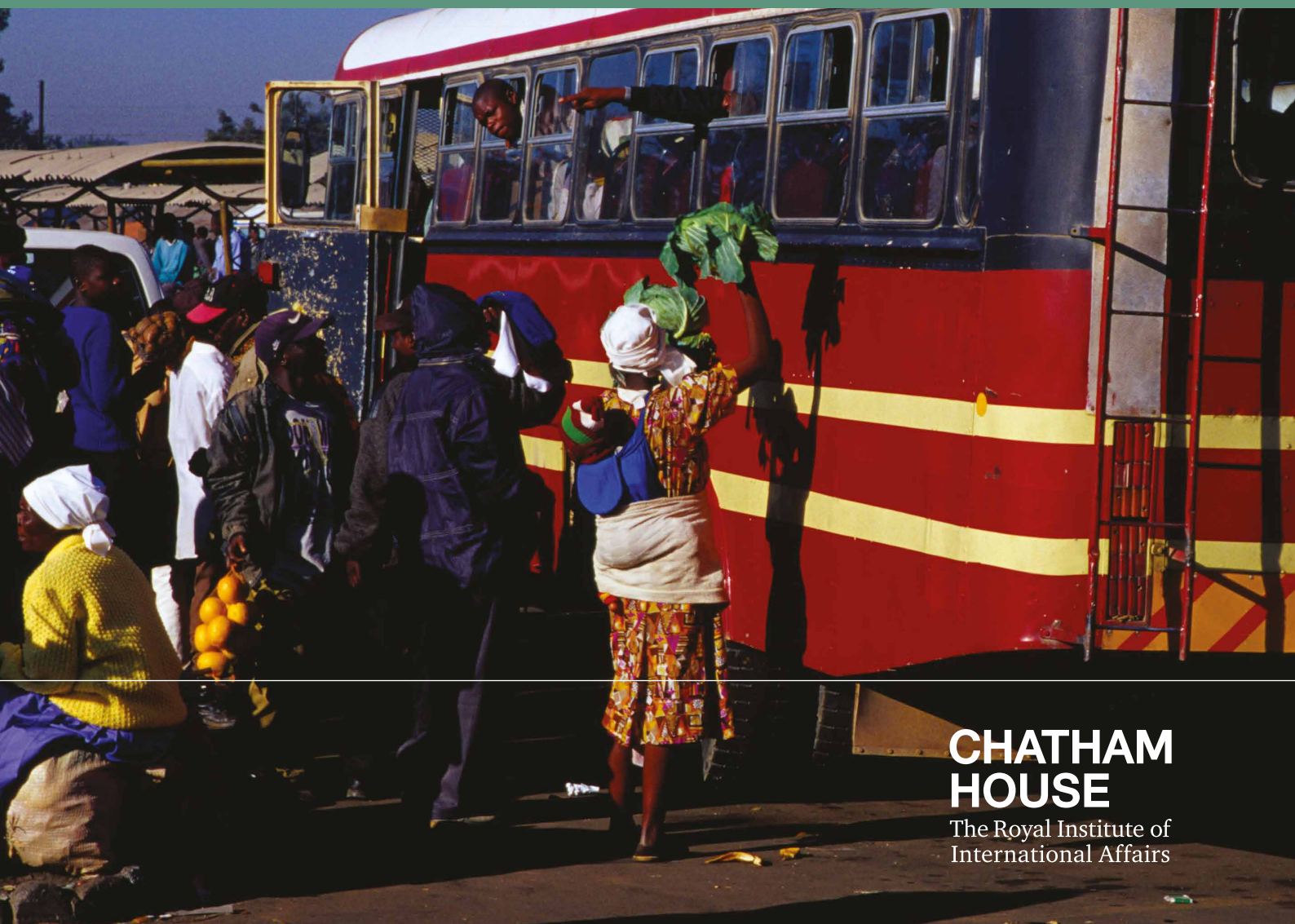


Chatham House Report

Knox Chitiyo and Steve Kibble

Zimbabwe's International Re-engagement The Long Haul to Recovery



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International Affairs

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April 2014

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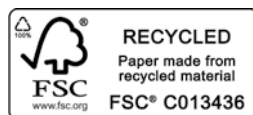
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Acknowledgments

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List of Acronyms

AEC	African Economic Community	OFAC	US Treasury Office of Foreign Assets Control
ANC	African National Congress		
AU	African Union	REC	Regional Economic Community
BMATT	British Military Advisory and Training Team	SADC	Southern African Development Community
CIO	Central Intelligence Organisation (Zimbabwe)	SDN	Specially Designated Nationals
CISSA	Committee of the Intelligence and Security Services of Africa	SMP	Staff Monitoring Programme
COMESA	Common Market for Eastern and Southern Africa	SSR	Security-sector reform
CSOs	Civil society organizations	STERP	Short- term Economic Recovery Programme
CZI	Confederation of Zimbabwe Industries	UNWTO	United Nations World Tourism Organization
DRC	Democratic Republic of the Congo	ZANLA	Zimbabwe African National Liberation Army
EAC	East African Community	ZANU–PF	Zimbabwe African National Union–Patriotic Front
FADM	Mozambique’s national forces (Forças Armadas da Defesa de Moçambique)	ZAPU	Zimbabwe African People’s Union
FDI	Foreign direct investment	ZBC	Zimbabwe Broadcasting Corporation
FLS	Frontline states	ZDF	Zimbabwe Defence Forces
GNU	Government of National Unity	ZEC	Zimbabwe Electoral Commission
GPA	Global Political Agreement	ZESA	Zimbabwe Electricity Supply Authority
HIFA	Harare International Festival of the Arts	ZETF	Zimbabwe Economic Task Force
HIPC	Heavily Indebted Poor Countries	ZIA	Zimbabwe Investment Authority
IDASA	(South African) Institute for Democracy in Africa	ZIDERA	Zimbabwe Democracy and Economic Recovery Act
IMF	International Monetary Fund	ZIMASSET	Zimbabwe Agenda for Sustainable Socio-Economic Transformation
MDC-N	Movement for Democratic Change – Ncube	ZIPRA	Zimbabwe People’s Revolutionary Army
MDC-T	Movement for Democratic Change – Tsvangirai	ZMDC	Zimbabwe Minerals and Diamond Corporation
NCA	National Constituent Assembly	ZNA	Zimbabwe National Army
NGO	Non-governmental organization	ZPS	Zimbabwe Prison Services
NSC	National Security Council	ZRP	Zimbabwe Republic Police
		ZSE	Zimbabwe Stock Exchange
		ZUNDE	Zimbabweans United for Democracy

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Executive Summary and Recommendations

A landslide victory by the Zimbabwe African National Union–Patriotic Front (ZANU–PF) in Zimbabwe’s elections in 2013 resulted in its comprehensive recapture of the state. The endorsement of the results by the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the African Union (AU) and the UN confirmed ZANU–PF’s grip on power. It also symbolized Zimbabwe’s readmittance into the international community, although the United Kingdom, European Union, United States, Australia and others expressed deep concerns about the credibility of the polls.

Many international actors want to bring closure to more than 17 years of political crisis in Zimbabwe. The invitation by the EU to President Robert Mugabe to attend the fourth EU–Africa summit in Brussels in April signalled both a response to African pressure and the desire to normalize relations. President Mugabe, however, decided to boycott the summit. On 20 February, the EU also agreed to suspend most sanctions on Zimbabwe except in the defence sphere and on President Mugabe and his wife Grace (until a review in February 2015). Memories of a near-decade of economic crisis from 2000 to 2008 are still vivid, and debate continues in and between Europe and the United States over how quickly bilateral relations should be fully normalized. Some believe that meaningful change will not occur in Zimbabwe until the 90-year-old president no longer governs, hence the extension of the personal sanctions.

Given the results of the 2013 election, the lifting of most EU sanctions and the continued economic challenges facing the country, this report argues in favour of accelerating Western re-engagement with Zimbabwe now, rather than after presidential change. Leadership transitions can often disrupt expectations in the short run. Although inter- and intra-party political disputes will continue, the Zimbabwean government can no longer blame the West for the country’s continued economic underperformance. The economy stabilized under the Government of National Unity (GNU) that was in office from 2009 to 2013, but the resulting economic growth was ‘dead’ growth: impressive figures that did not lead to any substantial increases in human development indicators or employment. The last 18 months of the GNU actually saw a contraction of the economy, with reduced growth, increased inflation and unemployment and underemployment. Finance Minister Patrick Chinamasa admitted to Zimbabwe’s acute liquidity crisis in March, stating that ‘The [central] bank does not hold any gold reserves except for gold coins, which were valued at \$501,390 as at the end of January 2014.’

Whether the deepening of this economic crisis is a result of the disputed 2013 polls or whether the new ZANU–PF government inherited an economy that was already in accelerated decline remains disputed. What is certain is that

Zimbabwe faces daunting but not insurmountable economic challenges that have to be addressed by the government in cooperation with other local and foreign stakeholders.

The past year has seen more business closures in Zimbabwe than at any time since 2008; emigration has increased, as has the cost of living; and poor service delivery remains a national bone of contention. In order to improve the economy, the government needs to engage and partner local stakeholders. It must also upgrade its portfolio of international economic relations. Although Zimbabwe had engaged with the international financial community under the GNU, the latest economic crisis is pushing the government to try to accelerate progress on the ‘re-set’ with the World Bank, the International Monetary Fund, the African Development Bank, the Paris Club and other international financial institutions.

The policy options for the government are increasingly limited as a result of the liquidity crisis. Zimbabwe, which endured an austerity economy under the GNU, now has to respond to a crisis economy in many sectors. Some of its problems are of long standing: the adoption of the multi-currency system in 2009 ceded monetary policy to international actors, the declining tax base dramatically reduced the fiscal policy space, and a decade of uncertainty has resulted in low levels of investment, a diminished consumer base and a reduction in the manufacturing sector. Corruption is also a major problem.

This report highlights the huge challenges Zimbabwe faces; but it also notes there are some positive indicators. The government, through its dialogue with the local and international business sector and other stakeholders, and through its re-engagement drive, has indicated that it is taking the economic challenges seriously and wants to re-stabilize the economy.

Economic collapse is not inevitable but if Zimbabwe is to avoid this outcome, the government needs to adopt policies to build international business confidence, support technocratic and entrepreneurial expertise at home as well as reaching out to a sizable and skilled diaspora population, encourage good governance and reduce inequality.

Recommendations

This report assesses the principal economic and political challenges and opportunities facing Zimbabwe, and offers recommendations to help normalize the country’s relations with the West. Sustainably improved relations will depend on the new government’s track record on good governance and human rights but the report recognizes that, although the electoral legitimacy debate will continue to divide Zimbabweans, the reality is that ZANU–PF, which was the

senior partner in the GNU, is the dominant force in politics and – despite its internal frictions – will remain so for some time to come. The opposition, civil society, business sector and other voices are important, but engagement with the Zimbabwe government is pivotal. Such engagement should be cautious, thoughtful and not uncritical.

At the same time, ZANU-PF needs to learn from its past mistakes and to acknowledge that Zimbabwe's future will be increasingly determined by its own tactical decisions. With the suspension of most sanctions and associated measures, anti-Western rhetoric will harm re-engagement efforts. Just as the EU has reached out to improve relations by suspending most of its sanctions, Zimbabwe should reciprocate, demonstrating that it is serious about re-engagement including through domestic governance and economic reforms and pro-poor policies.

All of Zimbabwe's major political parties have repeatedly demonstrated undemocratic behaviour in by-elections, primary elections and national elections. The real challenge for Zimbabwean politics is not simply electoral democracy: it is to create a genuinely inclusive participatory democracy. Failure to do this will result in an increasingly apathetic public withdrawing from electoral processes which they see as irrelevant.

The economy

1. Although Zimbabwe faces an economic crisis and is in some ways an 'emergency economy', the picture is not one of total disaster. There are numerous institutions, organizations and businesses that are functioning and doing so through smart strategies, competent management, good leadership and partnerships. For Zimbabwe's economy to survive and thrive **the government will have to adopt the 'best practice' template in a national consultative, multiple-stakeholder approach.**
2. Zimbabwe's re-entry into the global system brings with it the challenge and opportunity of engaging potential investors in terms not of ideological divisions but of competitive advantage. If it is to attract investment **it must demonstrate that it is a worthwhile business destination and partner** in a global economy crowded with competitor nations. This includes clarifying indigenization provisions for business and supporting a land audit.
3. **A Zimbabwe Economic Task Force (ZETF) needs to be established** to bring together political, business and other stakeholders in a forum to advise on and assist in lifting the country out of its economic crisis.
4. The government has outlined its economic vision in the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET), which was produced in consultation with the business sector and outlines key sectors for rejuvenation. **There should be a complementary document outlining the key immediate challenges to implementing this vision and a roadmap** showing how the government proposes to address this over the next 12 to 18 months.

Acting regionally

1. Zimbabwe cannot be examined in isolation from its regional context. There is a growing underclass in southern Africa and, if the crisis of poverty is not speedily addressed, this could increase political instability. Zimbabwe and neighbouring countries region are advocating a regional 'renaissance' and promoting the 'region-brand'. But to ensure that these are not just rhetorical aspirations, southern African governments should pay as much attention to human development issues as they do to GDP figures and **focus on regional pro-poor policies.**

International engagement

1. With the economic stakes so high, and with growing economic interdependence, constructive engagement between Zimbabwe and the West should entail **a process to end all sanctions and targeted measures, as well as a pragmatic dialogue** that recognizes mutual interests and responsibilities. The process of suspending sanctions is well under way, with only those on President Mugabe and his wife, and on imports and exports of defence equipment, remaining in place. Provided there is no deterioration in the governance and human rights situation, **the EU should let the suspended appropriate measures under Article 96 of the Cotonou Agreement fully expire on 1 November 2014.** This should be followed in February 2015 by further suspension or even the lifting of all non-defence-related EU sanctions if there has been no serious deterioration in the governance and human rights situation.
2. **Western policy should move away from singling out Zimbabwe and become more regionally focused,** consistently supporting sustainable economic growth and transformation, grounded in good governance and human rights.
3. **Zimbabwe's government should seek to re-engage in international diplomatic and business forums,** including seeking to rejoin the Commonwealth.

4. Although Zimbabwe's 'Look East' policy and south-south partnerships will continue apace, **the government should also set out in detail how it plans to re-engage the West.** The Foreign Ministry's 2013–15 Strategic Plan could be supplemented by a White Paper outlining the changing context of regional, continental and global relations.
5. **The UK and Zimbabwe governments should establish a Zimbabwe–United Kingdom Bilateral Forum** to discuss matters of mutual concern.
2. **Combating poverty, especially among women, and encouraging education for girls should become a national priority.**
3. Zimbabwe's parliamentary committees are important forums for oversight and accountability. **The government needs to provide adequate funding to ensure the Civil Service Commission, the Defence Forces Commission, the Prisons and Correctional Service Commission and the Judicial Service Commission can fulfil their mandates,** including by holding government agencies to account.

Opposition and civil society

1. The post-GNU political landscape has changed, and Zimbabwe's opposition and civil society will have to undergo a period of reform and renewal to remain effective influences. **The opposition and the government should work towards consensual or bipartisan politics, particularly in responding to the various economic challenges the country faces.** The government on its own cannot reinvigorate the economy. This will require a truly national effort that – even if only temporarily – brings together political, economic and social stakeholders in a collective effort to address the economic crisis. Otherwise, all parties will lose credibility.
4. Corruption remains a major economic challenge and a major disincentive to local and foreign institutional investment. The currently moribund **Anti-corruption Commission needs to be reactivated and given a proper mandate,** independence and powers to investigate, report on and end the culture of financial impunity. This in turn requires political will and support at the highest level.

Diaspora engagement

1. The Zimbabwean diaspora has an important part to play in the country's recovery as well as in its own success abroad. The diaspora in the United Kingdom will need to manage its internal differences and **craft a collective vision** if it is to be seen in Harare as a serious partner in Zimbabwe's development, and in London as a partner in UK policy-making on the country and the region.
2. **A dedicated ministry for the diaspora** should be established in Zimbabwe to address issues such as investment, remittances, the diaspora vote, diaspora return, the economy and wider diaspora–Zimbabwe partnerships. This would give more impetus to the current re-engagement drive between Zimbabwe and the diaspora.

Electoral reform

1. **The Zimbabwe Electoral Commission should ensure there is a credible and transparent electoral roll** as recommended by SADC, the AU and other local and foreign bodies (including the commission itself) during the 2013 election. These issues should be addressed ahead of the next general elections, scheduled for 2018.

Good governance and human rights

1. **There needs to be a wider debate on questions of citizenship, identity and the role of civil society,** as well as the role and effectiveness of the various commissions established under the new constitution.

Zimbabwe's International Re-engagement: The Long Haul to Recovery
Executive Summary and Recommendations

Map 1: Zimbabwe



Source: UN Department of Peacekeeping Operations, Cartographic Section, Map No. 4210 Rev. 1, January 2004. The boundaries and names shown and designations used on this map do not imply endorsement or acceptance by the author or Chatham House.

Map 2: Zimbabwe and the region



Source: UN Department of Field Support, Cartographic Section, Map No. 4045 Rev. 7, November 2011.

1. Introduction

Zimbabwe's 2013 general elections were disputed before and after the polls and resulted in a comprehensive defeat for the opposition and the formal recapture of the state by the Zimbabwe African National Union–Patriotic Front (ZANU–PF), which had in fact never ceded significant power. Following the disputed process and results of the elections, there have been calls from some quarters for an early re-run of the polls. The various issues related to the electoral process that were raised by numerous local, Southern African Development Community (SADC) and African Union (AU) observers, and confirmed by the Zimbabwe Electoral Commission (ZEC), with regard to urban voter disenfranchisement, have yet to be resolved. Blaming ZANU–PF alone for Zimbabwe's 'democratic deficit' ignores the lack of democratic accountability often demonstrated by all the major parties in primary elections, by-elections, party meetings and other forums, not just in 2013–14 but over the past decade. Building participatory democracy across the board in all the political parties and civil society is the real challenge between now and the 2018 polls.

The election left the opposition fragmented, but this does not mean the end of opposition politics or civil society in Zimbabwe. For ZANU–PF the succession debate within the party will continue but the immediate challenge is to re-stabilize an economy in crisis. For millions of Zimbabweans the real issue is not elections but economic survival. Elections are of critical importance but the idea that early polls would be a panacea for Zimbabwe's economic woes is impractical and mythologizes their impact. The government now faces simultaneous crises of confidence and both high and low expectations.

The Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) aims to expand the economy in the medium term by tackling deep-rooted structural issues, but Zimbabwe desperately needs an immediate financial stimulus to generate confidence and attract foreign investment. The scrapping of the Zimbabwean dollar for the US dollar and the South African rand, known as 'dollarization', by the Government of National Unity (GNU) in 2009 provided such a stimulus, but the cost of short-term stability has been a deep liquidity crisis.

The focus on impressive growth figures for Zimbabwe and the wider regional economy has obscured the human stories behind the statistics. The Human Development Index should be prioritized at least as much as statistics on growth. The 'growth myth' obscures the growing poverty across southern Africa, and the socio-economic and socio-political implications of an increasingly marginalized underclass. Under the GNU the country posted promising growth figures, but this has not translated into marked improvements in living standards or employment.

Zimbabwe faces multiple economic challenges. But ZANU–PF has the opportunity to rescue it from failure. Re-stabilization requires a stimulus and a clear plan of action for the short to medium term. There is also need for a multi-stakeholder, inclusive Economic Task Force to liaise with the finance ministry and parliament in establishing and helping to implement a plan of action with benchmarks to revive the economy in the critical 2014–15 period.

Part of any strategy for economic revival must be political will to support and enable anti-corruption measures. The ongoing 'Salarygate' series of public-sector pay scandals, linked to ZANU–PF factionalism, are disincentives to trade, aid and investment.

Part of any strategy for economic revival must be political will to support and enable anti-corruption measures. The ongoing 'Salarygate' series of public-sector pay scandals, linked to ZANU–PF factionalism, are disincentives to trade, aid and investment. The government has stated that the fight against corruption is a national priority, and the Office of the President and cabinet have initiated investigations into some of the scandals. But it is just as important to revive and empower an independent Anti-Corruption Commission with the backing of the Office of the President to fulfil its mandate. Attacking corruption and building accountability are crucial for generating local and international confidence.

There are some examples of successful organizations and economic initiatives in Zimbabwe and among the diaspora. These offer blueprints for success and demonstrate that business is possible in the country. Best practices from these success stories must be learnt and applied more widely.

Zimbabwe remains a potential medium power in Africa and could have some agency in global affairs. This increases expectations on its capacity to perform and effectively use its capabilities and resources – but Zimbabwe also has to develop a foreign policy reflective of an era of domestic economic austerity.

The international spotlight has moved from Zimbabwean politics to the economy, but the concerns of international actors regarding governance remain. The February EU review of sanctions has already led to some incremental progress with the suspension of sanctions on eight more of the inner circle of ZANU–PF; and the process of removing sanctions indicates a normalization of relations with Zimbabwe. However, President Robert Mugabe and his wife, Grace, remain under sanctions, and an embargo on exports of weapons from the EU and imports to the EU

from Zimbabwe Defence Industries, the state-owned arms manufacturer, also continues. With their lifting, ZANU-PF will no longer be able to blame international sanctions for the country's domestic economic challenges but will need to demonstrate economic policy competence to attract crucial investment.

Relations between the European Union and Zimbabwe will slowly improve despite President Mugabe's boycott of the EU–Africa summit in April 2014. The decision to invite him prompted criticism from many sources in Europe and the United Kingdom in particular. The ZANU-PF government is keen to highlight how it plans to turn round the economy and rejoin international forums. An important part of this would be for it to rejoin the Commonwealth.

This report argues that Zimbabwe now stands at a crossroads: the decisions the ZANU-PF government makes now to tackle the country's significant challenges will determine whether the path taken is one of economic improvement and international normalization, or one of failure. The report suggests that an international attitude of waiting for a change of government before engagement is not necessary and would be counterproductive, not only for Zimbabwe but for the region. However, the window of opportunity for the government to take remedial action is narrow. The key challenge is for economic clarity and political will to address a range of issues including corruption, indigenization and investment. Clarity – particularly regarding a short- or medium-term plan of action – is a prerequisite for economic re-stabilization.

2. The Post-election Political Landscape

The July 2013 general election in Zimbabwe marked the formal end of the coalition Government of National Unity (GNU) government that was established in 2009. The 2013 elections were the first to be held under the new constitution, which had been approved in a national referendum in March that same year. They resulted in a landslide win for ZANU-PF with 197 of the 270 seats in the National Assembly, while the Movement for Democratic Change–Tsvangirai (MDC-T) won 70 seats (see Figure 1 for the geographical distribution of party results in the last two parliamentary elections). The elections process and results have been divisive, with the MDC-T and many civil society observers alleging that the polls were rigged to ensure a victory for ZANU-PF and President Mugabe. ZANU-PF has continued to assert that it was a genuine vote. Beyond the recriminations, and the ongoing struggles to control the 2013 electoral narrative, what is clear is that the elections were transformative and have redefined Zimbabwe's political space. Under the GNU the MDC-T, its rival the MDC-N led by Welshman Ncube and ZANU-PF had reluctantly shared political space and power, although ZANU-PF's control of strategic ministries made it the senior partner.

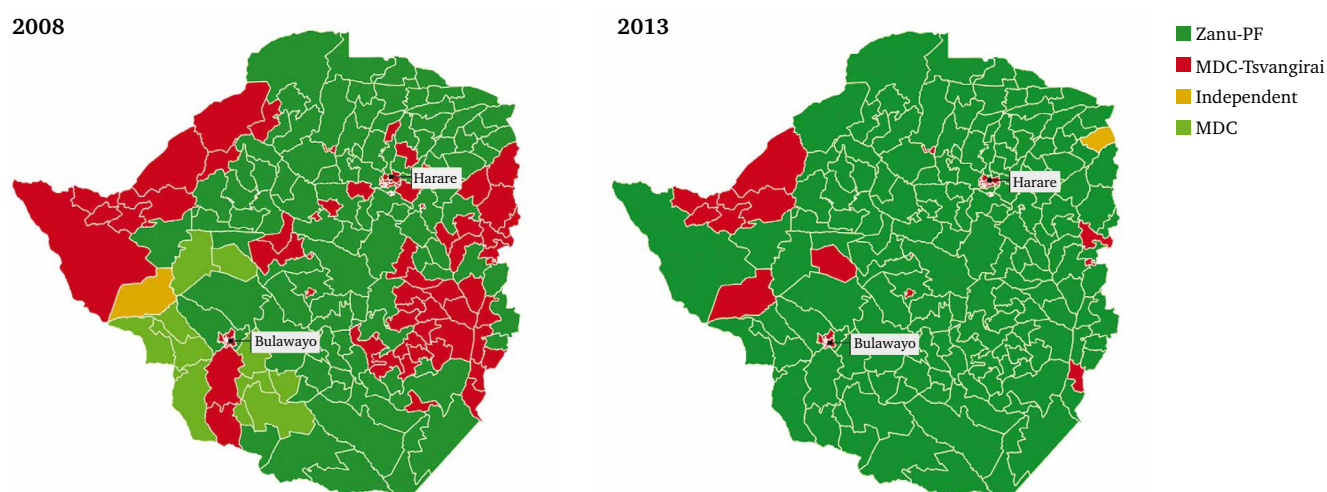
ZANU-PF's victory, however disputed, has enabled it to completely recapture the state. Its margin of victory does not mean the end for opposition politics and civil society in Zimbabwe, but it does mean that they will have to adapt to the new political environment to have any influence.

The 2013 elections

The end of the GNU in 2013 marked the end of the inter-party politics of accommodation and negotiation that had to some extent coexisted with the fractious dynamics of the coalition. Under the GNU, despite serious inter-party differences, the ministerial stakeholders, and Prime Minister Morgan Tsvangirai and President Mugabe, had managed to establish a working relationship that enabled the March 2013 constitutional referendum (and 'yes' vote).¹

After the referendum, and despite fierce opposition from rival party leaders Tsvangirai and Ncube, Mugabe announced that the harmonized elections would take place on 31 July 2013. Tsvangirai and Ncube, in a rare show of unity, insisted that, given that many of the prescribed reforms in the Global Political Agreement (GPA) and particularly electoral reform had not been implemented, and that the voters roll was still far from ready, the July date left an impossibly short timespan for electoral preparations. They pressed instead for a date in September or October 2013, after the UN World Tourism Summit in August, which was due to be jointly hosted by Zimbabwe and Zambia. Despite SADC's recommendation for a postponement of the polls (following the Maputo meeting in June) the elections were held on 31 July–1 August 2013.² The general elections were preceded by internal primary elections for all the political parties in June and July. Local civil society and regional and international organizations, including SADC,

Figure 1: Parliamentary election results by constituency, 2008 and 2013



Source: Zimbabwe Electoral Commission.

¹ All three parties in the GNU pushed for a 'yes' vote in the 16–17 March 2013 Constitutional Referendum. Approximately 2 million Zimbabweans voted; the 'yes' vote was 94.5 per cent.

² The 31 June 2013 Maputo Summit recommendation was that the Zimbabwe election be delayed by two weeks from the announced date of 31 July. Zimbabwe's Constitutional Court, however, ratified the July date.

the Common Market for Eastern and Southern Africa (COMESA) and the AU, were accredited as observers. For the first time, Zimbabwean diaspora in southern African countries and the United Kingdom sent a combined observer group.

The official results as released by the ZEC on 3 August indicated a sweeping win for ZANU-PF. The party won a total of 197 seats in the National Assembly, with the MDC-T winning 70 seats. The smaller MDC-N won two seats, and one seat went to an independent candidate. The MDC-T refused to accept the results, insisting that the elections had been extensively rigged. Local civil society observers and members of the general public, particularly in the urban areas, also pointed out numerous anomalies in the process. On 8 July the ZEC itself admitted to flaws in the polls, saying that 512,000 people had been turned away or assisted to vote by election officials.³ ZANU-PF insisted that the poll result was legitimate and reflected the party's intensive grassroots mobilization and voter-registration drive. The casting vote was given by SADC and the AU, which endorsed the polls. SADC declared the polls 'free and fair', while the AU preferred to call them 'credible'. Although the opposition continue to contest the results, the global community (including the UN) also accepted the result. The United States, United Kingdom, EU and Australia, however, expressed their deep concerns about the credibility of the elections and withheld endorsement.

The battle for control of the electoral narrative continues, centred on whether the elections were credible or not. The key question going forward is what impact these polls will have on Zimbabwe's politics.

Since the announcement of the results, there have been a number of election reports by local civil society observers, from SADC and from the AU.⁴ The MDC-T has also published its report on the alleged rigging of the elections.⁵ The battle for control of the electoral narrative continues, centred on

whether the elections were credible or not. The key question going forward is what impact these polls will have on Zimbabwe's politics.

Internal change in ZANU-PF: a new policy approach

The 2013 outcome re-establishes a single-party government and confirms ZANU-PF as the domestic political hegemon. Its parliamentary majority will allow it to pass or block legislation. The size of its victory, and the subsequent internal convulsions within the MDC and other parties, mean that the ruling party now sees the MDC-T less as an existential threat and more as a rival to be managed, contained and reduced until the 2018 elections. Within ZANU-PF, the factional strife among the camps of different contenders is accelerating as its elite positions itself for the party and national succession to Mugabe; recent reports suggest that Justice Minister Emmerson Mnangagwa is in the box seat with backing from the military and China.⁶ Contrary to previous practice, much of the denunciation and exposure of corruption and massively inflated parastatal senior salaries has been conducted in the media, including the state media.⁷ The November 2013 provincial executive elections, which were important for candidates positioning themselves ahead of the December ZANU-PF annual conference and 2015 congress, revealed major rifts within the party. Amid allegations of rigging and other electoral anomalies in three provinces, ZANU-PF called a halt to proceedings and announced an extraordinary politburo meeting to bridge the divide. The politburo meeting, held on 23 November and chaired by President Mugabe ratified the election results for Manicaland, Midlands and Mashonaland Central provinces. Elections in the remaining seven provinces were held in December, ahead of the party conference. The allegations, from within the party, that ZANU-PF had rigged its own elections have given ammunition to critics who charge that this is a 'portrait in miniature' of the anomalies of the 2013 general elections.⁸

³ All the political parties confirmed that the majority of those turned away were in the urban areas. MDC-T and civil society estimated that 750,000 to 1 million urban voters had been disenfranchised.

⁴ There have been a numerous reports on the July elections. Among many others, both official and unofficial, these include the Zimbabwe Electoral Support Network (ZESN); SADC Observer Mission (SADC-EOM); Southern African Development Committee Council of Non-Governmental Organisations (SADC-NANGO); AU Election Observer Mission (AU EOM); Zimbabwe Diaspora Observer Group; SADC Parliamentary Forum Election Observer Mission to Zimbabwe; and the MDC-T Elections Rigging Report. All the official reports to date have pointed out the flawed voters roll and issues around assisted voting and media access. But there are wide divergences on the final verdicts. The SADC, AU and COMESA reports, although noting electoral flaws and recommending remedial action ahead of the next elections, have given detailed, reasoned decisions on their endorsements of the overall conduct and outcome of the polls as being credible. The ZESN report, on the other hand, listed numerous irregularities in the electoral process, which made the outcome 'not credible'. The MDC-T report alleges that 'the July elections were massively rigged' by a network of groups and organizations hired by the ZANU-PF system. To date there have not been any publicly available reports on the July polls from the ZEC or ZANU-PF.

⁵ See the MDC-T Election Rigging report, *New Zimbabwe*, <http://www.newzimbabwe.com/news-12993-MDC-T+election+rigging+report,+Part+1/news.aspx>.

⁶ Itai Gwatidzo Mushekwe, 'Mnangagwa takes secret oath as standby Zimbabwe President', *Bulawayo 24 News*, 31 January 2014.

⁷ Peta Thornycroft, 'Media reveal Mugabe's cronies graft in parastatals', *IOL News*, 2 February 2014. Among others affected are Air Zimbabwe, Zimbabwe Broadcasting Corporation, Marange Diamonds and the Public Services Medical Aid Society whose director was receiving a reported \$230,000 per month. Interestingly, the head of the Anti-corruption Commission is charged with defrauding the commission of \$435,000.

⁸ Following the Politburo meeting which ratified the provincial results in Manicaland, ZANU-PF stated that it was logistical problems, not chaos or intra-party factionalism, which had led to the cancellation of polls in the remaining seven provinces.

In what is likely to be a 'legacy' presidency for Mugabe, increased factional fighting over who will succeed him could lead to greater political destabilization. The likely front-runners are Vice President Joice Mujuru and Mnangagwa. Both have strategic support within the party and Mnangagwa also has the support of the military. But although there is enormous speculation about who will succeed Mugabe, and various stakeholders are jostling for current and potential future power, ZANU-PF has a tradition of consensus decision-making. This is exemplified in the Central Committee and Politburo. Mugabe has indicated that he wishes to see out his term and his elevation in the AU and SADC emphasizes this point. It is thus unlikely that the ZANU-PF Congress at the end of 2014 will substantively discuss the presidential succession issue; but there will be intense power struggles for other leadership positions within the party as party members keep their eyes on the 2018 'prize'. In the event of an expedited succession process owing to Mugabe's health issues, any potential successor would require party as well as constitutional endorsement.

The 2013 elections assured Mugabe of another five years in office and the opportunity to make this a 'legacy' term. With Zimbabwe facing severe economic problems and with continued factionalism within the party, Mugabe has stressed that he will serve his full term. He remains the unifying figure within ZANU-PF and is reported by some to feel a genuine duty to push through the promises made by the party in the run-up to the elections. Mugabe's agenda has broad support within the party and is likely to be endorsed at the 2015 party congress; but questions may remain about whether he will contest the 2018 elections, who will be his eventual successor and whether it will be a 'guided' or 'people's' democracy within ZANU-PF. The new cabinet, announced nearly a month after the elections, retained many of the previous ZANU-PF stalwarts (albeit reassigned to new ministries). There is, however, a new generation of technocrats among the deputy ministers and this may hint at the careful balancing between veterans and 'Young Turks', and ideologues and pragmatists, which Mugabe performed in appointing the new government.⁹ The biggest single challenge for the new ZANU-PF government, and the one on which it will be judged, is whether the new cabinet can meet the test of economic credibility.

Opposition parties and civil society

The election results were a massive shock for the opposition parties. The two MDCs were trounced in local, parliamentary and presidential polls. Although the credibility question will continue to be a major part of the MDC-T's narrative, it has also admitted to making a number of costly strategic errors while in the GNU that were reflected in the polls. Zimbabwe's opposition now has to operate in a political space that is dominated nationally, regionally and across the continent by ZANU-PF. Since it has been out of government, there has been a hollowing out of the opposition.

While challenging the credibility of the general elections, the MDC-T has faced questions about the fairness of its own primary elections in June. A number of high-ranking officials have left, or have been 'disciplined', suspended or expelled for voting against the party, and also for publicly advocating that Tsvangirai should step down as leader.¹⁰ The MDC-T also faces its own succession struggles. Tsvangirai remains popular with the grassroots and is the unifying figure in the party; there is no obvious successor figure. But others insist that the MDC-T, having lost consecutive elections, needs renewal, starting with its leader. It has been reported that President Ian Khama of Botswana has also advised Tsvangirai to step down.¹¹ The party has not been destroyed by the election results but it has been severely weakened. To regain lost ground it will have to transform itself and find a post-neoliberal narrative. Given its move from a mass-struggle position in 2003 into an elite-pact position from 2009, it is difficult to see where it will go from here. The MDC has been described as structurally weak, following the disarray and disappointment of 2013, but there is potential support for a dynamic process of change ahead of the next elections, with a well-articulated programme centred on some of the party's strong individuals.¹²

The current MDC-T position is that the elections were stolen, that only a credible re-run and a legitimate result will transform the economy; and that the electorate will vote out a ZANU-PF government that can mobilize resources to rig an election but that is unable to bring about economic change. There is no doubt that the

⁹ For some in civil society this is a false distinction. One activist opined in February 2014 'though there are young Turks with a wish to modernise and fraternise, they are trapped in the post liberation clichés of race and indigenosity, of "never a colony again", of patronage and the consequent need for corruption and looting. Part of ZANU's problem is that it can never be trusted – regionally, globally, but also by its own population – until it deals with the processes that make it untrustworthy, but alas those are the processes that sustain it and that are bound into its DNA ... the charm offensives e.g. Nhema, or Walter Mzembe (Tourism) or Jonathan Moyo (Media) all have a friendly façade, but still have the underlying control, monopoly, "right to rule" fist beneath the velvet'.

¹⁰ The imposition of candidates in the MDC-T's 2013 primary elections in June–July 2013 caused division in the party and alienated some grassroots supporters. After the party's defeat in the general elections, a number of senior party officials, including Roy Bennett, Ian Kay and others, publicly called for leadership renewal. They have since been 'disciplined' by the party.

¹¹ 'Step down, Khama tells Tsvangirai', *The Herald*, 20 February 2014.

¹² Recent communication with the authors from the director of a small NGO in Harare.

elections were significantly flawed, but the reality is that there is no prospect of an early re-run despite calls by the MDC-T and other opposition voices: with no current regional and continental support for this, early elections are simply not on the agenda. Such calls also ignore the fact that the same electoral structures and personnel remain in place and there are still outstanding problems with the electoral roll.

While the opposition was disappointed by the election process and results, it seemed unable to mobilize support from voters whose interest are economic rather than ideological. In addition, while the opposition was disappointed by the election process and results it is also possible that ZANU-PF's mass mobilization of its support base and empowerment message had a greater resonance than the MDC's more complex economic messaging, particularly with rural voters.

There are signs, however, that the MDC-T is realizing that its political 'opt-out' approach guarantees irrelevance. Hence the party's call in February for a national dialogue as an 'opt-in' strategy for political relevance. Between now and the 2018 elections, there will be some change in the MDC-T leadership – partly through natural attrition and partly imposed. But whether there will be a thorough or cosmetic overhaul of the leadership and strategies remains unclear. Following the MDC-T National Executive meeting in January Elton Mangoma, a founding member of the party, was formally reprimanded by the party over a letter calling for Tsvangirai to step down and is now suspended. Tsvangirai, who became chief signatory to the party accounts at the same meeting, increased his control of the party and remains popular with the grassroots. He is likely to be re-confirmed as party leader at the next party congress which has been brought forward from 2016 to 2015; but the leadership issue will remain and is likely to widen the rifts within the party, possibly leading to another breakaway group. Nevertheless, the MDC-T will remain the largest and most established opposition party for the foreseeable future; it has a 'shadow cabinet' and grassroots structures, and will retain influence in local government and elsewhere; but it is a party in search of a strategy.

Meanwhile, despite its spokesperson Karuone Chihwayo's insistence that the party is 'death- and storm-resistant', the MDC-N has been rocked by a spate of defections and expulsions, such as those involving former MP Siyabonga Ncube and the former Bulawayo deputy mayor, Alderman Charles Mpfu.¹³ Since November 2013 the MDC-N has also allegedly been facing a major financial crisis that has

seen the closure of a number of its offices nationwide. It is unclear whether – and in what form – the party will survive. ZAPU, which was cash-strapped before the elections, has barely been visible since. There is an emerging 'third wave' of new mainly technocratic political groups and a number of new political parties have been formed. In August 2013, some disgruntled MDC-T members who had been barred from standing as independent candidates in the primary and general elections formed the Zimbabwe Independent Alliance (ZIA). In September, the National Constitutional Assembly (NCA) civil society coalition became a political party, advocating a pan-Africanist agenda. The new Zimbabweans United for Democracy (ZUNDE) party is also challenging the mainstream. But most of these parties have been riven by internal factionalism from the outset and, with no real grassroots structures or national leverage, it is doubtful that the third wave will be able to reach critical mass any time soon.

Opposition politics and civil society will endure and find ways of adaptation, but there is no doubt that it is a transformed political environment.

Civil society too will have to adapt. International funding for civil society organizations (CSOs) and opposition parties is declining, and ZANU-PF's dominance of the political landscape and ownership of the patriotic-nationalist narrative mean that civil society will have to complement strategies of confrontation with ones of negotiation and accommodation where appropriate, if they are to survive. This civil society transformation is already beginning to happen as local CSOs find new pathways to operate in a new political dispensation through forming tactical alliances. For instance, the combined protests of civil society groups, ratepayers and supporters from all the political parties forced the new government to stop the demolition of 'illegal dwellings' in the Ruwa municipality just outside Harare.¹⁴ In the short to medium term, with economic pressures rather than political rights as the pressing concern for most, it is in the arena of the domestic economy and human development that the opposition and civil society voices can be heard most effectively and could be a route to address human rights concerns. Opposition politics and civil society will endure and find ways of adaptation, but there is no doubt that it is a transformed political environment. In particular, human rights NGOs, which are consistently targeted by the state for allegedly promoting a regime-change agenda, will find it more difficult.

¹³ See 'Welshman Ncube still in control', Nehanada Radio, 24 November 2013.

¹⁴ In October 2013 the government cracked down on unauthorized dwellings in Ruwa, near Harare. There were also threats to widen the operations to Harare and Chitungwiza. The blitz raised fears of a repeat of Operation Murambatsvina [Remove the Rubbish] in which thousands were left homeless and destitute after a nationwide crackdown on illegal dwellings.

Regional and international political engagement

The SADC and AU endorsement of the elections – however controversial – propelled Zimbabwe back to the global community of nations. A former SADC elections observer gave his perspective:

What we (SADC) wanted was a decisive result for either of the parties. After the violence of June 2008 we did not want a run-off election, or a re-run election. It would be violent and we would be blamed for the violence. The MDC were in government. They had four years to change the system but they were out-played. The elections are now history – they should stop complaining and look to the future.¹⁵

Zimbabwe is now seen by SADC as an anchor state in the region. Mugabe was elected as the SADC deputy chair and becomes the chair later in 2014. In January he was also elected as first deputy chair of the AU, which makes him eligible for its chair in 2015,¹⁶ and Zimbabwe also plans to be more active at the UN. Such changes may put pressure on the West to normalize engagement with the government.¹⁷

¹⁵ Confidential interview, London, October 2013.

¹⁶ 'Mugabe voted as AU Deputy Chair', *The Herald*, 30 January 2014.

¹⁷ Alex Bell, 'Africa threatens EU summit snub over Mugabe', SWRadioAfrica, 3 February 2014.

3. Zimbabwe's Economy: Crisis and Resilience

Zimbabwe's government faces daunting economic challenges, and its available policy options are increasingly limited. The adoption of the multi-currency system in 2009 ceded monetary policy to international actors, the declining tax base dramatically reduced the fiscal policy space, and a decade of uncertainty has resulted in low levels of investment, a diminished consumer base and a reduction in the manufacturing sector. The ongoing liquidity crisis is severely constricting the economy and, after the country endured an austerity economy under the GNU, ZANU-PF now has to deal with what is rapidly becoming a crisis economy across many sectors.

The government says it is actively confronting these issues and the economy is at the top of its agenda, but there is still great uncertainty surrounding the multi-currency system, indigenization and land ownership. Other observers see a state of paralysis. If the country is to attract investment it must demonstrate that it is a worthwhile business destination and partner in a global economy crowded with competitor countries. It must demonstrate its competitive advantage as an investment destination. The emphasis must be on stability and certainty.

Figure 2: GDP growth (%)



Source: IMF.

From 2000 to 2008, the economy shrank by 50 per cent, putting it back at a level equivalent to what it was in 1953 (see Figure 2). The political stalemate and violence resulted in the availability of jobs in the formal sector shrinking by 80 per cent. The civil service was also hit by a massive 'brain drain' and resultant inefficiencies as those who remained formally employed also had to 'moonlight', taking on private jobs to survive. The manufacturing sector, and particularly engineering, nearly collapsed completely.

The agricultural sector also shrank, reeling from the land designations, whereby land was identified for acquisition by the government for the purpose of redistribution, and fluctuating global prices for tobacco and sugar. Famine struck some parts of the country, accompanied by cholera. And yet the economy did not utterly collapse. Despite the brain drain the public sector and civil service continued. Salaries were sometimes paid late by government, and incomes were outstripped by the cost of living; but wages were still paid. Financial institutions, although debilitated by an increasingly worthless local currency, went on functioning. National resilience and adaptation, and diaspora remittances,¹⁸ were vital in helping Zimbabwe to survive the first decade of the century. The end of that decade then saw modest economic growth partly driven by the emergence of a new business and black-market elite and a new black middle class. Many of the new landowners were able to farm it well within the constraints of shortages of inputs and machinery. To some extent Zimbabwe became a nation of resilient entrepreneurs, although almost entirely within the informal sector. This spirit of adaptive entrepreneurship, as much as the technicalities of dollarization, has helped drive modest but fragile economic growth since 2009, although the economic decline since October 2013 may undermine this.

Bureaucracy and ease of doing business

Improving Zimbabwe's record with regard to the ease of doing business is important if a recovery is to be successful. Bureaucratic bottlenecks and corruption stifle local and international investment. Countries such as Nigeria and Kenya are seen as having a greater problem of systemic corruption than Zimbabwe, but both also have higher ratings for 'ease of doing business'.¹⁹ It is the combination of economic crisis, corruption and bureaucracy that deters potential investors. The economy will take time to re-stabilize but streamlining the sometimes cumbersome bureaucracy along an 'ease of doing business' pathway is crucial. Sichoni Takolezi, the head of operations for the Zimbabwe Investment Authority (ZIA), has commented: 'Issues such as unnecessary delays in accessing permits, poor infrastructure and unreliable utilities do not augur well for attracting foreign capital.'²⁰ The ZIA is part of the business community's drive for business reforms, such as the 'one-stop-shop' concept and speeding up permit processes.

¹⁸ Diaspora remittances through formal channels have diminished by an estimated 15 per cent since the election. See 'Diaspora remittances drop', *NewsDay*, 4 February 2014; Alex Bell, 'Diaspora bond rejection a sign of ZANU-PF "distrust"', *SWRadio Africa*, 24 December 2013.

¹⁹ The 2013 World Bank *Doing Business* report ranked Zimbabwe 175th overall out of 185 countries surveyed, for ease of doing business. It did note, however, that Zimbabwe had improved its rankings in the specific areas of trading across borders, starting a business and signing contracts. According to Transparency International, Zimbabwe declined six places to become the 157th most corrupt nation out of 177; see 'Act on corruption, Zimbabwean industry tells government', *The Source*, 5 February 2014.

²⁰ 'China emerges consistent top investor since 2010', *The Sunday Mail*, 24 November 2013, http://www.sundaymail.co.zw/index.php?option=com_content&view=article&id=39751:china-emerges-consistent-top-investor-since-2010#.UpI7M8SgHnM.

Corruption

Zimbabwe was ranked 157th out of 177 in the 2013 Transparency International Corruption Perception Index.²¹ Reports of corruption throughout most sectors abound, making it both systemic and systematic – and many inside and outside the country see it as part of the governing party's 'DNA', thus making eradication a formidable task. The police force was listed by Transparency International as the institution perceived to be most corrupt and stood out as the biggest recipient of bribes among service providers.²² In September 2013, President Mugabe spoke out about corruption in the awarding of mining tenders, although few arrests appear to have been made.²³ Though a global problem, corruption disproportionately damages fragile economies and cash-strapped governments such as Zimbabwe's. If national and local strategies for re-stabilization and growth are to have any chance of success, then anti-corruption institutions and individuals have to be enabled and supported by the state as well as the community.

If Zimbabwe is to improve its global anti-corruption ranking, the government has to avoid the temptation of a 'cosmetic' anti-corruption process that has little real impact on the culture or structures of corruption.

Currently, the issue of corruption is being handled by Office of the President and cabinet through ministers reporting to parliamentary committees, and by reports on public-sector enterprises being sent to the relevant ministries. While this is important there is a need for comprehensive public-sector reform as part of the fight against corruption; and it also necessary given the major constraints on national and public-sector finances because of the current extreme austerity that Zimbabwe is undergoing.

If Zimbabwe is to improve its global anti-corruption ranking, the government has to avoid the temptation of a 'cosmetic' anti-corruption process that has little real impact on the culture or structures of the practice. This necessitates comprehensive public-sector reform as part of a wider anti-

corruption process that brings a joined-up, benchmarked approach including parliament, ministries, the Office of the President, the cabinet, the Public Service Commission and the Anti-Corruption Commission.

Food insecurity

The humanitarian situation in Zimbabwe is still precarious. Over the last decade it fell to 173rd place in the worldwide human development ranking, a drop of almost 50 places.²⁴ It still has a major HIV/AIDS crisis and, although the National Aids council reports that since 2007 the number of deaths per week has fallen from 3,000 to 1,000 and that the number of new infections annually is down from 66,000 to 44,000, many activists doubt these figures.²⁵

According to the Zimbabwe Vulnerability Assessment Committee, 2.2 million people, or 17 per cent of the population, were food insecure in 2013. That is a 32 per cent rise on the previous year and the UN is predicting the worst food crisis in four years.²⁶ This is the result of a culmination of factors including high cereal prices and low wages. Such crises disproportionately affect vulnerable members of society, women and children.

The food crisis has been exacerbated by heavy floods in parts of the country, and drought in other places.²⁷ Some 20 per cent of the residents of Harare have access to drinking water only one or two days a week, and when they do it is often unclean; 40 per cent lack adequate sanitation. In these conditions the number of cases of cholera and typhoid, once thought to be on the decrease, has become alarmingly high and malaria and measles have become endemic.²⁸ There have also been allegations of the politicization of food aid in favour of ZANU-PF supporters.²⁹

With US dollars in short supply across the country, the black market has re-emerged as a source of goods and food. For those who know how to work the system, it is a useful means of survival or enrichment. For others, it leads to exploitation by criminal gangs and militias. For those who are unemployed and lack a support network or remittances from the diaspora, survival is becoming increasingly difficult.

²¹ Transparency International Corruption Perception Index 2013, http://www.transparency.org/news/feature/cpi_2013_now_is_the_time_for_action.

²² Ibid.

²³ 'Investigate all crimes' *Daily News*, 30 September 2013, <http://www.dailynews.co.zw/articles/2013/09/30/investigate-all-crimes>.

²⁴ UNDP Human Development reports, various years.

²⁵ 'AIDS activists: Zimbabwe AIDS figures skewed', www.voazimbabwe.com, 29 January 2013.

²⁶ 'Food Insecurity: Southern Africa's Silent Crisis', ISS, 28 February 2014, <http://www.issafrica.org/iss-today/food-insecurity-southern-africas-silent-crisis>.

²⁷ 'Flash flooding strikes Zimbabwe's dry areas', www.irinnews.org, 29 January 2013; 'Drought Threatens Mat South', 'Floods Wreck Tobacco Barns', *The Zimbabwean* (January 2013), 9 (3): 24–30.

²⁸ 'The demise of Harare', *Financial Gazette*, 14–21 February 2013.

²⁹ A process confirmed to one of the authors in March 2012 by the most senior administrator in the Zimbabwe Catholic Bishops' Commission.

Food insecurity is not a problem unique to Zimbabwe. The 2013 SADC Regional Assessment estimated that 14 million people in the region are food insecure.³⁰ The countries most affected are Angola, Madagascar, Malawi, Namibia and Zimbabwe, but of these only Malawi has fully participated in the Comprehensive Africa Agricultural Development Programme.

Political responses

Politics will continue to influence policy; but the central post-election narrative is about the economy. The GNU brought a measure of economic stability to Zimbabwe. In the months following the 2013 elections, however, the economy declined significantly. More businesses have closed down; the manufacturing sector is operating at approximately 30 per cent of capacity; there is limited foreign direct investment (FDI); and foreign debt stands at approximately \$10.7 billion.³¹ ZANU-PF's economic policies during the past decade have been blamed by many for the current economic situation. For example, the post-2000 fiscal policies and the economic upheavals of the land reform programme were undoubtedly major factors in institutionalizing the crisis. However, even though former finance minister Tendai Biti deservedly won praise for his ministry's remarkable turnaround of a paralysed economy during his tenure in the GNU, the economic stabilization and modest growth that occurred in those years obscured the fact that the macro economy in Zimbabwe was still in crisis (and particularly in the last 18 months of the coalition).³²

Biti argued recently that 84 per cent of the formal economy had collapsed and that Zimbabwe needed \$4 billion to revive it. He said he saw no future in the informal sector vaunted by ZANU-PF given that it pays no taxes. He predicted that despite ZANU-PF denials and the widening of accepted currencies to include those of China, India, Britain, Japan and Australia, the running of the deficit economy would mean an inevitable return to the Zimbabwean dollar.³³ The provision of services – particularly in areas of high population density – is unreliable at best. The government also faces a significant challenge in the need to build confidence; Zimbabweans have vivid memories of post-2000 economic hardship and of 2008 in particular, which many still refer to as 'year zero'.³⁴ In that year,

immeasurable hyperinflation – the highest in history – left thousands of Zimbabweans dying from poverty, cholera and other causes. The government also has to equal or better the economic achievements of the GNU when the finance ministry stabilized the 'toxic' economy. However – and this is a point often missed – while the GNU stabilized the economy, this ameliorated but did not resolve its underlying structural crisis. The growth figures 'hid' the ongoing crisis in human development.

Around 60 per cent of the workforce is unemployed or underemployed. Prices have increased and wages have not kept up with the rising cost of living.

After the 2013 elections, local and international concerns about the new government's economic competence, and worries about the structural economic crisis, rather than any immediate government policies, triggered the August economic nose dive. There have been simultaneous crises of confidence and expectations, which the government is addressing. A number of sectors and financial institutions are doing well, and while some of these may be predators, many are wealth creators; but taken as a whole, the economy is in crisis. It is essentially an 'emergency economy'. Faced with the realities of a harsh internal and external economic environment, coupled with crippling debt and depleted reserves, the government has softened some of its rhetoric and taken a more consultative approach in tackling the problems. Zimbabwe's economy can recover from enormous stresses, as was demonstrated under the GNU, but this requires political will, a willingness to listen and an awareness of the realities of policy impacts.

Dollarization and FDI

Zimbabwe's economy stabilized between 2008 and 2012, largely because of dollarization. It expanded by around 9 per cent in 2010 and 2011, although this fell to 4.4 per cent in 2012 (see Figure 2). FDI grew from around \$50 million in 2008 to nearly \$400 million in 2011. Inflation (once conservatively estimated at 600 million per cent in 2008), was reduced to 2.5 per cent in 2013. But after initial post-dollarization improvements in 2012–13 the economy lost

³⁰ 'Food Insecurity: Southern Africa's Silent Crisis', ISS, 28 February 2014.

³¹ IMF Monitoring report for the 2012 Article IV consultation debt sustainability analysis.

³² Local analysts including Professor Tony Hawkins and John Robertson have consistently pointed out the fragile underpinnings of Zimbabwe's post-2009 growth, and the economy's vulnerability to shocks. See, for example, 'Economy: we're in trouble', *The Herald*, 19 November 2013, <http://www.herald.co.zw/economy-were-in-real-trouble/>.

³³ Charles Rukuni 'Informal economy is a dead economy – Biti', *InsiderZim*, 4 February 2014; 'Zim dollar return inevitable – Tendai Biti', *NewZimbabwe*, 4 February 2014.

³⁴ In 2008 the average life expectancy was estimated at 37 years.

momentum, with reduced donor funding and investment problems owing to coalition disagreements and worries about indigenization.³⁵ By October 2013 it seemed clear that a major economic decline was beginning to set in, and the International Monetary Fund (IMF) is now forecasting growth of 3.5 per cent in 2014 and 4.1 per cent in 2015, far lower than the 6.1 and 6.4 per cent respectively forecast by Finance Minister Patrick Chinamasa in the 2014 budget that was unveiled in December.³⁶

After dollarization, those in urban areas with access to dollars and rands saw a partial improvement in livelihood. However, for the majority of the population this was not the case. Workers in the informal sector have seen their situation worsen and the small rise in employment is likely to reflect a shift from unemployment to underemployment, rather than substantive gains in formal-sector employment. The latter stands at 800,000 people, or 6.7 per cent of the population. Increases in food prices are affecting urban populations while the rural poor have dropped out of the mainstream economy, becoming dependent on harvesting, trading and subsistence activities.

The price of stability and the cause of the slowdown has been a liquidity crisis caused by imports exceeding exports, a decrease in bank deposits, and funds being deposited offshore by individuals and institutions in the run-up to the polls. By the end of January 2013 there was no gold left in the Central Bank Reserve, apart from \$501,390 in gold coins.³⁷

As a result of the liquidity crisis there has been much speculation on the reintroduction of the Zimbabwe dollar. Tendai Biti, now MDC-T shadow finance minister, has predicted that the government will be forced to reintroduce the national currency in response to the crisis: 'The sad truth of the matter is that the Zimbabwean dollar will be back. It is not a matter of if, but when.'³⁸ However, the first ZANU-PF minister to visit the United Kingdom since the elections, Minister for Tourism Walter Mzembe, stated in a meeting at Chatham House in November 2013 that the government was expecting growth rates as high as 9.9 per cent by 2018, which would 'ride on the back of a multi-currency system that we have agreed to maintain for the next five years'.³⁹ This position was reiterated in the 2014 budget, as the government sought to reassure international investors.

The banks also face a number of problems. The Supreme Court recently ruled that they were responsible for paying back the money seized from companies' accounts in 2007 on the orders of then Reserve Bank Governor Gideon Gono, although banks such as Standard Chartered deny responsibility.⁴⁰ The judgment occurred on the back of a major decline in bank deposits after the elections, with the formal banking sector losing \$56.08 million in withdrawals in August 2013.⁴¹ The financial sector's contribution to GDP declined and is currently at its lowest since 2009. This is attributed to lack of confidence in the banking system, low savings, poor liquidity and uncertainty in relation to the multi-currency system.⁴²

Figure 3: Zimbabwe Stock Exchange Industrial Index



Source: Zimbabwe Stock Exchange.

The Zimbabwe Stock Exchange (ZSE) defied the odds to perform relatively well during the toughest years, with the ZSE Industrial Index benchmark increasing by 7.7 per cent from September 2011 to September 2012, and reaching a record high of 212.8 points in May 2013 (see Figure 3). The rise, however, was concentrated on heavyweight performers such as Econet, Hippo and Old Mutual, and overseas investors. Following the election the main industrials index lost 11.09 per cent virtually overnight. The index fell from 231.21 to 205.57 points, while total market capitalization fell from \$5.97 billion to \$5.34 billion as many investors cancelled their buy orders.⁴³ While there has been a recovery on the index since, the government is having to work hard to re-establish investor confidence. The ZSE will also face competition from the planned new Harare Stock Exchange, a second bourse which will include a separate platform for indigenous investors and companies only.

³⁵ 'Biti cuts budget, blames diamonds', *New Zimbabwe*, 18 July 2012; 'Zimbabwe slashes 2012 growth forecast to 5.6 pct', Reuters, 18 July 2012, <http://af.reuters.com>.

³⁶ See the full budget statement at <https://www.newsday.co.zw/wpcontent/uploads/2013/12/The-2014-National-Budget-Statement.pdf>.

³⁷ Patrick Chinamasa in the National Assembly, Harare, 5 March 2014, http://www.parlim.gov.zw/attachments/article/30/05_March_2014_40-39.pdf.

³⁸ 'Government to bring back Zim dollar', *Daily News*, 18 December 2013, <http://www.dailynews.co.zw/articles/2013/12/18/govt-to-bring-back-zim-dollar-biti>.

³⁹ 'Zimbabwe After the Elections: Domestic Economic Developments and Regional Impacts', Chatham House, 8 November 2013, <http://www.chathamhouse.org/events/view/195208>.

⁴⁰ Charles Laiton 'Mayhem looms in banks', *NewsDay Zimbabwe*, 14 October 2013.

⁴¹ Taurai Mangudhla, 'Bank deposits decline after elections', *Zimbabwe Independent*, 11 October 2013.

⁴² Kudzai Chawafambira, 'Financial sector contribution declines', *Daily News Live*, 3 October 2013.

⁴³ 'Zim market dives on Mugabe re-election', *Fin24*, 5 August 2013, <http://www.fin24.com/Markets/International-Markets/SA-owned-firms-hit-as-Zim-bourse-tumbles-20130805>.

Structural deficiencies

Any country recovering from hyperinflation is likely to grow quickly, and while dollarization brought an end to hyperinflation and created stability the subsequent growth was not sustainable and did not lead to much-needed structural changes.

The five major structural problems facing the economy are an unsustainable national budget, hugely adverse balance-of-payments position, external debt, imbalance between consumption and savings, and the country's infrastructure deficit.⁴⁴ The infrastructure, including roads and electricity and water supply, needs upgrading. Despite a fall in the utilization of manufacturing capacity below the 44.2 per cent level of 2012, electricity and water suppliers cannot meet demand and outages are common.⁴⁵

The manufacturing sector has not fully recovered since 2009, and although exports volumes are expected to increase by 22 per cent by 2018, import volumes are expected to increase by 34 per cent over the same period.⁴⁶ The EIU forecasts that the current account deficit will rise to 23.6 per cent of GDP by 2018.⁴⁷ According to the Confederation of Zimbabwe Industries (CZI) at the launch of its *Manufacturing Sector Survey*,⁴⁸ the sector's capacity utilization had shrunk to 39 per cent, with sectors such as pharmaceuticals falling from 58 per cent in 2012 to 20 per cent in 2013. Growth is now predicted to be 1.5 per cent after the highs of 14.4 per cent in 2011 and 2.3 per cent in 2012. The CZI also pointed to liquidity challenges meaning high borrowing costs; lack of competitiveness owing to ancient machinery, and high power and water tariffs; and high employment costs relative to productivity. The collapse in manufacturing is also linked to the collapse of agricultural production since 2003. Agriculture contributed 60 per cent of the inputs to manufacturing before 2000, and provided wages that created consumer demand.

The post-independence government never adequately invested in increasing the capacity of Zimbabwe's electrical power generation. A result manufacturing, mining, agriculture and education (as well as households) continue to suffer. Zimbabwe depended on importing electricity from its neighbours even though research showed that from 2007 the region would not generate enough power for its own consumption.⁴⁹ Prior to the 2013 elections,

the government had dropped the requirement for rates defaulters to pay their arrears. While this move was electorally popular, suppliers ended up being owed millions of dollars. For example, the Zimbabwe Electricity Supply Authority (ZESA) was owed more than \$700 million by customers. It was also directed to give a credit of \$160 to every customer (although anecdotal evidence suggests that this has not happened).

Zimbabwe's economy, ranked 132nd in terms of global competitiveness, is using the same currency as the United States, ranked 7th. Additionally the IMF reckoned the US dollar was 15 per cent too strong for Zimbabwe, rendering exports uncompetitive and creating a dependence on imports.

The CZI further pointed to the government's failure to implement policies such as the Industrial Development Policy and the National Trade Policy. The former was supposed to transform Zimbabwe from a primary-goods producer to a maker of processed, value-added goods for internal and external markets. The latter's thrust was trade as the engine for sustainable economic growth. Together, their aim was for manufacturing to rise from 15 per cent to 30 per cent of the economy and exports from 26 per cent to 50 per cent by 2016. Despite talk of an allocation of \$30 million for this from the IMF Special Drawing Rights of \$100 million, nothing appears to have happened.

Industry Minister Mike Bimha estimates the industrial sector needs \$10 billion to fully recover.⁵⁰ The second half of 2013 saw a rise in the cost and prices of consumer goods, and increased unemployment as businesses retrenched on personnel. Of the 74 companies quoted on the ZSE only 10 per cent were operating at full capacity and 100 firms had closed since 2011.⁵¹ Additionally, workers such as mineworkers and teachers pushed for wage increases to counter the rise in prices, including essentials such as fuel and beer.⁵² Cheap Chinese and South African imports are also undercutting local production.

Over the past decade, few sectors have survived unscathed. Telecoms has become one of the fastest-growing sectors, especially with the increase in mobile-phone-based money-transfer services. There has been also Chinese penetration of the low-quality consumer goods retail sector, with many shops in Harare and smaller towns now Chinese-owned. These businesses provide employment for locals although

⁴⁴ 'Biti cuts budget, blames diamonds'; 'Zimbabwe slashes 2012 growth forecast to 5.6 pct' (see note 35).

⁴⁵ 'ZANU PF policies will derail economy', *The Standard*, 4 August 2013.

⁴⁶ Economist Intelligence Unit, *Zimbabwe, Country Report*, First Quarter 2014.

⁴⁷ *Ibid.*

⁴⁸ Confederation of Zimbabwe Industries, *Manufacturing Sector Survey 2011*, available at: www.czi.co.zw/images/Documents/Surveys/2013.pdf.

⁴⁹ Victoria Mtomba, 'Government lethargy on power investment costly', *NewsDay*, 10 October 2013.

⁵⁰ 'Zim industry in free fall', *Daily News*, 11 October 2013, <http://www.dailynews.co.zw/articles/2013/10/11/zim-industry-in-free-fall>.

⁵¹ 'Industry in free fall', *Financial Gazette*, 3 October 2013, <http://www.financialgazette.co.zw/industry-in-free-fall/>.

⁵² Mthulisi Mathuthu, 'A rise in consumer goods prices and unemployment predicted', *SWRadioAfrica*, 8 October 2013.

there have been serious concerns about their working conditions. The 'Look East' policy has also seen China becoming a popular entrepôt for Zimbabwean traders and business people who buy goods there and return to sell them in the country or region.

Indigenization

Indigenization has also been a major economic agenda issue for Zimbabwe. In 2010 the Indigenization Bill compelled all foreign-owned businesses with assets of over \$500,000 to sell or cede at least 51 per cent of shares to black Zimbabweans. Such assets are valued at £4.8 billion.⁵³ Given the uncertainty over whether the 51 per cent figure was absolute or negotiable, and whether it would be increased to 100 per cent, FDI inflows declined by three-quarters in 2013.⁵⁴ But some key mining companies have agreed to cede 51 per cent of their shares to local partners. In 2012 Amplats (Anglo American Platinum Ltd) and Zimplats, the Zimbabwe subsidiary of Impala Platinum of South Africa, both transferred a 51 per cent stake in their operations in the country to local black ownership.

Banks such as Barclays and Standard Chartered are now also negotiating with government. Indigenization is not unique to Zimbabwe. Nor is the 51 per cent figure astronomically high; it is now commonplace throughout Africa. Pragmatic foreign investors who have 'indigenized' in other African countries are not averse to ceding shares to locals. The real issue is not whether indigenization should happen; it is about the method used to do so and the outcomes. Indigenization can in theory raise billions of dollars in assets if done as a consultative process; but if it becomes an opportunity for cronyism and corruption then that advantage will be lost. Since ZANU-PF has invested enormous political capital in indigenization, it has to proceed with it for political as well as economic reasons. But the new Indigenization Minister, Francis Nhema, has taken a less confrontational approach than his predecessor, Saviour Kasukuwere. Although reiterating the government's commitment to the policy, he has indicated that there will be some flexibility in the approach taken; it will not be a one-size-fits-all implementation and there will be talks with individual companies.⁵⁵

The land question

The land issue has polarized Zimbabweans and the international community, particularly since 2003 with the land designations and farm takeovers. Discourse on land in Zimbabwe has been highly politicized and polemical. It has been presented by liberal post-nationalists as an utterly disastrous and violent process that only benefited the military elite and ZANU-PF; and by 'patriotic liberationists' as a necessary and successful agrarian empowerment of the black majority.

Until recently there has been no middle ground. However, recent research on Zimbabwe's land transformation shows that, while an elite did benefit, many ordinary black Zimbabweans have also successfully farmed the lands they received.⁵⁶ What is certain is that a land revolution occurred from 2000 to 2009. It was highly politicized, messy and often violent, but it did change the balance of agrarian ownership in favour of the black majority. But with uncertainties about security of tenure and links to ZANU-PF's client networks, it is clear that a land audit is needed.

The government has reiterated that it will not compensate white Zimbabweans for 'their' farms; but some of those whose farms were taken were South African or European nationals, and are demanding recompense under the Bilateral Investment Protection Agreement (BIPA). Some white South African nationals are suing the South African government for not defending their rights against the Zimbabwean government under BIPA as they were among the thousands who were evicted or lost livelihoods without compensation.

In order to progress it is imperative that the government initiate a land audit to be conducted by an independent entity. This must establish a computerized register of land and title deeds, and to develop a credible arbitration process for resolving disputes. Security and certainty pertaining to ownership of land are crucial for economic recovery. Those who have been resettled on former commercial farms must have ownership rights in order to sell their land or, more crucially, to gain access to credit. A 2007 report argued that the United States and other international donors should provide technical assistance for such an audit, building on the \$20 million authorized by the US Congress in 2002 for assistance related to land reform in Zimbabwe.⁵⁷

⁵³ 'Zimbabwe to open a "blacks only" stock exchange', *Daily Telegraph*, 7 August 2013.

⁵⁴ 'Zimbabwe to intensify indigenisation of banks: Zanu-PF minister', *The Times* 30 July 2013, <http://www.timeslive.co.za/africa/2013/07/30/zimbabwe-to-intensify-indigenisation-of-banks-zanu-pf-minister>.

⁵⁵ Gilbert Nyambabvu, "'Soft' Nhema toughens indigenisation talk', *New Zimbabwe*, 13 October 2013.

⁵⁶ Ian Scoones et al. (2010), *Zimbabwe's Land Reform: Myths and Realities* (Brighton, Sussex: Institute of Development Studies). The book, based on a decade of in-country research, contends that Zimbabwe's land redistribution has not been the unmitigated disaster it is often portrayed as being; and that in specific areas the new land-holders have done reasonably well. There is an ongoing debate on how representative this is.

⁵⁷ Michelle Gavin (2007), 'Planning for Post Mugabe Zimbabwe', Council on Foreign Relations, Council Special Report No. 31.

The mining sector

The mining sector has been booming. According to one account, in 2012 it surpassed the 15.2 per cent growth target on the back of a continuous rise in production and earnings. The sector raked in more than \$1.7 billion in export receipts between January and September 2013, compared with \$900 million in 2012. Zimbabwe is a major producer of platinum, gold, ferro-chrome and diamonds. Zimbabwe is thus on the cusp of being a global major mining power; but to become a permanent member of the global mining elite, it will need to invest in new mining technologies. At least \$5 billion is needed for such investments.⁵⁸

Zimbabwe is on the cusp of being a global major mining power; but to become a permanent member of the global mining elite, it will need to invest in new mining technologies.

The mining sector – and FDI in mining – is crucial as plans for economic recovery depend on mining revenues. The government estimates that the country's mineral reserves can contribute over \$5 billion in the next five years. Expansion will be influenced not just by international prices, but by whether the country can overcome its power-supply difficulties, as well as the questions around indigenization. Nevertheless, nickel and platinum exports are expected to rise significantly from \$3.1 billion in 2013 to \$3.6 billion by 2017.⁵⁹ China and Russia are the main sources of FDI in Zimbabwe's mining sector. China has invested \$347.8 million (mainly in energy and mining) over the past year, while Russia has invested \$40 million. This investment is important and looks likely to be a long-term one, particularly from China. But the state-to-state partnerships with China and Russia cannot, in themselves, offer salvation for the sector; current and future investment from private mining companies is just as important. In this regard, and despite the exigencies of a (more flexible) indigenization programme, Zimbabwe has to work harder to make its mining sector an attractive destination for private capital.

The country's diamond fields, which were discovered in 2006 in Marange/Chiadzwa, are estimated to be the seventh largest in the world. Human rights organizations inside and outside Zimbabwe have persistently criticized the diamond sector for alleged abuses. In 2009 Zimbabwe

was temporarily suspended from the Kimberley Process Certification Scheme until key local shortcomings were fixed. Few of the diamond revenues have found their way to the national exchequer. In 2012 Finance Minister Biti was forced to revise his budget and growth forecasts downward after only \$41 million out of a forecast \$600 million of diamond revenues were collected by the treasury.

The diamond sector remains opaque, with key stakeholders including the military, Chinese investors and an assortment of global entrepreneurs, but there are indications of change. In November 2012 Zimbabwe successfully hosted the Kimberley Process Summit, an event that symbolized its full readmittance to the international diamond system. In 2013 the EU lifted sanctions on the Zimbabwe Minerals and Diamond Corporation (ZMDC). This allowed the country's minerals to be sold in Europe and could bring in much-needed revenue. There have also been indications from President Mugabe and Finance Minister Patrick Chinamasa that the government will seek greater accountability from the minerals and mining sector in the expectation that revenues from this sector will help to finance the government's economic strategy. The Kimberley Process itself is in transition. It has long been riven by an internal 'north vs south' divide over human rights in which disputes over Zimbabwe's diamonds have played a central role. However, the 2013 plenary meeting in Johannesburg showed an increased confluence of opinion between national stakeholders with general agreement to push the reform agenda on such issues as the need to reform the organization's statutes, broaden the term 'conflict diamonds' to include aspects of human rights abuses and violence, and establish an administrative support mechanism. It was also clear at the summit that there is a gradual power shift within the Kimberley Process in favour of the emerging economies (including Zimbabwe).

Debt

Zimbabwe has an estimated external debt of \$10.7 billion, i.e. to foreign governments, international institutions and foreign private creditors; some it incurred during the structural adjustment programmes of the 1980s and 1990s.⁶⁰ It is in default on most of these debts, meaning that repayments are low, at 0.5 per cent of government revenue (\$15 million p.a.).⁶¹ In April 2013 the GNU agreed a Staff Monitoring Programme (SMP) with the IMF that could lead to Zimbabwe's entry into the IMF and World Bank relief scheme. In January 2014 the IMF extended the

⁵⁸ 'Mining sector surpasses growth target', *Zimbabwe Situation*, 26 October 2012.

⁵⁹ Economist Intelligence Unit, *Zimbabwe, Country Report*, First Quarter 2014.

⁶⁰ International Monetary Fund, 'IMF Executive Board Concludes 2012 Article IV Consultation with Zimbabwe', September 2012, <http://www.imf.org/external/np/sec/pn/2012/pn12113.htm>.

⁶¹ International Monetary Fund (2013), *Zimbabwe: Staff Monitored Program*, 10 June.

SMP for an additional six months. The SMP is a pathway to debt relief through downstream, IMF-monitored programmes such as the Zimbabwe Accelerated Arrears Clearance Debt and Recovery Strategy and the Zimbabwe Accelerated Re-engagement Economic Programme. A key part of the SMP is greater transparency regarding mineral revenues, and what percentage of these are remitted to the national treasury.

Traditionally SMP countries need to increase their debt repayments as part of the agreement. This in turn requires more loans and the possibility of entering the Heavily Indebted Poor Countries (HIPC) initiative during 2014. The GNU, and especially ZANU-PF, was against taking on HIPC status – largely because investors are often wary of engaging with such countries, but also because it is seen by many governments as a ‘surrender’ of sovereignty. Some business and civil society groups are also opposed to HIPC status for Zimbabwe and have called instead for a debt audit.⁶² Although the government can raise some funds locally or through regional financial institutions, in practice it will be difficult to re-stabilize the economy, generate growth and improve the country's human development performance without some kind of agreement (however difficult) with international financial institutions.

Consultations between the IMF and Zimbabwe are ongoing and Finance Minister Chinamasa has stated that the country will adhere to the SMP. The challenge – and the sticking-point in the negotiations – for Zimbabwe is that it simultaneously requires debt relief as well as debt repayment and investment. In a bid to address this, the government has asked the IMF to lend money to the private sector to enable economic growth and boost the government's tax revenues.⁶³

SADC's competitive advantage

It is often claimed that Zimbabwe's decade of economic crisis also seriously damaged the regional economy. Although some potential regional investors were undoubtedly unsettled, the regional economy grew by an average of five per cent from 2002 to 2008. For South Africa, the huge influx of refugees strained an already stressed social infrastructure and played a role in the anti-immigrant xenophobic attacks in 2009. But South Africa and the region also gained economically from the export of skilled Zimbabweans. It remains to be seen what will emerge from the fragile and now reversed Zimbabwean

economic renaissance in terms of SADC's strategy of regional integration and economic growth.

SADC's direct economic rival is the East African Community (EAC). The two groups are in direct competition for tourism, financial services, maritime facilities, infrastructure investment and FDI. In the 2012 World Bank *Doing Business* rankings, EAC and SADC member states, with a few exceptions, are towards the lower end of the scale. On aggregate the EAC scores a ‘points’ victory over SADC (see Table 1).⁶⁴

Table 1: Ease of doing business rankings (183 countries)

Country	2011 ranking	2012 ranking	Change
South Africa	36	35	+1
Rwanda	50	45	+5
Botswana	52	54	-2
Zambia	80	84	-4
Kenya	106	109	-3
Uganda	119	123	-4
Swaziland	123	124	-1
Madagascar	144	137	+4
Malawi	171	145	+26
Zimbabwe	161	171	-10
DRC	176	178	-2

Source: World Bank (2012), *Doing Business in a More Transparent World*.

SADC has made some progress towards building an economic community, although the vaunted UNIVISA that would allow tourists entry to all member states, intended to stimulate regional revenue and job creation, has not been put in place. Similarly, plans to minimize border bureaucracy and delays to enable increased intra-regional trade are being introduced slowly. These are worthy initiatives but in business perception is everything. The EAC is pushing ahead with its regional integration agenda while SADC still has work to do if it is to function as a community rather than as a collective. The EAC is also finalizing plans for a single-destination visa and developing an action plan on good political governance to complement its economic trade and modernization drive. The World Bank sees the EAC as one of the fastest-growing regional economies and also as one of the fastest-reforming economies. If SADC is to bolster its renaissance credentials, it needs to focus on prosperity in the coming months. In doing so, it will need to convince regional, continental and global investors that it really is open for business. SADC will also have to combine a governance and security ‘surge’ with an economic renaissance.

⁶² ‘Zimbabwe: New government will face major debt challenge’, SWRadio Africa 30 July 2013, quoting calls for an audit by the Zimbabwe Coalition on Debt and Development.

⁶³ ‘IMF still monitoring Zimbabwe's progress’, *Newsday*, 24 November 2013.

⁶⁴ World Bank (2012), *Doing Business in a More Transparent World*.

Poverty and the 'growth trap'

The most profound challenge to SADC, however, is not its investment rivalry with other RECs, but poverty. Although SADC economies (particularly South Africa's) were buffeted by the global recession, they have proved to be resilient and the overall trajectory of growth, averaging five per cent over the past five years, has been maintained.

Good growth figures muffle the reality of what is happening on the ground. Zimbabwe is part of a regional economy with a growing underclass, pauperization and potential poverty-driven strife. More than 60 per cent of the region's 230 million people live on less than \$2 a day. A positive sign is that average life expectancy across the region has increased, but malnutrition remains high. Although the informal sector plays a major role in complementing the formal sector and providing income opportunities, the cost of living and inflation are far outstripping incomes. Unemployment and underemployment are increasing, affecting a regional average of 40 per cent of the potential workforce. It is the human development statistics that really matter, not overall growth figures. It has been said that the region 'is sitting on a poverty powder keg'.⁶⁵

SADC is aware of the problem. At its August 2013 summit, its new chair, President Joyce Banda of Malawi, identified poverty alleviation as the region's number one priority. João Cahalo, the deputy executive secretary for regional integration, has spoken of the 'deepening poverty' within SADC. It is not a poverty of ideas or skills. It is, at heart, a poverty of political will to implement the Regional Poverty Implementation Framework Strategy. Marginalized communities feel that there has been little or no wealth distribution or 'trickle-down' effect from multi-million-dollar natural-resource, environmental or business deals. While it is true that there is not always quick cash from resource deals (many are 'horizon' or future ones), corruption and lack of transparency have also played a part. The cocktail of a marginalized underclass, an increasingly wealthy elite, a fractured middle class and questions about electoral democracy in the region is a certain recipe

for unrest. SADC needs to include the strengthening of governance and accountability and anti-corruption institutions as part of its anti-poverty agenda. And more urgent attention has to be given to the fight against poverty.

Pragmatic policy and future planning

Elements of the new government, initially at least, surprised many by seemingly adopting a less ideological, more pragmatic approach to economic policy than their pre-GNU counterparts. The finance, indigenization and other ministries have taken a consultative approach to policy-making, particularly with the local business community. There has also been an international investment outreach such as the visit by a delegation from the CZI to the EU and United Kingdom in January. Various ministries are signalling that the country is 'open for business'. Whether this approach will endure remains to be seen and the recent government decision to take control of all maize inputs certainly suggests a return to previous policies.⁶⁶ This mixed messaging, veering between 'let's do business' and 'my way or the highway', is a deterrent to investment. It is likely that during Mugabe's legacy presidency the issue of political succession within both government and party will be mirrored by the struggles over economic policies and ideological values – between political pragmatism and economic pragmatism. The political infighting obscures the fact that there is a battle for the economic heart and soul not just of the party and government, but of the country.

Since the 2013 elections, the government has had to manoeuvre between national demands for economic success and expectations of economic failure. The key question has been whether it has learned from past mistakes and has the will to articulate and implement a strategy for economic re-stabilization and growth that is not party-political but national. After months of consultations with the business community, the government released its blueprint for economic revival: the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET).

⁶⁵ See 'SADC's poverty crisis', Trademark Southern Africa, June 2012.

⁶⁶ 'ZANU-PF takes control of all maize imports', SWRadio Africa, 4 February 2014.

4. The Way Ahead: ZIMASSET and Templates for Success

Despite the daunting challenges to conducting business in Zimbabwe, there are some positive indicators and success cases. There are numerous institutions, organizations and businesses that are functioning well through smart strategies, competent management, good leadership and partnerships. The government has also demonstrated through its dialogue with the local and international business sector and other stakeholders, and through its investment and re-engagement drive, that it is taking the situation seriously and is prioritizing economic recovery.

The national electricity supplier has massive debts and obsolete equipment. Consumers have had to endure regular power cuts, load-shedding and non-availability of both electricity and water from national suppliers.

ZIMASSET is the government's latest blueprint for the economy. Faced with an accelerating economic decline in 2013, as well as competing economic demands and dwindling cash reserves, the government wanted to prioritize sectors for state attention. ZIMASSET has four priority sectors (or 'clusters'): food security and nutrition; social services and poverty reduction; infrastructure and utilities; and value-addition and beneficiation. The overarching theme ('Towards an Empowered Society and a Growing Economy') has the specific aim to 'achieve sustainable development and social equity anchored in indigenization empowerment and employment creation, based on natural and human resources'.⁶⁷

The renewal of infrastructure is the core priority. Zimbabwe's dilapidated infrastructure is part of the reason for the steep decline in the industrial sector over the past decade. Some of the ZIMASSET objectives include the construction or refurbishment of 7,000 km of rural and urban roads, construction of ten dams to upgrade water storage and a major upgrade of the power-supply system. Hwange power station is to be refurbished with the objective of adding 450 MW of capacity. In addition, in November the finance minister announced the suspension of duty on critical equipment for ZESA.⁶⁸ The national electricity supplier has massive debts and obsolete equipment. Consumers have had to endure regular power cuts, load-shedding and non-availability of both electricity and water from national suppliers. (Zimbabwe is not alone in this; national power shortages are endemic throughout

the region, including in South Africa.) As part of the commitment to upgrading the national power grid, the government announced a \$319 million deal with China to expand Kariba South hydro-power station. The need is urgent – current electricity generation is around 1,200 MW but consumer demand averages 1800–2200 MW. There is also provision in ZIMASSET for enhanced hunger and poverty alleviation programmes.

Although the programme was initially welcomed with cautious optimism by most of the business and wider community in Zimbabwe, the sources of its funding remain unclear.⁶⁹

Making ZIMASSET work: from 'trash talk' to 'cash talk'

Zimbabweans are realists. With the furore over the elections ebbing, the focus has been on whether the government can craft a rational economic vision that has some chance of implementation. When it was first launched, ZIMASSET initially got a cautiously optimistic reception nationally and regionally. The input of the public sector and the inclusive process in the construction of the plan have been popular with both domestic and international investors. The document is seen as softening the more ideological election promises on indigenization and taking a more pragmatic approach that clarifies priorities. The performance of ministries will be appraised relative to economic targets. The programme is being overseen by the President's Office, another indication that Mugabe sees ZIMASSET and economic renewal as part of what is likely to be his 'legacy' presidency.

Turning intentions into reality will not be easy, however, and there are severe concerns about where the funding for such a large project will come from.⁷⁰ The government has also had to face immediate challenges such as public protests about low salaries and the high cost of living. In response, it increased public-sector salaries in October. This has brought some relief to hard-pressed households, but it has added to funding concerns. The IMF is reluctant to give Zimbabwe access to credit until the government shows progress on debt reduction. The EU, United Kingdom and United States are unlikely to give direct budget support, despite some indications that France might. Furthermore, although Asian partners are willing to invest in resources and infrastructure, they will not bail out the government.

⁶⁷ ZIMASSET has to balance the indigenization and empowerment promises in the ZANU-PF election manifesto with the realities of negotiating an international pathway through Zimbabwe's huge debt burden.

⁶⁸ See 'Government suspends duty on Zesa equipment,' *Daily News*, 16 November 2013.

⁶⁹ 'Industrialists blast ZimAsset', *Daily News Live*, 6 February 2014.

⁷⁰ Interview with James Hungwe, Director, Hungwe Investments, London, 19 November 2013.

ZIMASSET, which is increasingly seen as a pragmatic and national rather than party-political strategy, nevertheless requires funding, and there is currently uncertainty as to where the money will come from. The hope is that it can, in the first instance, be funded by the local mining and financial sectors.

What is clear is that re-stabilizing the economy and targeting growth cannot be the work of government alone. ZIMASSET is an important first step, but for real progress to be made there will have to be a national consensus or grand bargain that includes political stakeholders across the board. In business, perception matters and mixed messages create lack of interest. Saving Zimbabwe's economy will require a collective national and diaspora approach that puts aside, even if only temporarily, deep intra- and inter-party divisions. As one observer put it:

We have a simple choice; we can 'trash talk' and fight each other. Or we can be mature and put aside our differences to do a 'cash talk' about how to move things forward. *Tikaita zhve ku 'fixana', hapana zvinofamba* [if we try to pull each other down, nothing will move].⁷¹

Needed: a successor to STERP

ZIMASSET is in essence a blueprint for moving the economy forward, based on a fusion of pragmatism and ideology. Although some of its economic growth projections seem optimistic, the blueprint has identified the key sectors on which to focus.⁷² However, much of ZIMASSET targets the medium to long term. There is a crucial need for government to buttress it by outlining a short-term programme for the next six months to one year. Although the economy faces a multiplicity of structural crises, the government needs to identify the 'top ten' most immediate challenges and how to address them. This does not mean that the economy can be re-stabilized through one simple process, as the GNU did with dollarization in 2009. The situation is different now and the government will need a basket of short-term adaptive strategies. But it can build on the GNU's Short-term Economic Recovery Programme (STERP), which outlined its emergency plan. What is needed now is a successor to STERP that would be complementary to ZIMASSET.

Resilience and adaptability

Zimbabwe's numerous economic travails have reinforced 'Zim-pessimism' in many areas. But, although the macro-economic environment remains hugely challenging, the past decade has in fact seen numerous individual, familial, institutional and corporate success stories across various sectors. These organizations demonstrate the resilience, accountability, adaptability and smart partnerships needed to weather the economic storm, and could be templates for re-stabilization efforts.

A foundation of best practices for success which already exist in the economy needs to be built upon. There are, as noted, many examples of successful institutions, enterprises and investments. These range from the finance ministry in the former GNU to many new farmers and other businesses. Beyond displaying resilience, adaptation and pragmatic vision, most successful enterprises and organizations have also demonstrated significant levels of accountability and a capacity for rapid reaction to challenges. At the other end of the scale are organizations such as the Zimbabwe Broadcasting Corporation and Air Zimbabwe that have been crippled by heavy debts, non-payment of workers, internal politics and a lack of accountability. The government has pushed for independent audits of both these companies and for turnaround strategies. This is vital: along with demonstrating that there are organizations that are working well, Zimbabwe – and the government in particular – must demonstrate a culture of accountability and that it is serious about turning around failing institutions and organizations.

Investment and the 'nation-brand'

The government will have to fund its economic programme primarily from local investment and borrowing. Dollarization brought an instant economic stimulus. Now, however, there is no economic 'quick fix'. But an increase in FDI and wider investment would be an important stimulus. One such example is the Chinese government's \$23 million investment announced in February 2014 for the construction of clinics, primary and secondary schools in resettled areas acquired under the land-reform programme.

If Zimbabwe is to attract investment, it needs to pay attention to two key things: its 'nation-brand' – as measured by external perceptions categories that cover exports, tourism and immigration, investment, governance and people – and competitive advantage. In 2013 the Mo Ibrahim Foundation ranked Zimbabwe 47th out of

⁷¹ Interview with Patrick Matiza, CEO, MZM Pvt Ltd, Harare, August 2013.

⁷² But where the estimated \$27 billion needed will come from is still unclear: 'Govt needs \$27 billion to fund ZimAsset', *The Source*, 5 February 2014.

Box 1: Cases of success in healthcare, culture and tourism

Chitungwiza General Hospital

The near-collapse of Zimbabwe's health sector over the past decade has had the highest immediate impacts on the population. The 'brain drain' of doctors and nurses, and the lack of medicines and other facilities at state hospitals and clinics, cost many lives. Although doing their best, under-funded and under-equipped state hospitals have struggled to cope with the demands of national health care. Private hospitals are better equipped but the costs are out of reach for many Zimbabweans.

Chitungwiza General Hospital is one of the success stories in the health sector. A state hospital, established in 1984–85, it has won international acclaim. It serves Chitungwiza town, which lies about 25 kilometres from the capital city though it is technically part of Greater Harare. It also serves neighbouring areas such as Seke and Epworth – with a population of more than one and a half million people. Chitungwiza provides a gamut of health services including clinics, surgical and general healthcare, and maternal and childcare. It also offers specialist services in radiology, clinical diagnostics and laboratory analysis. Like other health centres, the hospital has had to deal with crises. In 2002 there was an exodus of experienced doctors from its staff. But through a combination of investment in training, competent management, donor assistance and public-private partnerships, it has not only survived but thrived. In 2008 the hospital attained ISO certification and recognition as one of the best hospitals not just in the country, but in the region. Local health personnel have been joined by an international complement of staff. In 2012 Chitungwiza hospital celebrated its silver jubilee.^a

Harare International Festival of the Arts

Since its launch in 1999, the Harare International Festival of the Arts (HIFA) has survived the trials and tribulations of politics and economic crisis in the country to emerge as the largest annual arts festival in Africa. HIFA, held in late April, is a week-long mix of music, dance, theatre, literature and media arts. It has an average attendance of 50,000, bringing together local and international performers, and is of economic as well as cultural value.

HIFA, which the *Guardian* called the 'Glastonbury of Africa',^b has endured hard times but has adapted through public-private partnerships with local businesses, support from embassies and multinationals, and donor funding. Key to its survival have been accountability and transparency with regard to funding; and a consultative and inclusive approach between the organizing executive and performers, sponsors and other stakeholders. HIFA also leverages and stimulates Zimbabwe's ongoing global arts and culture renaissance, and Zimbabwean musicians and writers winning global acclaim and awards for their work.^c

HIFA is helping to find new ways of encouraging artistic entrepreneurialism, and it also trains and employs hundreds of street youth and students in various projects.

Despite its success, HIFA has occasionally been criticized, including by the government, for a perceived failure to bring sustained benefits for local artists.^d Festival personnel in turn have pointed out that 'out of a total of 1,110 artists at HIFA in 2013, 811 were Zimbabweans'.^e

The 2013 UNTWO General Assembly and the tourism sector

In 2013 Zimbabwe and Zambia jointly hosted the United Nations World Tourism Organization (UNWTO) General Assembly at Victoria Falls and Livingstone, respectively. The event was a huge marketing opportunity for both countries and for the region. 750 delegates from 145 member countries attended. There were 900 media delegates and 49 ministers in attendance, and hundreds of private exhibitors.

Harry Nkumbula International Airport and Victoria Falls airport were upgraded, with dozens of local, regional and international airlines also ferrying visitors. Hospitality infrastructure was also upgraded on both sides of the border. The concluding UNWTO statement adjudged the joint summit to have been the best-attended meeting in the organization's history. The overall assessment from delegates, media, business and other stakeholders was that the meeting had been a major success in terms of attendance, resolutions passed, business and marketing of Zimbabwe, Zambia and Africa in general. The summit also demonstrated the tourism partnership between the two countries; and how the sector in both is pushing tourism as part of a national and regional development agenda.

The event complemented the growth in tourism in Zimbabwe. After the near-collapse of this sector before 2009 it has recovered. In the first six months of 2012, there were 767,939 tourist arrivals, up from 637,389 in the first half of 2011. Nearly 80 per cent were from the region and the continent. Tourists from Europe, mainly from the United Kingdom, comprised most of the rest. Victoria Falls, one of the seven natural wonders of the world, is the tourist destination of choice, with Kariba Dam, Hwange Game Park and Nyanga also popular.

But there are some dark clouds looming; the finance minister's recent call for a 15 per cent tourism tax has worried some industry insiders who feel that this could lead to a decline in tourist numbers and revenues.^f

^a See 'The genesis of Chitungwiza Central Hospital', *The Standard*, 7 October 2013. In September 2013 two nurses from Chitungwiza Hospital were awarded three-month Commonwealth Visiting Fellowships to the United Kingdom.

^b See David Smith, 'Harare Arts Festival offers upbeat image of a country in turmoil', *The Guardian*, 9 May 2013.

^c In 2011 writer Pettinah Gappah won the *Guardian* fiction prize, while in 2013 No Violet Bulawayo was nominated for both the Booker and *Guardian* book prizes.

^d For instance, see 'Minister Kanengoni-Malinga questions HIFA', *Sunday Mail*, 9 February 2014.

^e *Ibid.*

^f 'New law to dampen tourism', *Daily News Live*, 5 February 2014.

52 African countries overall, and bottom in terms of governance. Private and national investors are interested in Zimbabwe, and are attracted by the resilience and high skills-base of its people; but many see it also as high-risk, particularly from a political risk and insurance perspective. As one international investor has pointed out:

We [the investor community] have moved on from the elections and we're willing to negotiate on indigenization. But our shareholders want some sense of what will happen after Mugabe. We see reports of infighting within Zanu-PF. That's serious political risk right there.⁷³

In addition, Zimbabwe needs to adapt its business diplomacy to capitalize on its competitive advantage. That it needs financial assistance from global lenders is undisputed; but private and corporate investors and lenders need to know in clearer detail what its competitive advantage is. Zimbabwe is part of a fast-changing regional and continental context and risks losing out to Africa's better performers. Zimbabwe has taken a proactive approach in launching Brand Zimbabwe, largely for the tourism and environment sectors. This is an important step but, if it is to significantly improve the country's nation-brand and external image, the government has to develop a more holistic approach that includes aspects such as governance, services, human safety and security, and finance. A country's 'nation-brand' matters. Zimbabwe's has improved significantly since 2008 but it remains low even among its peers and there is much work that must be done to improve it and build local and external confidence.

The diaspora

From 2000 to 2008, political deadlock, violence and economic decline deterred investors and led to millions of Zimbabweans leaving the country. Although it was the disputes within the GNU that generated media headlines, it was the less publicized politics of accommodation within the GNU that created an enabling environment for the stabilization of the economy. From 2011, with increased interest in Zimbabwe from African and global investors and tourists, the government embarked on the 'Brand Zimbabwe' project described above, to re-engage with the world and refurbish the country's credentials as a destination of choice. A key target constituency was the Zimbabwean diaspora.

The size of Zimbabwe's diaspora is contested; after 2000 the statistics became politicized, with figures routinely inflated or underplayed as supporters and critics of ZANU-PF and the opposition battled for control of this narrative. Adding to the complexity is the question of whether the figures refer to the combined historical and contemporary diaspora

(i.e. Zimbabweans living outside the country from the 1950s to the present) or to the contemporary diaspora (i.e. only those who have lived abroad since 2000). Although some estimates put the global diaspora at around five million (including one million in the United Kingdom), more conservative estimates suggest it is around three million. Most of the diaspora is in South Africa and the region (probably around two-and-a-half million). According to the more reliable estimates for the Zimbabwe diaspora in the United Kingdom (historical and contemporary) the figure is between 250,000 and 400,000.

Between 2000 and 2012 the diaspora brought an estimated £50 million per month into the Zimbabwean economy – with around £10 million from the United Kingdom.

The flow of remittances has traditionally been an important contributor to African economies and this is also true for Zimbabwe. Between 2000 and 2012 the diaspora brought an estimated £50 million per month into the Zimbabwean economy – with around £10 million from the United Kingdom. This sustained injection of funds has been crucial in helping Zimbabweans at home to survive a turbulent decade. During the 2000s many among the diaspora, broadly speaking, were alienated from the government, which they blamed for allowing the economy to collapse and forcing them to live abroad. Few considered a return home.

Towards the end of the decade, the dynamics changed, however. First, the diaspora in the United Kingdom and elsewhere became a far more disparate community. The standard cliché that the UK diaspora consisted only of nurses, care workers or cleaners no longer applies. Zimbabweans were finding employment across a variety of sectors, including teaching, management and banking, and it is estimated that their contribution to the UK economy is £10 million per month. They were also making their mark as entrepreneurs, in sport, media and the creative arts. Many, particularly asylum-seekers and those without adequate documentation, were also finding work in the UK 'underground economy' through church, familial and other networks – although many others, fearful of falling foul of the authorities and possible deportation if found working, have suffered deprivation.

Second, the combination of relative stability in Zimbabwe since 2009 and recession in the West has prompted a re-engagement between the diaspora in the United Kingdom and Zimbabwe.

⁷³ Confidential interview. London, November 2013.

Third, although the diaspora still has an interest in Zimbabwe's politics, there has been a palpable decline in political activism among the UK diaspora since 2008. This is partly the result of the fractious and complex internal GNU and post-GNU politics, but also stems from the factionalism within the UK branches of Zimbabwe's political parties. Much of the UK diaspora was unsettled as much by the process as by the results of the 2013 elections. A number of members of the UK diaspora contested the 2013 party primary elections and there was a UK component in the Diaspora Election Observer Mission. The popular notion that *tinodzoka kana zvanaka* ['We'll return to Zimbabwe when things are OK'] was replaced by the idea that *hazvisati zvanaka* ['things are not yet OK']. But notwithstanding the political issues that divide Zimbabweans in the United Kingdom, and that have occasionally been contentious between them and the Zimbabwe government, interviews in the United Kingdom point to a community increasingly disengaged from politics and engaging with Zimbabwe through entrepreneurialism and business opportunities instead. The push and pull of economic hardship in 'austerity Britain', and business opportunities for those who are networked with the power and business elite in Zimbabwe, have also resulted in a number of people returning on a permanent basis. As yet, voluntary returnees are far outnumbered by the illegal emigration into South Africa, which was estimated to peak at 3,000 people per day in 2007.⁷⁴ They are distinct from trans-border Zimbabwean migrants and traders who travel back and forth between Zimbabwe and other countries.

The diaspora is already engaged in the Zimbabwean economy but mostly in a private or familial way. This will continue but there are also increasing calls for a more structured, post-political business partnership between the UK diaspora and business and political stakeholders

in Zimbabwe. There is much scope for a more formal partnership to complement the informal partnerships already extant. This will be important to the country's development for the rest of the decade and beyond. As noted, the diaspora is already contributing through remittances and business partnerships are increasing. The diaspora also contributes skills to the local economy upon return, although this is a reciprocal benefit since a number of those whose professional skills had atrophied in the United Kingdom have been able to re-skill in Zimbabwe through working in the formal, NGO and informal sector.

For such a partnership to advance there is a need for a Ministry for the Diaspora that is also embedded within the business sector in Zimbabwe. The UK diaspora, known colloquially as 'Harare North' or 'Zimbabwe North', in turn needs to articulate a collective vision (perhaps through a White Paper) on how it would wish to engage, particularly from a business point of view. All this would help point the way to a Diaspora–Zimbabwe Strategic Partnership that could be a vital part of the country's development. Many members of the diaspora in the United Kingdom have expressed their feelings in the phrase 'Politics? *Tanetanazvo!*' ['we're fed up with it']. But the diaspora in South Africa, which is closer to the events in the country, is far more engaged politically as a community. There will not be a large-scale diaspora migration back to Zimbabwe, but the steady, if unspectacular, return will continue. After the poor reception given to Prime Minister Tsvangirai's call in 2010 for the diaspora to return home *en masse*, the GNU and the current government have promoted diaspora–Zimbabwe partnerships instead, with some diaspora criticism. This kind of partnership idea is also particularly necessary given the fact that the fragile economy cannot immediately absorb a large-scale 'returnee' influx anyway.

⁷⁴ Zimbabwean Migrants de-stabilise the north of South Africa', *Rural 21*, http://www.rural21.com/uploads/media/Zimbabwean_migrants_01.pdf.

5. The Security Sector

Security and the security sector have been a dominant feature of the country's political economy ever since the days of the Rhodesia Front. The current military-political alliance between ZANU-PF and the security sector has its roots in the liberation struggle, when the Zimbabwe African National Liberation Army (ZANLA) and the Zimbabwe People's Revolutionary Army (ZIPRA), the military wings of ZANU and the Zimbabwe African People's Union (ZAPU) respectively, formed close bonds with their respective parties. Following majority rule, ZANLA, ZIPRA and former Rhodesian forces merged to create the Zimbabwe National Army (ZNA), the land-force component of the Zimbabwe Defence Forces (ZDF).

The ZDF, along with the Central Intelligence Organization (CIO) and the Zimbabwe Republic Police (ZRP) make up the Zimbabwean formal security sector. During the 1980s, the political conflict between ZAPU and ZANU-PF, the 1981 Entumbane battles between ZIPRA and the new army, and the killing of an estimated 30,000 civilians in Matabeleland in the military campaign against 'dissident' insurgents, strained relations between former ZIPRA and ZANLA combatants in the new national forces. Nevertheless, although there was internal friction the ZDF remained cohesive and operationally effective, playing a major role, for instance, as an ally of Frelimo against Renamo in Mozambique's civil war. Internally, although the memory of the shared liberation struggle helped bring ZAPU and ZANU-PF into the 1987 Unity Agreement and subsequent Unity Government, ZAPU was also aware that failure to agree to terms would leave it at the mercy of the military.

The post-2000 polarization of politics and society between ZANU-PF and the MDC-T also had an impact on the military. There was a transformation within the security sector. The military-political war veterans' alliance was strengthened, and those whose loyalty to ZANU-PF was felt to be suspect were dismissed or not promoted. From 2000 a 'patriotic' national force was established as a bulwark against what the ruling party felt at the time were existential threats from the MDC and the West. In November 2013, former South African president Thabo Mbeki spoke about former British prime minister Tony Blair's desire for a UK military intervention to remove Mugabe in the early 2000s.⁷⁵ In 2008 the military emerged as the dominant factor in Zimbabwe's politics. It had already become a powerful voice in strategic institutions such as the National Railways of Zimbabwe and the Grain Marketing Board, which were headed by

serving or retired military officers. After Tsvangirai's narrow win over Mugabe in the March 2008 elections, a campaign of violence by the security sector, war veterans and party activists resulted in Tsvangirai withdrawing from the June run-off, which was duly won by Mugabe. There was also some retaliatory violence by MDC-T activists in Masvingo and Bikita provinces. Hundreds were killed and hundreds more displaced. SADC and the AU refused to legitimize the June run-off and pressured Mugabe, Tsvangirai and Arthur Mutambara (former leader of the smaller MDC-M party) to agree to a coalition government.⁷⁶

The military during the GNU

The establishment of the GNU did not bring about a rapprochement between the military and the former opposition. The establishment of a National Security Council (NSC) in line with the provisions of the Global Political Agreement changed little. The NSC was meant to be a regular forum where the GNU principals and service chiefs could discuss key issues and improve civil-military relations. However, it met only sporadically and discussed few substantive issues, while the service chiefs continue to meet as the Joint Operations Command. The military, with revenue from the diamond fields, which it controlled, remained the most powerful institution in the political economy.

The MDC-T saw the military as the major threat to democracy and human rights in Zimbabwe; the military, in turn, saw the party as the local cohorts of a Western conspiracy for regime change.

Despite being a civilian organization, the MDC-T did have some former military personnel in its ranks. The party's hope was that this would help to broker a dialogue with the military. There was, however, little real progress and relations have largely remained frozen. The MDC-T saw the military as the major threat to democracy and human rights in Zimbabwe; the military, in turn, saw the party as the local cohorts of a Western conspiracy for regime change. In addition, Mugabe's constitutional status as head of state and commander-in-chief of the defence forces meant that the military's view was that it answered to him and not to Tsvangirai as prime minister or to the MDC-T.

⁷⁵ 'Tony Blair plotted military intervention in Zimbabwe, claims Mbeki', *The Guardian*, 27 November 2013, <http://www.theguardian.com/world/2013/nov/27/tony-blair-military-intervention-zimbabwe-claim>.

⁷⁶ The Global Political Agreement (GPA) was signed by Robert Mugabe, Morgan Tsvangirai and Arthur Mutambara on 25 September 2008. Inter-party disputes delayed the establishment of the GNU until 18 February 2009.

Any chance of a substantive civil–military dialogue in the early days of the GNU was nullified by attitudes on both sides. Prior to joining government, the MDC-T had made grand promises that it would tame and transform the military. Once in government, it struggled to listen to the military's viewpoint, and persisted with a comprehensive security reform agenda that had little relation to the reality on the ground, and that alienated the military still further. 'We saw that the MDC were serving a British and Rhodesian agenda when they talked to us in 2009 [...] Some of their guys even told us that they were being told what to say by the EU and the Americans [...] How could we take them seriously?', recalled one ZNA officer.⁷⁷

For its part, the security sector also refused to accept the political legitimacy of the MDC-T and dismissed any serious security dialogue. A former staffer in the prime minister's office said in 2012:

It was hard enough working with ZANU-PF in government when we first came in [...] but dealing with the military was ten times worse. Every time we tried to talk to them they would give us a lecture about the *Chimurenga* and that they could not work with 'colonialist puppets' and 'amateurs' like us. They completely refused to acknowledge the killings they had committed against innocent people, they refused to listen.⁷⁸

With no acceptable mediator between the military and the MDC, there was no chance that a grand bargain between them would move beyond inception.

The security sector after the 2013 elections

The alliance between ZANU-PF and the military remains a powerful force. The military's core objective is to ensure that it remains the dominant stakeholder in politics and the economy, but relations between the two sides are not always harmonious. Some ZANU-PF members were alarmed by the increase in the number of serving or former military officers who contested the party's 2013 primary elections, seeing this as a sign of its further militarization. It is possible that the succession battles in ZANU-PF will be mirrored within the military. What is certain is that the security sector will continue have a powerful influence within the party and the government, particularly in the internal ZANU-PF debates on the succession to Mugabe in the party and at the national level.

During the GNU and after the 2013 polls, the military and ZANU-PF made it clear that security-sector reform (SSR), which was pushed by the MDC parties as part of

the Global Political Agreement, is not an option. Within the military and the party the term has become toxic and is seen as a euphemism for a regime-change agenda. The fundamental asymmetry of power between the military and the opposition has also negated any perceived need by the former for SSR. Another reason for its absence from the agenda is that within the region SSR has traditionally been regarded as a process for unifying and building capacity in national armies that have recently been established by merging formerly hostile rival forces. It is thus designed to be part of a process which includes disarmament, demobilization and reintegration. Many in Zimbabwe's security sector feel that SSR already happened during the early 1980s when the ZDF was being established from the rival ZANLA, ZIPRA and Rhodesian armies, and therefore that there is no need for further reforms. As a senior officer within the ZNA said:

Why should we reform? We are a professional organization which has operated in Zimbabwe and in operations across Africa. So what is there to reform? To us SSR means regime change, so that is not going to happen [...] If the British want to talk to us, then they must forget about this SSR.⁷⁹

In addition, SSR is not on the regional agenda but regional opposition parties and CSOs nevertheless insist that southern Africa's politicized militaries are a challenge to democracy and human rights.

Even though SSR is not on the military's agenda, issues around capacity and professionalism remain, particularly within the police. Zimbabwe's police forces have a high reputation locally and regionally in anti-crime operations, border policing and police training programmes, but not for political impartiality. There have been long-standing allegations of bribery of police officers at roadblocks, and allegations of fraud and corruption have tainted senior officers. More broadly, a lack of resources and funding hampers police anti-crime capacity. In November 2013, a *Zimbabwe Independent* article also pointed out that the severe shortage of police vehicles (1,693 operational, instead of 7,000) was having a serious impact on crime-fighting.⁸⁰ With more than 26,000 suspects on the run from the police, the lack of vehicles and other equipment is a serious constraint. Crimes have become more sophisticated as local criminals are often juxtaposed with or are part of transnational regional networks. Kidnapping and extortion are just two of the 'new wave' of crimes that are played out alongside 'traditional' ones such as armed robbery and murder.⁸¹ There are also questions about police impartiality and due diligence regarding human

⁷⁷ Serving colonel in the ZNA, Harare, June 2012.

⁷⁸ Confidential interview, Harare, October 2012.

⁷⁹ Confidential interview, Johannesburg, April 2013.

⁸⁰ 'Acute vehicle shortage cripples ZRP', *Zimbabwe Independent*, 15 November 2013, <http://www.theindependent.co.zw/2013/11/15/acute-vehicle-shortage-cripples-zrp/>.

⁸¹ See 'Over 26 000 suspects on Police wanted list,' *The Herald*, 22 November 2013.

rights lawyers and activists. After being arrested in early 2013, human rights lawyer Beatrice Mtetwa was acquitted in November 2013, with Justice Chinembiri Bhunu describing police testimony as contradictory. Zimbabwe has a strong, if not particularly impartial, legal sector. There is a generally good working relationship between the police and the judiciary as regards civil and criminal law, but it is likely that the judiciary, will now be reinforced by former opposition politicians who have rejoined the sector, and so could be more vocal and undertake greater scrutiny of police work.

Zimbabwe's military remains one of the most powerful stakeholders in the economy. Its continuing strategic position and the revenue from the diamond fields have increased its wealth and power. However, it will experience pressure from the cash-strapped government for more of the diamond revenues to go to the national exchequer. There may be a deepening struggle between the government, the military and foreign stakeholders over control and accountability of the diamond resources.

But the greatest challenge for the security sector may be how to survive the economic crisis. Although the defence ministry's share of the 2014 budget stood at 9 per cent (\$365 million), service chiefs have insisted that this was not enough and could have a severe impact on capabilities, despite consistent increases in military spending under the GNU (see Figure 4). A February parliamentary report on defence and home affairs highlighted the serious effects of budget shortfalls on the military. Army debts mean that soldiers cannot access healthcare, while the police owe service providers \$145 million. Lack of finance has crippled military priorities including training, refurbishment and upgrading, research and development, food security and various construction projects.⁸² It has also had an impact on living conditions and accommodation for security-sector personnel.

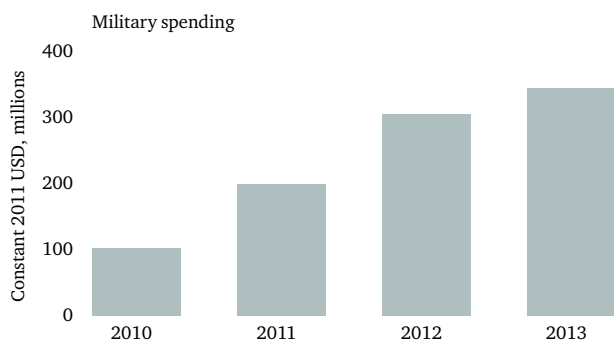
At a time when the sector faces growing regional and continental expectations as well as national roles, its capabilities may become increasingly constrained by funding shortfalls. The tension between increased expectations and new financial realities for defence and security make it likely that the sector will have to develop plans appropriate for an age of austerity. This may entail a Strategic Defence Review that matches policy and present and future capabilities to a reduced budget. In this regard Zimbabwe's military faces the same challenge as the British, American and other defence forces: how to do more with less.

Public service, defence and judicial service commissions

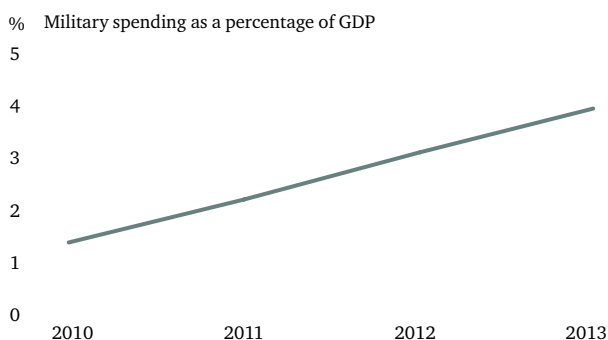
In line with the 2012 constitution, the Public Service Commission became the Civil Service Commission. In November 2013, Mariyawanda Nzuwah, formerly chair of the Public Service Commission, was appointed chair of the Civil Service Commission as well as the important Defence Forces Commission and Prisons and Correctional Service Commission. He is also a member of the Judicial Service Commission. The commissions will have a heavy immediate and longer-term workload. They will be expected to investigate, report on and make recommendations on many issues including budgets, working conditions and the effectiveness of the ZDF and the Zimbabwe Prison Services (ZPS).

Prison overcrowding, unsafe and unhealthy conditions, and chronic under-funding for the ZPS require particular attention, and there may also be calls to review the effectiveness of the judiciary. But an urgent issue for the Judicial Service Commission is the large backlog of criminal and civil cases still awaiting attention in the courts. The commission's deputy secretary recently said that 'the High Court was sitting on 2,000 appeal cases while the Supreme Court had 122'.⁸³

Figure 4: Military spending



Source: SIPRI.



⁸² 'Zimbabwe's army and police broke', *Mail and Guardian*, 7 February 2014.

⁸³ *Ibid.*

The military, the opposition and civil society after 2013

There is little prospect of the divide between the military and the MDC-T and civil society being bridged. Deep ideological divisions, as well as memories of *Gukurahundi* and the post-2000 political violence, will continue to linger.⁸⁴ There are two main reasons for the military's suspicion of opposition parties and civil society. First, it feels that civil society neither participated in nor has tried to understand the liberation war, and thus that there is no common ground between them. Second, the security sector believes that civil society is part of a foreign-sponsored regime-change agenda.

Education is one sector where there is an exchange of ideas between the two sides. In the 1980s the government's national education drive was complemented by a similar initiative in the military. Partnerships were made with national universities in teaching diploma, undergraduate and postgraduate courses in war studies. In addition, former combatants and serving personnel from all parts of the security sector were given an opportunity to take civilian courses in tertiary institutions. Since then, education has remained an important issue for the military, and a postgraduate degree is now an essential qualification for officers. This tradition is likely to continue.

There are forums in which members of the business sector, civil society and military professionals meet, for example in tertiary institutions and think-tanks. But there is no structured framework for dialogue between the military and civil society. In addition, the history of mutual antagonism

and disputes about the 2013 election and the military's role in it will continue to polarize opinions and limit chances for engagement. The military's role in the Zimbabwe Electoral Commission since 2000 has been a particular bone of contention for civil society and the opposition. Elections and the spectre of electoral violence have been a traditional fault line between the military and opposition parties and civil society; and there is every prospect that the 2018 elections too will be marked by this.

The military in a regional and wider context

Zimbabwe has been a significant presence in regional defence and security since 2000 and that tradition will continue. Students from across Africa attend the regional Peacekeeping Training Centre in Harare and the Staff College Joint Command and Staff courses. In 2013, Zimbabwe also hosted the Committee of Intelligence and Security Services in Africa (CISSA) conference in Harare. This annual event is the top continental forum bringing together Africa's intelligence community. The head of Zimbabwe's Central Intelligence Organization, Major-General Happyton Bonyongwe (rtd) was elected CISSA chair for 2013–14.

Over the next few years, the ZDF is likely to be invited to participate in more regional and continental peace-making missions, as Zimbabwe uses the military to regain its status as a regional 'anchor state'. The country is also seen as an integral part of the regional security architecture (including the SADC brigade).

⁸⁴ *Gukurahundi* refers to the suppression of civilians in the 1980s in the predominantly Ndebele regions of Zimbabwe, where support for the then opposition ZAPU was strongest.

6. Zimbabwe and the Region

Zimbabwe has traditionally been an important and influential member of the southern African community of states. Historically, although South Africa is the regional hegemon, there has been a long history of cooperation and rivalry between the two countries. Rhodesia competed with South Africa as a major destination for farm labourers and mine workers from Mozambique, Zambia, Malawi and beyond. During the 1980s Zimbabwe was often seen as the leader of the Frontline States (FLS) and the regional sub-hegemon in the struggle against apartheid in South Africa. It also became influential in the Southern African Development Coordination Conference, established in 1980 as a means of limiting regional dependence on the South African economy, and which became SADC in 1992. The end of apartheid and the accession of the African National Congress in 1994 marked the formal end of the FLS arrangement. SADC added the regional political mandate of former FLS to its economic mandate.

Zimbabwe is an important player in implementing the SADC agenda of regional economic integration, intra-regional and wider investment, and regional growth. It is clear that its economy is in crisis, but it is not alone in this in the region.

From the turn of the century, SADC – with South Africa as its lead nation – was highly engaged in attempting to mediate a solution to the protracted political crisis in Zimbabwe. The crisis was politically divisive within the region and beyond. The quiet diplomacy by South Africa's President Thabo Mbeki, although criticized by many, eventually yielded the 2008 Global Political Agreement, and subsequently the GNU. South Africa and SADC remained as the mediators and facilitators on Zimbabwe until the 2013 elections. South Africa, SADC and the AU effectively had the 'casting vote' following the bitterly disputed polls and their aftermath. It was the regional and continental endorsement of the election results that set the seal on the ZANU-PF victory. This was far more about ensuring political stability in Zimbabwe than democracy. The region wanted a decisive result and was keen to avoid a repeat of the violent re-run elections of 2008.

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in the region. Although the various economies in SADC are moving at different speeds, there is a potential regional crisis of poverty – and one of expectations – that belies the positive regional growth figures. The growing underclass of marginalized poor in the region presents a challenge that SADC will have to address if regional stability and cohesion are to be maintained.

The 2013 elections appear to have set the seal on a regional paradigm shift regarding elections in particular, and electoral democracy in general. Although the SADC Observer Mission report conceded that there were anomalies in the polls, the region nevertheless endorsed the process and outcome. Only Botswana defied the regional consensus and raised criticisms of the electoral process beyond SADC's verdict. One of the participants in the SADC mission later put it thus: 'We [SADC] learned a big lesson after all the violence in the 2008 elections in Zimbabwe. We realized that peace is just as important as fairness to make an election credible. [...] We cannot endorse a violent process.'⁸⁵ The SADC Guidelines on Elections stipulate that a level playing field for elections includes equal media access and that an up-to-date electoral roll be made available to the public and contending parties. The SADC report acknowledges that the July elections did not meet all these provisions, but demonstrated that 'peacefulness' is now an important denominator in deciding whether an election should be ratified or not.⁸⁶ It also seems to have drawn a line under historical tensions within SADC over what has been called its 'inability to draw a clear distinction between respect for human rights and the promotion of a neo-liberal strategy of economic development'.⁸⁷

The relationship between Harare and Pretoria has, from the outside, seemed one of unconditional support from Zimbabwe's southern neighbour, given that South Africa prioritizes regional stability above other considerations. But the relationship is more ambiguous, politically as well as economically. Pretoria's tariff regime has been less than helpful to Zimbabwe's products. While there was some minor impact on investor confidence and instability owing to the influx of refugees, South Africa benefited from Zimbabwe's crisis and weakened economy. It has gained market share in exports, tourism and services and its share of investment in Zimbabwe rose, especially in mining and industrial groups. An additional benefit was the influx of skilled labour in health, education, banking, engineering and IT.

⁸⁵ As mentioned to one of the authors by a member of the SADC EOM to the 31 July Zimbabwe elections, at a discussion in London in October 2013.

⁸⁶ The Summary Statement from Tanzanian Foreign Minister Bernard Membe, head of the SADC EOM to the Zimbabwe polls, states that the elections were 'free, fair and credible'.

⁸⁷ Arrigo Pallotti (2013), 'Human Rights and Regional Cooperation in Africa: SADC and the Crisis in Zimbabwe', *Strategic Review for Southern Africa Studies*, 35: 1.

It is possible that South Africa's relationship to Zimbabwe may show a new dynamic after its coming elections in May, but President Jacob Zuma's more active stance towards the country ended with the 'quasi endorsement' of the 2013 elections. South Africa will not assist Zimbabwe economically either, being in a tight spot itself – but commerce and some investment are likely to continue, and South Africa will continue to encourage the inter-African banks to engage with the country, despite the non-payment of contributions to regional projects such as to the African Development Bank road resurfacing process, to which Zimbabwe should have paid 15 per cent of the total cost.

Zimbabwe has followed with concern the renewed conflict in Mozambique between the Frelimo government and Renamo in Sofala province.⁸⁸ In the 1980s the ZDF was Frelimo's major ally and helped to protect the Beira and Maputo transport corridors against Renamo insurgents. Renamo does not have its previous fighting capacity but it still poses a threat in central Mozambique. That country's national forces (FADM) have so far not been keen to invite assistance from neighbouring states as this would escalate the conflict and could also weaken its sovereignty. There has been speculation that Zimbabwe might deploy forces into Mozambique against Renamo, but this is, for now, unlikely. Frelimo is keen to show that the FADM is capable of dealing with Renamo on its own. For Zimbabwe the strategic significance of the Beira and Tete transport corridors has to be balanced by the financial costs of a military rather than a diplomatic intervention. Nevertheless, there is undoubtedly a level of intelligence cooperation between the Mozambican and Zimbabwean forces, and the ZDF is also monitoring the border.

Regional elections

The last two years have been important for electoral democracy in the region. In 2013 parliamentary and presidential elections were held in Zimbabwe and Madagascar, and local government elections in Mozambique. In 2014 there will be more elections in South Africa, Malawi and Mozambique. Although it may be tempting to link the various processes through a single typology, the fact is that each election and context is different, although there may be occasional similarities. Kenya and Zimbabwe are often seen as having the most similar recent political histories. Both countries were rocked by violence that left scores of civilians dead or injured following disputed election results in 2007 and 2008 respectively. Both countries were pushed into reluctant

coalition governments by the international and/or the regional community, which pressured the warring political parties to reach agreements. In Kenya and Zimbabwe, the coalitions were designated as transitional arrangements from the outset. Unity governments were designed to bring peace and stability while constitutional and electoral reforms were implemented. However, the contexts that led to the electoral violence were different. In Kenya, historical intra-ethnic tensions and land disputes were major factors. In Zimbabwe, the deep ideological divide between the liberationist ruling party and a post-nationalist opposition was a major factor.

There are a number of trends that will resonate for the rest of the decade, regarding elections and electoral democracy in the region. First, SADC and the AU have and will continue to have the casting vote on whether elections in the region are graded as a 'pass' or 'fail'. Local political stakeholders will continue to take their cue from the Regional Economic Community (REC) – sub-regional groups of states that form the basis of the African Economic Community (AEC), an organization of the AU. In political terms the weighting, however contentious, of the regional verdict on national elections ensures that the battles for regional hearts and minds between rival national political stakeholders will continue, and perhaps intensify. Winning regional and neighbourhood support is vital for leaders with national ambitions.

Second, there has been an intra- and interregional closing of ranks regarding elections. This is part of the new regional pan-Africanism that is reinvigorating nationalist-liberationist state alliances and solidarity across the region and between regions. SADC and other African regions are intent on sending a strong message that it is the respective region (and/or the AU), and not the West, that will be the external interface on election processes, outcomes and verdicts. This in turn is part of an emerging powers narrative of challenging international norms on institutions, governance and finance.

Third, after the Zimbabwe elections in 2013, SADC was routinely criticized by civil society groups for ratifying every election to which it sent an observer mission, regardless of how flawed the polls might be. These accusations are not entirely accurate. SADC was, for instance, highly critical of Swaziland's 2013 elections. But there are serious questions – including within the organization itself – about the extent to which its election verdicts reflect the spirit and the letter of its own Electoral Guidelines. For example, is peacefulness the prime criterion for electoral credibility?

⁸⁸ After a series of clashes between Renamo and Frelimo forces from April 2013 onwards, Renamo announced on 31 October 2013 that it had suspended the 1992 peace pact with Frelimo. There have been further clashes in Sofala province in central Mozambique. Renamo did not contest the November 2013 local government elections although its MPs continue to attend parliament.

Fourth, regional mediatory diplomacy is an important asset in countries where ongoing or prior conflicts threaten electoral processes. SADC invested a great deal of effort and regional political capital in mediating the internal disputes ahead of crucial polls in Madagascar and Zimbabwe. The AU and UN body dealing with the Great Lakes region did the same for Kenya.

Fifth, given the resurgent regional nationalist-liberationist state alliances and the often complex siting of national electoral bodies in the electoral process, civil society across the region will have to renegotiate its role in the changed political dynamic if it is to remain relevant.

Regional civil society and electoral democracy

That the elections in Zimbabwe and Kenya were flawed is indisputable; but it is also true that the winning parties in both countries had also used their earlier time in coalition governments to regain much of the grassroots support they had lost in 2007–08. The debates on whether these elections were free and fair are important but they obscure another point: in the region, political parties in particular and civil society in general will have to adapt if they are to remain relevant and credible.

Over the past five years there has been a relative decline in the civil society and NGO sector across the southern African region. A number of leading policy institutes have had to reduce programmes and/or personnel and some, such as South Africa's Institute for Democracy in Africa (IDASA), have closed down. Smaller organizations dealing with issues from human rights to governance to development have also been hit hard, and one employee in the sector in South Africa declared, 'We are facing the End of History here'.⁸⁹ There are various reasons for this.

Following the 2008 global financial crisis and government austerity measures in the West, international funding for CSOs in the region has declined.

Alongside the financial constraints, a number of donors feel that there are too many civil society organizations competing for the same pot, and that their impact has declined, not simply because of funding shortfalls but also because many have failed to adapt to a changing local and regional political marketplace. There is in particular the feeling that civil society and NGOs have failed to counter effectively the 'patriotic' state/region narrative. There is no doubt that they continue to play important roles in

challenging the regional organizations and states over human rights and accountability issues, but there is also little doubt that they have been marginalized in the region in recent years.

CSOs are not homogeneous and there have been sometimes acute differences of opinion within and among them over whether the strategies of engagement with the state should be confrontational, negotiated or inclusive, or a mix of all three. These differences, often driven by the need to prove the CSOs' advocacy 'footprint' to donors, have sometimes diluted their impact and message.

Governments in the region and SADC itself have many former CSO professionals among their staff. This is useful when the state or region is negotiating important processes such as constitutional reform, but this internal CSO complement means that some governments see CSOs as a useful but not essential partner for progress.

The result has been a reduction in the number of CSOs together with a downsizing in their influence with policy-makers. The decision to suspend the SADC Tribunal, taken at the heads of state and government meeting in Maputo in 2012, is a case in point. The tribunal is the highest legal institution in the region that could adjudicate on legal disputes between citizens and governments, and between SADC member states. Protracted wrangling within the tribunal and between SADC member states over legal challenges to the Zimbabwe government by white Zimbabwean commercial farmers who had been forced off the farms was a key reason for the suspension. SADC resolved that a new protocol should be negotiated and that its mandate be confined to the interpretation of the SADC Treaty and Protocols relating to disputes between member states.⁹⁰ This decision was challenged by CSOs in the region who took the issue to the African Court for Human and People's Rights. Their challenge was acknowledged but there has been little follow-up and the tribunal remains moribund.

Similarly, regional CSO protests to SADC following the regional endorsement of Zimbabwe's 2013 polls were ineffective. There is thus a civil society transformation that has already begun across the region. Its features are fewer CSOs, less influence and less funding. For the foreseeable future, CSOs will have to adopt innovative strategies to survive and still be influential. These strategies will have to include forward thinking on funding, possible mergers to avoid duplication and reassessing how best to have policy impact.

⁸⁹ Confidential interview, Johannesburg, April 2013. There has been a general reduction in funding to CSOs by donors. South African CSOs have been particularly hard hit because donors are also moving away from a 'South Africa first' approach to funding and are prioritizing its less affluent neighbours.

⁹⁰ SADC Tribunal, <http://www.sadc.int/about-sadc/sadc-institutions/tribunal/>.

Zimbabwe's regional relations

Although the 2013 election results polarized opinion in Zimbabwe and elsewhere, they enabled SADC to close ranks in support of President Mugabe. Throughout the previous decade Zimbabwe had been a divisive issue within the organization. In 2013, and notwithstanding serious concerns about the electoral process among Botswana and South Africa's Democratic Alliance contingent within the SADC Observer Mission, the region took a unified stance in recognizing the elections and the new government. Politically, Zimbabwe is increasingly seen by the region as an 'anchor state'. Mugabe's elevation to SADC deputy chair in 2013 and likely chair in 2014 as well as his election to the position of AU vice chair on 30 January 2014 will increase the country's political influence bilaterally and regionally. The region will increasingly invite Mugabe to take a mediatory role in any ongoing bilateral or inter-/intra-regional disputes. Such a role will further Zimbabwe's wider international engagements.

Zimbabwe is also part of a new linkage between national economic agendas and the regional economic agenda, as governments in the region develop complementary transformative strategies of infrastructure renewal, anti-poverty campaigns and hunger and natural resource beneficiation.

Bilaterally, Zimbabwe will continue its dialogue and partnership with South Africa over border security. South Africa's deportations of Zimbabweans back to the country remain an issue between them. Zimbabwe will also support the ANC in the forthcoming South African elections. Border security and border cooperation will be strengthened between Zimbabwe and Mozambique too. Relations with Malawi and Zambia remain cordial but there is increasing competition with Zambia over which country will become the tourist destination of choice in the region. There has been occasional friction with Botswana regarding democracy and elections. President Ian Khama criticized the 2013 polls and there was military tension between the two countries in 2008. It is likely, however, that both sides will seek to strengthen relations and that there will be reciprocal presidential visits.

7. Zimbabwe and the West

Zimbabwe's relationship with the United Kingdom began to deteriorate in the late 1990s in the wake of increasingly fractious disputes over the ZANU-PF government's post-1991 intention to re-designate and redistribute commercial farms. There were also bilateral disputes over whether the United Kingdom should compensate farmers who might lose their farms if the programme was adopted. The conclusion of the British Military Advisory and Training Team (BMATT) programme and Western unease over Zimbabwe's intervention in the conflict in the Democratic Republic of the Congo (DRC) in 1998 also served to cool relations.⁹¹ Nevertheless the United Kingdom and the Western donor community retained a strong commitment to assisting the country through development funding. Although the relationship between Zimbabwe and the West is complex and multifaceted, over the past decade, disputes about sanctions have come to define the dynamics in both the media and policy discourse.

Sanctions

Following the highly contested and divisive parliamentary elections of May 2000 and the presidential polls in March 2002, relations between the Zimbabwe government and the Western community plummeted to a new low. In February 2002, following the expulsion of the head of its Election Observer Team and reports of state-sponsored political violence, the EU imposed 'targeted measures'. These froze the assets of and restricted travel for hundreds of ZANU-PF ministers, party members and business entities perceived to be informally or formally part of the state apparatus. Military personnel were also blacklisted, and arms and military technology sales were banned, as were exports from Zimbabwe Defence Industries.

In 2003 the United States imposed a somewhat different set of sanctions under the Zimbabwe Democracy and Economic Recovery Act (ZIDERA). Under this law, the US Treasury Office of Foreign Assets Control (OFAC) listed 123 Zimbabwean nationals as Specially Designated Nationals (SDN). Their assets, and those of 33 institutions, were frozen. Financial transactions involving designated individuals or institutions were also blocked. Australia imposed sanctions in 2002 and Canada imposed Special Economic Measures (similar to the EU measures) in 2008.

Following the establishment of the GNU and on the back of a fragile post 2010 re-engagement process between the United Kingdom, the EU and Zimbabwe, and the constitutional referendum, there was a gradual easing of sanctions. In 2011,

the EU lifted restrictions on 51 individuals and 22 entities. In 2013 it removed more names although, as already noted, Mugabe and members of his inner circle remain under sanctions. In May 2013 the United States de-listed nine members of ZANU-PF from the SDN list, and authorized transactions with two Zimbabwe banks (the Agricultural Development Bank and the Infrastructure Development Bank). At the same time, Australia announced that 65 individuals and three entities had been de-listed.⁹² In October 2013 the EU de-listed the Zimbabwe Diamonds Organization.

Western sanctions have been one of the most polarizing and contentious issues in the Zimbabwe discourse. It has split citizens and also been divisive between Zimbabweans and Western policy-makers.

Most of the media headlines regarding sanctions on Zimbabwe relate to those by Western countries targeted against individuals and companies engaged in alleged human rights abuses. Zimbabwe has also faced restricted access to the World Bank, IMF and other Bretton Woods institutions – largely owing to the non-servicing of debt for over a decade.

Even though it is the restrictions imposed by these international financial institutions on access to credit that have probably constrained Zimbabwe's economy the most, it is the sanctions by the West that take up the most column inches, largely because of country's historical ties to the United Kingdom. Western sanctions have been one of the most polarizing and contentious issues in the Zimbabwe discourse. It has split citizens and also been divisive between Zimbabweans and Western policy-makers. It has also proved more widely to be contentious between African, international and Western-policy makers, as was demonstrated when China and Russia vetoed a proposal for a UN Security Council resolution seeking sanctions on Zimbabwe. Even the language is contested; the African community refers to the measures as sanctions, while the West prefers to call them 'restrictive measures'. Since the 2013 elections Western powers have found themselves caught between those who maintain that lifting the remaining sanctions would endorse the state's flawed human rights and elections record, and business voices highlighting the missed opportunities if Zimbabwe pursues a 'Look East' alternative.

In February 2014 the EU sanctions review led to the suspension of sanctions on eight of the remaining ten persons on the list. The EU should be commended for this

⁹¹ BMATT was in Zimbabwe from 1980 to 2000 and played an important role in the establishment and training of the ZNA. It also provided training for Frelimo and regional forces from their Zimbabwe base.

⁹² For more on EU sanctions, see European Commission Restrictive Measures in Force: Article 215 TFEU 31/07/2013.

and for moving the dialogue forward. Only Mugabe and his wife Grace remain on the list and there will be a further review of the remaining sanctions and the suspended sanctions in a year's time. These remain as an irritant between Zimbabwe and the West, and between the West and the African political community. The ban on exports and imports of military technology still stands and will almost certainly continue.

The sanctions dispute between Zimbabwe, the EU and the United Kingdom will continue. But this should not obscure the fact that the post-2013 narrative between Zimbabwe and the EU is increasingly about the economy and a cautious re-engagement. Both sides are keen for dialogue. Zimbabwe's economic travails and cash crisis are pushing the government to seek assistance from all quarters and the EU has been a long-term development partner since independence in 1980. The dissolution of the GNU and the problems of the opposition since the 2013 polls have left the EU with little choice but to engage with the government. In addition the European business community has investments in the country, and businesses in the EU and United Kingdom have made representations to their governments on the need to engage economically. Thus the EU is considering a level of direct government-to-government support for the first time in nearly a decade.

It is, however, important to be aware of the difficult balancing act the EU and particularly the UK governments have to perform in managing the politics of sanctions suspension and renewal. There are vocal and influential pro-sanctions constituencies in the United Kingdom and EU, and with elections to the European Parliament in May 2014 and general elections in the United Kingdom in 2015, no political leader wants to be seen as being 'soft on Mugabe'. As the United Kingdom was a leading proponent of maintaining sanctions, there are concerns within the EU that such domestic debates are more about a Eurosceptic discourse in that country.

Nevertheless, Mugabe's elevation to AU deputy chair (and his imminent status as incoming SADC chair later) will highlight the porosity of the sanctions. Mugabe, as head of state, as well as regional and continental elder-leader, is likely to receive an increasing number of invitations to various international forums in the West. While this in turn may make the sanctions increasingly ineffectual and unsustainable, it may be an opportunity for the region to acknowledge the achievements of the president and provide a route to a post-presidency position for him.

The further reductions in sanctions signal a willingness to engage Zimbabwe. There are still human rights and governance challenges but both opposition and government figures in the country have argued that sanctions are hindering political progress and are frightening away international investors, as well as having the unintended consequence of making some export industries more opaque. The domestic discourse is in favour of their removal and there is a strong case for targeted measures directed at President Mugabe and his wife to be lifted if Zimbabwe continues to normalize and re-engage with the international community.⁹³

The nature and impact of sanctions have been widely misrepresented by domestic and international actors in order to gain political advantage. The EU insists that the targeted/restrictive measures were aimed at the ZANU-PF elite for human rights abuses and have caused minimal disruption to the wider economy. However, in a recent lawsuit against the EU, ZANU-PF has claimed that the cost of sanctions to the economy has been \$42 billion.⁹⁴ While the truth probably lies between these two claims, and sanctions have caused some disruption to the wider economy, this ambiguity has been successfully manipulated at both ends of the political spectrum.

Furthermore, discussions over sanctions have diverted attention in Zimbabwe from a focus on economic mismanagement and the subsequent exodus by Zimbabweans over the past decade as the major cause of the country's economic crisis. Formal and informal sanctions, have led to disinvestment. However, the crippling hyperinflation, the collapse of the agricultural sector and the decline in manufacturing, as well as the HIV crisis that contributed to the economic collapse, were not the result of sanctions. The persistence of the view that sanctions are the main cause of the crisis has become for some an excuse for any kind of failure. Removing sanctions would remove any excuses for failure, from executive to grassroots level. More cynical Zimbabweans opine that ZANU-PF will find other scapegoats if needed.

Sanctions are diplomatically obstructive beyond Zimbabwe. Not only are they an irritant, acting as a blocking factor in public and private diplomacy between that country and the West, but they also hamper the West's relationship with the region as a whole, and particularly with SADC, which urges their lifting. Mugabe's tenure as SADC deputy chair places Zimbabwe at the heart of the organization's policy-making. Zimbabwe will also be influential in the SADC-EU Forum.

⁹³ Alex Vines (2012) 'The Effectiveness of EU and UN Sanctions: Lessons for the Twenty-first Century', *International Affairs*, 88 (4): 876.

⁹⁴ The Zimbabwe government is suing the EU for \$42 billion (approximately £30 billion) for lost revenue to Zimbabwe because of sanctions. The case is still pending at the European Court of Justice. 'Papers filed in Zimbabwe case against the EU', *Business Day Live*, 31 October 2013, <http://www.bdlive.co.za/africa/africanews/2013/10/31/papers-filed-in-zimbabwe-case-against-eu>.

Given these dynamics it is disadvantageous to all sides to allow sanctions to continue to disrupt diplomatic engagement.

Sanctions have given ZANU-PF a pretext for failure. Proponents of sanctions rightly claim there has not been progress in real terms; there has been regression in the condition of people's lives and in terms of freedoms. With most sanctions lifted or suspended, they can no longer be blamed for Zimbabwe's economic troubles. It is time for the West and ZANU-PF to move on.

Zimbabwe's re-engagement with the West

To a casual observer, the sanctions issue and the wider dispute between Zimbabwe and the West make the relationship seem to be one between 'friendly enemies'. In fact, the relationship is stronger than it appears. The two sides have managed their differences. No Western ambassador has been recalled or deported. Nor have Zimbabwe's ambassadors been recalled. From independence to the present, the West has delivered vast amounts of development and humanitarian aid to Zimbabwe; and the country's governments have not blocked this aid. Since 2010, there has also been a re-engagement following the easing of sanctions. This process stalled following concerns by Western countries that the 2013 elections, with their many anomalies, were not credible. But with the reality of a globally recognized ZANU-PF government in power and with pressure to engage from the Western business community, especially in the minerals sector, it is likely that there will be a continued thaw in relations in 2014 and beyond.

Part of this thaw could have come through the EU–Africa summit, but the process surrounding the invitation and reaction to it highlighted the complexity of EU–Zimbabwean relations. In December 2013 an invitation was sent to the 'Government of Zimbabwe' but was not addressed to the president in the light of the discussions surrounding the February sanctions review. Following the renewal of sanctions on President Mugabe, a waiver was granted allowing him to travel to Europe for the summit and a second invitation was issued, addressed to him personally. This decision prompted criticism from multiple sources in Europe and the United Kingdom in particular. The summit would have provided an important opportunity for both sides to signal the desire to move on, as the ZANU-PF government was keen to highlight how it plans to turn round its economy and rejoin international forums. Mugabe's boycott set the process back in the short term.

It is unlikely that Zimbabwe will become a partner country to the West but, with the parlous state of the economy putting pressure on the government to push for re-engagement and investment, it is likely that there will be, at the very least, a relative normalization of relations, with reciprocal visits by Western envoys and Zimbabwean ministers in search of rapprochement. Zimbabwe and the United Kingdom, in particular, need to articulate strategies for achieving sustained re-engagement through their respective foreign ministries.

A Zimbabwe–United Kingdom bilateral forum?

Looking to the future, it may be helpful to establish a Zimbabwe–United Kingdom Bilateral Forum, where issues of mutual interest and concern can be discussed at ministerial and other levels. In 2013, during the first visit to the United Kingdom by a ZANU-PF minister for a decade, then Justice Minister Patrick Chinamasa noted that the relationship was improving, and changing from one of colonial dependence to one of mutual engagement.⁹⁵

A good template is the South Africa–United Kingdom Bilateral Forum, where trade and development and other issues are discussed within a consistent and structured diplomatic framework. This involves formal meetings every two years and ongoing discussions and Track Two dialogues.⁹⁶ The South Africa–United Kingdom Forum promotes constructive bilateralism. It can be argued that if relations between London and Harare are to improve in a sustained fashion, a similar forum will be necessary. This could help to structure dialogue and re-engagement as well as to detoxify the discussion of contentious issues. Such a diplomatic dialogue can be bolstered by listening to civil society voices in Zimbabwe and the diaspora.

Zimbabwe's foreign policy: the 2013–15 Strategic Plan

Following the elections, Zimbabwe's Ministry of Foreign Affairs produced a 2013–15 Foreign Policy Strategic Plan. The plan, which builds on previous policy documents, is evolutionary rather than revolutionary. Much of it details the internal functions of the ministry and of embassies abroad, but the plan also articulates foreign policy principles and objectives. Some of the principles include the 'promotion and protection of national and economic interests of Zimbabwe; self-determination of peoples and non-interference in the internal affairs of other states; and pan-African integrity and economic integration of Africa'.⁹⁷

⁹⁵ Speech made at Chatham House, 26 March 2013, <http://www.chathamhouse.org/sites/default/files/public/Research/Africa/260313zimbabwesummary.pdf>.

⁹⁶ Alex Vines and Elizabeth Sidiropoulos, 'SA–United Kingdom Relations: Collective Understanding and Mutual Trust Needed', South African Institute of International Affairs <http://www.saiia.org.za/opinion-analysis/sa-uk-relations-collective-understanding-and-mutual-trust-needed>.

⁹⁷ Zimbabwe Ministry of Foreign Affairs Strategic Plan 2013–15, <http://www.zimfa.gov.zw/ministry-strategic-plan-2013-2015>.

Challenges include negative perceptions of Zimbabwe; debt overhang; and inadequate interaction with other countries, regional and economic bodies. Strategies include reasserting and enhancing the coordinating role of the ministry; attracting FDI; formulating a national diaspora policy; and managing perceptions.⁹⁸

The Strategic Plan is an important policy document that recognizes Zimbabwe's external image problem. It also recognizes that foreign policy and national economic policy are interlinked. And, as well as pointing out key foreign policy challenges, it is aimed at asserting the strategic importance of the Ministry of Foreign Affairs relative to other ministries.⁹⁹ The plan needs to be buttressed by strategic processes that describe in greater depth how the ministry aims to achieve key goals such as a national diaspora policy, public diplomacy and re-engagement with the West. Indeed, the strategy for re-engagement is probably the most vital immediate objective and one that needs to be articulated clearly. The plan is undoubtedly key to economic policy, but this presents a challenge since the ministry also has to explain and 'sell' Zimbabwe's economy and economic policy abroad. This is not always easy to do at the best of times, but it is particularly difficult in the current economic crisis.

The Strategic Plan also complements the changing of Zimbabwe's missions abroad. Many ambassadors are being redeployed. Interestingly, although three of the six ambassadors from the MDC parties are being recalled, three will remain in post (two from MCD-T and one from MDC-N). This suggests that, in foreign affairs at least, some of the GNU legacy of inclusive politics has been

retained. It may also be recognition of competence. One of the challenges Zimbabwe's representatives will have to deal with is the 'perception gap' on electoral democracy. The next general elections will not be until 2018, but it is important for the flaws mentioned in the 2013 AU, SADC and other observer reports to be addressed beforehand if perceptions are to be improved. It would also be useful to have a White Paper on changing regional, continent-wide and global dynamics, and how Zimbabwe can best position itself and leverage the changes.

After more than a decade of being a foreign policy 'problem' to the region and of being 'managed' by the region, Zimbabwe is now reasserting itself.

Although aspects of the 2013–15 Strategic Plan could be improved, it is nevertheless a document that marks a transition. After more than a decade of being a foreign policy 'problem' to the region and of being 'managed' by the region, Zimbabwe is now reasserting itself. It not only has a greater agency in its foreign policy but is also becoming a major stakeholder in regional and continental policy-making.

Within the implementation of the Strategic Plan, Zimbabwe should also consider re-engagement with multilateral forums such as the Commonwealth. This would help it to reach out to a number of different countries and engage in trade promotion initiatives, such as through the Commonwealth Business Council.

⁹⁸ Ibid.

⁹⁹ Ibid.

8. Conclusion

The 2013 elections polarized opinions in Zimbabwe and beyond. But the country has moved into a post-electoral dynamic. A new government has been formed and the most immediate issue for Zimbabweans at home and abroad, and for the international community, is the economy.

Addressing the immediate economic problems and implementing long-term programmes for growth will dominate the Zimbabwean agenda until the next election in 2018. The economy is in crisis, but it is not doomed to fail. Re-stabilizing it is possible but will require a national and international multi-stakeholder ‘common purpose’ approach that is grounded not in politics but in economic pragmatism. Whether ZANU-PF can make this ideological shift is therefore a crucial question, and currently the evidence is mixed at best.

Historically the party has shown less interest in the urban economy. The politics of maintaining power and control over resources and client networks have been paramount. In ‘re-capturing’ the state, ZANU-PF has created a more secure base for itself, and many doubt that it can or wishes to change – whatever the economic imperatives. But undemocratic behaviour in by-elections, primary elections and national elections is not the monopoly of the ruling party. Reflections on the contested elections must focus on the electoral process and constitutional requirements that were not fully implemented. The Zimbabwe Electoral Commission should ensure there is a credible and transparent electoral roll ahead of the 2018 elections.

Although past economic failings have severely limited policy space, there are options for the government. Despite more than a decade of economic tribulations, Zimbabwe still has the human-resources expertise and skills of a highly educated and trained workforce and a still serviceable, if ageing, infrastructure, all of which are useful to investors. The country now has to make the business case for itself. This will require a commitment to transparency and accountability if it is to achieve sustainable local and foreign investment and debt reduction assistance.

Zimbabwe’s ability to attract investment is dependent on whether the government can provide a clear policy on how it will address short-term problems, and whether it can finance ZIMASSET in order to convince investors that the plan is plausible. The uncertainty over the implementation of indigenization remains a dominant obstacle to investment, and the liquidity crisis is raising fears of the return of the Zimbabwean dollar. The government needs to be clear on these issues.

Zimbabwe, and the southern African region in general, should pay as much attention to the Human Development Index as to growth figures. With a growing social inequality and poverty crisis across the region, the key question is whether the impressive regional growth statistics translate into measurable improvements in the lives of the people. This includes addressing food insecurity and youth unemployment.

The Zimbabwean government should take the initiative in normalizing relations with the international community. It should seek to re-engage in international diplomatic and business forums, including seeking to rejoin the Commonwealth.¹⁰⁰ The government has stated that the main obstacle to re-entry into the Commonwealth is the fee levy.¹⁰¹

There are indications that the government is re-engaging with Western organizations and the extension of the IMF staff monitoring team in Harare until June 2014 demonstrates tentative re-engagement with the international financial institutions. The Foreign Ministry’s 2013–2015 Strategic Plan could be supplemented by a White Paper outlining the changing context of regional, continental and global relations, and the implications for Zimbabwe.

Regional and international actors cannot continue to wait for regime change as a prerequisite for constructive engagement. The problems in Zimbabwe are not unique to the country. To varying degrees, issues of governance, corruption and inequality, and the difficulties of translating growth into jobs, are of concern to governments across the region. The promotion of the ‘region brand’ is as important as that of the ‘nation-brand’, and this requires the southern African region, as a whole, to address human development issues, implement pro-poor policies and tackle increasing food insecurity.

Western policy should also not single out Zimbabwe, but should become more regionally focused, consistently supporting economic growth, good governance and human rights. The normalization of Zimbabwe’s international relations with the West is essential for economic recovery. The electoral legitimacy debate will continue to divide Zimbabweans and the international community alike, but the reality is that for the time being ZANU-PF is the dominant force in Zimbabwean politics.

¹⁰⁰ The Commonwealth view is that Zimbabwe is merely suspended.

¹⁰¹ Speech made by Walter Mzembi at Chatham House, 8 November 2013, <http://www.chathamhouse.org/sites/default/files/public/Meetings/Meeting%20Transcripts/081113Mzembi.pdf>.

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