Rule of Law

The Zimbabwean constitution provides for the separation of powers between the executive, legislative and judiciary branches, although in recent decades and even after the formation of the Government of National Unity (GNU), presidential powers have been de jure and de facto so far reaching that this separation was essentially 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 Court and High Court, and has the power to summon, adjourn and dissolve parliament and to unilaterally call for elections. Section 31 of the constitution vests the president with “the executive authority of Zimbabwe,” giving the role the power to run the general administration of the country.

Separation of powers

4

Nevertheless, parliamentary committees have tried to make substantial changes on proposed legislation and have critically reviewed the policies and activities of the government. The new majority of the Movement for Democratic Change (MDC) party in the House of Assembly and in the commissions (re)created after the formation of the GNU (media, elections, anti-corruption and human rights) have led to high expectations that laws like the Public Order and Security Act (POSA) or the Access to Information and Protection of Privacy Act (AIPPA) would be amended. However, these initiatives and others have failed due to delaying tactics in the Senate (with its ZANU-PF majority) or by President Mugabe himself, who still has to sign all laws that had been approved by parliament.

For many years, Zimbabwe was renowned as one of the few African states which maintained a truly independent judiciary. The Supreme Court and High Court frequently passed verdicts that ran against the government line or even forced the government to withdraw a certain measure. This independence has, however, been consistently eroded since 2000, when the ZANU-PF-led government first expanded the membership of the Supreme Court and then replaced its independent members with government cronies. Since the inception of the Government of National Unity (GNU), the situation has hardly changed. Judges have been appointed by President Mugabe without any involvement of Prime Minister Tsvangirai and the Movement for Democratic Change (MDC). In the review period, few if any judges in the Supreme Court or High Court can be considered independent. They are closely tied to the Zimbabwe African National Union-Patriotic Front (ZANU-PF) and to Mugabe, receiving rewards such as farmland, houses and cars. Even worse, a majority of appointees are perceived as being insufficiently qualified. Judges who rule against ZANU-PF policies risk being subjected to immense pressure or intimidation.

Independent judiciary

4

After much back and forth, the creation of a Constitutional Court was included as part of the draft constitution. The transitional provision foresees a chief justice and seven Supreme Court judges sitting on the court for seven years. Thereby an opportunity was missed to begin the new institution with new personnel, as only three new judges are scheduled to be named in the period. As part of the new constitution, the powers of the president to nominate judges has been shifted to the Judicial Service Commission (JSC); however, some members of the commission are appointed by the president. Nevertheless, under the new constitution, vacant positions for judges have to be advertised and public interviews have to be held. In the draft constitution, the attorney general is still appointed and can be removed only by the president and does not have to report to parliament. At least criminal persecutions will be made by a prosecutor general and not any more by the attorney general. It is expected that the current heavily biased attorney general might head the National Prosecuting Authority in the next six years.

Corruption has become endemic and affects all sectors of society, including health, education and sports. In the perception of the population, cases of corruption can be seen especially in the police, within political parties, in parliament, in the courts and with regard to public services. On a positive note, some accused of corruption, such as traffic police officers, or members of parliament (of both parties) over the abuse of funds allocated by the Constituency Development Fund, have finally been charged during the review period. But most officials, such as bureaucrats in the Registrar's Generals Office who demand bribes for the service of providing official documents, are not taken to court. Furthermore, many senior officials have still avoided prosecution over corrupt practices, such as Obert Mpofu, the minister of mines who enriched himself through the illegal extraction of diamonds; or Ignatius Chombo, the local government minister who owns some 75 residential and commercial stands.

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 Zimbabwe African National Union-Patriotic Front (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.

Charges of alleged office abuse can also be politically motivated. Elected officials who belong to the Movement for Democratic Change (MDC) have been particularly targeted with corruption allegations. Even within the ZANU-PF, corruption cases are often used as tools of political infighting and power games.

Among other rights, Zimbabwe's constitution guarantees protection from torture and arbitrary search or entry. Despite the power-sharing agreement between the Zimbabwe African National Union-Patriotic Front (ZANU-PF) and the Movement for Democratic Change (MDC), civil rights have continuously been restricted in

Prosecution of
office abuse

3

Civil rights

3

Zimbabwe through repressive laws, the encroachments of security forces and by violent attacks by ZANU-PF supporters, war veterans and youth militias on MDC members, civil society activists and ordinary people. MDC supporters have repeatedly faced harassment by the police and have been jailed, albeit in fewer numbers than were before 2008. The ongoing preparations for future elections have led to the deployment of the army in rural areas and the harassment of villagers, who are often forced to attend ZANU-PF rallies.

Generally, the law is applied selectively and no effective protections are in place against arbitrary or long-term detention without trial. Though the Zimbabwe Human Rights Commission (ZHRC) is in place since 2010, it has been inactive as its legal mandate, the Human Rights Act, was only agreed upon in October 2012. The law determines that the commission will only look into human rights violations that occurred after 2009, ignoring the post-election violence of 2008 and the massacres of the 1980s. The MDC nevertheless consented to the Human Rights Act in the belief that the National Reconciliation and Peace Commission will look into the period before 2009. At least, the act formally enables investigations into election irregularities and enables the commissioners to inspect prisons and other places of detention. A lot will depend on the political will of the commissioners, some of whom do not have a good record on human rights. A further blow has been the resignation of the ZHRC chairperson, Reginald Austin, an internationally known lawyer, over a lack of political independence, a budget and qualified staff.

4 | Stability of Democratic Institutions

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. Despite the power-sharing deal with the Movement for Democratic Change (MDC), the Zimbabwe African National Union-Patriotic Front (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) and often humanitarian aid from social groups and areas which are perceived as backing MDC or standing up against human and civil rights violations. The parliament is often still being pressed to endorse decisions made by executive branch (dominated by the ZANU-PF) or by the principals of the three parties, with the prime minister and the vice prime minister often ceding power to the ZANU-PF. Democratic supporters had put some hope in the media, human rights, elections and anti-corruption commissions that were built, although not without delays, according to the General Political Agreement (GPA), but not one commission has so far fulfilled expectations. They all lack manpower, funding and independence.

Performance of
democratic
institutions

3

Nevertheless, members of parliament are now questioning policies which previously were never discussed openly, such as the amassed wealth of the minister of local government, and are making use of their right to invite one of the “securocrats,” such as the police commissioner-general, to a parliament hearing. 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. Three ZANU-PF members were even found guilty and jailed, on murder charges following the death of a MDC activist in 2002. Public administration at the higher levels is still heavily dominated by ZANU-PF personnel who are able to stop reformist or more democratically oriented policies which were formulated by middle and lower ranks within the administration.

Barely any of the leading representatives of the former regime can be considered to be democrats by conviction. The leadership of the Zimbabwe African National Union-Patriotic Front (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 desired results. Nevertheless, a split within the ZANU-PF hierarchy as well as within the security forces can be seen between those who set themselves up better within the new coalition government (moderates) and those who want to go back to before 2009 (hardliners). Due to the ongoing succession struggle within the ZANU-PF, the actual alliances – who is siding with which camp and according to what goals – remains opaque and fluid. The picture is certainly different for the leadership of the former 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. Signs of political corruption by higher and lower ranks as well as incidents of political violence within MDC-T cannot be ignored any longer.

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: the Zimbabwe African National Union (ZANU) and Patriotic Front-Zimbabwe African Peoples Union (PF-ZAPU) which merged in 1987 to the Zimbabwe African National Union-Patriotic Front (ZANU-PF).

ZANU-PF, the ruling party since independence, has a developed structure and is represented with offices and officials in all parts of the country. Nevertheless, the

Party system
6

party became more and more fragmented as the succession debate – who will follow President Robert Mugabe, who turns 89 in February 2013 – was still not solved at the time of writing. In the period under review, ZANU-PF seems to have recovered from its 2008 crisis, but the dissolution of district coordination committees shed further light on the succession battle, particularly between the vice president, Joyce Mujuru, and the defense minister, Emmerson Mnangagwa, who both want to control the party. There are fears that the party might be torn apart by the struggle. Mugabe, who has always fuelled infighting, has so far profited as he presented himself to be the only guarantee for party unity. Until the emergence of the Movement for Democratic Change (MDC) in 1999, its dominance was almost unchallenged by other parties. The 2005 split of the party was certainly a major setback to 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-conservative, business-oriented wing. With upcoming elections in 2013, there are calls to unify the two factions to enhance their chances on election day, but the differences to overcome are quite substantial. In the long run, Zimbabwe can be expected to develop a fairly stable two- or three-party system, though for political and ideological reasons, it might remain polarized for quite some time – though this tendency seems to have lost momentum with the compromising nature of the political power-sharing deal.

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 – those who were increasingly alienated by government policies and the negative outcomes of the Economic Structural Adjustment Programs (ESAP) such as deepening urban poverty – 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, as some failed to adapt to the new situation. 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. In addition, cooperation among groups was also hindered because civil society leaders were being systematically harassed and intimidated, and civil society organizations were repressed and in some cases infiltrated. Of major concern is that the population in rural areas is traditionally not adequately represented in interest groups, as most organizations are urban-based and

Interest groups
4

concentrate their efforts in the capital. The power-sharing agreement between the main opposition party MDC and the Zimbabwe African National Union-Patriotic Front (ZANU-PF) has led to a further weakening of advocacy groups, as they recalibrated their policies their ally, the MDC, joined government. A common platform among advocacy groups was seen partly during the constitution-making process. A common agenda with regard to the referendum on the constitution and upcoming elections can be expected, with some few exceptions.

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

The economic crisis and the breakdown of public services has forced the Zimbabwean population to resort to self-help initiatives. This trend was already visible 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 assistance and the failure of the state to provide it. Nevertheless, the affiliation rate for community-based associations or other voluntary groups is quite low. According to the Afrobarometer survey of 2012, only a fifth of interviewees are active members. Notwithstanding, there is an interest in community-based cooperation as nearly half of the respondents in rural areas conveyed that they participate in community meetings and nearly 40% of those living in urban areas said they would do so if they had a chance. Although it is true that during the height of the economic crisis, people encountered a lot of solidarity, a certain extent of “elbow mentality” could be found as well, as resources were scarce and the social fabric of communities, where values like solidarity were once prevalent, broke as a result of the crisis (migration, high HIV rates).

Social capital
4

With regard to trust, almost half of respondents trusts their relatives more than other people they know (9%). Some 83% of respondents state that one must be very careful

when dealing with people (Afrobarometer 2012). Most research points to low levels of trust partly 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 tendency is enhanced by the traditional culture and the fear of the use of witchcraft in a harmful sense.

II. Economic Transformation

6 | Level of Socioeconomic Development

In the 2011 Human Development Index, Zimbabwe ranks just below Afghanistan. The country has not yet recovered from a decade of economic decline, which left 80% of the population unemployed, and 90% living below the poverty line. Nevertheless, Zimbabwe has begun a recovery, as it no longer holds the last place on the index but is ranked 173 (of a total of 187). The inheritance of a once well-functioning schooling system supports literacy rates above 90%, though this figure is disputed (75% is held as more realistic) as data generally is still lacking and new information is expected from the census conducted in 2012. Generally, it is known that the dropout rate of pupils, especially of girls, be it in primary or secondary school, 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). Here the persistent low-life expectancy of women (34 years in 2006) still seems to be leaving its mark, though this statistic has changed, rising and now equal to men in 2012 at 47 years, according to the World Health Organization. This improvement is owed 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, though food at least is now available, in contrast to the crisis years of 2007 – 2008 (Afrobarometer 2012). According to that same survey, some 80% of respondents in rural areas said that in the past year, they have often or always gone without a cash income, and a fifth of respondents said that they have many times or always gone without food to eat. In urban as well as in rural areas, people see unemployment as the biggest problem the government needs to address. Ethnicity does not play a determinant role in Zimbabwean politics, as it has been downplayed for some time by the Mugabe regime. Nevertheless, some unrest within smaller ethnic groups, like the Tonga in the northwest, does exist. The draft constitution acknowledges 16 minority languages which will become part of the country's official

Question
Score

Socioeconomic
barriers

3

languages. The Ministry of Education has already started printing textbooks in native languages, something that was not done in the past.

Economic indicators		2009	2010	2011	2012
GDP	\$ M	6133.2	7433.3	9656.2	10813.9
GDP growth	%	6.0	9.6	9.4	5.0
Inflation (CPI)	%	-	-	-	-
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	1.7	2.2	4.0	-
Export growth	%	-8.2	57.2	17.7	-
Import growth	%	36.2	33.7	20.2	-
Current account balance	\$ M	-	-	-	-
Public debt	% of GDP	-	-	-	-
External debt	\$ M	5413.3	5865.8	6275.5	-
Total debt service	\$ M	102.0	375.3	1137.4	-
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	12.7	19.2	23.8	-
Public expnd. on edu.	% of GDP	-	2.5	-	-
Public expnd. on health	% of GDP	-	-	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	1.3	2.1	2.9

Sources: The World Bank, World Development Indicators 2013 | International Monetary Fund (IMF), World Economic Outlook 2013 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2013.

7 | Organization of the Market and Competition

Throughout the 1980s, Zimbabwe was considered a market-oriented, though heavily state-regulated, economy. In the early 1990s, Zimbabwe began a series of economic reform programs which were never followed effectively or decisively. Recent years have witnessed excessive state interference in the country's foreign exchange policy,

Market-based
competition
3

in the setting and manipulating of price mechanisms and in the labor market, in issues of property rights and in the systematic favoring of state enterprises controlled by the ruling party or important power brokers. Prior to the formation of the Government of National Unity (GNU), Zimbabwe was on track to evolve from a heavily state-regulated market economy to a state-controlled economy. As a result, 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. In the 2012 ranking of the Index of Economic Freedom, Zimbabwe is ranked the worst but one country on the list, and the last within Sub-Saharan Africa, although its score is higher than in the 2011 index (data from 2010). There have been improvements with regard to trade freedoms (less government intervention) and business freedoms, but deterioration with regard to fiscal freedoms (higher taxes) and labor freedoms.

This kind of policy has been extended with the Indigenisation and Empowerment Act, put into practice from 2010. The act allows different ownership thresholds for non-(black) Zimbabweans, and at least 51% of any company or firm has to be held by local, black Zimbabweans. Though the act is not used consistently, it is a constant threat and has a negative impact on the economic environment.

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 a well-known feature of the Zimbabwean market, as the example of Delta, which supplies more than 90% of locally produced beverages, shows. Another heavyweight is Econet, which controls more than 70% of the mobile-telephony space. 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 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. The same accounts for the Zimbabwe National Water Authority (ZINWA) and for the national airline, AirZim, both of which do not operate with the demands of their customers in mind. Short-listed for privatization by the Ministry of State Enterprise are the telephone line operator TelOne and its sister company, Netone (mobile), and the Grain Marketing Board. All are well known to have Zimbabwe African National Union-Patriotic Front (ZANU-PF) loyalists in management. Importantly, initiatives to make the financial system more stable also run also the risk of creating new monopolies. The African Development Bank (AfDB) warns that the new minimum capital requirements for banks, in place since July 2012, might lead to a market monopoly for healthy banks. The new threshold, from \$12.5

Anti-monopoly
policy

4

million up to \$100 million, is especially difficult for local banks, which are still suffering following the 2008 economic crisis.

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 experienced hyperinflation through 2007 and 2008 and 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. After the formation of the Government of National Unity (GNU) in 2009, the government first formulated the Short-Term Emergency Recovery Programs (STERP I, II, 2009 – 2011) and then started working on a policy framework to overcome a situation where the trade policy of the country was shaped by various ministries, laws and regulations. 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 member of the South African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the African, Caribbean and Pacific Group of States-European Union (ACP-EU) group and the World Trade Organization (WTO) and is party to discussions on a tripartite free trade area encompassing COMESA, SADC and the East African Community. 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 SADC have given Zimbabwe until 2014 to adjust its tariffs and to give local industry time to recapitalize and to become competitive. South Africa is by far the country's largest trading partner, with 60% of imports and 40% of exports, resulting in a constant trade deficit.

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. Four years after the formation of the Government of National Unity (GNU), the banking system is still quite fragile. Most of the 22 banks that are part of the Financial Traders Association of Zimbabwe (FTAZ) are poorly capitalized, credit risk is as high as 10% and the credit crunch is still felt. Nevertheless, deposits and

Banking system
5

credits have continued to grow, but the pace has slowed down since mid-2011. Of concern is that one-third of the population, especially in rural areas, does not have an active bank account. Further constraints are put on banks by the Indigenisation 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. As this amount is not available – by the end of 2011 some 15 banks operated below the prudential liquid ratio – mergers will have to be created. Paradoxically, Zimbabwean capital does exist, but not within the country, as a legacy of hyperinflation and the slow pace of political change. About \$2 billion is estimated to be circulating outside the country's official financial system.

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 % (21 zeros) in November 2008, when in January 2009 the Zimbabwe dollar was replaced by a multicurrency system. Since 2009, the inflation rate has been controlled at single-digit levels, standing in 2011 and 2012 at 3% to 4%. As the Reserve Bank of Zimbabwe (RBZ) was seen as the main contributor to hyperinflation in early 2011, a new RBZ board was created to overcome the legacy of the past. In addition, 75% of the bank's extensive staff was acquitted. Furthermore, RBZ had to give up its temporary and non-legal responsibilities in the highly disputed mining sector. In October 2012, the IMF paved the way for negotiations on a staff-monitored program (SMP) in Zimbabwe that would address further central bank reforms, financial sector reforms and monetary and exchange policies.

Anti-inflation /
forex policy

6

With liquidity too low to permit borrowing to fund a budget deficit, the government has been forced to balance expenditures and revenues since 2009. Even attempts to sell treasury bills have failed. Expenditure constraints have been particularly severe for those making efforts to restore efficiency to electricity, railway and air transport services. The Government of National Unity (GNU), and in particular Movement for Democratic Change (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 establishing acceptable investment conditions. Most discouraging to investors since 2010 have been the Indigenisation and Economic Empowerment regulations, which require foreign investors to relinquish 51% of ownership shares to indigenous people within five years. In 2011, a small cash surplus was generated which was quickly spent on highly indebted state enterprises, parastatals and salary increases for public sector employees.

Macrostability

4

The 2011 current account deficit totaled 36% of GDP, a rise of 7% when compared to 2010 because of increasing imports. In 2012, the IMF expects current account

deficits to level at 20%. However, it has become clear that the country's quick recovery phase, from 2009 to 2011, has now slowed. The IMF estimates for 2012 a cash deficit of 1.5% of GDP, as mining sector revenues were less than expected. With a trade deficit (as local manufacturing still struggles to recover from the crisis) and exports still weak, the country's overall balance of payments deficit was \$4.981 billion in 2012, according to the reserve bank's monetary policy statement.

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. This has contributed to a slowdown in growth in 2012. Zimbabwe's total external debt is estimated at \$10.7 billion (113.5% of GDP) with the major share owed to the World Bank (\$911 million) and to the African Development Bank (\$587 million, Article IV Consultation Paper, September 2012, IMF country report). In contrast to this, domestic public debt is comparatively low at \$507 million in 2011, with the Reserve Bank of Zimbabwe (RBZ) being responsible for more than half the amount. International reserves are very low because of the effects of the crisis and continuous political insecurity. A glimmer of hope remains with the IMF's proposal to start a staff-monitored program in 2013. The program's conditions include progress made on a draft constitution and the implementation of a 2010 payroll audit, which revealed some 75,000 "ghost" workers paid by the public services, with some names appearing up to seven times on the payroll lists.

9 | Private Property

Since the implementation of the fast-track land reform program in 2000, property rights in Zimbabwe are hardly guaranteed. Ownership is still not guaranteed, as the expropriation of lands from white farmers continues. Although the Movement for Democratic Change (MDC) did not approve of these policies, the party has not managed to reverse them since the inception of the Government of National Unity (GNU). Though the Zimbabwe African National Union-Patriotic Front (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. In the new draft constitution (January 2013), 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 draft constitution, agricultural land may be "acquired for public purposes" by the state without any compensation. ZANU-PF still sees the issue of compensation as a subject to be handled by the United Kingdom as the country's

Property rights
2

former colonial power. The draft constitution also allows those who occupy seized land to remain on the land. Another case of disrespect for property rights is the Indigenisation and Empowerment Act, signed in 2007 and put into practice in 2010, against opposition Movement for Democratic Change (MDC) voices who see the act as another example of patronage. The law requires foreign- and white-owned businesses valued more than \$500,000 to create and present a plan to the Ministry of Indigenisation and Economic Empowerment which shows steps toward the empowerment of indigenous (i.e., black) entrepreneurs. The ministry has created further turmoil in 2011 and 2012 when requiring mining and businesses in the finance, tourism, education and sport, arts, entertainment and culture, engineering and construction, energy, services, telecommunications, transport and motor industry sectors to increase the participation of locals within their companies within one year. In 2011 and 2012, entities like Barclays Bank, British American Tobacco or a South African sugar producing company were given a 14-day ultimatum to hand in empowerment plans if they did not want to lose their license. According to the state-owned Herald newspaper, Impala, one of the biggest platinum producers in the country, agreed to sell 31% of subsidiary Zimplats to the National Indigenisation and Economic Empowerment Fund and 20% to employees and to the community.

In the International Property Rights Index 2012, Zimbabwe ranks 124 of 130, whereas the year before, it shared the last position on the index together with Venezuela and Burundi.

In principle, private companies can act freely in Zimbabwe but there have been massive infringements of property rights. In the crisis years (2000 – 2008) the abilities of private companies to obtain and spend foreign currency, to import and export goods and commodities, and to determine prices and employ labor had been severely constrained. The only private companies who were able to gain from the economic developments of recent years appeared to be South African food importing companies and Chinese companies that are better placed than local ones. In an enterprise survey from the World Bank (2011), companies state as major problems in Zimbabwe the access to finance and general political instability. In the Doing Business Index 2013, Zimbabwe is ranked 172 out of 185. Starting a business takes more than three times the average time according to the survey. Other obstacles for private companies are “getting electricity, getting credit, protecting investors.” In the past, the government used to heavily favor the 78 state enterprises and parastatals (SEPs) which are important in strategic business sectors (electricity, water, fuel, communications and agriculture) but have been underperforming in the last years. 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. But a quite comprehensive restructuring process of SEPs is underway. The government treasury announced that from 2013 financial support will only be given to those SEPs that complied with statutory obligations,

Private enterprise
3

provisions of the corporate governance framework and the Public Finance Management Act. In addition, a State Enterprise Management bill will be tabled in 2013.

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. A health care program is available for low-paid workers, and free health care is available to those under a certain income level. During the crisis, payments and claims were neglected as their value in Zimbabwe dollars was minimal. Though NSSA collections have substantially increased in 2011 and 2012, not all employers are paying their contributions because of their own capital constraints. As the country's unemployment rate is estimated at 70%, only a minority benefits from the little money which is handed out by the NSSA. There is no unemployment insurance. The weak economy cannot support a strong welfare system. The effects of high unemployment, a limited tax base and low productivity limit resources available for a viable social security system. In 2011, retired individuals received a monthly pension of \$40, which was raised to \$50 in 2012. When NSSA wanted to shift the limit of insurable income from \$200 to \$1,000, it hit strong resistance from employers and the government, the wage bill of which already takes up the biggest amount of the budget. A major problem is that pension payments and pension funds were devalued by a high inflation rate. There is still a lot of disgruntlement with the way pension funds were converted into U.S. dollars. The UNDP states that more than half of the population (12.3 million) lives on less than \$1 per day and 72% live below the national poverty line. 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 de jure discrimination against certain social and religious groups, but there is also no legislation to compensate women or others for gross social differences. While there is some commitment to achieving equality of opportunity for women and ethnic groups, the weak base of the economy is a major hurdle and therefore a big challenge. The social group most severely affected by the economic crises of recent years was women: Maternal deaths increased significantly during the crisis mainly because of the breakdown of the health sector, and is still three times higher (960 deaths per 100,000 live births) than the global average (Zimbabwe

Social safety nets

3

Equal opportunity

3

Demographic and Health Survey 2010-2011). Another major problem is high hospital fees for maternity needs, which are unaffordable for most women who are often employed in the informal sector and remain therefore without any medical care. The new draft constitution includes an equality and non-discrimination clause, which comprises equal opportunities in “political, economic, cultural and social spheres.” In the first two terms of parliament under the new constitution, 60 additional seats will be provided for women and an independent gender commission will be created to monitor deviations from the new legislation. The Gender Gap Index 2011 published by the World Economic Forum ranks Zimbabwe at 88, four positions higher than in 2010 (out of 135 countries), because of improved salaries and more tertiary enrollment. 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 Zimbabwean economy has recovered slightly as a result of some improvements in economic and fiscal policies 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 economic recommendations, GDP continued to grow in 2011 to 9.3% as a result of the recovery in domestic demand and strong external demand for mineral exports. However, this has been largely jobless growth, and the challenge of sustainable growth thus remains. Services contributed to almost half of GDP, followed by mining (one-fifth) which is now more important than agriculture (17%). GDP per capita stood at \$698 and inflation was contained at around 3%. The budget balance improved to -3.2% of GDP. Nevertheless, the current account deficit equaled 36% of GDP (20% estimated for 2012) because of import spikes for motor vehicles, as excise duty was reduced significantly. The IMF expects Zimbabwe to run cash deficits until 2015. The overall situation remains difficult as unemployment is estimated still around 70%, the manufacturing sector has not recovered because of a lack of capital, an unstable energy supply and general political insecurity. Foreign direct investment is still low at \$125 million, and without any prospect of increasing as political uncertainty is expected to grow ahead of the next election cycle. Another major strain is Zimbabwe’s debt distress: External debt is estimated at almost 113.5% of GDP (2012). For 2012, the economic picture looks less favorable as GDP had to be corrected downwards to 4.4% on lower agricultural output due to insufficient

Output strength
3

planting of seed, deficient irrigation systems and electricity supply problems, a liquidity strain and in particular, less revenue from the mining sector, as expected.

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 for concerns over pollution and carbon dioxide emissions to rank high on the agenda of the government and population, although air and water pollution are significant. With the focus of the economy shifted to mining, major attention should be paid on its effects on the environment. Chemicals are often dumped in rivers, endangering the health of the population and killing local livestock. So far environmental topics have not gained broader public attention, as environmental concerns are mainly focused on land degradation, soil erosion, deforestation and water shortages. 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. One legacy of this is the still positive ranking of the 2012 Environmental Performance Index (EPI), which ranks Zimbabwe at 68 of 132 total countries.

Environmental
policy
3

Zimbabwe is still a model of efficient and sustainable wildlife management, though its successes in this field are increasingly threatened by poaching, which is still practiced for personal consumption. In addition, politics come into play when in the largest wildlife sanctuary lucrative hunting licenses to high-ranking officials in the Zimbabwe African National Union-Patriotic Front (ZANU-PF) are issued in formally protected areas. Another major concern is also the ongoing occupation of conservancies by ZANU-PF supporters and the consequent decimation of wildlife in these areas.

Zimbabwe had one of the best education systems on the continent, and is still competitive when compared to South Africa. Nevertheless, the legacy of the near collapse of the education system in the first decade of this century and the negligence of the sector since the 1990s manifests itself in virtually every element of the education system. 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.

Education policy /
R&D
4

Zimbabwe since 2000 has lost around 70,000 teachers, as most have migrated to other countries as salaries in Zimbabwe have been as low as the equivalent of \$1 per month. The brain drain also affects research and development efforts. 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 Zimbabwe African National Union-Patriotic Front (ZANU-PF) supporters.

Literacy and numeracy levels in primary schools are very poor, as manifested in a low pass rate of 45% for the final year in primary schools (2011), though this rate is already an improvement in comparison to previous years.

Government spending on education is low, and with regard to secondary schools, in 2011 was nonexistent. The problem lies not only with allocations but with the disbursement of funds. By mid-July 2012, the Ministry of Education had only received \$5 million out of \$77 million. The government spends only \$2 per child per school year, and all primary schools were given less than \$35,000; while President Mugabe spent \$5 million on “state residences.” In 2013, the education sector is to receive \$1 billion from the \$3.8 billion national budget, though almost 70% of the amount is going to be spent on teacher and other education worker salaries. Substantial improvements in the sector are due to donor assistance via the Education Trust Fund, which is administered by UNICEF.

Another major problem is that schools were used as militia bases – also known also as torture centers – with nearly a quarter of all schools, especially during election periods, being politicized and militarized. Teachers were attacked, school girls raped and students forced to attend political meetings. In addition, so-called youth officers from the notoriously violent youth militia have been deployed to schools to ensure that the ZANU-PF ideology is taught at schools.

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; 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. 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 still one of the highest in Africa.

The country possesses rich mineral resources, among them one of the biggest diamond fields in the world, a relatively favorable climate and tourist attractions. The tourism industry hit bottom during the crisis, and especially this sector is one that is not easy to revive in a short period of time. Prior to 1998, the country was distinguished by efficient, export-oriented agriculture. Industry was also diversified, which could have formed the nucleus for a 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. 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 at least 70%, people are dragged into the informal sector. The brain drain of those who migrated to other countries has also left its mark. The unresolved issue of land ownership has hampered the output of the agricultural sector and furthermore, impedes any potential long-term investment. Moreover, frequent power shortages, an

Structural
constraints

7

insufficient supply of clean water and a functioning sewage system, 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 meager. Under white minority rule, European settlers on the one hand side 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. 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, frustration and brain drain due to massive emigration left its mark. 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.

Civil society
traditions

6

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, even in the darkest moments of the crisis. 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 – particularly after the rise of the opposition Movement for Democratic Change (MDC) – and the demolition of thousands of houses during the Operation Murambatsvina in 2005, which destroyed the livelihood of 700,000 people and affected 2.4 million Zimbabweans. 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 (Afrobarometer 2001 – 2006). 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

Conflict intensity

7

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

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 not 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. 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. With this step, ZANU-PF created a useful and dependent group of war veterans and youth militia beholden to the vicissitudes of the ruling elite; this docile manpower was instrumentalized in various situations in following years. The same thinking can be seen with regard to the Indigenisation and Economic Empowerment Act, which forces foreign-owned firms to sell at least 51% of the shares in every public company and other businesses to indigenous (i.e., black) Zimbabwean businessmen.

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 after post-election repression and the contested electoral legitimacy of the presidential contest of 2008, 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-

Question
Score

Prioritization
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PF directive does not stick to these priorities but replaces them regularly with short-term interests aimed at their own political benefit.

Generally, the two government partners, the Zimbabwe African National Union-Patriotic Front (ZANU-PF) and the Movement for Democratic Change (MDC), are very much divided in their approaches to solving the country's ongoing political and economic crisis. Reforms have been hampered by politicking, leading to many deadlock situations in the period under review and a total brake on policy implementation at the government level. Furthermore, both parties are marred by infighting. ZANU-PF is suffering from an ever-intensifying competition between its factions for Mugabe's successor. This has led to considerable mistrust among government officials and many attempts by politicians to undermine each other's efforts. Another fundamental mismatch lies between the task of stabilizing the economy on the one hand and the need to use economic resources to maintain the patronage network on the other.

Some ministries, mostly under MDC control, have been able to improve their steering capability and effectiveness, thanks to substantial donor aid. The best example of the characteristic political procrastination of the Government of National Unity (GNU) is the constitution-writing process, which so far has cost not only \$50 million but also has taken much more time than anticipated in the global political agreement (GPA). Nevertheless, as the nearly four-year process has shown, the ZANU-PF could only do its best to soften the content – so much so that sometimes the democratic nucleus of a clause could hardly be recognized. But, mostly because of the pressure of the SADC-mediation team, the party of Robert Mugabe could not escape the exercise totally. By the end of January, a final draft constitution was agreed by the three principals of the GNU and the responsible parliamentary commission (COPAC), and was scheduled to be presented to parliament on 8 February 2013. In other fields, after many years of back-and-forth policies, some progress was made in September 2012 when the Electoral Amendment Act was finally approved. Though a step into the right direction, the act was criticized as it falls short of democratic norms and standards; for example, it does not place voter registration under an independent body.

Zimbabwe's ruling elite is split with regard to its capacities and willingness to learn. While large parts of the ruling Zimbabwe African National Union-Patriotic Front (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. The potential reformers in ZANU-PF are, however, unable to overcome the resistance of the party's hardliners and are too fearful to come out in the open as degradation and punishment by the leadership would be the consequence. But a remarkable change can be observed. Some ZANU-PF representatives demonstrate a certain flexibility and innovation as long as they do not run the risk that policies are to their detriment. Therefore, in areas fraught with

Implementation

3

Policy learning

4

conflict such as housing, energy or education, some policy learning can be observed. On the other side, it also became evident that policy-learning has proven to be difficult for the former opposition.

15 | Resource Efficiency

Zimbabwe's budget got negative reviews in past years as employment costs consumed more than half of the already strained budget (63% in 2011 of almost \$3 billion; estimates for 2012 are 74%). Though the finance minister seeks to reverse this situation, the projection for employment costs in 2013 is 69%, for some estimated 230,000 employees, leaving expenditures for operations at less than a fifth of the budget and capital expenditures at 15%. Nevertheless, earnings for civil service workers, with the lowest paid about \$300 per month, are far below the consumer basket of about \$650 for an average family. Yet the bloated administration numbers indicates that the patronage system of the Mugabe regime is still alive and well. According to the Ministry of Public Service, reforms with regard to management and administration are underway. This is necessary as demonstrations took place in the capital over poor service delivery (in water, electricity and waste management) in 2012. Furthermore, as the recruitment process of the four commissions build under the global political agreement has shown, merit has played a role – something quite rare in the past – but this could easily be outplayed by political influences. The politicization and even militarization of the administration at the top has not yet been reversed. Another major burden is high external debt at \$10.7 billion by the end of 2011 (113% of GDP). A deeper look at expenditures in 2011 shows that funds are far from being used in a rational manner. Mugabe and Tsvangirai spend more on travel than the total expenses for the health and education sector (\$32 million); and the office of the president spent a whopping \$100 million, while capital expenditures for secondary schools was nil. It is widely known that high-ranking Zimbabwe African National Union-Patriotic Front (ZANU-PF) officials are involved in the ongoing looting of minerals. In addition, the national treasury in 2012 received less than 10% from the total earnings of the diamond industry, although the government has the large shares in the biggest diamond-producing companies. As the finance minister had seen with the revenues of the sector, he finished 2012 with a budget deficit of 11.7%.

In the coalition government, policy coordination depends a lot on the topic. There are less trade-offs and more horizontal forms of coordination policy when less “political” areas like defense, security, resources and land reform are involved. Whereas in non-political areas like health and education, policy coordination has improved during the review period. The president and prime minister, though belonging to different parties, have shown a common commitment in these areas and have worked together in horizontal forms of coordination. Frictions between different government branches

Efficient use of assets

4

Policy coordination

3

are evident, with the minister for empowerment and indigenisation driving a so-called nationalization policy while the minister for finance and the minister of industry and commerce condemn this policy in public, as it endangers desperately needed foreign investment. Furthermore, Zimbabwe African National Union-Patriotic Front (ZANU-PF) officials have the tendency to announce laws without any ex ante consultation. As was seen in the constitutional process, the government has been more occupied with finding an umbrella approach to accommodate many different needs than to formulate coherent policies. The outcome is partly bizarre arrangements like the guarantee of property on the one hand and the legalization of the expropriation of land on the other.

Since 2005, an anti-corruption commission has existed but its performance was so meager that its actions received little credit. After the formation of the Government of National Unity (GNU), an exchange of personnel was expected but it took until August 2011 for the commissioners of the Zimbabwe Anti-Corruption Commission (ZACC) to be sworn in. Unlike with other commissions, their nomination process has been without any public involvement. The new commissioners are politically balanced between the three parties of the GNU, but none has experience with anti-corruption. Already in early 2013, 10 members of parliament from both the Zimbabwe African National Union-Patriotic Front (ZANU-PF) and Movement for Democratic Change (MDC) had to defend themselves in court over graft charges. Apparently, ZACC was finally looking into corruption cases involving business tycoon Philipp Chiyangwa and local government Minister Ignatius Chombo; these cases produced a major public outcry over the wealth amassed by the minister. However, after two years of investigation, ZACC has not produced any tangible results in these cases. Other cases, such as the case looking into the more than 30 farms owned by the Mugabe clan, are far from being tabled within the commission.

In an effort to tackle rampant corruption in the judiciary, an anti-corruption committee was set up by the ministry of justice in 2012.

An achievement with regard to the old constitution is that commissioners can refer cases to the national prosecuting authority once the new constitution is in place. On the other hand, the commission is not obliged but may submit reports to parliament after they have been authorized by the relevant minister.

16 | Consensus-Building

There is a deep split among major political actors on the question of a market economy and democracy. The core leadership of the Zimbabwe African National Union-Patriotic Front (ZANU-PF) 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. On the

Anti-corruption
policy

3

Consensus on goals

4

other side, the majority of civil society leaders and the greater part of the leadership of Movement for Democratic Change (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. The next elections will show if a coalition between both has a chance.

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 important 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 Zimbabwe African National Union-Patriotic Front (ZANU-PF) factions. Basically, the "securocrats" – the heads of the army, the police, the air force and prisons who headed a shadow cabinet until 2009 – are still the stumbling block to further political reform. Since 2011, an open debate on security sector reform has begun, an action that was unthinkable before. In the draft 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.

Still the dominant political actor in the Government of National Unity (GNU), the Zimbabwe African National Union-Patriotic Front (ZANU-PF) has not mitigated existing cleavages but has instead exploited them. The cleavage of most concern is still the deep polarization of ZANU-PF and Movement for Democratic Change (MDC) supporters. Though President Mugabe has softened his speech on some occasions (not at the party congress in December 2012) that elections should not be characterized by violence, his speeches of hate toward anybody who is not a reliable ZANU-PF supporter has not changed, but instead further intensified with the upcoming elections. Furthermore, the government once more missed an opportunity to deal with the open wounds of the Gukurahundi massacre of the Ndebele minority, be it as a topic of the National Reconciliation and Peace Commission or within the portfolio of the Human Rights Commission. 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, until now fortunately without success. On the other side one has to note that 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.

Anti-democratic
actors

4

Cleavage /
conflict
management

2

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. 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). Though ZANU-PF made sure that its cronies were placed in strategic positions within the commissions, at least some civil society activists sailed through the long nomination process and are now part of policy formulation. After four years of the Government of National Unity (GNU), the disillusion over the scope of these commissions is widespread, as their finances and manpower are limited and the policy output is compromised to the extreme to secure the blessings of the ZANU-PF directive.

Civil society
participation
3

Indirectly, some of the ideas and demands of civil society have become part of the deliberations of the executive and of legislation, as the MDC co-opted quite a number of skilled activists to reinforce its manpower. Political space for civil society is restricted even under the GNU, for instance the participation of civil society organizations in the drafting of the new constitution was more of a token gesture, as most decisions were made by the governing political parties. There seems also to be little political will even on the part of the MDC to open up space for civil society participation. In addition, operations of civil society groups are still limited by the Public Order and Security Act (POSA) and the Access to Information and Protection of Privacy Act (AIPPA); laws that with upcoming elections, allow for civil society organization offices to be raided and leaders intimidated, prosecuted or put in jail.

The actions of the Government of National Unity (GNU) on reconciliation efforts is 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. Surveys have shown that three-quarters of the population was not aware of the group after it had been in existence for already two years (Transitional Justice National Survey, 2011, Human Rights Forum). By mid-2012, the creation of a National Peace and Reconciliation Commission was agreed upon, but this commission will only investigate cases from 2009 onwards, similar to the Human Rights Commission; though opinion polls show that 40% of the population would want to look into human rights abuses from 2000 onwards. Thus none of the commissions will look into the period of post-election repression in June 2008, when more than 500 opposition sympathizers were killed

Reconciliation
3

and many more seriously injured. The commissions will also not look into the Gukurahundi massacres in the 1980s which killed more than 20,000 members of the Ndebele ethnic minority. In early 2013, the ONHRI achieved a small success with the signing of all political parties of a code of conduct for political parties to restrain from violence ahead of a referendum and elections, even though the document had been finalized in 2011. Aberrations from the code will be dealt with by inter-party and stakeholder committees, but not directly within the courts. Human rights observers are skeptical about the efficiency of the document.

17 | International Cooperation

Despite some reforms in the economic sector, sanctions against Zimbabwe were only partly lifted as of 2012. Therefore, since 2002, the government has received no bilateral aid. As the Zimbabwe African National Union-Patriotic Front (ZANU-PF) is still resisting meeting the demands of international donors, particularly with regard to repressive laws and the setting of conditions for free and fair elections, assistance has been limited to “humanitarian-plus” (education, energy, water, health) and support for civil society organizations. Aid is not given directly to ministries, but channeled through a multi-donor trust fund or ZimFund administered by the African Development Bank. A focus is put on ministries within the area of social services. As so many sectors are still recovering from the crisis, hardly any long-term strategies of development have been formulated. Nevertheless, cooperation between the donor community and selective ministries in the areas of education, health, water and energy supply and finances is described as being fruitful, with international know-how being welcomed. On the other side, the ministries led by the ZANU-PF, especially the ones headed by hardliners, show no real interest in accepting external advice but demonstrate openly that international cooperation is seen as undesired political interference. This picture varies according to the political stance ZANU-PF ministers and members of parliament are taking. Being confronted with a very limited budget, more moderate ZANU-PF officials have adapted to the changed environment under the Government of National Unity (GNU) and have become more open to foreign assistance. The requirement that the British government as a former colonial power has to support the land reform program has not changed, and was even put into writing as part of the draft constitution.

Effective use of support

4

In the period under review, adverse tendencies with regard to coalition partners can be identified. While both Movement for Democratic Change (MDC) factions at the beginning of the Government of National Unity (GNU) were endowed with substantial credibility, they partly lost the confidence of the international community not only because of the limited success of political reforms but also because of the many cases of corruption, inner-party violence, infighting and leadership problems within both factions (headlines with regard to the prime minister’s marriages and

Credibility

4

Arthur Mutambara's denial to step back as a principal of the GNU). Although this did not damage the good relationship with selective MDC-led ministries. On the other hand, though the Zimbabwe African National Union-Patriotic Front (ZANU-PF) has somehow met and even exceeded the negative expectations that it would not be a reliable partner, for instance with regard to delaying tactics shown with regard to the Human Rights Commission Bill, tendencies can be observed that the party is trying to present itself as a more credible and reliable partner. The motivation for this cannot be attributed to a changed opinion with regard to democracy, but the country's dire budget situation seems to dictate this change. Therefore the donor community was surprised by the call of Justice Minister Chinamasa to finance the upcoming elections, something those members of ZANU-PF in government for some time looked to prevent.

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, Zimbabwe has been and partly still is a stumbling block to intensified cooperation and institutional reform. Nevertheless, on the whole, there has been an improvement in Zimbabwe's relations with its neighbors, and a growing number of international organizations. SADC has played an important role in the formation of the Government of National Unity (GNU) and helped to unblock the many stalemates between coalition partners since 2009. Zimbabwe's relationship with South Africa, which is now the country's biggest trading partner, cooled when South Africa in 2012 put more pressure on the ruling Zimbabwe African National Union-Patriotic Front (ZANU-PF) to implement the requirements of the global political agreement. As a reaction to the criticism, ZANU-PF even threatened to reject the South African president as SADC mediator. 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 a bit with the change in presidential leadership there. In 2013, it is expected that the ZANU-PF leadership will stick more to the SADC principles and guidelines governing democratic elections than in the past, as there has been continuous pressure.

Regional
cooperation
4

Strategic Outlook

It is a paradox how the economic crisis on one hand fostered the survival of the Zimbabwe African National Union-Patriotic Front (ZANU-PF) regime, while it on the other hand diminished the power of the party's hardliners and veto players who were against the country's transformation process. The country's economic collapse was so profound that without the assistance of the international community, no sustainable recovery could be possible.

The big challenge for the Movement for Democratic Change (MDC), Zimbabwe's former opposition party, lies in steering rapprochement in a way that it does not lead to a further watering-down of their policies or their agenda. Considering the lapses in MDC leadership, the reported cases of corruption and the party's lack of governing experience, the MDC is still going to need comprehensive advisory assistance from outside.

Serious reform within the media sector and the judiciary must be tackled in the next years as polls show that ZANU-PF has been much better in presenting successes in the economic sector and in social service delivery as their own achievements, than has the MDC.

A key success in the review period has been the start of talks over security sector reform, an effort that could hardly have been envisioned in the past.

Another mayor key challenge consists in the initiation of a true national healing process that looks into human rights violations committed earlier than 2009, contrary to what has been decided by the government. One proposal could be to look into issues during the colonial era and into the UDI years (Unilateral Declaration of Independence in 1965), also as ZANU-PF bases its populist and nationalist policies on the colonial era.

For the moment, a solution needs to be found to stem the ongoing criminality within the diamond mining industry.

Elections are scheduled for 31 July 2013 but the MDC and the South African Development Community (SADC) have expressed their opposition to this date. Another concern is that ZANU-PF is still pursuing a policy of hijacking foreign aid provided by prominent international NGOs. They have been successful to the extent that in the perception of rural communities, the operations of organizations such as Oxfam GB or World Vision are believed to be "entirely ZANU-PF" run.

There are many good reasons to continue with the prudent approach the international community has taken so far. Talks since 2012 to lift sanctions and restart bilateral aid, suspended since 2002, after the holding of peaceful and transparent elections must be carefully evaluated against the performance of all important players within Zimbabwe.

With a referendum on the draft constitution and elections, 2013 will show if any political improvements have transpired from the coalition government. A rushed referendum does not leave

much hope for a more democratic government in the future, as a majority of the population was not familiar with the content of the final draft constitution, which became a crucial point among political parties, with ZANU-PF still maintaining its leading position. Most probably, elections will lead to a new coalition government, to a GNU II (Government of National Unity) even if the manipulation of votes will be needed. The MDC on the one hand fears losing votes from the urban, well-educated middle class and from civil society activists over their disappointment with the new constitution. On the other hand, the MDC is so used to operating amid the violence and antipathy of the ZANU-PF that it fears the repercussions if President Mugabe's party somehow loses its comfortable perch within government.

It is irony of history that the commitment of external players like the South African Development Community (SADC) is a mixed blessing. Once again, many Zimbabweans have high expectations in the SADC as a savior which should do no less than to help provide free and fair elections, guarantee political freedoms and enable security sector reform. Zimbabwe finds itself still in deadlock, as there is still no solution of how to cut off hardliners and "securocrats" from government. Even if the best election scenario, a coalition between the MDC and the moderate wing of the ZANU-PF, could occur, both parties would need a lot of pressure and control from democratic forces. A real democratization of Zimbabwe is only going to happen if more than a minority of people inside the country is actively committed to democracy. There is, however, still a long way to go.