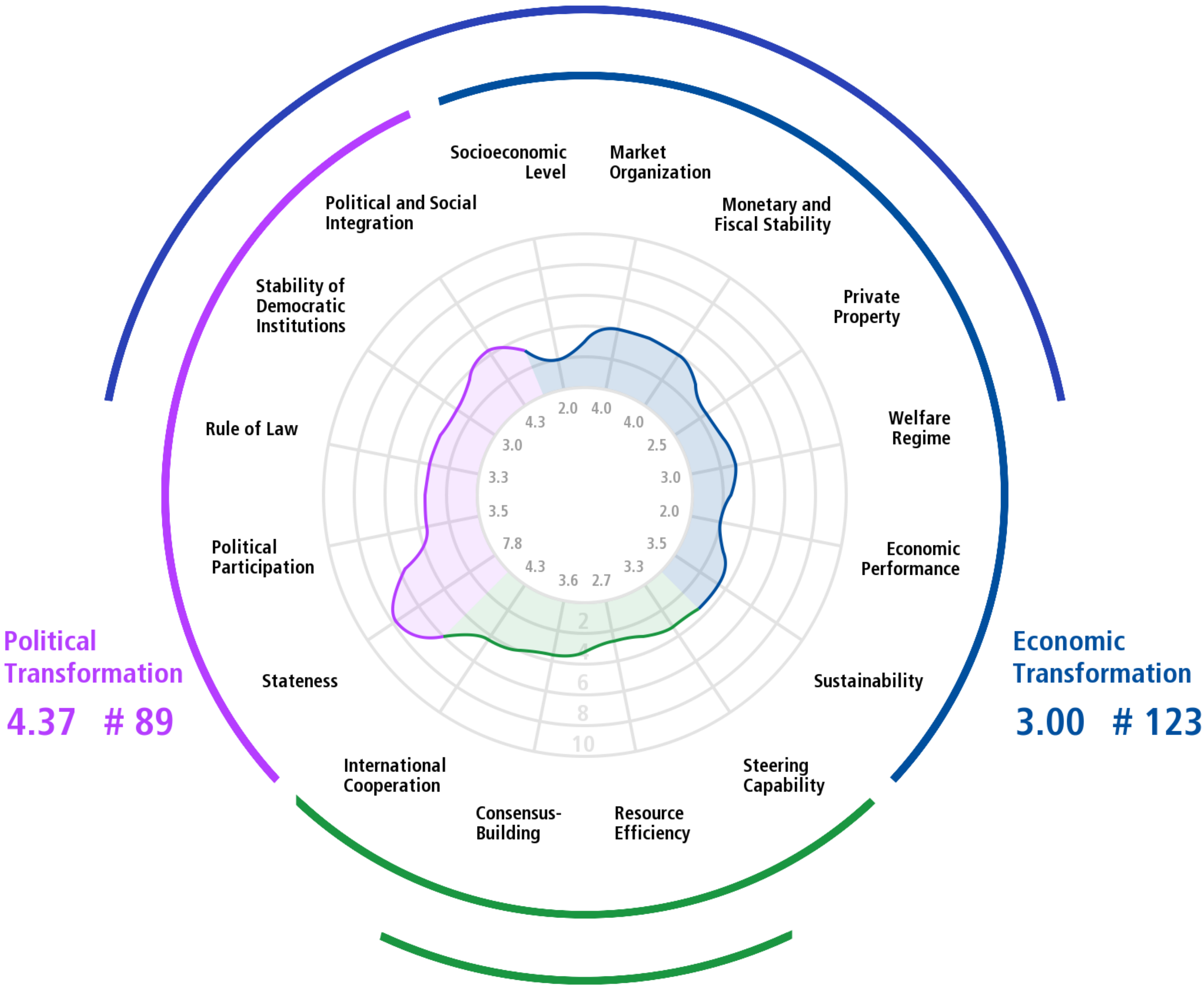
BTI 2020 Country Report

Zimbabwe

Status Index

3.68 on 1-10 scale **# 115** out of 137



Governance Index

3.19 on 1-10 scale **# 120** out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at https://www.bti-project.org.

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Key Indicators

Population	M	14.4	HDI	0.563	GDP p.c., PPP	$	3024
Pop. growth[1]	% p.a.	1.4	HDI rank of 189	150	Gini Index		43.2
Life expectancy	years	60.8	UN Education Index	0.568	Poverty[3]	%	47.2
Urban population	%	32.2	Gender inequality[2]	0.525	Aid per capita	$	51.0

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than $3.20 a day at 2011 international prices.

Executive Summary

A key event in 2017 was the resignation of President Robert Mugabe following a military coup. A series of events in the ruling party, the Zimbabwe African National Union – Patriotic Front (ZANU-PF), including President Mugabe's rallies with youth groups triggered the implosion. Officially touted as a platform for young people to meet President Mugabe and encourage young people to register for the 2018 elections, the rallies turned into intense factional battles, pitting the G-40 and Lacoste factions against one another. When the internal fights came to a head, Emmerson Mnangagwa was sacked as the country's vice president on November 6, 2017, with Mugabe accusing Mnangagwa of undermining his authority. Mnangagwa had to seek refuge in South Africa.

The dismissal of Mnangagwa triggered a series of seismic events that changed Zimbabwe's political landscape. The military stepped in on November 15, 2017, under Operation Restore Legacy, on the pretext that it was targeting criminals around President Mugabe who were causing social and economic suffering. The majority of residents in Harare, regardless of gender, creed or political affiliation, poured onto the streets in an unprecedented demonstration calling on Mugabe to step down. With pressure from the military, ZANU-PF, pro-democracy groups and the public, Mugabe resigned on November 21,2017, as parliament began the legal process to impeach him at a joint sitting of the Senate and House of Assembly. The resignation of Mugabe was largely met with jubilation from Zimbabweans at home and in the diaspora.

ZANU-PF then selected Mnangagwa as Mugabe's successor, with Mnangagwa inaugurated as Zimbabwe's second executive president on November 24, 2017. The courts sanitized the coup, while the African Union avoided taking a position. During his inauguration, Mnangagwa promised to revive the economy, ensure that the 2018 elections would proceed as scheduled and restore Zimbabwe's credibility with the West. Mnangagwa also appointed key military personnel to government positions, while Mugabe's allies were arrested over allegations of corruption.

On February 14, 2018, opposition leader Morgan Tsvangirai died, after battling cancer of the colon, leaving behind a disunited party and contested leadership. Nelson Chamisa took over the reins of the Movement for Democratic Change (MDC) and became the party's presidential candidate.

Harmonized elections were conducted as scheduled on July 30, 2018. The Zimbabwe Electoral Commission (ZEC) announced that 5.6 million people had registered to vote. In a significant thawing of relations between the European Union and Zimbabwe, the EU election observer mission was allowed access to the country for the first time in 15 years. A total of 23 presidential candidates registered. Overall, the pre-election environment was relatively peaceful, despite a bomb blast at a Mnangagwa rally in Bulawayo. The opposition MDC also held a mass protest against the ZEC, alleging bias in favor of the ruling ZANU-PF, and demanded transparency over voters' roll and ballot paper printing.

ZANU-PF's presidential candidate Emmerson Mnangagwa narrowly won the presidential election over Nelson Chamisa of the MDC Alliance, which had to be confirmed by the Constitutional Court after a challenge over alleged irregularities by the MDC Alliance. Despite the confirmation by the court, the main opposition leader, Nelson Chamisa, has refused to recognize Mnangagwa as the legitimate winner of the elections. The post-2018 election environment has been characterized by socioeconomic and political uncertainties. No democracy thrives in an environment where people's freedoms are suppressed. Evidence of the suppression of freedoms is abundant. For example, six civilians were killed by the army after protests broke out on August 1, 2018 against the ZEC's delay in announcing the election results. Many view the killing of demonstrators as an illustration that the government is not ready for political reform.

In January 2019, protests broke out in major cities after the government more than doubled fuel prices in an attempt to tackle fuel shortages and the black market. A joint operation by the army and police led to a widespread and brutal crackdown on citizens after the January 2019 shutdown. The government also responded by ordering a partial internet shutdown, and mobile and internet service providers were ordered to block citizens from social media sites. The crackdown attracted domestic and global condemnation. After high public expectations following the downfall of Robert Mugabe, the country is sliding deeper into a feeling that nothing has changed. It remains to be seen if the "Zimbabwe is open for business" mantra will bear fruit for Zimbabwe's much needed revival.

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 84% voter turnout, and of political competition, with three large parties in parliament. The abolition of the Rhodesian system of apartheid awakened widespread 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 effectively mutated into a single-party state, with 116 out of 120 representatives coming from the ruling party, ZANU-PF. At the same time, a series of constitutional amendments transformed the country from a parliamentary to a presidential democracy. The exclusion of the opposition resulted in voter turnout of approximately 25% during the mid-1990s. The National Constitutional Assembly (NCA) began to push for broad constitutional reforms. Through NCA pressure, the ZANU-PF government lost in the 2000 referendum. The opposition Movement for Democratic Change (MDC) managed to wrestle 57 parliamentary seats in the elections held in 2000. Through repressive tactics, Mugabe was catapulted back into office in the 2002 presidential elections and the 2005 parliamentary elections. Despite a good electoral show in the 2008 harmonized elections, the MDC failed to garner the stipulated 50% plus one vote, leading to a run-off between the incumbent 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. The GNU intended to draft a new constitution within 18 months, reform the security sector and restore the economy. However, after a short honeymoon period when hopes of breaking the impasse rose, no meaningful political transition took place and human rights abuses continued. After many controversial negotiations, the new constitution was finally adopted by referendum in March 2013. A few months later, the Zimbabwe Electoral Commission (ZEC) announced a landslide victory for ZANU-PF in the parliamentary and presidential elections of July 31, 2013. Even though the MDC lost a lot of credibility during its time as a junior partner in the GNU, the proclaimed two-thirds majority of ZANU-PF seemed implausible. However, the results were accepted by the Southern African Development Community (SADC) and particularly by South Africa as mediator of the Zimbabwean crisis soon after. The country's economic transformation has always taken a back seat to the pre-eminence of politics. Prior to the abolition of apartheid, the economy served the privileged status of the white minority. The post-independence government under Mugabe ensured that control of the economy was used to reward the adherents of the ruling party and redistribute wealth in favor of the black majority. 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 developed from the 1980 peace agreement between the white regime and the liberation front that ended the liberation war. Rapidly increasing international competition and massive government patronage reached a level that was exacting considerable economic costs. As a result, Mugabe was forced to act against his own socialist convictions in 1990 and embark on the first economic structural adjustment program, which was followed by others. Common to all of the programs 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 reinstitution of a comprehensive price control regime in 2002. The reluctance of the former colonial master, the United Kingdom, to honor its promise at the Lancaster House Conference in 1979 did not help matters, as the government chose to redistribute land under the fast-track land reform program in 2000. However, the controversial land reform program of 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 went into 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 managed to stop inflation and initiate a recovery of the economy, albeit from quite a low base.

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

Transformation Status

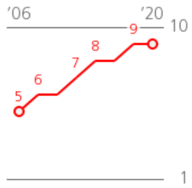
I. Political Transformation

1 | Stateness

Question Score

Monopoly on the use of force

9



The government's monopoly on the use of force is broadly accepted by the Zimbabwean population. Although the population is largely split into two ethnic groups (Shona and Ndebele), there are no major political actors seeking secession. However, Zimbabwe's political terrain has witnessed the emergence of some political organizations. The Mthwakazi Republic Party (MRP), the Matabeleland Liberation Organization (MLO), the Patriotic Union of Matabeleland and the Matabeleland Liberation Front (MLF) are examples of organizations whose messaging is underpinned by secessionist agendas. The MRP, under the leadership of Mqondisi Moyo, says that its aim is to merge the provinces of Matabeleland and Midlands and form a Mthwakazi republic.

State identity

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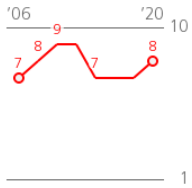
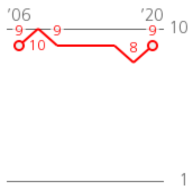


A large majority of the population accepts the nation-state as legitimate, and most individuals and groups enjoy the right to acquire citizenship without discrimination. The right to citizenship is guaranteed under the constitution of Zimbabwe. However, some Zimbabweans have been deprived of their citizenship rights, as they have been forced to renounce foreign citizenship in order to retain Zimbabwean citizenship.

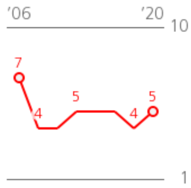
No interference of religious dogmas

9



Christianity is the dominant religion in Zimbabwe. In Zimbabwe's 2012 estimate of religious identity, religions represented in Zimbabwe include Protestant Christianity (63%), Roman Catholic Christianity (17%), traditional African beliefs (11%), Islam (1%), Bahai, Hindu, Orthodox Christian, Latter Day Saints and others (less than 1%), and atheism (7%). The government does not require registration of religious groups. Estimates particularly vary regarding the proportion of the population that is syncretic (mixing Christian beliefs with indigenous beliefs). Many Christians also occasionally associate with traditional practices. Some Christians have multiple memberships. In the 2013 and 2018 harmonized elections campaign, a concerted effort was made by ZANU-PF to cultivate support among indigenous churches (i.e., "white garment churches"). The former first lady, Grace Mugabe, also attempted to rope in inter-denominational church leaders into ZANU-PF's factional fights between the Lacoste and G-40 factions. There is no interference from religious dogmas.

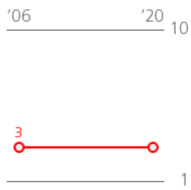
Basic administration
5



These three arms (the legislature, the executive cabinet and the judiciary) form the pillar of public administration. The parliament tries as much as possible to oversee public expenditure and other activities via parliamentary portfolio committees. There are also a number of line ministries responsible for policy implementation. The Prime Minister's Directive on Decentralization of 1984 set the tone for a robust decentralized system of governance via the establishment of village development committees under the provincial development committees, a structure that undoubtedly enhanced citizen engagement. 25 years down the line, questions abound regarding the effectiveness of the structures. One key problem has been excessive supervision of local authorities by the central government. Serious problems in basic service provision have either emerged or persisted, such as in the supply of clean water and power. In 2012 and 2013, residents in Harare had little access to potable water and sanitation services, and the trend continues unabated. Corruption has also affected service delivery, while some institutions that are supposed to provide oversight have not done so because of patronage. The outbreak of a disease like cholera in Harare in 2018 is evidence that basic administration in Zimbabwe is somewhat deficient.

2 | Political Participation

Free and fair elections
3



The principles of Zimbabwe's electoral system, as defined by the 2013 constitution, state that elections must be held regularly. The supreme charter of the land underlines the need for elections to conform to principles of peace, freeness, fairness, secrecy, universal adult suffrage and equality of votes, and be free from violence and electoral malpractices. Zimbabwe holds harmonized elections (presidential, parliamentary and local government elections) over a single day and the elections are held after every five years. The government of Zimbabwe has thus held elections after every five years, as and when they are due.

The Zimbabwe Electoral Commission (ZEC) is mandated with running both local and national elections. Despite being given the constitutional mandate to run elections, concerns have been raised over the integrity of the electoral management body. For example, in the harmonized elections of 2018, EU observers expressed significant concerns over voter intimidation, the pro-state bias of the media and the lack of transparency.

According to the Afrobarometer survey (2017), 50% of the adult population in the country said they trust the electoral management body somewhat/a lot, while 19% trusted it "just a little" and 22% trusted it "not at all." Based on 2014 Afrobarometer survey responses, 22% of the adult population said votes in Zimbabwe are "always" counted fairly and 17% said they are "often" counted fairly. Nonetheless, a third (33%) were of the view that votes are sometimes counted fairly, while a fifth (20%) felt that ZEC never superintends over a fair vote count.

Adult citizens' perceptions of the freeness and fairness of elections in Zimbabwe have fluctuated since Afrobarometer surveys began in 1999. It is important to note that no more than 58% of the adult population in Zimbabwe has ever certified the general elections as either "completely free and fair" or "free and fair, but with minor problems." In 2014, 56% of the adult population described the 2013 election as generally free, while 48% did so in the 2017 Afrobarometer survey.

ZEC's discharge of its mandate has always been under the spotlight with some citizens questioning its neutrality over the years. Afrobarometer surveys show that in 2010 more than half of survey respondents (56%) were skeptical of ZEC and felt that EMB sacrifices neutrality in favor of particular interests. However, 31% of respondents in early May 2018 and 34% of respondents in early July 2018 shared this view.

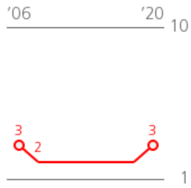
Media coverage of elections has also been a bone of contention over the years with reports of media bias heavily skewed toward the ruling party, ZANU-PF, while other political players are marginalized in the process. This is against the spirit of Section 155 (d) of the constitution of Zimbabwe, which guarantees political contestants fair and equal access to electronic and print media. A study conducted by Media Monitors between February 11 and 24, 2018 on media reporting ahead of the general elections on July 30, 2018 concluded that the media did not uphold standards of fair and balanced coverage of political actors. The study noted that the two main political players, (ZANU-PF and the MDC-T) consumed 94% of the space and time dedicated to contestants, and the other 15 parties accounted for 6% of the coverage.

The secrecy of voting choices has been a long-standing concern for the country's electorate. For example, in 2018, the MDC Alliance sought the nullification of votes by some police officers who were forced to cast ballots in front of their superiors. Ahead of the 2018 harmonized elections, there were reports of ZANU-PF officials and traditional leaders demanding the registration slips given to voters by ZEC, and voters were warned that their voting choices would be traceable to their registration slips. These reports were seemingly confirmed by the pre-election Afrobarometer survey of April/May 2018 in which 33% of rural citizens and 26% of urban residents indicated that they had come across someone who demanded to see the serial number on their registration slips. A significant proportion (31%) were also concerned that it was likely that "powerful people" could find out how they had voted in the elections.

More importantly, ZEC has repeatedly been criticized for a lack of transparency. For example, before the harmonized elections of 2018, the opposition was livid over ZEC's refusal to subject ballot printing to open tender. Furthermore, the electoral management body also turned down a request for access to the servers on which biometric information was stored on the basis that it was sensitive data.

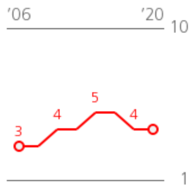
There is also considerable worry over the openness of elections in Zimbabwe. Afrobarometer survey data (2017) showed that fear of political intimidation and violence during polls is a big issue. According to the survey data, slightly over half (52%) expressed a fear of political intimidation, while 34% feared violence. MDC-T supporters (69%) were more likely than ZANU-PF affiliates (28%) to say that they fear political intimidation or violence during election campaigns.

Effective power to govern
3



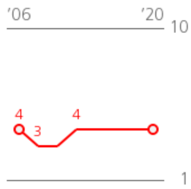
The main group with the ability to undermine democratic forces in Zimbabwe is the military, as military figures have made it clear that they will never salute a president who does not have liberation struggle credentials. The army made this clear in the 2002 presidential elections when the then commander of the defense forces, the late Vitalis Zvinavashe, made it clear that the office of the presidency is a straight-jacket and that anyone without liberation credentials will not be acceptable to them. The civilian leadership in Zimbabwe only possesses partial electoral legitimacy while the military, the police and the intelligence agencies are partisan and occupy a central role in government decision-making.

Association / assembly rights
4



Afrobarometer surveys conducted in Zimbabwe in 2009, 2010, 2012 and 2014 reveal a worrying trend with regard to citizens' freedom to associate with political organizations of their choice. In 2010, almost three out of five adult Zimbabweans (57%) said they were "not very" or "not at all" free to join a political organization of their choice, while this sentiment was least common among 41% of the adult citizens in 2014. The Public Order and Security Act requires Zimbabweans to notify police first before holding political gatherings or marches in public and has been the main barrier to freedom of assembly. A number of cases have been recorded in which civil society organizations (CSOs) and individuals who have failed to adhere to this have had their meetings disrupted.

Freedom of expression
4



Section 61 (i) of the constitution of Zimbabwe provides for freedom of expression and the media. Adult Zimbabweans' perceptions of freedom of self-expression have fluctuated since 2009. In 2009, 48% of the adult population said they were "not very" or "not at all" free to express their opinions. The perceived lack of freedom of expression was highest in 2010 (67%), dropped by 14 percentage points to 53% in 2012 and dropped by a further 10 percentage points to 43%, before showing an upward trend to 47% in 2017. Illustrative of a restrictive environment, self-censorship is high among adult Zimbabweans. According to Afrobarometer surveys conducted between 2009 and early July 2018, adult Zimbabweans are cautious about what they say regarding politics. Survey data shows that at least three quarters of adult citizens (75%) have always said they are "often" or "always" careful about what they say about politics. The proportion of the population that expressed a tendency to self-censor was highest in 2012 (89%) and lowest in 2018 (76%). While initially under Zimbabwe's new dispensation, there have been some encouraging signs of tolerance and respect for political freedoms, the space is now shrinking.

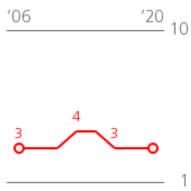
Despite a constitutional guarantee of rights, several laws curtail that freedom. The Criminal Law (Codification and Reform) Act criminalizes media work and freedom of expression, including prohibitions on insulting the president. The Broadcasting

Services Act hinders the free establishment of broadcasting stations. The Access to Information and Protection of Privacy Act has made it difficult for journalists to investigate corruption and abuse of power, while Zimbabwe Broadcasting Corporation's monopoly over the air waves has led to poor quality programs. Other notable acts include the Public and Order Security Act (Chapter 11:17), the Official Secret Act (Chapter 97), the Censorship and Control of Entertainment Act (Chapter 78), and the Privileges Immunities and Powers of Parliament Act (Chapter 10). The problem of bias of the state-owned media has continued to occur following Emmerson Mnangagwa's ascendancy to power. Before being ousted, Mugabe had appointed former Finance Minister Patrick Chinamasa to monitor the use of social media and the internet in general through the creation of the Ministry of Cyber Security, Threat Detection and Mitigation. The recent internet shutdown (January 2019) in Zimbabwe is a clear violation of people's freedom to access information and to express themselves.

3 | Rule of Law

Separation of powers

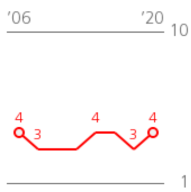
3



The principle of the separation of powers is one of the founding values of the Zimbabwean constitution. Zimbabwe has three arms of government: the executive (i.e., the president and cabinet), the legislature (i.e., the parliament) and the judiciary (i.e., the courts). The executive is there to execute the business of the government. Meanwhile, the legislature makes the laws, and consists of the lower house (House of Assembly) and the upper house (Senate). The legislature includes 210 members of the House of Assembly and 93 senators. Parliament in Zimbabwe deliberates on issues, and has the power to pass, amend and repeal laws. Given that all the administrative, law enforcement and coercive organs of the state fall within the executive branch of the state, this makes the executive potentially the most powerful of the three branches of government. The judiciary (consisting of courts) interprets and applies the law. The de facto situation is that the executive is much stronger than the parliament or the judiciary. After nearly 30 years for Mugabe's undemocratic and harsh autocratic rule of the country, there are only some democratic remnants left, such as the legislative branch. Checks and balances on the executive branch have been completely undermined.

Independent judiciary

4

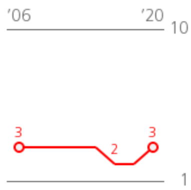


The judiciary's independence has been under siege particularly from the executive arm of the government, which has left the rule of law compromised. For example, in March 2015, then President Robert Mugabe challenged the legal right of any judge to intervene in what he classified as internal ZANU-PF party matters. Mugabe questioned the qualifications of any judicial officer willing to hear a legal challenge brought by Didymus Mutasa, the former ZANU-PF secretary for administration, or Rugare Gumbo, the former ZANU-PF spokesperson. In August 2016, then President Robert Mugabe accused several judges of recklessly allowing anti-government demonstrations, which later turned violent.

This is clear evidence of a violation of the principle of separation of powers. When a senior MDC Alliance politician, Tendai Biti, was arrested on August 10, 2018 after he had attempted to flee to Zambia after a brush with law enforcement for announcing false presidential results, President Emmerson Mnangagwa revealed through a tweet that he had intervened to ensure the release of Biti. The tweet from Mnangagwa resulted in people questioning the independence of the judiciary. Despite the susceptibility of the judiciary to political influence, judicial officers have on occasion ruled against powerful political interests, including ruling party elites. The high level of judicial independence in the 1980s and 1990s can be partially explained by the largely unchanged composition of the judicial arm of government following independence and the low stakes nature of politics, especially before the emergence of the MDC.

Prosecution of office abuse

3

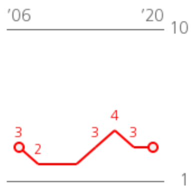


While a key principle of the rule of law is that it has to be enforced without fear or favor, the application of the law in Zimbabwe has been largely selective. There have been corruption scandals in which those implicated have not been investigated. In a clear case of a criminal abuse of office in 2016, the then vice president, Phelekezela Mphoko, stormed a Harare police station and ordered the release of Zimbabwe National Road Administration (ZINARA) technical director, Moses Julius Juma, and Davison Norupiri, who had been detained on allegations of a $500,000 fraud. When Mphoko fell from power, his allies were hauled back before the courts of law. The government has been quick to arrest and arraign opposition members before the courts, while ruling party officials have largely been let off the hook, even in the face of overwhelming evidence that the law had been violated.

There is also a widespread sentiment that the fight against corruption is aimed at settling political scores. A pre-election Afrobarometer survey in May 2018 indicates that while almost half (48%) of adult Zimbabweans think that the current fight against corruption is a genuine effort toward good governance, almost two-fifths (39%) felt that the move is aimed at punishing political rivals. While Mnangagwa promised to fight corruption following his ascendancy to power in November 2017, there are concerns that his administration is only targeting small fish instead of high-profile corrupt leaders aligned to him. To corroborate evidence from the Afrobarometer survey, senior government officials linked to former President Robert Mugabe – including former ministers Ignatius Chombo (finance), Saviour Kasukuwere (local government), Walter Chidakwa (mines), Walter Mzembi (tourism), Samuel Undenge (energy), Supa Mandiwanzira (information, communication technology and cyber security), and civil servants such as Francis Gudyanga and Levi Nyagura – were arrested on charges related to abuse of office. A majority of these officials are yet to be tried for the offenses and only Undenge has been convicted. It also remains to be seen whether any of the public officials currently before the courts on corruption-related charges will be convicted of the crimes. In most indices, Zimbabwe ranks as one of the most corrupt countries in the world.

Civil rights

3



The enjoyment of civil rights remains a dream for most citizens in Zimbabwe. The disappearance of Itai Dzamara in March 2015 is a clear example of the suppression of civil rights. Journalists are sometimes beaten or arrested while reporting on demonstrations.

On September 24, 2017, the flag pastor Evan Mawarire was arrested over allegations of attempting to overthrow a constitutionally elected government barely three months after police had arrested him in the capital, Harare, after holding prayers with University of Zimbabwe medical students during protests over fee increases. Mawarire also faced a similar charge in January 2019 after the national shutdown. On November 3, 2017, Martha O'Donovan was arrested in Harare on allegations of insulting the then President Robert Mugabe and accused of attempting to subvert a constitutionally elected government. The establishment of a Ministry of Cyber Security, Threat Detection and Mitigation in response to social media activism speaks volumes of a paranoid government bent on restricting people's rights. The killing of six civilians by the army on August 1, 2018 during a post-election protest in the capital, Harare, and the heavy-handed crackdown on protesters during the January 2019 national shutdown is illustrative of the extent to which the government will go to stifle people's rights. The arrest of Peter Mutasa and Japhet Moyo, the president and secretary-general respectively of the Zimbabwe Congress of Trade Unions, during the January 2019 national shutdown on allegations of attempting to subvert a constitutional government speaks volumes of a government bent on curtailing people's freedoms.

Zimbabwe's new constitution, adopted in May 2013, explicitly forbids marriage officers from presiding over same-sex marriages, and many politicians, traditional leaders and religious leaders have been vehement in their opposition to homosexuality. Public attitudes reflect this widespread intolerance. In 2014, a large proportion of adult Zimbabweans (89%) said that they disliked having LGBT persons as neighbors and an almost similar proportion of the adult population (90%) held the same view in 2017.

Former President Robert Mugabe was notoriously one of the most homophobic leaders in the world. Mugabe claimed that homosexuality was a filthy disease, vowed to reject international aid that would require Zimbabwe to accept gay people's human rights and insisted that Zimbabwe would never decriminalize homosexuality. He once famously described the LGBT community as "worse than pigs and dogs." Under Mugabe, gays and lesbians endured harassment from state security and were continuously ridiculed. Some of the arrested gay activists bear testimony to the attacks that the LGBTI community endured under Mugabe's leadership. It remains to be seen if Mugabe's successor will maintain the government's hardline stance against same-sex unions.

4 | Stability of Democratic Institutions

Performance of democratic institutions

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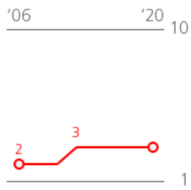

Public administration in Zimbabwe is guided by the interplay between the legislature, judiciary and executive arms of government. Despite the different gate-keeping function performed by each arm, the executive tends to be overbearing. Parliament usually performs its oversight role via portfolio committees. Government ministries are grouped in clusters that are superintended by a portfolio parliamentary committee. The parliamentary portfolio committees have the power to invite anyone to give oral evidence on oath and can also conduct fact-finding missions. While parliamentary portfolio committees have tried their best to flex their muscles, the all-powerful executive arm of the government has sometimes resisted being subjected to scrutiny. For example, former President Robert Mugabe failed to appear before a parliamentary portfolio committee after his resignation where he was supposed to give oral evidence on the missing diamond revenue that he had alluded to when he was in office in 2016. Another example is that of former minister of home affairs, Obert Mpofu, who was invited to appear before a parliamentary portfolio committee, but also refused to do so without any action being taken against him.

With regard to local government in Zimbabwe, current legislation grants unfettered power to the minister of local government. This allows the minister to reverse or rescind council resolutions and requires councils to seek the minister's approval before certain acts may be done. Thus, urban governance continues to suffer in this regard, especially when it involves issues of budget ratification and the appointment of key officials. Frictions between chief executive officers and district administrators of rural district councils are also counter-productive. Most of these development structures envisaged under the Prime Minister's Directive of 1984 are dysfunctional and this has created space for top-down decision-making instead of a bottom-up approach to decision-making. Corruption, misplaced priorities and the poor quality of councilors are also problems that the local authorities in Zimbabwe have to grapple with. Another key challenge has been that of weak institutions, which are confronted by poor leadership, bad corporate governance, conflicted leadership, corruption, technological lag and corporate fatigue. The Auditor General's report has continuously noted that these are at the heart of the country's economic woes.

Commitment to democratic institutions

3

Zimbabwe's political landscape is highly polarized. On the whole, institutions aligned to the ruling party, ZANU-PF, accept democratic institutions as legitimate. This generally includes institutions like the military, government bodies and other cartels. However, opposition forces (particularly the MDC- Alliance and its allies) have questioned the legitimacy of these institutions. This is mainly because the pro-opposition players are skeptical of democratic institutions given that they largely see them as captured by the state and discharging their mandate in a biased manner.

5 | Political and Social Integration

Party system

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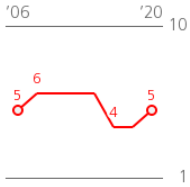

The main political parties in Zimbabwe at present are ZANU-PF, the ruling party, and the MDC Alliance, the opposition party. There is no law that requires the electoral management body (ZEC) to register political parties. ZEC simply requires notification of their existence. This has seen the creation of many political parties during election periods. The phenomenon of independent candidates is also common during elections. In the 2018 harmonized elections, 23 presidential candidates contested the elections.

Fragmentation is a key challenge for opposition political parties, as they have failed to unite due to self-serving agendas. For example, in March 2018, ZEC announced that 107 political parties were running for the 2018 elections. The gross effect is that the political parties crowd the ballot and confuse voters. The MDC Alliance is the largest opposition group and contested the July 2018 harmonized elections as a coalition. Fragmentation of the opposition has often tilted the scale in favor of the incumbent. For example, in 2008, MDC-T leader Morgan Tsvangirai polled 47.9%, President Robert Mugabe 43.2% and Makoni 8.3% in the first round of voting. Therefore, mathematically, had the opposition presented a single presidential candidate, that candidate would have polled more than the required 50% plus one vote to avoid a re-run.

The opposition also face a number of challenges in their operations, chief among them being biased coverage by the state media and restrictions on their activities (e.g., opposition marches in Harare are banned, although permission for marches by ZANU-PF supporters is easily granted). A case in point was a march in support of the former first lady, Grace Mugabe, in August 2017. On the other hand, ZANU-PF, as a former liberation movement, believes that only they have the right to rule the country they have liberated. The ruling party unlike the opposition parties has substantial support in rural areas, while the main opposition party has its grip in the urban areas. On the downside, factionalism either in the ruling party or the MDC formations has contributed to counter-productive fights and policy paralysis. In the final analysis, the power struggles result in needs of the population being ignored and trampled upon.

Interest groups

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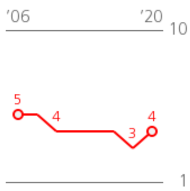
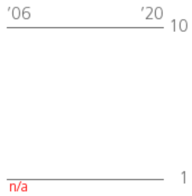


There is a wide range of industrial, commercial, employers, miners and farmers associations. Some interest groups are not independent because they are partly incorporated by the government. Following 1999, and the coalition between the Movement for Democratic Change (MDC) and ZANU/PF, many advocacy groups, trade unions, interest groups and even student groups joined forces in support of the MDC. The economic crisis, with extremely high unemployment rates, and strong government repression have seriously hampered the activities of the Zimbabwean interest groups.

Various civil society organizations (CSOs) and social movements have emerged in a bid to fight for social justice and political change. Generally, the attitude of government toward the CSOs and social movements has been hostile, although this varies given the nature of the CSO that the government is dealing with. CSOs, whose main work is centered on demanding accountability and respect for rights, frequently find themselves harassed by state agents. Unsurprisingly, the more CSOs challenge government the less amicable the relationship becomes, with some individuals arrested, tortured and incarcerated. Organizations, which work on apparently non-political issues (e.g., gender equality or trade justice), have found that their inputs to policy issues are often welcome. Government seems to have no problems with economic justice campaigners as long as they do not question the accountability, transparency and legitimacy of politicians and officials, which of course the more radical organizations do. However, while advocacy organizations and social movements are often threatened by government, development organizations and service providers do work very closely with government departments and are frequently appreciated by government, especially government officials who are genuinely trying to make their work meaningful. While CSOs are expected to be apolitical, there has been a view that they have become partisan, with some aligning themselves with the ruling party, while others have sided with the opposition.

Approval of democracy

n/a



n/a

Social capital

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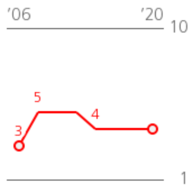

Social trust is a basic requirement for any society. Under Afrobarometer surveys from 1999 to 2018, adult citizens have regularly been asked, “Generally speaking, would you say that most people can be trusted or that you must be very careful in dealing with people?” On average, more than eight out of 10 adult citizens felt that they had to be very careful, whereas less than two out of 10 expressed the sentiment that “most people can be trusted.” In 1999, 82% of adult Zimbabweans said one had to be very careful when dealing with other people, although this dipped to 67% in 2009. A 16-percentage point increase to 83% was witnessed in 2012, before a further rise to 89% in 2018. Hence, on the whole, Zimbabweans don’t seem to trust each other. It is noteworthy that most adult Zimbabweans (75%) are not members of voluntary associations. The survey data shows that rural residents are more likely than their urban counterparts to join voluntary or community groups, 30% compared to 17%. In addition, survey data showed that membership in voluntary or community groups peaked around 2012, at the height of the Government of National Unity.

II. Economic Transformation

6 | Level of Socioeconomic Development

Question Score

Socioeconomic barriers

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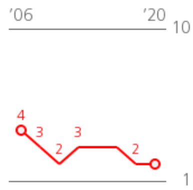

According to the latest World Health Organization data published in 2018, life expectancy in Zimbabwe was 61.4 years old, with a life expectancy of 59.6 years for men and 63.1 years for women. Consequently, Zimbabwe ranked 162 in the world for life expectancy (see World Health Rankings). Life expectancy is pretty good when compared to other countries in sub-Saharan Africa. The World Bank estimates Zimbabwe's poverty rate at around 70% of the population. According to a report by the World Poverty Clock, 5,679,092 people in Zimbabwe were trapped in extreme poverty, with a target escape rate at 51.8% and a current escape rate at 11.1%. This casts a shadow on the country's ability to meet the U.N. Sustainable Development Goal to end extreme poverty by 2030. In the World Economic Forum's 2018 Inclusive Development Index, Zimbabwe's net income Gini coefficient is 39.8 and its wealth Gini coefficient is 73. The 2012 FinScope MSME Survey and the 2014 FinScope Consumer Survey revealed that 23% of Zimbabwe's adult population were financially excluded, only 30% of Zimbabwe's adult population made use of banking services in 2014, only 14% of MSME owners banked and only 1% of the adult population made use of capital market services. Zimbabwe's Gender Inequality Index (GII) in 2017 stood at 0.534, with the country ranked 128 out of 160 countries. According to the UNDP, the country's Human Development Index value for 2017 was 0.535, with the country in the low human development category and ranked 156 out of 189 countries.

Economic indicators		2015	2016	2017	**2018**
GDP	$ M	19963.1	20548.7	22813.0	**31000.5**
GDP growth	%	1.8	0.8	4.7	**6.2**
Inflation (CPI)	%	-2.4	-1.6	0.9	**-**
Unemployment	%	5.4	5.2	4.9	**4.9**
Foreign direct investment	% of GDP	2.0	1.7	1.1	**2.4**
Export growth	%	48.4	21.0	4.8	**-5.7**
Import growth	%	80.6	-3.3	3.2	**61.0**
Current account balance	$ M	-1678.5	-718.0	-307.8	**-**

Economic indicators		2015	2016	2017	**2018**
Public debt	% of GDP	41.8	54.2	52.9	**37.1**
External debt	$ M	9380.4	11223.5	12114.8	**12286.2**
Total debt service	$ M	658.1	1234.1	706.6	**602.8**
Net lending/borrowing	% of GDP	-0.5	-6.6	-10.4	**-**
Tax revenue	% of GDP	18.1	15.8	15.8	**-**
Government consumption	% of GDP	18.9	18.1	20.9	**15.9**
Public education spending	% of GDP	-	-	-	**-**
Public health spending	% of GDP	4	4.4	-	**-**
R&D expenditure	% of GDP	-	-	-	**-**
Military expenditure	% of GDP	2.3	2.2	1.9	**2.2**

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Market organization
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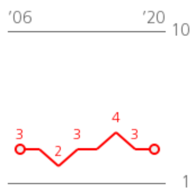

According to the Reserve Bank of Zimbabwe, the country's foreign direct investment (FDI) was at an all-time high of $545 million in 2014, $421 million in 2015 and $295 million in 2016. The figures are evidence of declining FDI levels in Zimbabwe. The main challenges confronting the economy are high levels of foreign and domestic debt (hovering around $11 billion), poor infrastructure, policy inconsistencies, political uncertainty, corruption, and low capacity utilization (at about 45%). Parastatals rank as some of the worst performers and continue to depend on government handouts for survival.

A 2015 IMF estimation revealed that Zimbabwe has the largest shadow economy in the world (of 158 countries studied).

Zimbabwe by-and-large has no space for free competition because of the nature of the business set up in the country (e.g., market structures are oligopolies), with only a few players allowed entry. For example, in 2017, the Insurance and Pension Commission reported that life assurance premium income concentrated on the industry's big four players (FML, Old Mutual, Zimnat and Nyaradzo), which held a combined market share of 88%, making the industry more of an oligopoly. In the tobacco industry, tobacco growers normally express concern over low prices, which they perceive as deliberately manipulated by buyers. Telecommunication giant

ECONET and its banking arm, Steward Bank ALSO, resemble some kind of an oligopoly in the country. The fuel sector and the cement industry in Zimbabwe are dominated by cartels, which inhibit free competition.

Entry is not easy, with the cartels using pricing and promotional materials to marginalize new players. The oligopolies can collude to negotiate one pricing model to the disadvantage of consumers. The cement shortages in 2018 were artificially created due to the oligopolistic nature of the industry. The institutional framework also disadvantages market players. For example, the recent fixing of fuel prices by the government in January 2019 is counter-productive as it reduces competition in the market. The freedom to invest and withdraw investments is not easy, because Reserve Bank of Zimbabwe (RBZ) rules do not allow for the free movement of capital.

As of 2018, Zimbabwe had 19 licensed banks of which 14 were commercial banks and four were building societies, with one merchant bank under judicial management. The Banking Sector in Zimbabwe 2018 report noted that a number of challenges confronting the sector. These challenges include a constrained operating environment characterized by weak economic activity, and cash and foreign currency shortages. Some legal analysts contend that restrictions on the amount of cash that can be withdrawn per day from banks and curbs on international transactions contravene Section 71(2) of the constitution, which guarantees the right to acquire, hold and dispose of all forms of property, either individually or in association with others. Furthermore, the allocation of foreign currency and withdrawal of cash on a discretionary basis also disadvantages some sections of society. Fiscal imbalances and excessive domestic borrowing in 2015 and 2016 have weakened the financial sector.

According to the 2019 Index of Economic Freedom, the country scored 40.4 for economic freedom and ranked the 175th freest economy in the world, representing a decline of 3.6 points due to poor fiscal health, and lower scores for judicial effectiveness, monetary and business freedom. Regionally, Zimbabwe ranked 45 out of 47 countries in the sub-Saharan Africa region. The country’s economy remains unstable primarily because of extreme government interference and mismanagement. The economy experienced the best growth rates in sub-Saharan Africa between 2009 and 2013 (during the era of the Government of National Unity) with the real GDP growth rate reaching an all-time high of 12% in 2012. On a scale of zero (completely corrupt) to 100 (totally clean), Zimbabwe scored 22 in 2017.

The competition law was introduced in Zimbabwe in 1996 through the Competition Act, Chapter 14:28. The autonomous Competition and Tariff Commission is the statutory body mandated with implementing the competition law, which mainly prohibits restrictive and unfair business practices. However, while the competition policy advocates non-discrimination in the treatment of business enterprises, there are certain sacred cows that receive preferential treatment. The fact that certain state-owned enterprises receive financial and administrative support from the government inhibits fair competition in the relevant markets in which private firms compete.

Competition policy

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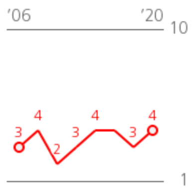

Zimbabwe has largely pursued a trade liberalization agenda, following immense pressure to liberalize the economy from the World Bank and the IMF. This triggered the launch of the Economic Structural Adjustment Program in the 1990s with a key thrust being the liberalization of exchange rates, and imports and exports. The country has bilateral trade agreements with Botswana, Namibia, Malawi, Zambia and South Africa. Zimbabwe is also a member of the World Trade Organization, the Africa Caribbean and Pacific-European Union Cotonou Agreement, and regional trade arrangements, COMESA and SADC Free Trade Protocols. These arrangements provide frameworks for the further liberalization of trade. However, there is a need to address supply-side constraints, including industrial policy, agricultural policy, and monetary and fiscal policy. Companies need distressed funding facilities at a time when the economy is performing very badly. The Zimbabwean government in June 2016 imposed the Statutory Instrument 64 (SI 64/2016) import regulation on a list of goods mainly from South Africa, because it perceived informal imports as unfair competition to domestic industries. The statutory instrument ran into implementation challenges given the threat of retaliation from trading partners, and trade-offs in balancing employment within the retail and distribution outlets of importers and protecting local manufacturing industries. According to media reports, there were demonstrations by stakeholders in Musina, South Africa against the statutory instrument, resulting in a temporary closure of the Beitbridge border post.

Liberalization of foreign trade

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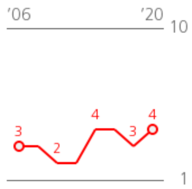

Zimbabwe signed the Economic Partnership Agreement (EPA) with the European Union in 2012. The agreement is aimed at removing trade barriers with the European Union, one of Zimbabwe's major trading partners after South Africa. However, one of the concerns raised concerning the EU-EPA is that the implementation of the agreement requires capacity-building, an area in which Zimbabwe is weak. A further concern is that the country lacks manufacturing and export diversity, because of a lack of competitiveness and the high cost of exporting, which in turn are due to industrial capacity constraints, de-industrialization and informalization. There are also concerns that the European Union is able to dictate the agenda, while the country has run systemic trade deficits due to a decline in exports.

Banking system

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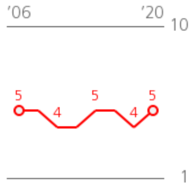

On the whole, Zimbabwe has a relatively developed banking sector modelled on the British system. The Reserve Bank of Zimbabwe (RBZ) is the apex bank and has a mandate to supervise the banks and is the bank of last resort. The banking system is an assortment of commercial banks, merchant banks, building societies and microfinance institutions. Insurance companies, pension and provident funds, investment trusts, and offshore portfolio investors also have a stake in the banking sector. The liquidity of banks is under threat from the large fiscal deficit and government's efforts to settle lending from banks through Treasury bills that are being traded at discounts of around 40%. A survey by a financial expert revealed that Zimbabwean banks recorded income of $1.1 billion in 2017, an increase of 13% from 2016. According to the expert, this was a sign of stability given the pressure from the liquidity crunch and cash crisis. The expert noted that most banks substantially benefited from a mopping up of non-performing loans through the Zimbabwe Asset Management Company (Zamco). The non-funded income of banks stood at $550 million, almost equivalent to 50% of the total earnings, an indication of banks "overdependence" on non-interest income. The expert noted that over-reliance on non-interest income is problematic since banks should be primarily making money from lending money at an interest rate rather than through the cost of money they lend. Other problems noted were related to the high levels of staff costs to income ratios and staff costs to expenditure ratios. The survey also highlighted banks' desire to hold government-backed securities, with a balance of $2.98 billion out of $3.45 billion in issued loans as of December 31, 2017. The Commercial Bank of Zimbabwe (CBZ) held a third of all Treasury bills. The distress in the banking sector emanates from an operating environment underpinned by weak economic activity, and cash and foreign currency shortages.

8 | Monetary and fiscal stability

Monetary stability

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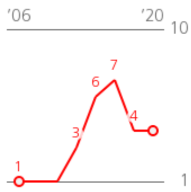

Like most central banks in the world, the primary mandate of the Reserve Bank of Zimbabwe (RBZ) is to ensure the stability of the financial sector through regulation of money supply. RBZ also has a responsibility to ensure that the banking system functions smoothly. A key constraint on the central bank's ability to carry out its duties has been the country's use of foreign currency to control inflation. Since 2009, the U.S. dollar has taken over all the functions of a domestic currency, effectively taking away responsibilities of monetary and exchange rate policies from Zimbabwe's policymakers. A huge step in the face of the cash crisis has been the broad acceptance of digital platforms for business transactions, with reports noting that 97% of the $97.5 billion worth of transactions in 2017 were done via these platforms. This is also evidence of adaptation by a population accustomed to a cash economy.

One key weakness of the government is that it has never communicated consistent policies. Discord is the order of the day. For example, bond coins were introduced as a way of alleviating change shortages, but in November 2016, the government launched the bond note. While the government of Zimbabwe says the U.S. dollar and the bond note trade at par (1:1) the central government has urged people to create RTGS accounts and FCA accounts, which is an indirect acknowledgement that the U.S. dollar and the bond note are not at par.

Public transactions are also confronted with a multi-tier pricing system whereby retailers and businesspeople charge extra for payments made by bond notes or bank cards and less for U.S. dollar transactions. This is a clear violation of the Bank Use Promotion Act. Inconsistencies on the part of government are also evident through its decision to charge duty for car imports and other selected goods in foreign currency, while maintaining that the U.S. dollar and bond note are trading at par. In fact, there is no exchange rate in Zimbabwe in the strict sense, because the country does not have a currency of its own. Instead, Zimbabwe has a surrogate currency, which cannot be used beyond the country's borders. The country's bank of last resort, the RBZ, lacks independence due to excessive government interference.

Fiscal stability
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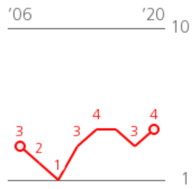

Fiscal stability in Zimbabwe remains a pipedream, because of the large public sector wage bill. State-owned enterprises wreak havoc, as they consume large amounts of central government money. According to ZimStat, the country's national debt was $18.4 billion in April 2018, equivalent to 95% of estimated GDP for 2018. According to the CIA World Fact book, as of January 18, 2018, Zimbabwe's current account balance estimate for 2017 stood at -$617 million. According to the Heritage Foundation's 2019 Index of Economic Freedom, government consumption stood at 29.2% of GDP. According to the IMF Fiscal Monitor (October 2018), Zimbabwe's net lending stood at -9.11% of GDP. President Emmerson Mnangagwa has promised to repay foreign debts, which the country has defaulted on since 1999.

9 | Private Property

Property rights
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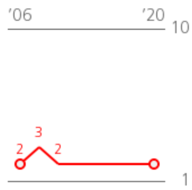

The free movement of assets and trading of private property is guaranteed in Zimbabwe. However, respect for property rights is problematic. Land reform in Zimbabwe seriously undermined the respect for property rights, with no compensation given for investments by white farmers in the country. The indigenization policy (since amended) also saw people lose equity through transfers to Zimbabweans. The issue of land barons and local authorities destroying people's homes in urban centers (e.g., in Harare's Budiriro suburb) demonstrate violations of property rights. In March 2017, over 100 families were evicted by the police, because of former first lady Grace Mugabe's desire to establish a wildlife sanctuary. No alternative accommodation was secured for the affected families.

Private enterprise

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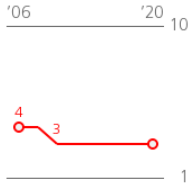

Government intervention in markets in the first decade following independence resulted in a growth in public investment, while the adoption of a market economy in the 1990s did not culminate in the envisaged reduction in public investment. Very few state-owned enterprises had been privatized by 2000 and there was a reversal to the market-intervention strategy during the period 2000 to 2011. Some of the state-owned enterprises that the current government has targeted for privatization include Air Zimbabwe, National Railways of Zimbabwe and the Cold Storage Company. Nonetheless, no progress has been made toward privatization, and the government has on many occasions been accused of crowding out the private sector. The private sector faces a number of challenges, which include low capacity utilization, low business confidence, liquidity constraints, low industrial competitiveness and inadequate infrastructure.

10 | Welfare Regime

Social safety nets

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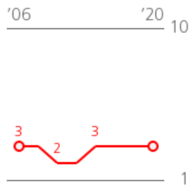

The country's national social protection strategy framework is centered on the need to reduce social and economic risk and vulnerability as well as to alleviate poverty and deprivation. The interventions are informed by a need to promote equity, resilience and opportunities for poor and vulnerable people. For instance, in the 1990s, public assistance was designed specifically to help those who due to age, infirmity, disability or lack of family connections were chronically poor. However, the program performed disappointingly, with low levels of coverage and inadequate benefits for its clients its main obstacles. Recent crises and structural challenges have wreaked havoc on the social protection system and have negatively impacted on its quality and reach. According to the Zimbabwe Public Expenditure Review of 2016, Zimbabwe's expenditure on social protection is about 5% of GDP. Nonetheless, one of the weaknesses of the system is its over-reliance on development partner funding, which has been declining in recent years. Other problems relate to high administration costs, which emanate from inadequate coordination and harmonization across implementing partners. Recurrent crises have seen the country's expenditure on social safety nets tumble from an average of 1.9% of the GDP between 2010 and 2014 to 0.72% of the GDP in 2015. This decrease in spending has been attributed to development partner's declining commitment to and de-prioritization of emergency assistance. In addition, the report noted that slightly more than two-thirds (67%) of social protection spending is allocated to civil service pensions, which only covers 1.3% of the population. The lack of coordination as well as fragmentation with regard to social protection programs also undermine the efficiency of public spending. Furthermore, the administration of social programs, especially food aid, is allegedly biased. Beneficiaries of BEAM have complained of the non-fulfillment of cost of living cushions, which is evidence that the social safety net in Zimbabwe is deteriorating.

Equal opportunity
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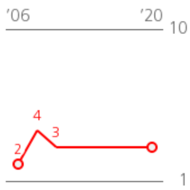

The equal treatment of all citizens and gender equality are enshrined in the country's supreme law and legal system. In fact, Section 3(1) of the constitution recognizes that "equality of all human beings" is a key component of the country's founding principles. Findings from Afrobarometer surveys in Zimbabwe reveal that citizens think that there is a mismatch between what the law provides for and reality. A trend analysis using Afrobarometer data shows that a majority of Zimbabweans have several years felt a sense of inequality. In 2009, seven out of 10 Zimbabweans were of the view that people are often or always treated unequally, but an 18-percentage point drop was witnessed prior to 2017. Yet, an upward trend was witnessed in 2017, with 62% of the adult population sharing this view in 2017. Between 2009 and 2017, Afrobarometer surveys also showed that a majority of adult Zimbabweans felt that officials benefit from impunity. Notably, seven out of 10 adult citizens shared this view in 2009, and marginal declines were recorded in 2010 (69%) and 2012 (68%), there was a 12-percentage point dip to 58% in 2014 and this remained static in 2017, but another 12-percentage point rise was recorded in early May 2018. Regarding the view that ordinary people in the country often or always go unpunished, the highest proportion of respondents to agree with this statement was recorded in 2009 (35%) and the lowest proportion of respondents was recorded in 2017 (18%).

Zimbabwe is a signatory to a number of international agreements on gender, including the U.N. Convention on the Elimination of All Forms of Discrimination against Women. Closer home, the country is a signatory to the Southern African Development Community's Declaration on Gender and Development. The National Gender Policy of 2003 is a critical campus for the government, while the Ministry of Women Affairs, Gender and Community Development has been a vital cog in advancing gender issues since 2005. The supreme law of the land also underlines the need for every woman to have full and equal dignity of the person, including equal opportunities in political, economic and social activities. The Zimbabwe Gender Commission is a statutory body mandated to monitor issues related to gender equality.

Despite these commitments, a number of gaps exist, as women and girls continue to face challenges in socioeconomic and political facets of life. Public decision-making continues to be dominated by men. A report by the country's official statistics agency (ZimStat) showed that in 2015 women held 32%, 48%, 15% and 24% of posts in the House of Assembly, Senate, cabinet and ambassador corps, respectively. Only 16.5% of local authority representatives were women. As for the public service, only 12 out of 41 permanent secretaries (29%) were women, while 23.5% of principal directors were women (ZimStat, 2016).

Access to agricultural productive resources has been heavily skewed toward men with only 19% of large-scale commercial farms were controlled by women, while women comprise less than half (45%) of communal landowners. Furthermore, the National Gender Policy of 2013 notes that while the country has achieved gender parity in primary school education, the same is not true for secondary and tertiary school enrolment.

Despite these observations, public attitudes toward government in terms of promoting equality between men and women are positive. The Afrobarometer 2017 survey in Zimbabwe showed that a majority of adult citizens applauded the government for promoting equality between men and women, with most respondents seeing improvements in opportunities for women, including opportunities for paid work, and owning and inheriting land.

11 | Economic Performance

Output strength

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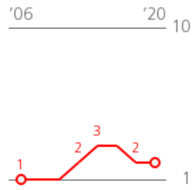
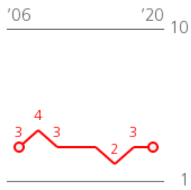


According to the African Development Bank, Zimbabwe's economy performed beyond expectations in 2018 and expanded by almost 3.5%. This was mainly propelled by agriculture and backing of relatively peaceful elections. However, the budget deficit as a proportion of GDP has been increasing. The budget deficit was 1.2% of GDP in 2014, rose to 2.4% in 2015, before jumping to 8.75% in 2016 and 14.7% in 2017. Between January and June 2018, the budget deficit stood at $1.34 billion, a whopping 406% above the target of $266 million. On the other hand, total external debt stood at an estimated 45.3% of GDP in 2018, down from 53.8% in 2017. With respect to the current account deficit, this was an estimated 3.7% of GDP in 2018 and merchandize imports continued to exceed exports, exacerbating foreign currency reserves and the exchange rate. The country's annual inflation rate was 42.09% in December 2018 driven by higher prices for basic goods. The main cause of the increase in the prices of goods was the increase in parallel market rates for scarce foreign currency. The situation is compounded by the fact that most products in the country are imported, with local manufacturers often dependent on imported raw materials. Unemployment statistics in Zimbabwe have always been mired in controversy primarily because of methodological issues involved in the calculation of the figures. The government's official statistics agency (ZimStat) pegged the unemployment rate at 6.62% in 2017. The agency apparently includes people working in the informal and communal agriculture sectors, which increases the proportion of those employed. However, some observers have calculated the unemployment rate to be as high as 90%. Zimbabwe's GDP per capita was $1,185 in 2017, up from $1,111 in 2016. The country's GDP per capita based on PPP was $2,304 in 2017. Zimbabwe's public debt ballooned to $16.9 billion, equivalent to 96.79% of GDP. This was due to high expenditure, which saw domestic debt jump from $275.8 million in 2012 to $9.5 billion in 2018. According to the World Bank, a country's debt-to-GDP ratio is considered to have reached a tipping point when it reaches 77%. Gross capital formation (current U.S. dollars) in Zimbabwe was $2,026,381,000 as of 2016.

12 | Sustainability

Environmental policy

3



Zimbabwean law, through the Environmental Management Act (Chapter 20:27), provides for the sustainable management of natural resources, protection of the environment, and prevention of pollution and environmental degradation. Environmental regulations include the Plastic Packaging and Plastic Bottles Regulation, Statutory Instrument 98 of 2010; Air Pollution Control Regulations, Statutory Instrument 72 of 2009; Hazardous Waste Management Regulations, SI 10 of 2007; Environmental Impact Assessment and Ecosystems Protection Regulations, SI 17 of 2007; and Effluent and Solid Waste Disposal Regulations, SI 16 of 2007.

While the law requires everyone to preserve and protect the environment, not much has happened in that direction. The government has failed to demonstrate a strong commitment to environmental issues. For example, about 252 million kilograms of tobacco are produced per year in Zimbabwe, but there has been no serious consideration of the long-term environmental impact of such a high volume of production, while the rate of reforestation does not mitigate the rate of deforestation caused by tobacco production. Some investors (e.g., the Chinese government) do not take into account the issue of land reclamation (e.g., in terms of mining activities). Construction of physical structures on wetlands (e.g., the Longcheng Plaza in Belvedere, Harare) is concerning. The Environmental Management Authority lacks regulatory powers, as evidenced by the lack of stern action taken against artisanal miners (amakorokozas) who are inflicting damage on the environment. There are also no effective taxes or penalties to reduce carbon emissions. Garbage is not being collected in some parts of the capital Harare and surrounding dormitory towns (e.g., Chitungwiza), and the current system of fines is an insufficient deterrent.

Education policy / R&D

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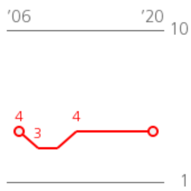

A major component of Zimbabwe's post-independence achievements was to bring expansion and equality in the education system. According to UNICEF, the Primary and Secondary Education 2018 Budget Brief of the Ministry of Primary and Secondary Education received the lion's share of the 2018 national budget allocation, \$905.6 million. This represented an increase of 12.7% from the amount it got the previous year. The economic crisis that has enveloped Zimbabwe for years has resulted in inadequate public investment in primary and secondary education. The UNICEF report noted that, at 15.8% of the total 2018 budget, the budget allocation for primary and secondary education is 6 percentage points lower than the SADC's 22% benchmark. In addition, non-wage costs for primary and secondary education only accounted for 6.3% of the total sector budget in 2018, a sign of underfunding. Such underfunding negatively impacts on the quality of education. The UNICEF report also paints a grim picture of the primary and secondary education sector, noting that only 21% of children attend an early childhood development institution, while 43% of children who complete primary education failed to complete secondary education. To compound matters, over-reliance on donor funding for non-wage expenditure is not sustainable. Given the gaps in public funding, equity and quality have been highly compromised as the government has been forced to rely on fees and levies. The skills deficit also has a negative impact on Zimbabwe. Statistics provided by the National Skills Audit Report showed that the country has a skills deficit of 62%. Furthermore, the report shows that the engineering and technological sectors are the most affected with a deficit of 95%. Other sectors affected by the skills deficit include agriculture with a deficit of 88%, health sciences (95%), applied arts and humanities (82%), and the legal profession (92%). With respect to research, the sciences are better funded than the humanities. According to the 2016 to 2020 Education Sector Strategic Plan, parents contribute toward approximately 96% of non-salary education costs, raising equity concerns.

The new education curriculum was launched after reviewing approaches in other countries. However, the fact that Zimbabwe continues to slide into economic doldrums is an indication that the government has not done enough to learn from best practices or adapt to changing circumstances. Sometimes the government takes a command-and-control approach without performing a cost benefit analysis. The government has adopted the public private partnership strategy after learning from other developed countries (e.g., Malaysia and the United Kingdom). Institutions of higher learning (e.g., the University of Zimbabwe in Harare, the National University of Science and Technology in Bulawayo, and the Harare Institute of Technology) are major institutions of education, research and policy learning. However, these institutions face a lack of adequate funding, which undermines the sustainability of their operations. Under the Transitional Stabilization Plan, the government has set aside funds for the construction of innovation hubs in six universities, and an infrastructural overhaul of the higher and tertiary education sector. The hubs will be built at the National University of Science and Technology, Midlands State University, University of Zimbabwe, Harare Institute of Technology, Zimbabwe National Defense University, and Chinhoyi University of Technology. The plan also proposes infrastructural renovations at various teacher and vocational training colleges.

Governance

I. Level of Difficulty

Structural constraints

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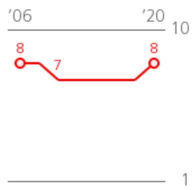
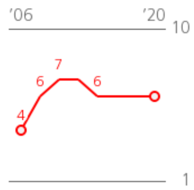


Zimbabwe is a landlocked country with an area of about 391,000 square kilometers. Consequently, the country depends largely on neighboring countries for bulk imports and exports. This dependence on neighboring countries for external trade means that the country incurs huge transaction and transport costs due to inadequate infrastructure, and bottlenecks associated with importation and exportation requirements. This has a negative effect in terms of the country's overall integration into the global economy. Zimbabwe sometimes experiences natural disasters (e.g., cyclones, drought, floods and heavy rains), which have a negative impact on the socioeconomic fabric of the nation, as the natural disasters ravage livelihoods and damage infrastructure. For example, more than 250 people died when a cyclone struck Zimbabwe in March 2019, with Chimanimani District most affected. The HIV and AIDs pandemic continues to wreak havoc on society with reports that the country has one of the highest HIV rates in sub-Saharan Africa at 13.3% and 1.3 million people living with HIV in 2017. On the infrastructure front, Zimbabwe has limited water resources and generally depends on surface storage for water needs. In terms of transport, roads, railways and aviation are key modes of transport. Domestic power generation is below capacity due to poor maintenance of generation plants, while ICT is becoming integral to commerce. Despite the investment in infrastructure, there has been a general deterioration in the quality of infrastructure due to low levels of capital expenditure for routine maintenance. The deterioration in basic infrastructure has had a serious impact on productive sectors of the economy as well as on the quality of public services. Zimbabwe has one of the highest literacy rates in Africa, with reports indicating that 90% of the population are literate – a springboard for economic progress if resources can be harnessed for development. However, high emigration rates, with citizens searching for better opportunities abroad, means that the country is potentially losing the skilled workers necessary for economic development.

Increased dependence on primary commodities, which are highly dependent on demand of the international market, is also a major drawback for Zimbabwe. The country is also experiencing the twin problems of de-industrialization and a rapidly growing informal economy. Reduced savings and declining investment rates are also key problems. On the whole, the savings rate has been less than 0% since 2000, reaching -11% of GDP in 2015. Domestic and foreign investment largely remained depressed from 2009 to 2014. The lack of clarity and consistency in relation to land reform and indigenization have undermined business confidence. Weak public institutions, poor fiscal management, debt mismanagement, corruption and public service degeneration continue to be hallmarks of the business environment. Unsustainable fiscal deficits and international debt curtails the government's ability to access external financing.

Civil society traditions
6



There are various civil society organizations (CSO) in Zimbabwe, of which most are engaged in governance issues. The context within which CSOs have developed has been continuously changing since independence in 1980. Initially, the CSO sector was very small in the first decade following independence, as the nation expected government to provide, and determine Zimbabwe's economic and social development. However, deteriorating economic conditions due to the Economic Structural Adjustment Program in the 1990s opened a space in the public arena for CSOs. This era saw the emergence of a number of CSOs, promoting democracy and human rights, to the extent that the CSOs became a thorn in the side of the government. The government responded by enacting draconian legislation (e.g., the Public Order and Security Act, and the Access to Information and Protection of Privacy Act) and closing the space for CSO operations. The government became even more hostile as the economy went into free fall. Dependence on donor funding, competition and careerism have been the major undoing for CSOs. Some CSOs continue to challenge powerful interests, which has led to reprisals and the victimization of CSO actors. On the whole, donor fatigue, the lack of civil society engagement and low public trust are key stumbling blocks for CSOs.

Conflict intensity
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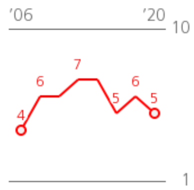

The post-2000 period in Zimbabwe has witnessed an increase in terms of polarization of politics and society between ZANU-PF and the MDC-T. On March 11, 2007, the late MDC leader Morgan Tsvangirai and other MDC and civil society activists were brutally beaten up in Harare, a demonstration of the intolerance and intimidation that has been gripping the country. Perhaps the worst example of state-sponsored violence was witnessed after the inconclusive elections of 2008 when state agents unleashed violence on pro-MDC supporters. On August 1, 2018, when opposition supporters took to the streets in protest to the delay in announcing the election results, President Mnangagwa reacted by deploying soldiers in Harare. The soldiers used live ammunition, killing six protesters and injuring others. Following the mid-January 2019 national shutdown, the state and its agents also launched a brutal clampdown on the opposition and civil society. On the whole, the state's instruments of coercion are always on standby to suppress forces threatening state power, in some cases using disproportionate force. There are no violent incidents driven by religion.

II. Governance Performance

14 | Steering Capability

Question Score

Prioritization

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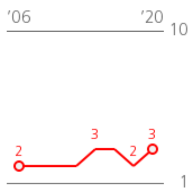

In the case of Zimbabwe, the political elite sacrifices well-meaning policies for political expediency and national interest suffers at the end of the day. History is littered with cases of political expediency. For example, the land audit, which was mooted during the 2009 to 2013 tenure of the Government of National Unity (GNU), never took off. The ruling ZANU-PF's leadership code of 1984 prohibited party members from owning businesses and property. Furthermore, the Corporate Governance Framework, launched during the tenure of the GNU, also never saw the light of the day. Documents on parastatal and other reforms have continued to gather dust. Even the post-coup events have shown that the putsch was driven by the self-preservation imperatives of President Emmerson Mnangagwa and his military allies, and national interests were low down the hierarchy of considerations. Despite his promise to clamp down on corruption, no concrete steps have been taken toward that direction. Even Mnangagwa's predecessor (Robert Mugabe) decided to go for expediency and handed out payouts to war veterans in 1997 when he saw that his power base was in serious danger of collapsing. The haphazard land reform program introduced by Mugabe's government during the third decade of his rule only serves to illustrate political expediency given the policy's contractions. Under the GNU, Minister of Finance Tendai Biti, a senior member of the opposition, adopted a cash budget framework and almost achieved a balanced budget. However, all that was reversed when ZANU-PF swept back into power with a super parliamentary majority. As renowned academic Ibbo Mandaza has observed, ZANU-PF survives tenuously on the securocrat state without which the party would have withered away.

Events show that the post-Mugabe administration is trying to open the economy to international markets under the "Zimbabwe is open for business" mantra, an indication that the government is willing to embrace precepts of a market-led economy.

Implementation

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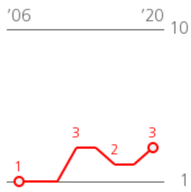

Zimbabwe's government has implemented several policies since the attainment of independence in 1980. For example, the country introduced the Framework for Economic Reform and the Zimbabwe Program for Economic and Social Transformation and has submitted Letters of Intent to the IMF, and the Zimbabwe Agenda for Sustainable Socioeconomic Transformation (ZimAsset) to the Transitional Stabilization Program, which was launched in October 2018. An analysis of policy impact reveals the lack of policy implementation, poor sequencing of policies, political inaction and lack of resources. Contradictions in the indigenization policy, a policy the government has relaxed, is a very good case in point of the challenges affecting policy implementation in the country. Policy formulation and implementation is blighted by a political environment characterized by bad politics, inadequate budgetary support, corruption and polarization. More importantly, technocrats lack independence and low public trust also result in policy failures. Lack of consultation during the drafting of ZimAsset led to a schism between citizens and the state. Political instability and polarization in Zimbabwe also work against policy implementation. As the country is so divided with citizens perceiving issues in a parochial manner, citizens cannot agree on the most important things affecting the nation. For example, ZimAsset was largely viewed by the opposition as a ZANU-PF project, since the policy was not borne out of comprehensive consultative process. The lack of a vibrant and free media, able to articulate people's views, also hampers public access to information about government policies. Another notable point is that policy-making and implementation in Zimbabwe is the primary instrument for controlling the apparatus of the state and safeguarding the political turf of the incumbent ruling party, which was under threat from opposition politics. Hence, policy-making has become highly unpredictable, temperamental, exclusive, top-down and focused on short-range issues. Some policies (e.g., the Look East Policy) are enforced on the basis of political slogans.

Policy learning

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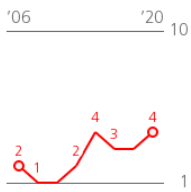

For decades, the government of Robert Mugabe appeared disinterested in substantive reforms. During this period, policy learning was largely focused on maintaining an increasingly repressive autocratic system. For example, having pursued an unsuccessful socialist agenda in the 1980s, the government dumped the socialist policy orientation and adopted a liberalization strategy in the 1990s.

After 2000, under the Government of National Unity, several policies were somewhat successful, especially policies aimed at avoiding a currency collapse.

However, the self-destruction of the Mugabe-regime started again. At the time of writing, it is not clear whether the new president will adopt a new reform agenda. One precondition for policy learning would be a new culture of transparency. Seeking domestic and international advice – from academics, policy experts and international institutions (e.g., the AU and SADC) – could become a wind of change for the partly devastated country.

15 | Resource Efficiency

Efficient use of assets

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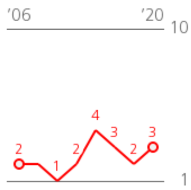

Following a decade of recession between 1998 and 2008, the economy performed a little better during the GNU era. The economy grew by more than 10% annually between 2010 and 2013, but recorded less than 3% growth between 2014 and 2017 mainly because of poor harvests, low diamond revenues and a decline in investment levels. A number of factors continue to weigh down on the country's economic performance. Zimbabwe's Parliamentary Budget Office identified some of these factors as low mineral prices, poor infrastructure and regulatory deficiencies. In addition, the poor investment climate, huge public and external debt, and high government wage bill continue to undermine the country's economic performance. The persistent appetite for government spending has been referred to as the "elephant in the room," with negative implications on the country's macroeconomic stability. While the country enjoyed budget surpluses under the GNU due to the government's cash budgeting approach, fiscal deficits became more pronounced in 2016. Recurrent expenditures have been problematic and averaged more than 90% of total public spending between 2011 and 2016. This means capital spending has been the main casualty, as less than 10% on average of the public budget has been left for this purpose. The upward trend in the budget deficit as a percentage of GDP is definitely worrying: 1.2% (2014), 2.4% (2015), 8.75% (2016) and 14.7% in 2017. The government has not helped matters either as it has resorted to financing the gap from domestic borrowing. This has pushed total debt-to-GDP (estimated at 88% in 2017) above the legal threshold prescribed in Section 11(2) of the Public Debt Management Act (Chapter 22:21), which stipulates that total outstanding public and publicly guaranteed debt should not exceed 70% of GDP at the end of any fiscal year. This requirement is, however, above the 60% SADC threshold to which Zimbabwe assented to when it ratified the Finance and Investment Protocol. Personnel costs have been relatively higher while service delivery is poor. The Civil Service Commission is charged with civil service recruitment, but most senior civil servants are political appointees, which compromises on their professionalism.

Policy coordination

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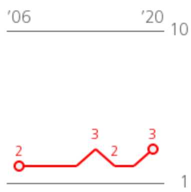


A key characteristic of the ZANU-PF government during and after Mugabe's presidency has been policy clashes and inconsistencies. These policy contradictions stifled progress during the acrimonious GNU and post-GNU era. Hence, Robert Mugabe and ZANU-PF blamed then Prime Minister Morgan Tsvangirai and his party for policy inertia. Whereas Mugabe could accuse the MDC formations of policy failures, Tsvangirai accused Mugabe and his party of obstructing economic revival. At one time, former President Mugabe called for the early termination of the GNU on the basis that the three-headed coalition was stalling government operations.

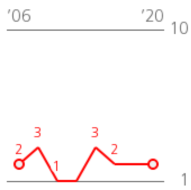
A vivid example of internal GNU tensions was Mugabe's dressing down of then Minister of Finance Patrick Chinamasa in 2015, after Chinamasa had effectively announced that the government would stop payment of annual bonuses for 2017.

Government policy inconsistency was further illustrated by conflicting ministerial statements on the government's indigenization policy. For example, then Minister of Finance Chinamasa indicated that the government would abandon the straight-jacket approach to the indigenization policy, but Minister of Indigenization Christopher Mushowe contradicted him stating that the country was not begging for investment and any investors had to uphold the country's laws. Francis Nhema, who once served as minister of indigenization in Mugabe's government, also had run-ins with then Minister of Information Jonathan Moyo over the contentious policy. At a 2015 function, Mugabe's deputy (Emmerson Mnangagwa), Minister of Finance Patrick Chinamasa and Minister of Environment Saviour Kasukuwere spoke of the need to re-engage with the West to commission a water reservoir in Manicaland province. However, this proposal was quashed by Mugabe at his birthday celebrations at Victoria Falls just a few weeks after the event. There were also fissures at the level of the presidium. For example, while Mugabe attacked the West for maintaining sanctions and threatened Western countries operating in the country during the burial of retired Air Commodore Mike Karakadzai in 2013, his deputy at that time (Joice Mujuru) barely two days after emphasized the need for the country to re-engage with the international community for political, economic and social cooperation. Even the minister for small- to medium-sized enterprises, Sithembiso Nyoni, clashed with the Ministry for Local Government, under former minister Kasukuwere, for intruding on the mandate of her ministry by announcing a ban on housing co-operatives without her consent.

After Mnangagwa's victory in the 2018 elections, the new minister of finance, Mthuli Ncube, was accused by senior ZANU-PF members of introducing policies without consulting them.

Thus, discord in government during and after Mugabe's era reflects a lack of social cohesion, which has a negative effect on the country's prospects for economic development. These inconsistencies result in uncertainty in government policy, policy paralysis and present challenges to investors in Zimbabwe.

Anti-corruption policy
2



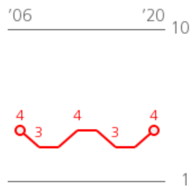
The Zimbabwe Anti-Corruption Commission (ZACC) has the constitutional mandate to fight corruption. ZACC officials are on record claiming that the institution has received threats from cabinet ministers. Political interference is another elephant in the room for the anti-graft body. In its 2016 annual report, ZACC stated that it feared for the lives of its officers. In August 2017, the chair of ZACC, Job Whabira, told the Parliamentary Portfolio Committee on Defense, Home Affairs and Security Services that the organization was not decentralized and limited funding prohibited the body from investigating reports in remote areas. In addition, Chief Investigations Officer Alex Masiya said the body was also constrained by the lack of investigative personnel, with the investigations department having only 36 officers to carry out investigations across the whole of Zimbabwe. Furthermore, 21 out of the 36 officers are on secondment from the police and other stakeholders, leaving ZACC with 15 independent officers to carry out investigations. Political heavy weights in ZANU-PF have largely gone scot free in corruption matters. The government has a Comptroller and Auditor General Office to audit public spending, but no serious attention has been given to the consideration of reports from this office.

Under a public procurement reform program supported by the World Bank, Zimbabwe’s Public Procurement and Disposal of Public Assets Act Chapter 22:23 came into effect on January 1, 2018. This piece of legislation regulates the procurement cycle. Under the old act, the State Procurement Board conducted procurement on behalf of procuring entities. The new legislation paves the way for the Procurement Regulatory Authority of Zimbabwe whose role will be to oversee public entities. A blemish regarding public procurement in Zimbabwe is that of manipulation of public tender procedures for personal gain, while the absence of political will to enforce the law on errant behavior creates an environment in which malpractice spreads.

16 | Consensus-Building

Consensus on goals

4

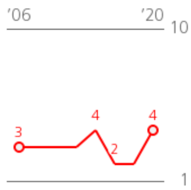


Major political actors are in conflict over both democracy and a market economy as strategic, long-term goals of transformation. Any proclaimed consensus on goals is rudimentary, very fragile and likely to be challenged by powerful actors. Zimbabwe’s desire for democracy will face resistance from ZANU-PF and the military establishment in both the political and electoral affairs of the state. The military has been intervening in civilian and electoral matters. There are also reports of friction between President Mnangagwa and his deputy Constantino Chiwenga over steering the country. Popular challenges to the status quo come from pro-democracy forces (e.g., main opposition MDC Alliance, civil society and citizens). After the Zimbabwe Electoral Commission (ZEC) announced Mnangagwa’s questionable victory, he deployed the police and military forces to suppress street protests and drove would-be challengers into hiding. The militarization of state institutions is perhaps the greatest threat to consensus-building at the national level. The events of August 1, 2018, in which the military gunned down six unarmed civilians in Harare during protests over alleged electoral manipulation by ZEC, and joint military and police operations in restoring order after the January 2019 shutdown are evidence of the challenges to building consensus.

The former president and his supporters believe in socialist ideas and did not support market economy values for a long time. In general, the economic system of Zimbabwe reflected a form of state capture by the top level, including by President Mugabe and his cronies, military officers and party stalwarts. From the end of the 1990s, the relatively strong economy collapsed, and economic and social instability loomed.

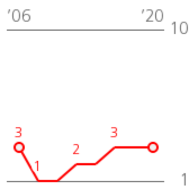
President Mnangagwa has since his post-coup inauguration promised to turn the economy around and has been globe-trotting with a key message that “Zimbabwe is open for business.” Minister of Finance Mthuli Ncube has introduced several austerity measures under what he dubs “austerity for prosperity.” These measures have generated more enemies than friends and are resented by the populace.

Anti-democratic actors
4



Reformers have little control over powerful anti-democratic actors, who can use their influence to severely disrupt the reform process. This is evident in the ruling party, ZANU-PF, where the few reformers, if any, have no control over anti-democratic actors. In addition, pro-democracy forces in Zimbabwe have no control over the powerful ZANU-PF, the state or military conflation, which spread out over all socioeconomic and political facets. To aggravate matters, business cartels aligned to the ZANU-PF, the state and military complex represent the major anti-democratic forces, and their ability to co-opt reformers shrinks the space for democratic players.

Cleavage / conflict management
3



Cleavages in Zimbabwe are primarily a product of history. Partisan politics and violence stand out as a cancer that corrodes Zimbabwe’s democratic advances. A key feature of Zimbabwe’s society is its violence, which has spread to the grassroots. With a culture of impunity taking root, political stability, democracy and governance have suffered as a result. Some observers note that the source of this problem is the legacy of nationalist movements, which undermined democratic principles during the struggle for liberation. Observers note that the liberation struggle was fraught with intense intrigue, factionalism, divided rule, violent purges and assassinations, and there was widespread witch-hunting, intimidation and torture of enemies. This has nurtured a culture of violence and instability in Zimbabwe. The Gukurahundi massacres in the Matabeleland region, gross violations of human rights during the land reform program in 2000, violence during the 2002 and 2008 elections, the post-election violence in July 2018 and subsequent shooting of six civilians by the army in Harare, and the crackdown on opposition politicians and activists are testimony of cleavages in the country.

The violent political tension and polarization in Zimbabwe since 1999 demonstrates the fierce contest for state power between the ruling party and the opposition due to the attendant benefits for the political elite. Thus, the political crises in Zimbabwe have been triggered mainly by the need to control state power. Zimbabwe lacks a shared national vision. Most so-called national visions are partisan, while the distribution of national resources is highly partisan. The ZANU-PF party of Mugabe and that of post-2018 flourishes on the politics of divide and rule, with national wealth shared among a few. The media is also highly polarized, with private media showing a bias toward opposition politics and public media showing overwhelming support for ZANU-PF. To compound this, the government has only made symbolic steps toward national reconciliation.

Civil society participation

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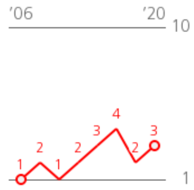
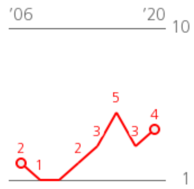


Generally, the attitude of government toward CSOs is negative and hostile. CSOs involved in governance issues frequently find themselves harassed by state agents. Unsurprisingly, the more CSOs challenge government the less amicable the relationship becomes, with some individuals involved in CSOs arrested, and even tortured and incarcerated. Meanwhile, organizations that work on apparently non-political issues (e.g., gender equality or trade justice) have found that their policy inputs are often welcome. The government seems to have no problems with economic justice campaigners, as long as they do not question the accountability, transparency and legitimacy of politicians and officials. Furthermore, development organizations and service providers work very closely with government departments and are frequently appreciated by government.

Reconciliation

4



Following independence in 1980, then Prime Minister Robert Mugabe announced a policy of reconciliation in a bid to rebuild the war-ravaged country. This was welcomed by the international community, which saw the announcement as evidence that Mugabe was a great African statesman. However, there was some regression post-independence, as the government wobbled through violent incidences. Most poignant were the Gukurahundi disturbances of the 1980s, the violent land reform program of 2000 and the 2008 election violence. In order to address this, Section 252 of the constitution provides for the establishment of the National Peace and Reconciliation Commission. The constitutional body is mandated with promoting healing, reconciliation, unity and cohesion among other things. In early 2018, President Mnangagwa signed the National Peace and Reconciliation Commission Act. Besides these actions, the government has not done much in terms of dealing with past injustices.

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Effective use of support

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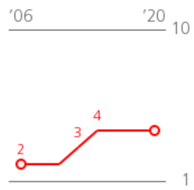

The first decade of independence saw Zimbabwe being guided by a socialist development agenda. Thus, the initial years after independence saw the government pursue policies that were aimed at redressing colonial imbalances. In light of this, development planning was a key feature of the command-oriented economy. With the adoption of the Economic Structural Adjustment Program in the early 1990s, socialist inclinations faded away, giving impetus to a liberalization agenda. The thrust was to reduce public dependence on government for survival. Economic blueprints have been central features of the country's political and economic landscape. While the country has come up with various development plans, failure to implement those blueprints has been the major Achilles heel of the government. Another key observation is that there has been a lack of a clear national agenda and vision with regard to policy implementation. This has resulted in the adoption of ad hoc blueprints, which are never followed through. Examples of these ad hoc plans include the Millennium Economic Recovery Program (2001–2002), National Economic Revival Program (2003), National Economic Development Priority Program (2007), Short-Term Economic Recovery Program I (2009–2010), Short-Term Economic

Recovery Program II (2010–2012), Medium-Term Plan (2011–2015) and ZimAsset (2013–2018). The Transitional Stabilization Plan (October 2018–December 2020) is the latest in the series of economic blueprints. President Mnangagwa's government has set about normalizing relations via political and business-based diplomacy as a key thrust of his administration. The new administration recognizes that accessing international finance hinges on resolving the country's external payment arrears to the World Bank, the African Development Bank and other international lenders. Since 1999, Zimbabwe has been unable to access foreign funding after defaulting on payments. The U.S. sanctions law precludes multilateral institutions from extending lines of credit to Zimbabwe. Zimbabwe is currently ineligible for debt relief under the Heavily Indebted Poor Countries or Multilateral Debt Relief Initiative, although Minister of Finance Mthuli Ncube has stated an intention to pursue multilateral debt relief akin to that achieved by Myanmar (which secured debt relief of around $6 billion in 2013). Overall, Zimbabwe is perceived as a high-risk country, which has limited the government's access to external lines of credit. Due to the perceived country risk, external credit has become too costly. The government has low credit worthiness, resulting in a reluctance among investors to lend to government. Domestic and foreign investors have little confidence in government. The IMF has indicated that the country has cleared its debt to the institution. Meanwhile, former UK ambassador to Zimbabwe, Catriona Laing, hinted that London was prepared to support an interim staff-monitored program for the country to quickly clear its obligations to international lenders and start accessing new funding. In 2015, Zimbabwe adopted the Lima Plan to clear debt arrears, and President Mnangagwa's government has revived it as part of a broader strategy to attract fresh lines of credit and attract FDI. Zimbabwe has cleared its arrears to the IMF, but it owes the World Bank around $1 billion, which resulted in the suspension of balance of payments support. However, development assistance is likely to be constrained due to the lack of political reform in Zimbabwe.

Credibility

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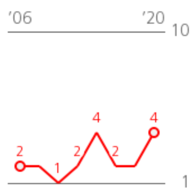

The Zimbabwe government has failed to adhere to some of its international commitments. For example, the SADC tribunal was shutdown primarily due to interference by Zimbabwe (2007–2008). Former President Robert Mugabe pressured the regional bloc into dumping the tribunal after the tribunal found in favor of 79 commercial farmers, led by Mike Campbell, who took Mugabe's government to court. Due to Mugabe's pressure, SADC decided to suspend the tribunal until 2012 and eventually closed the tribunal to the public. The tribunal was subsequently replaced with the 2014 protocol. Zimbabwe's refusal to respect the tribunal's ruling is a strong signal of the country's unwillingness to subordinate its parochial national interests to those of the region and the SADC's failure to uphold human rights as governed by the SADC treaty. Reports on recent elections have shown that the country is far from fully compliant with the SADC's Principles and Guidelines Governing Democratic Elections. For example, the Crisis in Zimbabwe Coalition noted that Zimbabwe's harmonized elections on July 31, 2013, were in partial compliance with six guidelines and non-compliant with eight guidelines.

Regional cooperation

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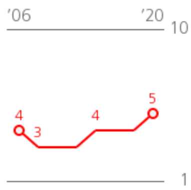

As a SADC member state, Zimbabwe has been a source of friction and division for the regional bloc. There have been diplomatic tiffs over border disputes with Zambia, tensions with South Africa over a statutory instrument that barred the importation of certain South African goods into Zimbabwe in 2016 and issues regarding the treatment of Zimbabweans living in South Africa. Relations with Botswana also soured under the presidencies of Ian Khama and Mugabe mainly due to alleged human rights abuses and the influx of economic refugees from Zimbabwe into Botswana. However, President Emmerson Mnangagwa's foreign policy seems to recognize the importance of Zimbabwe's need to interact, re-engage and strengthen relations with regional and international actors. After his inauguration following the November 2017 coup, President Mnangagwa went to South Africa and met South African President Zuma and Deputy President Cyril Ramaphosa. Mnangagwa also visited Namibia, Zambia, Botswana, the Democratic Republic of Congo and Mozambique with the intention of rebuilding relations with the international community.

After his inauguration following the July 30, 2018 elections, President Mnangagwa continued with his diplomatic charm offensive. For example, in August 2018, Mnangagwa was in Windhoek, Namibia for the SADC's 38th Ordinary Summit of Heads of State and Government. In October 2018, Mnangagwa visited Zambia, where he attended the Zambia's independence celebrations. State media also reported that Mnangagwa held bilateral talks with his counterpart, Edgar Lungu. Mnangagwa was also in Addis Ababa, Ethiopia for the 11th Session of the Assembly of Heads of State and Government of the African Union. Mnangagwa's diplomatic offensive also saw him visit Guinea for a two-day state visit, which was described as a diplomatic and political tour aimed at consolidating African support for Zimbabwe's anti-sanctions drive. During the Zimbabwean crisis, SADC repeatedly reaffirmed its solidarity with the ZANU-PF government, and publicly ignored violations of human rights, breaches of the rule of law and political repression. When the regional bloc undertook the mediation role at the height of the crisis in Zimbabwe, this was done not in a multinational context (save for the endorsement of the African Union), but was devolved to South Africa.

Strategic Outlook

The victory of ZANU-PF in the 2018 general elections and the subsequent crackdown on the opposition has undermined prospects for genuine democracy in the country. It has also had a negative effect on whatever good will the international community was inclined to show Zimbabwe and its prospects of shedding the reputation as a pariah state. Despite the Constitutional Court ruling confirming Mnangagwa's presidency, the issue of legitimacy hangs in the balance. Though the resolution has the potential to unlock opportunities that have hitherto been closed to Zimbabwe, opportunities for social and economic recovery are likely to remain severely limited. The stalemate is also likely to deal a blow to Mnangagwa's re-engagement with the international community. Zimbabwe's key challenge going forward hinges on President Mnangagwa's effective power to govern, as this is heavily constrained by the military, which is the bedrock of his support. This is mainly due to the existence of behind the scenes enclaves and veto powers, which hinder his ability to discharge power. Zimbabwe's security chiefs have made it clear that they will never salute a presidential candidate who lacks liberation war credentials. The conflation of the state, party, military and economy casts doubt on the president's ability to steer the country in the right direction without undue influence from these veto powers.

On the economic front, Zimbabwe's economy is dependent on mining and agriculture, while the question around the regime's legitimacy and economic under-performance continues to threaten the country's future. Reform inertia is a cause of concern. An all-inclusive stakeholder dialog would likely unlock the country's potential. Meanwhile, the fiscal deficit, financial sector stabilization, the high and unsustainable debt-to-GDP ratio, cash shortages, the three-tier pricing system, economic growth stimulation, revenue collection, and foreign exchange generation remain fundamental challenges for the administration. It remains to be seen if the Transitional Stabilization Program, which was launched in October 2018, will yield the desired results given previous experiences in which the government came up with well-crafted economic blueprints but fell short on implementation. The authorities have made a huge statement of intent following the November 2017 coup by expressing a desire to foster a private sector-led economy through Vision 2030 (with the aim of achieving an upper middle-class income status by 2030). Things will likely improve if the public, which is feeling the pinch of economic austerity, buys into the government's programs. However, the national shutdown in the middle of January 2019 highlights the huge task confronting the government in terms of steering the country out of the socioeconomic and political doldrums.