

Update Briefing

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Zimbabwe: Waiting for the Future

I. Overview

The July 2013 election victory of the Zimbabwe African National Union-Patriotic Front (ZANU-PF) failed to secure broad-based legitimacy for President Robert Mugabe, provide a foundation for fixing the economy, or normalise external relations. A year on, the country faces multiple social and economic problems, spawned by endemic governance failures and compounded by a debilitating ruling party succession crisis. Both ZANU-PF and the Movement for Democratic Change-Tsvangirai (MDC-T) are embroiled in major internal power struggles that distract from addressing the corrosion of the social and economic fabric. Zimbabwe is an insolvent and failing state, its politics zero sum, its institutions hollowing out, and its once vibrant economy moribund. A major culture change is needed among political elites, as well as commitment to national as opposed to partisan and personal interests.

Despite visibly waning capacities, 90-year-old Robert Mugabe shows no sign of wanting to leave office. The succession battle within his party is presented as a two-way race between Vice President Joice Mujuru and Justice Minister Emmerson Mnangagwa, but the reality is more complex. Public battles have intensified, with intimidation and violence a disquieting feature. Mugabe's diminished ability to manage this discord will be severely tested ahead of its December National People's Congress. The elevation of First Lady Grace Mugabe to head ZANU-PF's women's league has complicated succession dynamics further.

Key economic sectors contracted in the past year and the government struggles to pay wages and provide basic services. Without major budgetary support it cannot deliver on election promises. Deals with China to improve infrastructure provide some respite, but will not resolve immediate challenges. International support from both East and West would help to maximise recovery prospects. Options are limited by acute liquidity constraints, policy incoherence, corruption and mismanagement. Vigorous reforms are needed to foster sustainable, inclusive growth.

Neither the government, nor the opposition has a plan the country is willing to rally behind. ZANU-PF's Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset) is predicated on populist election promises and wishful thinking. The government has squeezed the beleaguered tax base further, securing limited fiscal remedy and generating resentment. The MDC-T and other opposition parties are sidelined. Their cachet with international players has been severely dented. Prospects for a common opposition agenda are remote, as is any chance of inclusive national dialogue to map the way forward. For the first time since 2007, the MDC-T

is suggesting mass protest is a real option, but if past performance is any indicator, ZANU-PF will redeploy security forces when required.

ZANU-PF's election victory created opportunities for domestic and international rapprochement. International financial institutions are engaging, albeit tentatively, as the government explores financing options. Donors must balance commitments to rebuilding relations with the government, with support for improved governance and tackling democratic deficits. Trust is affected by uncertainties around unimplemented reforms and commitment to the new constitution and the rule of law, concerns about policies, and anxieties around succession. Some in ZANU-PF now admit that a new tack is required. Mugabe took over as chair of the Southern African Development Community (SADC) in August 2014 and will chair the African Union (AU) from early 2015. This offers an unprecedented platform to secure some positive aspects of his legacy, though he is unlikely to use this as an opportunity for rapprochement.

To avoid prolonged uncertainty and possible crisis, ZANU-PF should:

- ❑ decide conclusively at its December congress who will replace President Mugabe were he to be incapacitated or to decide not to seek re-election in 2018;
- ❑ seek to rebuild trust and collaborations with domestic and international constituencies by (i) holding an inclusive national dialogue with the opposition and civil society on political, social and economic reforms; and (ii) clarify and act on key policy areas, eg, indigenisation, land reform and the rule of law, as well as anti-corruption initiatives; and
- ❑ discipline members who engage in voter intimidation, fraud or other offences.

The political opposition, needing to reestablish its credibility, should:

- ❑ establish a consultative mechanism, in conjunction with civil society, that seeks consensus and dialogue across the political spectrum on priority – in particular economic and governance – reforms; and
- ❑ review 2013 election flaws through a forward-looking agenda that addresses major concerns projected for the 2018 polls (ie, voters roll and anomalies in electoral legislative amendments).

The SADC and AU should:

- ❑ encourage Zimbabwe to address election-related concerns identified in their respective 2013 observation mission reports.

China should:

- ❑ encourage Zimbabwe's government to promote political inclusiveness and policy coherence in efforts to resuscitate the economy.

Countries implementing sanctions and other measures against Zimbabwe (ie, the EU, U.S. and Australia) should promote a coherent position that:

- ❑ clarifies what measures the government should take to expedite removal of remaining sanctions;
- ❑ consolidates re-engagement and development support contingent on progress with economic and governance reforms;
- ❑ takes visible steps to strengthen democracy-supporting institutions, including an independent judiciary and human rights and election institutions, as well as support civil society's capacity to monitor and protect constitutional rights.

II. Faulty Foundations

The 2008 Global Political Agreement (GPA), including its power-sharing government, failed to put in place a strong consensual foundation for rebuilding the country. The ambitious reforms agreed were not adequately implemented, except the adoption of a new constitution. ZANU-PF stymied reform efforts on a broad range of fronts, either avoiding engagement (eg, as regards a land audit or investigating and prosecuting perpetrators of the 2008 election violence) or asserting that reforms masked a foreign agenda (as it did with calls for security sector reform).¹ Unsurprisingly, little headway was made to establish robust and independent democracy-supporting institutions, or build trust in key electoral bodies such as the Zimbabwe Electoral Commission and the office of the Registrar General.² Despite some areas of cooperation, the national unity government operated as two parts and was riven by disagreement.³

SADC's principal objective was stability and it rarely went public about its concerns: its most significant intervention was to push for a new constitution in early 2013, following prevarication and delays by ZANU-PF. The subsequent referendum provided a minimum threshold from which to proceed with general elections. SADC had expected other reforms to be in place, including access to the voters roll, and it pointedly raised its concern about the rushed polls. Internal consensus, however, gave the regional body little option but to go along and endorse the holding of elections, even though the country was not ready for free and fair polls.⁴

The scale of ZANU-PF's victory shocked many Zimbabwe watchers. Mugabe secured 61 per cent of the vote, compared with 44 in 2008, while Tsvangirai's support plummeted from 48 to 33 per cent. ZANU-PF went from a parliamentary minority to a resounding majority (99 to 160 seats out of 210 in the National Assembly).⁵ Many questioned the outcome, but unable to muster and marshal adequate proof to successfully challenge the results, the MDCs' legal attempts withered on the vine.⁶ Nu-

¹ Crisis Group Africa Report N°202, *Zimbabwe: Election Scenarios*, 6 May 2013.

² Ibid.

³ Brian Raftopolous (ed.), *The Hard Road to Reform: The Politics of Zimbabwe's Global Political Agreement* (Harare, 2013).

⁴ Crisis Group Africa Briefing N°95, *Zimbabwe's Elections: Mugabe's Last Stand*, 29 July 2013, p. 2. Some argue the MDC parties were told they might consider a boycott; MDC representatives denied this. Others believe MDC-T leaders were convinced of victory and ignored warnings. Crisis Group interviews, Pretoria, 14 November 2013; Harare, 20-23 January, 5-10 June 2014. See also Phillan Zamchiya, "The MDC-T's (Un)seeing Eye in Zimbabwe's 2013 Harmonised Elections: A Technical Knockout", *Journal of Southern African Studies*, vol. 39, no. 4 (2013), pp. 955-962.

⁵ ZANU-PF was preparing for the 2013 elections almost as soon as it was forced into the GPA. Almost a million more votes were cast in 2013 than in 2008 – almost all of these went to ZANU-PF. Many suspect this is due to a combination of mobilisation and manipulation. The party got out the vote more effectively by resuscitating key party infrastructure, distributing benefits to key constituencies and using its control of government institutions. Other factors included ZANU-PF authoritarianism and opposition ineptitude. Brian Raftopolous, "The 2013 Elections in Zimbabwe", op. cit., pp. 971-988; "When ZANU-PF blew the competition", *The Financial Gazette*, 8 August 2013.

⁶ The MDC-T's demand that the ZEC provide data was dismissed in court. The party desperately needed a smoking gun, but its own dossier, "The Zimbabwe 2013 election rigging report", did not provide this. SADC and the AU endorsed the outcome, albeit with reservations. SADC declared the vote "free, peaceful and generally credible" in an interim statement. "Summary Statement of the SADC Election Observation Mission to the Harmonised Elections in the Republic of Zimbabwe held on 31 July, 2013". A final SADC report completed within weeks of the election remains withheld without explanation. The AU's preliminary statement listed a number of irregularities, but its final

merous concerns about the election process, related legalities and the role of the Zimbabwe Electoral Commission (ZEC) remain unaddressed.⁷ Unresolved procedural and institutional issues that continue to generate discord should be addressed before the next polls. Nevertheless, the election results present a new political reality and new opportunities for engagement.⁸

ZANU-PF must address its election promises, predicated on a radical economic agenda, and demonstrate some commitment to reform. It has tempered its language in some instances, but also sent mixed messages.⁹ Mugabe said there will be no reversal of land reform, but has not pursued policies that inculcate stability and predictability into the sector. He continues to rail against the handful of white farmers who managed to hang onto their land.¹⁰ More positively, a new permit program is intended to allow land reform beneficiaries to borrow money and develop their farms, and Mugabe has threatened to take back farms from absentee landowners.¹¹ Additionally,

report said the polls were “free and credible” while mentioning an array of concerns. “Report of the African Union Election Observation Mission to the 31 July 2013 Harmonised Elections in the Republic of Zimbabwe”, November 2013.

⁷ “Syncopated Numbers: Arithmetic Discord and Zimbabwe’s 2013 Harmonised Election”, Research and Advocacy Unit, March 2014. “The 2013 (Cardinal) Sins of ZEC”, Research and Advocacy Unit, forthcoming. The ZEC is accused of fraud and irregularities; Its election report, submitted in early September, was seven months overdue and acknowledged a range of drawbacks. “Report: ZEC admits it was rocked by corruption during 2013 elections”, *The Zimbabwe Mail*, 4 September 2008. The report “airbrushes” some fundamental concerns and reinforces preceptions of institutional bias in favour of ZANU-PF. Crisis Group skype interview, civil society election expert, 23 September 2014. In the absence of access to an electronic copy of the voters roll, only a comprehensive audit of the hard copy will resolve whether the roll was as compromised as determined by earlier reviews. Donors have been unwilling to fund this expensive exercise, which could challenge the détente currently underway.

⁸ Morgan Tsvangirai asserts the current crisis’s genesis is the “stolen” 2013 election and has called for an “internationally brokered national dialogue”. “Address to the Royal Institute of International Affairs”, 25 July 2014; “Tsvangirai wants international engagement, unconditional dialogue”, changezimbabwe.com, 25 July 2014. ZANU-PF denies any wrongdoing, or a need for review of the election, which it argues has been endorsed internationally and [by] Zimbabwe’s courts and electoral institutions. ZANU-PF claims to be willing to sit down and talk with the opposition, but only if charges the elections were rigged are dropped. “Let’s talk: Zanu PF”, *Daily News*, 9 July 2014. The international community remains mute on the subject and SADC will not engage unless officially invited to do so by the government. “Massive blow for Tsvangirai”, *The Zimbabwe Mail*, 13 August 2014. ⁹ “Zimbabwe politics in the post 2013 elections period: The constraints of ‘victory’”, Solidarity Peace Trust, 27 June 2014, p. 1.

¹⁰ “Robert Mugabe says no whites may own land in Zimbabwe”, *Christian Science Monitor*, 3 July 2014. Reports from commercial farming areas suggest a return to blatant violations of the law. Crisis Group Skype interview, NGO director, 6 August 2014. “Families evicted in Centenary Farm land grab”, *Nehanda Radio*, 7 August 2014. Several hundred farmers have survived the land reform program by negotiating protection with political brokers, but are less secure as the political landscape shifts. Crisis Group Skype interview, Zimbabwean analyst, 4 August 2014.

¹¹ “Land reform – from distribution to production”, *The Herald*, 8 July 2014. Others are also vulnerable. 2012 census data show almost 700,000 people who are not “fast-track” land reform beneficiaries are living on resettled land. Evictions of illegal settlers by security forces and court orders have intensified. Thousands of urban dwellers were threatened by evictions following the elections and remain uncertain about their future. Essential to extract patronage and concessions, maintaining fear and vulnerability is a tried and tested political strategy. Crisis Group email correspondence, NGO director, 19 August 2014.

after several years of blocking efforts to conduct a land audit – a key outstanding GPA commitment – the government claims it will do so in 2015.¹²

The overall human rights situation has improved marginally, with fewer overt violations, but progress is undermined by widespread impunity and fear, with limited options for remedy.¹³ Organisations monitoring implementation of the new constitution have also flagged concerns.¹⁴ There has been little support and insufficient funding for constitutionally mandated human rights and democracy-supporting institutions, such as the Human Rights Commission (HRC), the National Prosecuting Authority (NPA) and the Legal Aid Directorate (LAD).¹⁵

III. Political Dysfunction and the Politics of Succession

A. ZANU-PF

ZANU-PF's return to power has been complicated by the succession struggle. Mugabe is pivotal to retaining stability, but his influence may be waning. It took him over a month to put his new cabinet together, reflecting the challenge of balancing respective party interests.¹⁶

¹² \$35 million is required and the EU, World Bank and UNDP expressed a willingness to underwrite the exercise. "Land audit commendable, but", *The Zimbabwean*, 9 July 2014. The government promised it will be carried out by an independent body, and not the land and rural resettlement ministry. "Zimbabwe: Independent body for land audit", *The Herald*, 13 June 2014.

¹³ Some violations continue to be reported. Crisis Group interviews, civil society organisations, Harare, 20-22 January, 5-10 June 2014; monthly reports of the Zimbabwe Peace Project, at www.zimpeaceproject.com. "Human rights organisations urge SADC to address violations", *The Zimbabwean*, 14 August 2014. On the closing day of the August SADC summit, riot police beat and arrested protesters. "Police beat, arrest Tsvangirai supporters and journalists", Agence France Presse, 18 August 2014.

¹⁴ "Zimbabwe's parliament stalls implementation of the new constitution", Kubatana.net, 1 July 2014; "On the correct path or lost in the forest? An assessment of state compliance with the new constitution", Civil Society Monitoring Mechanism, June 2014. This also remains a central concern of the MDC-T. "Press statement by President Morgan Tsvangirai", MDC-T, 22 August 2014. The government acknowledges over 450 laws need to be realigned with the constitution. The Crisis Report, No. 305, 25 September 2014. Selective compliance strongly suggests the constitution is being used as "a guideline" rather than the supreme law of the land. Crisis group Skype interview, Zimbabwean analyst, 23 September 2014.

¹⁵ "Constitutional crisis looms", *Zimbabwe Mail*, 17 January 2014. Reflecting government priorities, the 2014-2015 budget (estimated at \$3.6 billion) saw a six-fold increase for the presidency (from \$36.3 million to \$206 million), more than the combined distribution to the ministries of agriculture, mines and energy, industry and commerce, all central for economic recovery. "Massive jump in 2014 budget allocation for Mugabe's office", *Zimbabwe Situation*, 11 January 2014. Leading politicians do not see ministries as their political platform, so do not push hard to secure them funding. Additionally, at the moment there is no legislation for regular funding of the independent Human Rights Commission and allocations are made along with other ministerial/departmental allocations. The increase in funding for the president's office appears to be a return to pre-GPA days and a reflection of highly centralised decision-making and resource control.

¹⁶ The cabinet is a combination of the old and new guard, including a greater technocratic capacity, which has been applauded as a possible sign of intent to implement some reforms. Senior party officials insist Mugabe is still in charge. Crisis Group interviews, ZANU-PF politburo member and ZANU-PF spokesperson, Harare, 9 June 2014. Outgoing EU ambassador Aldo Dell'Arricia generated a slew of criticism when he said there was no leadership crisis. "No leadership crisis in Zim, Mugabe firmly in charge: EU envoy", *New Zimbabwe*, 17 June 2014. Some say it was "positive messag-

Mugabe has deliberately not publicly endorsed a successor, claiming the party will decide.¹⁷ The main contenders are the only serving vice president (there are provisions for two), Joice Mujuru, and the justice minister, Emmerson Mnangagwa. For over a decade their respective fortunes have ebbed and flowed, and most developments are now assessed by the effect they have on either camp. Manoeuvrings have gathered pace in the wake of the 2013 elections, exacerbating tensions and uncertainty.¹⁸ Unprecedented public altercations have seen mutual accusations of voter intimidation and fraud during party elections,¹⁹ manipulating the media, instigating anti-corruption investigations for sectarian interests, and even kidnapping.²⁰ For example, on the eve of the August 2014 SADC summit, and on the back of Mugabe's criticism of senior cadres he claimed were responsible for chaotic administration of the youth league conference the week before,²¹ the state media carried a vitriolic interview with Chris Mutsvangwa, often described as a Mnangagwa loyalist, savaging ZANU-PF's secretary for administration and senior Mujuru loyalist, Didymus Mutasa.²²

Mujuru, who is officially the number two in ZANU-PF, is regarded by many as the primary candidate; she reportedly has the most support in the politburo, central

ing" designed to underscore the EU's re-engagement, and his comments should not detract from EU's continuing concerns about political incoherence or the past election. Crisis Group email correspondence, European diplomat, 25 June 2014.

¹⁷ "Zimbabwe's ageing Mugabe says party will choose successor", Reuters, 13 December 2013; "People to decide my successor: Mugabe tells Mujuru, Mnangagwa", *The Herald*, 5 April 2014.

¹⁸ "Mujuru vs. Mnangagwa: The battle to succeed Mugabe steps up in Zimbabwe", *The Zimbabwe Mail*, 11 August 2014.

¹⁹ Simukai Tinho, "Understanding the ZANU-PF succession: Mugabe's choice likely to be decisive", *African Arguments*, 7 January 2014; "Irregularities plague Zanu PF elections", *The Herald*, 11 November 2013. The recent youth and women's league conferences were disorganised. "Chaos, vote-rigging mar Zanu-PF elections", *The Zimbabwe Mail*, 8 August 2014; "Chaos, drama and vote rigging dominate ZANU-PF Women's elective assembly plans", *The Zimbabwe Mail*, 10 August 2014. Mujuru loyalists reportedly secured key positions. "Mujuru factions victorious at Zanu-PF youth conference", *Daily News*, 11 August 2014.

²⁰ "Jonathan Moyo attack on those opposed to Salarygate exposes", *Daily News*, 17 February 2014; "Zim: Moyo's project backfires", *Mail and Guardian*, 20 June 2014; "Mujuru backers preparing charges against Muchinguri", *New Zimbabwe*, 13 August 2014.

²¹ "Mugabe in new attack on incompetent Mutasa", *New Zimbabwe*, 15 August 2014; "Mugabe undresses Mutasa, Shamu at the women's conference", *The Zimbabwe Mail*, 16 August 2014.

²² "Mutasa must be reined in", *The Herald*, 16 August 2014. Deputy Foreign Minister Chris Mutsvangwa is no stranger to controversy. His wife, Monica, a ZANU-PF central committee member and senator who is also reportedly closely associated with Mnangagwa, has been embroiled in disagreements with Mutasa over her (failed) efforts in 2013 to become Manicaland provincial chairperson. "Mutsvangwa still in central committee", *The Herald*, 12 July 2014; "Zimbabwe: Mutasa vows to expose Mutsvangwa", *New Zimbabwe*, 17 August 2014. In a related move, ZANU-PF's Masvingo provincial structures called for Mutasa to be elevated to national chairman and for current Chairman Simon Khaya Moyo (also a Mujuru loyalist) to be made second vice president (the constitution provides for two vice presidents of Zimbabwe). "Mutasa gets backing for Zanu PF national chair", *Sunday Mail*, 17 August 2014. The call prompted criticism from Mnangagwa loyalists in Matabeleland. "Zanu PF Masvingo jump the gun in presidium nominations", *The Chronicle*, 18 August 2014. An explosive politburo meeting on 4 September revealed the extent of the division. "Heated showdown at Zanu-PF's 10-hour politburo meeting", *NewsDay*, 5 September 2014. Official spokesperson Rugare Gumbo claims the meeting ended harmoniously and that Zanu-PF was now united. "Zanu-PF politburo meeting: Mujuru faction prevails", *Zimbabwe Mail*, 5 September 2014. It remains to be seen whether this contains the public infighting, which suggests Mugabe is no longer able to determine the course of events. Crisis Group email correspondence, Zimbabwe analyst, 17 August 2014.

committee and the presidium, and now among the provincial party chairs.²³ She also appears to have stronger grassroots support, recently demonstrated by the election of her loyalists in the youth league.²⁴ However, all of this does not make her a shoe-in to succeed Mugabe.²⁵ She appeared to consolidate her position in the party ahead of the December 2013 national conference, when her supporters secured nine of ten provincial chair positions, but Mugabe deferred the expected reshuffle until the December 2014 congress.²⁶ In the wake of Mugabe's recent call for all politburo and central committee cadres to seek re-election in December, reports are now suggesting Mujuru's position in the party will be challenged.²⁷

Mnangagwa reportedly draws support from the senior ranks of the security establishment,²⁸ a section of ZANU-PF's parliamentary caucus, younger party office bearers and certain influential sections of the business community.²⁹ His position may also be strengthened by Grace Mugabe's election as head of the women's league.³⁰ By Mugabe's side since independence, Mnangagwa is regarded by some as Zimbabwe's *éminence grise*, an ambitious strongman who has proven his ability to keep ZANU-PF in the driving seat. He has successfully cultivated an image of someone who can maintain stability and is believed to have developed support within SADC as part of his efforts to position himself as Mugabe's successor.³¹

ZANU-PF promotes an illusory unity. Mugabe rails against those who seek elevation, pointing out that anyone could lead the party, but has reiterated the first secre-

²³ "Zanu (PF) Politburo endorses Mujuru 'victories'", Nehanda Radio, 4 September 2014.

²⁴ Crisis Group email correspondence, Zimbabwe analyst, 18 August 2014.

²⁵ If Mugabe dies or is incapacitated in office, current constitutional provisions enable the incumbent party to choose a successor within 90 days. This requires nomination by ZANU-PF's provincial coordinating committees that would be endorsed by the national people's conference. This appears to favour Mujuru, because she is supported by the majority of politburo members, but the lack of clarity on party rules (neither a detailed listing of office bearers nor an updated party constitution is in the public domain) is compounded by the absence of precedent. This is uncharted terrain and the role of the central committee and politburo may be pivotal. Past conflict over the succession of four former vice presidents who died in office resulted "in an increased centralisation of power in the hands of the politburo, and the marginalisation of the democratic core of the ZANU-PF constitution". This suggests the succession process may ignore ZANU-PF's constitution; the party has a history of "guided democracy" and decision-making increasingly centralised within the politburo, with Mugabe retaining primary influence. This modus operandi has been challenged, primarily by the Mnangagwa camp, now including younger ZANU-PF members keen on challenging old guard members aligned with Mujuru. Crisis Group interviews, Harare, January, June 2014. See also, Derek Matyszak, "The Mortal Remains: Succession and the ZANU-PF Body Politic", Research and Advocacy Unit, Zimbabwe Human Rights NGO Forum, 31 July 2014; "Drop Dead Beautiful? Thinking Inside the Box", Research and Advocacy Unit, May 2012; "Après Moi, le Déluge: Succession and the Zanu PF Party Constitution", Research and Advocacy Unit, July 2012.

²⁶ "Zimbabwe: Success needs succession", *Africa Confidential*, vol. 55, no. 1, 10 January 2014.

²⁷ "We must all resign in December, says Mugabe", *NewsdzeZimbabwe* (newsdzezimbabwe.co.uk), 14 August 2014; "Mujuru post under threat", *Daily News*, 18 August 2014.

²⁸ Crisis Group interviews, Harare, November 2013, January, June 2014.

²⁹ Crisis Group interview, security sector analyst, Harare, 20 January 2014.

³⁰ Grace Mugabe was nominated by Oppah Muchunguri, the outgoing chair and a Mnangagwa ally. The move was seen as a pre-emptive strike. "Knives out for Joice Mujuru", Nehanda Radio, 31 July 2014; "Grace factor rocks Mujuru camp", *Zimbabwe Independent*, 1 August 2014; "Grace Mugabe divides Zanu PF", *Daily News*, 10 August 2014; and "Grace Mugabe: Zanu PF's ticking time bomb", *The Standard*, 10 August 2014. Her new position may strengthen the president's hand in the politburo.

³¹ Crisis Group interview, civil society leader and political analyst, Johannesburg, 15 July 2014.

tary position – his – is not vacant.³² Those believed to be jockeying to succeed him must operate behind the scenes, meaning that the fault lines play out in an array of proxy battles.³³ There are also possible compromise candidates, but determining fact from fiction is increasingly difficult.³⁴

Mugabe's exhortations have done little to resolve the impasses, and the politics of succession continues to play out.³⁵ Information Minister Professor Jonathan Moyo launched a very public anti-corruption drive that exposed senior administrators reaping gargantuan salaries as heads of parastatals and other state-owned enterprises. The campaign allegedly targeted Mujuru's camp and has exacerbated party tensions. However, it is unlikely to go much further. Any serious effort to unravel corruption would undermine ZANU-PF's patronage network.³⁶ The scandal has largely played out in the media, and there is little evidence of criminal investigations or prospects for prosecutions.³⁷

³² "Applaud President Mugabe for destroying factionalism", *BulawayoNews24*, 15 April 2014. Mugabe reiterated he could not leave office while his party was in tatters. "Mugabe's 90th birthday TV interview", *The Telescope News*, 21 February 2014. This rationale was also put forward seven years earlier in a Canadian television interview that was never aired, showing that Mugabe benefits from party divisions. "President Mugabe speaks from lost interview", *The Telescope News*, 29 January 2014. It is an increasingly risky strategy as his cachet as the party's unifier inevitably wanes. Mugabe's efforts to promote stability prompted speculation that he has "joined hands" with Mnangagwa. "Zanu-PF succession battle: Mugabe ditches neutrality", *Mail & Guardian*, 5 September 2014.

³³ In a reported December 2013 letter to Mujuru from Bikita West MP, Munyaradzi Kereke, believed to be a Mnangagwa loyalist, Kereke stated he had complained to police that his life was threatened by thugs who suggested they were acting on instructions of Mujuru and former reserve bank governor, Gideon Gono. Kereke's allegations are interpreted as part of efforts to discredit Gono, who the Mujuru faction is pushing to replace Finance Minister Patrick Chinamasa (seen as aligned with Mnangagwa). In an ongoing legal dispute, Gono has denied all allegations by Kereke. "Gono-Kereke feud – Kereke's letter to Mujuru", *Daily News*, 17 January 2014. Crisis Group email correspondence, political analyst, Harare, 17 January 2014.

³⁴ "Mugabe's succession soap opera", *Mail and Guardian*, 30 April 2014; "Charamba rubbishes 'President' Gono succession report", www.zimeye.org, 7 April 2014. Much remains hidden, including the potential role of wealthy and influential financiers, such as the late Solomon Mujuru and former mines minister, Obert Mpofu, who could influence the succession battle. "Mr Mines' eyes Zanu-PF succession race", *Mail and Guardian*, 12 June 2012. Defence Minister Sydney Sekeremayi is considered a possible compromise candidate who could help avert a split in the party. A government minister since 1980, he is regarded as close to the security sector. "Army backs Sekeremayi to succeed Mugabe", *Zimbabwe Independent*, 20 June 2014. Many senior party members retain their positions at the pleasure of the president and will be vulnerable when he leaves office. Some interpret these elements as a "third faction", who could align with either of the main protagonists. Crisis Group interview, 11 November 2013.

³⁵ "Zimbabwe: Scramble for the top", *Africa Confidential*, vol. 55, no. 9, 2 May 2014. The victory of Mujuru loyalists in the August youth league elections prompted Mnangagwa loyalists to lobby Mugabe to suspend the results. To date, he has not responded. "Bid to reverse Mujuru victories", *Nehanda Radio*, 16 August 2014.

³⁶ "Zim: The politics of 'Salarygate'", *Mail and Guardian*, 14 February 2014. "Zimbabwe: Unsuccessful succession", *Africa Confidential*, vol. 55, no. 6, 21 March 2014. Political responsibility for diminishing oversight of parastatals lies with ZANU-PF. Its ministers oversaw board appointments and remuneration packages, and patronage was increasingly more relevant than competence. "Policy dialogue on parastatal corruption scandals", *Southern African Political Economic Series*, Harare, 26 February 2014.

³⁷ The Zimbabwean police will not investigate the scandals, claiming they are governance and not criminal matters and that remuneration packages were legally sanctioned by respective boards. "No arrests for Salarygate fat cats", *The Herald*, 3 July 2014. This allowed Mugabe to "manage" the problem without exacerbating divisions, as it is not his "management style" to rely on institutional rem-

An elective congress is planned for December 2014 to fill vacancies in the central committee, politburo and presidium, where one vice president position remains vacant.³⁸ ZANU-PF insists the decision is Mugabe's prerogative, and many expect him to continue the tradition of anointing a former Zimbabwe African People's Union (ZAPU) member to fill the position.³⁹ However, it remains unclear what positions within the party hierarchy will be contested and the extent to which current vacancies will be filled. It is also unlikely that there will be clarity over Mugabe's successor. The congress is expected to endorse the party's next presidential candidate, and in the absence of internal consensus, Mugabe is likely to be nominated.⁴⁰ All eyes will be on elections to other positions and bodies – both politburo and central committee – in the hope this will provide further insight into evolving power dynamics.

Disagreement over the rules governing election to the central committee has reportedly prompted the Mnangagwa faction to push for a review.⁴¹ Although Mujuru appeared by the end of 2013 to have consolidated her position, succession politics involves more than electoral success, and what happens next will be “predicated on highly complex and carefully calibrated manoeuvres that include enlisting the endorsement of the securocrats, and most importantly, securing the blessing of Mugabe”.⁴²

By mid-2014, those reading the runes argued the pendulum was swinging back in Mnangagwa's favour.⁴³ The security sector's influence has grown, although direct military intervention is unlikely.⁴⁴ Compared to Mujuru, Mnangagwa is seen as having a closer relationship with especially the military and intelligence community.⁴⁵

edies to handle internal party matters. Crisis Group interview, ZANU-PF politburo member, 9 June 2014. Opposition politicians allege Mugabe has been aware of this problem for some time. “Mugabe ignored report on obscene salaries, says ex-Minister”, *Zimbabwe Situation*, 12 February 2014.

³⁸ The National People's Congress is the supreme organ of ZANU-PF, responsible for elections to the presidium (a four-member body comprised of the party's president and first secretary, two vice presidents and second secretaries, and the national chairman), politburo and central committee as well as policy formulation, internal rules and financial oversight. The congress meets every five years.

³⁹ “Mugabe to decide on VP post”, *BulawayoNews24*, 18 July 2014.

⁴⁰ Crisis Group interview, ZANU-PF politburo member, Harare, 9 June 2014.

⁴¹ Stipulations that candidates must have been a party member for at least fifteen years discriminate against younger members whom Mnangagwa's faction has been deliberately cultivating. “Mnangagwa camp fights for new Zanu-PF poll rules review”, *BulawayoNews24*, 18 July 2014. Control over party structures has been a feature of the internal contests. Crisis Group Report, *Zimbabwe: Election Scenarios*, op. cit., fn. 59, pp. 10-11. Parliamentary candidates aligned with Mnangagwa dominated the 2013 primaries, while Mujuru allies subsequently secured nine of the ten provincial chairs. Presidential contenders require nomination from at least six provinces.

⁴² Simukai Tinho, “Understanding the ZANU-PF succession”, op. cit.

⁴³ Crisis Group interviews, Harare, 6-10 June 2014.

⁴⁴ Crisis Group interviews, security sector experts, Harare, 10 June 2014.

⁴⁵ Security chiefs' support is necessary for the successful transfer of power within the party, even though the new constitution affirms the principle of civilian oversight. Blessing-Miles Tendi, “Ideology, Civilian Authority and the Zimbabwean Military”, *Journal of Southern African Studies*, vol. 39, no. 4 (2013). “Who will succeed Mugabe?”, *Cape Times*, 24 June 2014. In February, The Telescope News claimed security chiefs had secretly endorsed Mnangagwa in January, a decision its sources claimed was supported by Mugabe. The agreement reportedly included a timetable for Mugabe to leave office by December 2015 at the latest. “Mnangagwa takes secret oath as stand-by Zim president”, *The Telescope News*, 7 February 2014. While some see Mnangagwa's relationship with the security sector as advantageous, others dismiss the notion that Mugabe is not firmly in charge and a puppet of the military. Blessing-Miles Tendi, “Robert Mugabe's 2013 Presidential Election Campaign”, op. cit., p. 970. Crisis Group interview, security sector experts, Harare, 10 June 2014.

The party's long-term future is contingent on how competing interests will be managed.⁴⁶ Neither Mnangagwa nor Mujuru has widespread national popularity and they may need each other to ensure ZANU-PF retains its dominant position. Viewpoints diverge on whether the divisions are too deep to reconcile.⁴⁷

B. *The Opposition*

By July 2013, prospects of a post-election power-sharing arrangement had all but disappeared. After the dysfunction and polarisation of the GPA period, both ZANU-PF and the MDC-T were committed to a winner-takes-all outcome. Given the scale of the victory, ZANU-PF's celebrations were surprisingly muted, reinforcing perceptions that the result was not genuine.⁴⁸ MDC-T's defeat exacerbated tensions within the party, but few expected the rapid unravelling of the main opposition grouping in the year that followed.⁴⁹

Its defeat catalysed and consolidated sentiment against Tsvangirai who had now lost three presidential elections. A push for an expedited elective congress and public calls for his resignation led to allegations, counter-allegations and violence that echoed the dark days of 2005, when Welshman Ncube and others split from MDC, accusing Tsvangirai of anti-democratic tendencies. A series of suspensions, expulsions and counter-measures followed, resulting in a major leadership rift as both Treasurer General Elton Mangoma and Secretary General Tendai Biti parted ways acrimoniously with Tsvangirai.

The pace of the current self-destruction staggered many observers and erstwhile supporters, and efforts to reunite the factions have failed.⁵⁰ Driven by personality rather than policy differences, both Tsvangirai and Biti continue with their respective programs, although senior opposition figures believe the MDC-T is now rudderless and falling apart.⁵¹ Legal battles over the constitutionality of decisions and control over party assets continue. Tsvangirai's supporters will hold their own elective congress in October 2014, where all positions can be contested. Efforts by other opposition groups to form a United Democratic Front (UDF) have floundered.⁵²

⁴⁶ Mugabe convened a special politburo meeting on 3 September to address serious allegations that senior party members were involved in vote-buying, intimidation and efforts to manipulate the congresses of the youth and women's leagues. Most reports claimed the Mujuru faction triumphed as complaints from the Mnangagwa faction were put to one side. Divisions were papered over by accepting the results of both congresses, and endorsing Grace Mugabe's election. "Zanu PF politburo meeting: Mujuru faction prevails", *The Zimbabwe Mail*, 4 September 2014; "Zanu PF politburo endorses Mujuru 'victories'", Nehanda radio, 4 September 2014.

⁴⁷ Crisis Group interviews, Harare, 20-23 January, 5-10 June 2014; Johannesburg, 15 and 30 July 2014. Despite serious disagreements during the June 2013 primaries, only three candidates ran as independents, reflecting the level of discipline imbued by the politburo and commissariat. Blessing-Miles Tendi, "Robert Mugabe's 2013 Presidential Election Campaign", *op. cit.*, p. 968.

⁴⁸ Crisis Group interview, civil society leader and political analyst, 15 June 2014.

⁴⁹ "Zimbabwe politics in the post 2013 elections period", *op. cit.*, pp. 4-5.

⁵⁰ Crisis Group telephone interview, opposition leader, 19 June 2014; interview, Zimbabwe civil society leader, Johannesburg, 15 July 2014.

⁵¹ Crisis Group telephone interview, former MDC minister, 28 May 2014.

⁵² Crisis Group interview, Zimbabwe civil society leader, Johannesburg, 15 July 2014. "The retrogressive politics of a divided opposition in Zim", *Mail & Guardian*, 5 September 2014.

Both factions appear focused on trading insults and accusations, as well as alleging each is working secretly with ZANU-PF and its allies.⁵³ Tsvangirai's larger group continues to present itself as vital for unlocking external support, even though its credibility has taken a severe knock. The break-up exposes the party's reliance on both men.⁵⁴ How the opposition engages in the policy arena will remain the clearest indicator of its relevance and future potential. Curiously, ZANU-PF, previously eschewing any such possibility, has recently indicated a willingness to engage with Tsvangirai, but only if he acknowledges Mugabe's victory. Obtaining his support would increase the government's legitimacy and undermine other groups that continue to question the election results.⁵⁵

IV. Economic Decline and Slim Prospects for Recovery

The economy remains in dire straits with growth forecasts revised downward several times since the elections.⁵⁶ The government has failed to implement its economic recovery policy, *ZimAsset*, handicapped by revenue constraints, disagreement and policy incoherence.⁵⁷ The GPA government and its decision to make a few foreign currencies legal tender secured some economic stability, but the post-election period experienced economic decline, as ZANU-PF struggles to fulfil its promises.⁵⁸

The government is unable to borrow on international markets, and domestic borrowing is pegged at exorbitant interest rates. Burgeoning international debt and a large trade imbalance – now \$4 billion – compounded by capital flight have caused deflation; there is simply not enough money circulating in the formal economy.⁵⁹ Zimbabwe is caught in a vortex of deficit financing, borrowing from wherever it can even

⁵³ "Biti reveals Zanu-PF links", *Daily News*, 6 June 2014; "Renewal Team wooed by Zanu PF: Tsvangirai", *The Standard*, 29 June 2014; "Tsvangirai seeks Mnangagwa alliance", *The Telescope News*, 11 July 2014; "Tsvangirai denies bribery accusation", *NewsDay*, 29 July 2014.

⁵⁴ Simukai Tinho, "Zimbabwe: Tsvangirai and Biti should work together, they need each other", *African Arguments*, 29 April 2014. Human rights monitors have reported internal violence within both factions across the country. "Intra-party fighting intensifying in MDC-T, Zanu-PF", *NewsDay*, 18 July 2014.

⁵⁵ "Zanu-PF admits failure, calls on MDC-T for ideas", *SW Radio Africa*, 10 July 2014.

⁵⁶ "World Bank paints a gloomy outlook for Zimbabwe", *Zimbabwe Independent*, 16 September 2013; "Zimbabwe Economic Briefing", *World Bank*, February, March, April, May 2014; "Zimbabwe's economy heads for recession as factories shut", *The Telescope News*, 27 May 2014.

⁵⁷ *ZimAsset* is anchored on boosting infrastructure development, job creation, raw material beneficiation, attracting foreign direct investments, reviving ailing industries, enhancing productivity of farmers resettled under the land reform program, and indigenisation of the economy. Besides contradictory policy and strategy, the blueprint is silent on how the government will raise capital. It was produced in the president's office with very limited consultation with the business sector and other government departments. Crisis Group interview, economist, Harare, 16 November 2013.

⁵⁸ Crisis Group interview, political analyst, Harare, 11 November 2013. With hyperinflation the Zimbabwean dollar lost its value and in 2008 was withdrawn as legal tender, to be replaced by the U.S. dollar, South African rand, British pound and Botswanan pula. In April 2014, the Indian rupee, Chinese yuan, Japanese yen and Australian dollar were added, ostensibly to expedite trade.

⁵⁹ "Zimbabwe registers deflation for fourth month in a row", *NewsDay*, 17 June 2014; "Zimbabwe: Unpacking the deflation debate", *The Herald*, 29 July 2014. International debt is now estimated at \$9.9 billion. "Mammoth debt cripples Zimbabwe", *Zimbabwe Independent*, 18 July 2014. As part of efforts to repair relations damaged by debt defaults, the finance minister claims an unbudgeted \$180 million was repaid to Chinese institutions in the first half of 2014. "Zimbabwe pays \$180 million to mend China relations", *NewsDay*, 11 September 2014.

to pay its civil service bill.⁶⁰ The banking sector is hobbled by unpaid debts and struggling to service its client base with reduced liquidity.⁶¹ Low investor confidence and limited prospects for expanding government revenue, especially from diamond trading,⁶² a much diminished manufacturing sector and an already overburdened tax base, mean lower prospects for recovery.

The IMF has maintained a positive spin on developments by emphasising the government's stated commitment to reform and engagement with international financial institutions. Its recent review, however, highlights an array of major challenges both in the international environment and domestically: the over-extended financial sector, unsustainable government expenditure, policy uncertainties and underperforming mining and agriculture sectors, considered the engines for recovery.⁶³ Former Finance Minister Tendai Biti projects the crisis may last "at least ten years".⁶⁴

ZimAsset requires a minimum of \$10 billion, but the government has been unable to secure support, even from "trusted allies".⁶⁵ The government struggles from month to month to run its administration and provide basic services.⁶⁶ Industrial production has fallen below 40 per cent of its potential capacity with further contractions in the manufacturing and domestic retail sectors expected; formal unemployment is estimated at over 80 per cent.⁶⁷ Many companies have been forced to close,

⁶⁰ To cover its civil service wage bill, the government has grown its domestic debt by issuing treasury bills and bonds that have seen over the last year commercial banks tripling the value of bills they now hold, at over \$260 million. "Mugabe paying wages using debt as Zimbabwe's economy slows", Bloomberg, 7 August 2014. Government desperation is reflected in its efforts to squeeze income from every possible quarter, most recently with plans to license street vendors. "Govt dips into tollgate fees to pay civil servants", Nehanda Radio, 15 August 2015. "Vendors plead for government's ear", Crisis in Zimbabwe Coalition, *The Crisis Report*, No. 301, 12 September 2014; "Bleak future as Chinamasa introduces new taxes", *NewsDay*, 12 September 2014.

⁶¹ "Zimbabwe banks see 'Big Daddy' investors", *Fin24*, 25 June 2014; "Zimbabwe: Depositors turn violent as cash runs out", Associated Press, 16 December 2013.

⁶² There are many allegations of government corruption in the diamond industry. See Crisis Group Report, *Zimbabwe: Election Scenarios*, op. cit., p. 23. Alluvial diamonds are reportedly running out and mining companies must now invest in equipment to access deep deposits. This means at least a year before significant revenue can flow into the treasury. Crisis Group interview, professor, University of Zimbabwe, Harare, 15 November 2013.

⁶³ "Zimbabwe: 2014 Article IV Consultation – Staff report; Press release; and statement by the executive director for Zimbabwe", IMF Country Report 14/202, July 2014.

⁶⁴ "Zimbabwe economic crisis might last 10 years – Biti", *The Zimbabwean*, 24 July 2014.

⁶⁵ "Desperate dictator: China refuses Robert Mugabe's request for Zimbabwe bailout", *The Christian Science Monitor*, 10 March 2014. Reports that China subsequently agreed to bailout Harare in return for mineral collateral have not been confirmed. "China demands minerals as security for ZimAsset bailout", SW Radio Africa, 7 May 2014. Mugabe's recent visit to China secured agreement on nine key areas of support for ZimAsset, including energy, roads, railways, telecommunications, agriculture and tourism. "Zim, China sign nine mega deals", *The Herald*, 26 August 2014. No detail was provided on the amount of support. While some interpret this as a bailout, it is unlikely to revive the economy. "No blank cheque for Robert Mugabe from China", *Financial Times*, 28 August 2014; "Mugabe is bailed out by China. But too little too late for Zimbabwe?", *Christian Science Monitor*, 4 September 2014; "Zimbabwe pays \$180m as China tightens terms", *Business Day*, 11 September 2014. Crisis Group interview, Chinese government official, Beijing, 11 September 2014.

⁶⁶ "Zimbabwe health system in crisis", Integrated Regional Information Networks (IRIN), 11 August 2014.

⁶⁷ "Zimbabwe: Success needs succession", op. cit. The government claims unemployment is 11 per cent as most Zimbabweans are self-employed. "Unemployment 11 percent: ZimStat", *The Herald*, 10 December 2013. Economic conditions have generated a massive brain drain, and the remaining

the stock exchange has continued to contract (against growth in other African bourses), reflecting the depressed domestic and international investor mood.⁶⁸

The number of luxury cars and well-stocked shops in cities and towns mask the reality of a fraying economy, increasingly reliant on the informal sector and diaspora remittances.⁶⁹ While some are reaping benefits and gross domestic product is growing (albeit at a significantly reduced rate), this has not translated into employment and prosperity.⁷⁰ The private sector remains under intense pressure and the Harare and Bulawayo industrial areas resemble ghost towns.⁷¹ The state is the main formal employer and calls for reducing the civil servant payroll (the government's main expenditure line item) – a measure strongly recommended by the IMF – go unheeded.⁷²

Officials are increasingly worried and there are risks of further deterioration.⁷³ This is of particular concern in the security sector, where there are “disgruntlement over stagnated low salaries” and “shortages in barracks and camps, with some uniformed members being sent on forced leave”.⁷⁴

There have been visible efforts by some in government to temper and clarify certain policy positions, most notably on indigenisation, although it has yet to translate into tangible actions that assuage investor concerns.⁷⁵ Uncertainty over investment

qualified professionals and graduates are struggling to find jobs. “Zimbabwe: Street vending – the only option for Zimbabwe’s graduates”, *The Standard*, 24 August 2014.

⁶⁸ “Zimbabwe stock exchange falls 7.7% in first half”, *Business Day*, 9 July 2014. “Zimbabwe records 75 company closures, over 9,000 job losses”, *NewsDay*, 21 February 2014. In 2014, at least ten companies a month have closed. “Company closures continue in Zimbabwe”, *SW Radio Africa*, 19 June 2014.

⁶⁹ The reserve bank says the diaspora transferred \$2.1 billion in 2012 and \$1.8 billion in 2013. Zimbabwe’s current budget is \$4.4 billion. “Zimbabwe: we are in it together”, *New Zimbabwe*, 3 September 2014.

⁷⁰ GDP grew by 7.5 per cent from 2009-2012, 3.7 per cent in 2013 and only an estimated 3.1 per cent in 2014. “Zimbabwe economic outlook, 2014”, African Development Bank; “Chinamasa lowers GDP growth to 3,1 per cent”, *The Herald*, 25 July 2014.

⁷¹ Restrictive operational conditions compound an already deteriorating situation; between July 2011 and July 2013 over 700 firms closed in Harare alone and hundreds more downsized. “700 Harare firms close”, *Zimbabwe Independent*, 18 October 2013. “Bulawayo closed for business”, *Financial Gazette*, 11 September 2014. Despite outstanding arrears, the European Investment Bank is considering re-engagement to support the private sector, which would bring much-needed liquidity relief. “Hope for private sector in Zimbabwe”, *Fin24*, 12 June 2014.

⁷² The government increased civil servant salaries in the first quarter of 2014, but since February, most salaries have been paid late. Crisis Group interviews, economist, civil servants worker representative, Harare, 16 and 19 November 2013; “Zim govt can’t guarantee pay dates for civil servants”, *BulawayoNews24*, 18 July 2014.

⁷³ Crisis Group interview, ZANU-PF politburo member, Harare, 9 June 2014.

⁷⁴ Crisis Group interview, security sector experts, Harare, 10 June 2014; “Zimbabwe intelligence organisation warns Mugabe”, *BulawayoNews24*, 18 July 2014. Ensuring soldiers are paid on time has now become a pressing monthly concern. “Govt risks army unrest over pay delay”, *New Zimbabwe*, 23 March 2014; Crisis Group interview, civil society leader, Johannesburg, 9 September 2014.

⁷⁵ These concerns, shared by the Zimbabwe Investment Authority (ZIA), are rooted in the “wide disjuncture between the law, government pronouncements on the law and the policy in practice”. Derek Matyszak, “Madness and Indigenisation: A History of Insanity in the Age of Lawlessness”, Research and Advocacy Unit, June 2014. “Indigenisation discord puts investors off, official”, *New Zimbabwe*, 1 July 2014. “Zanu-PF softens economic approach, desperate for international investment”, *African Arguments*, 2 July 2014. The government has been urged from all quarters to promote a more investor-friendly environment. “Chinese firm urges Zimbabwe to craft laws that attract investment”, *NewsDay*, 14 March 2014. The status of indigenisation notifications sent to hun-

protection and private property rights is compounded by lack of trust in the government's commitment to reform.⁷⁶ The government says there will be flexibility around the 51 per cent ownership threshold in all economic sectors, with the exception of mining. It says this, and land reform, are the central pillars of efforts to reassert control over the country's resources. The finance minister acknowledges, however, there has been considerable confusion about the policy, and claims the law will be modified, but the indigenisation and youth minister subsequently told parliament he is not working on any such amendments.⁷⁷

In July, the IMF completed its combined review of its Staff-Monitored Program (SMP), which seeks to monitor and advise the government on economic policy and implementation.⁷⁸ This engagement – the first for over a decade – is regarded by many as a key indicator of rapprochement. The IMF has described Zimbabwe's progress as "broadly satisfactory" and "encouraging", even if implementation has been slow.⁷⁹ A more detailed reading of the review, however, highlights a range of challenges, including the failure to meet quantitative targets and structural benchmarks, an array of macro-economic policy issues compounded by a difficult economic environment, unsustainable government expenditure, development and infrastructure deficits and untenable debt levels.⁸⁰

Significantly, the review also called for more transparency in the mining and diamond sectors.⁸¹ Recognising diamond mining benefited only the fortunate few, the government has adopted a different tack.⁸² New Mines and Mining Development

dreds of firms in fifty business categories in late 2013 remains unclear. "Foreign owned firms receive indigenisation notifications", *SW Radio Africa*, 16 December 2013.

⁷⁶ At a public meeting in June, the indigenisation and youth minister, Francis Nhema, urged investors to "trust the government", but was told by an array of participants that in light of previous experience, they would not and that a first step in rebuilding trust would be to clarify its policy and commit to an unambiguous regulatory framework. "Policy dialogue on indigenisation", *Southern African Political Economic Series*, Harare, 5 June 2014.

⁷⁷ "Chinamasa on indigenisation policy", *Sunday Mail*, 1 June 2014; "Indigenisation: Chinamasa differs with Nhema", *New Zimbabwe*, 3 July 2014.

⁷⁸ Zimbabwe became ineligible for IMF funding in September 2001 after being unable to service existing debts. In 2010, the IMF restored its voting rights and access to general resources and technical assistance, which paved the way for the current Staff-Monitored Program (SMP). This does not include financial assistance, but rather technical advice to improve performance toward restructuring debt and rescheduling repayments. This would provide a basis for re-engagement with other international financial institutions including the World Bank and African Development Bank. Zimbabwe's non-payment can be traced back to the 1980s and concerns remain that the government's piecemeal response has failed to address the underlying issues. It must improve revenue collection and public financial management. "Policy dialogue on the IMF and Zimbabwe", *Southern African Political Economic Series*, Harare, 28 November 2013.

⁷⁹ "IMF management completes first and second reviews of the staff-monitored program", *The Zimbabwean*, 9 July 2014. "Zimbabwe: IMF gives Zanu-PF a passing grade", *Moneyweb*, 10 July 2014.

⁸⁰ "Zimbabwe: 2014 Article IV Consultation", *op. cit.*

⁸¹ "IMF urges Zimbabwe to boost transparency in the diamond sector", *Rapaport* (www.diamonds.net), 24 June 2014. The lifting of EU restrictive measures against the Zimbabwe Mining Development Corporation (ZMDC) in August 2013 has not yet resulted in greater transparency. Prospects for generating greater transparency have found some traction within government, and efforts to explore available options have begun, in partnership with Western interlocutors. Crisis Group email correspondence, Zimbabwe analyst, 27 September 2014.

⁸² Data on diamond extraction and value-added processing remained deliberately opaque during the GPA, prompting allegations from opposition parties and NGOs that ZANU-PF elements were running a parallel budget that enriched individuals and resuscitated certain party structures, in-

Minister Walter Chidakwa has underlined the need to clean up the sector, echoing concerns of the former parliamentary portfolio committee for mines and energy chairperson, the late Edward Chindori Chininga.⁸³ In late 2013, Chidakwa dissolved the boards of the Zimbabwe Mining Development Corporation (ZMDC), Minerals Marketing Corporation of Zimbabwe (MMCZ) and Marange Resources.⁸⁴ He proposed measures to consolidate the sector, reduce the number of operators to “restore accountability” and “maximise the nation’s benefit”.⁸⁵ Four diamond auctions in Antwerp and Dubai in late 2013 and 2014 improved per carat earnings, but the volumes and quality apparently disappointed, tempering expectations that the government will secure major revenue increases – at least in the short term.⁸⁶ The country is keen to add value to the raw material it produces, by developing the manufacturing sector, and ensure more Zimbabweans benefit.⁸⁷

The need for transparency extends beyond the diamond sector, as the government continues to press ahead with other largely obscure mining projects involving Chinese and Russian investors.⁸⁸ Foreign investors also point to a myriad of unresolved issues, including the government’s selective honouring of debt obligations, its failure to adhere to a key International Centre for Settlement of Investment Disputes (ICSID) ruling and other opaque deals and suspicious offshore transactions.⁸⁹

cluding key political and security sector interests. The government’s need to maximise revenue may set it on a collision course with those who stand to lose from intended restructuring. Crisis Group telephone interview, former MDC minister, 28 May 2014. An audit was presented to Mugabe as part of efforts to establish full control over the sector. “Govt orders audit into diamond mining firms, arrest looming”, *New Zimbabwe*, 20 April 2014. Who is sanctioned and who benefits are inevitably linked to ZANU-PF factional struggles. Increased accountability and more transparent diamond governance are important indicators of progress that must be monitored closely. Crisis Group interview, political analyst, Harare, 9 June 2014.

⁸³ Despite this, neither government, nor the new parliament or civil society groups have reacted to detailed and critical reports on the diamond and chrome sectors, released by the committee shortly before the 2013 elections.

⁸⁴ “Chidakwa fires diamond board”, *NewsDay*, 12 December 2013.

⁸⁵ “Questions surround state calls for Chiadzwa shutdown”, SW Radio Africa, 17 March 2014.

⁸⁶ “Zimbabwe rough diamonds exports: Is government selling out?”, Centre for Natural Resource Governance, February 2014.

⁸⁷ “Zimbabwe bans rough diamond exports: seeks to grow local value addition”, DIB Online, 29 July 2014. This is also commonly known as “beneficiation”.

⁸⁸ This includes a major deal involving a Russian consortium taking a 50 per cent interest in the development of the world’s second largest platinum deposit, in a commercial venture chaired by the permanent defence secretary, and allegedly involving payment with military hardware. “Arms for platinum deal”, *Africa Confidential*, vol. 55, no. 14, 11 July 2014. “Russians start \$3bn mine in Zimbabwe”, *Business Report*, 17 September 2014. Such deals were reportedly arranged by ZANU-PF during the coalition government, but kept from its government partners. “Arms-for-minerals trades exposed”, *Africa Confidential*, vol. 54, no. 25, 13 December 2013. “China demands minerals as security for ZimAsset bailout”, SW Radio Africa, 7 May 2014. Crisis Group Skype interview, Zimbabwe analyst, 16 September 2014.

⁸⁹ Correspondence to the IMF and World Bank from legal representatives of Dutch investors who were forcibly dispossessed of investments in Zimbabwe, 5 December 2013. This is an appeal to the IMF to temper its re-engagement, highlighting unanswered questions about the role of international companies involved in the alleged financing of ZANU-PF’s 2008 election campaign. “Five lost years: how money from a US hedge fund and a British mining company kept Mugabe in power”, Rights and Accountability in Development (RAID), 29 July 2013; “Och-Ziff, Mugabe’s ‘Bagmen’ and the under-pricing of African assets: A New York hedge fund’s record of questionable African investments”, RAID, April 2014. Zimbabwe’s selective disregard for contractual obligations continues to generate blowback. A third diamond auction was scheduled for early September, but stonewalled.

Some believe the country could again slide rapidly downhill,⁹⁰ while others are resigned to a situation in which the economy could continue to stagnate and “bump along the bottom for the foreseeable future”.⁹¹ Many wonder how much longer the government can continue to spend more than it raises, especially with such limited access to borrowing, and few macro-economic tools and options at its disposal. Fiscal stability is only possible with a resolution on the payment of debt and the security of both domestic and foreign investments. The government must adhere to a clear set of rules that foster confidence.⁹² Attention has been diverted for the moment, but it is only a matter of time before the country’s financial unravelling has a major effect on political and succession dynamics.⁹³

The scale of the economic challenge in Zimbabwe is compounded by global economic uncertainty and constraint. International partners do share common concerns and objectives around the economy and policy uncertainty. A conversation between Western nations and China and firm, but quiet, messaging from Beijing to Harare signals their growing frustration. Joint efforts to promote constructive engagement with Harare should continue.

V. **Constructive Engagement and Prospects for Change**

Post-elections international positions are not aligned. SADC again called for the removal of sanctions.⁹⁴ On the one hand, having supported SADC’s facilitation, some Western countries felt hard pressed to reject SADC’s endorsement of the election, but on the other they could not fully support the flawed process. Yet ZANU-PF’s victory left few options and despite reservations of some member states, the EU has pursued closer engagement. It suspended and removed most restrictive measures and continued the process, started during the GPA period, toward lifting “appropriate measures” (its term for suspending government-to-government development cooperation) and resuming assistance, now expected in November 2014.⁹⁵

an estimated value of \$45 million dollars have been seized by Belgian authorities following a court order giving South African mining company, Amari Holdings, the right to be compensated for lost concession. “Zim diamonds seized in Belgium”, Independent Online, 18 September 2014. Dutch investors are now also laying claim to a portion of the impounded diamonds. “Dispossessed Zim farmers lay claim to diamond money”, Eye Witness News, 21 September 2014. This has reportedly generated an outcry within government, questioning why the decision to “trade openly in hostile countries” was taken in the first place and demonstrating the fragility of the re-engagement process. Crisis group email correspondence, Zimbabwe analyst, 27 September 2014.

⁹⁰ Crisis Group interview, MDC-T legislator, Harare, 6 June 2014.

⁹¹ Crisis Group interviews, Western diplomats, Harare, 22 January, 6 and 10 June 2014. Although economic conditions are dire, they are not as severe as during 2008’s hyperinflation.

⁹² Crisis Group interviews, economists, Harare, 13 November 2013, 5 and 7 June 2014.

⁹³ Crisis Group email correspondence, Zimbabwean businessman, 7 September 2014.

⁹⁴ “Communiqué of the 33rd Summit of SADC Heads of State and Government”, Lilongwe, Malawi, August 17-18, 2013.

⁹⁵ For more on sanctions, see Crisis Group Africa Briefing N°86, *Zimbabwe’s Sanctions Standoff*, 6 February 2012, pp. 2-5. EU policy on Zimbabwe has been criticised for its inconsistency and incoherence. Serious concerns have been raised about the precedent set by lifting appropriate measures without adequate remedy for the violations that prompted their introduction in the first place. “Zimbabwe, the European Union and the Cotonou Agreement: An Opinion”, Research and Advocacy Unit, private circulation, January 2014.

In March 2013, the EU suspended restrictive measures against 81 individuals and eight companies in response to the credible constitutional referendum. After the elections, measures against the ZMDC were lifted in September, enabling Zimbabwe to sell diamonds in Europe. In February 2014, remaining restrictive measures with the exception of the arms embargo and those targeting two individuals (Mugabe and his spouse) and one entity (Zimbabwe Defence Industries, ZDI) were suspended. Australia has also amended its lists, but maintains restrictions against the first family, security service chiefs and ZDI.⁹⁶

The gradual lifting of sanctions will not result in major general budget support, the government's primary need, though the EU will provide much-needed relief in several key development areas.⁹⁷ But their lifting will provide ZANU-PF with a symbolic victory – against the implementation of “illegal sanctions”.⁹⁸ The EU is actively reconnecting through the private sector as well.⁹⁹

Meanwhile, the U.S. has rejected calls for removing sanctions, pointing to seriously flawed elections and GPA reform deficits. It maintains targeted measures against individuals and entities on the Specially Designated Nationals and Blocked Persons List (SDN), and the Zimbabwe Democracy and Economic Recovery Act (ZDERA) remains in force.¹⁰⁰ Mugabe was not invited to the U.S.-Africa summit in early August, signalling Washington's dissatisfaction. Engagement nevertheless continues,¹⁰¹ albeit unevenly, with the expectation – shared by others in the international community – that it will remain limited with Mugabe still at the helm.¹⁰²

⁹⁶ “Australia maintains sanctions on First Family”, *The Herald*, 16 April 2014.

⁹⁷ This will include support for priorities – health, rural food security and governance – agreed to with the government. “Zimbabwe politics in the post 2013 elections period”, op. cit., p. 4. In 2014, the EU collaborated with the Zimbabwean government for the formulation of the 11th European Development Fund (EDF) National Indicative Programme (NIP) for 2014-2020. The technical framework of the draft NIP was divided into sector working groups – health, agriculture-based economic development and governance and institution building – led by the ministries of health and child care, agriculture, mechanisation and irrigation development, as well as justice, legal and parliamentary affairs. The EU delegation to Zimbabwe announced that the 11th EDF national allocation to Zimbabwe is €234 million. The EU has also undertaken to continue support to civil society over the next three years. “EU Country Roadmap for engagement with civil society: 2014-2017, Zimbabwe”, European Union, 11 July 2014. Along with other donors, the EU must balance the need for restoring relations with support for reform.

⁹⁸ “Belgium to push for sanctions removal”, *The Herald*, 16 July 2014.

⁹⁹ “EU changes tack on Zimbabwe as Mugabe comes in from the cold”, *Business Day*, 25 June 2014.

¹⁰⁰ “US rejects call to lift Zimbabwe sanctions”, Voice of America, 19 August 2013. The U.S. has set out conditions for the removal of measures, including the tangible implementation of constitutional provisions and alignment of existing laws and practices, the introduction of bankable land titles, the licensing of local radio stations and fulfilling Zimbabwe's obligations under the IMF's SMP. “Adherence to the rule of law; Comments from US Ambassador Wharton”, SAPES Dialogue, Harare, 9 February 2014.

¹⁰¹ The U.S. funds projects in Zimbabwe around peace and security, democracy, human rights and governance, economic development and humanitarian assistance, with projected expenditure of \$135.3 million in 2014 and \$158.8 million in 2015. See www.foreignassistance.gov. Unlike some other Western donors, U.S. support is not directed through government departments, which in many instances are still unable or unwilling to provide adequate checks and balances. There are growing concerns about the fragmented donor approach, and the paucity of government commitment to transparency and accountability. Crisis Group Skype interview, donor agency, 17 September 2014.

¹⁰² Trade relations between Zimbabwe and the U.S. are minimal. Crisis Group interviews, Western diplomats, political analysts, Harare, January and June 2014. The U.S. continues to emphasise adherence to the constitution and good governance will underscore improved relations.

Civil society groups remain divided over the merits of sanctions: ZANU-PF and the government continue to assert sanctions, rather than its own policies, are primarily responsible for the country's economic woes.¹⁰³ For some, accelerating re-engagement cannot wait,¹⁰⁴ while for others it legitimises the government and extends the status quo without securing change.¹⁰⁵

With current economic constraints, there is little incentive for Zimbabweans in the diaspora to return home. Moves are afoot, however, in both South Africa and Botswana to tighten immigration controls again, which may result in a return to widespread deportations.¹⁰⁶ Regardless, Zimbabweans are likely to continue voting with their feet, whether options in the region are legal or not.¹⁰⁷

Zimbabwe's challenges continue to impact on the region, despite the end of SADC's official facilitation role. Mugabe's chairmanship of SADC (a position he has never held before) is unlikely to result in a regional embrace of ZANU-PF's policies.¹⁰⁸ His prospective chairing of the AU (from January 2015) is a symbolic affirmation by the continent's leadership, but not a statement of solidarity. While African leaders cautioned Europe about his possible barring from the April 2014 EU-Africa summit, his exclusion from the August U.S.-Africa summit did not generate negative blowback from other leaders who attended. His longevity and history command respect, yet there are more pressing priorities on the continent. Some believe Mugabe's elevation is part of a plan by the wise men in Africa to offer him a graceful exit.¹⁰⁹ There are no guarantees Mugabe will use the AU and SADC to promote constructive re-engagement. Nevertheless, it provides a timeframe and an element of regional and continental insulation that might help foster economic revival.

The new constitution and government efforts to open space have provided an opportunity for both local and diaspora engagement.¹¹⁰ Much more is needed, and the government must play a more constructive and proactive role to promote such engagement and illustrate why it is important. Relations between the government and these groupings are tempered by mutual mistrust, political uncertainty and a

¹⁰³ Crisis Group interview, ZANU-PF politburo member, Harare, 9 June 2014. "It's not my fault, says Mugabe", *BulawayoNews24*, 18 July 2014. ZANU-PF alleges sanctions have cost the country \$42 billion and is pursuing a case in the General Court of the European Union (a constituent court of the EU's Court of Justice that hears cases against EU institutions) for damages. "Remove sanctions in total, West told", *allAfrica*, 9 July 2014; "Belgium to push for sanctions removal", *The Herald*, 16 July 2014.

¹⁰⁴ Knox Chitiyo and Steve Kibble, "Zimbabwe's international re-engagement: the long haul to recovery", Chatham House, April 2014.

¹⁰⁵ Crisis Group interview, economist, Harare, 6 June 2014; telephone interview, former ZANU-PF politburo member, 19 June 2014.

¹⁰⁶ Botswana has resumed voluntary repatriations and there were fears South Africa will not renew the special permit for hundreds of thousands of Zimbabweans when it expires in November. "Fix the economic rot first", *Zimbabwe Independent*, 11 July 2014. South Africa then agreed to allow Zimbabweans to reapply for new permits that would be valid until December 2017. "SA extends special residence permit for Zimbabweans", *Business Day*, 13 August 2014.

¹⁰⁷ Crisis Group interview, migration specialist, Harare, 9 June 2014; "Renewed exodus hits Zimbabwe", *Zimbabwe Independent*, 2 May 2014.

¹⁰⁸ The theme of the August summit, presented by Zimbabwe – "SADC Strategy for Economic Transformation: Leveraging the Region's Diverse Resources for Sustainable Economic and Social Development through Beneficiation and Value Addition" – resonates with regional goals.

¹⁰⁹ This position is reportedly mooted by Professor Stephen Chan, "From 'Guided Democracy' to 'Guided Succession'?", Research and Advocacy Unit, 5 September 2014.

¹¹⁰ This should include issues relating to political rights, as well as economic and financial matters.

“wait and see” approach that is rooted in an expectation that ZANU-PF’s nonagenarian leader will exit the political scene, sooner rather than later, and that this will open up further space.

VI. Conclusion

Mugabe’s extraordinary capacity for survival has deepened the political paralysis within ZANU-PF, as his ability to hold things together has waned. His unwillingness to identify a successor has fed the ongoing internecine battles, and the party maintains he will be their candidate for 2018.¹¹¹ This exacerbates insecurity, which further undermines economic recovery, prompting some to believe it could trigger a serious political and possibly violent internal crisis. Zimbabweans and the international community must do more together to ensure a smooth and peaceful transition and broad-based economic recovery.

Zimbabwe still has the capacity to deliver on the necessary reforms – policy coherence, improved governance, transparency and accountability – that will avert further deterioration and prevent it from becoming a failed state, but it will struggle to do so without considerable support and investment. This will not be forthcoming unless the government and ruling party demonstrate the political will and aptitude to agree on and implement a coherent economic path and reform plan that demonstrates a clear commitment to the rule of law. This will require a major shift in Zimbabwe’s political culture. Its failure to do so compounds already high levels of political mistrust and tension, as well as grinding economic hardship.

Brussels/Johannesburg, 29 September 2014

¹¹¹ Crisis Group interview, ZANU-PF politburo member, 9 June 2014.