

Policy Dialogue Report

24 June 2021, Zoom Platform

Public Meeting on Political and Economic Developments in Zimbabwe

**SALO PUBLIC POLICY DIALOGUE:
TRACKING ECONOMIC AND POLITICAL
DEVELOPMENTS IN ZIMBABWE**

THURSDAY 24 JUNE 10:00 TO 12:00 (SAST)



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S A L 

- *By Milis'uthando Mbete*

Introduction

In 2021, the International Monetary Fund (IMF) and The World Bank published two separate reports on the economic developments in Zimbabwe. In the findings, the IMF projected an economic recovery and a 6 per cent growth in the real GDP for 2021.¹ The World Bank attributes the possible 2021 economic growth “*to be led by recovery of agriculture as rains normalize, businesses adjust to limitations caused by the COVID-19 (Coronavirus) pandemic, and inflation slows down*”.² The commendation of the Zimbabwean economy, despite worsening conditions exacerbated by the COVID-19 pandemic, does not paint an accurate picture of the reality for citizens. An Afrobarometer survey on the country's economic conditions and government performance in Zimbabwe depicts a country in a ‘silent war’ with itself.³

Background

Zimbabwe's political economy has for the past few decades presented a challenge for the full economic liberation of the country. It has in part been constrained by the Lancaster House Agreements, which sought to protect the economically privileged white elite. This became a challenge for ZANU-PF, especially because they needed to create a new policy of reconstruction and development within the existing economic structures, funded by private sector expansion and donor support.⁴ When economic liberalisation policies were adopted in the 1990s, it led to increased levels of poverty due to a combination of deindustrialisation policies; the removal of subsidies in health, education, agriculture, and food; as well as droughts in 1990-1991 and 1994-1995. Amid a growing economic crisis, the 1990s saw the emergence of labour unions, student and human rights organisations, women's rights groups and professional associations which challenged repressive legislation that limited freedoms of association, assembly and expression⁵. With the growing discontent in the 2000s with the economic and political situation, the ZANU-PF government recognised that they were losing power, prompting them to fast-track the land reform program, among other initiatives.

¹ International Monetary Fund. 2021. IMF Staff Concludes Virtual Staff Visit to Zimbabwe

² The World Bank. 2021. Zimbabwe's Economy is Set for Recovery, but Key Risks Remain

³ Afrobarometer, 2021. Country direction and economic situation, government performance, COVID-19, popular trust and political party affiliation and voting intentions.

⁴ SALO. 2021. Public Meeting on the Political and Economic Developments in Zimbabwe.

⁵ Brain Raftopoulos, Godfrey Kanyeze and Mabel Nederlof-Sithole. 2021. Navigating Turbulence in Zimbabwe.

By the end of 2017, the converging forces of a massive economic crisis, increasing public displays of leadership struggles within ZANU-PF, new forms of social protest through more informal forms of organisation, and the long-term impact of international isolation, coupled with the decreasing economic options for ZANU-PF and increasing factional struggles for leadership resulted in a dramatic change in the leadership of the ruling party with the removal of Robert Mugabe.⁶ Following the disputed 2018 elections, Zimbabwe became a more predatory state with militarised governance, state capture and state-sanctioned violence.

Reflections on the IMF and World Bank reports

The analysis provided in the reports by the IMF and World Bank reflects a more superficial reality compared to the dire economic and socio-economic situation in the country. Reserve money ballooned by 217% in 2020, inflation reached triple digits in 2020, and local currency vis-à-vis the US dollar depreciated by 70%.⁷ Formal employment continues to fall, coupled with soaring prices. In reality, extreme poverty was 30% in 2017, 42% in 2019 and by World Bank's admission, 49% in 2021.⁸ The World Bank report indicates that there was a contraction of the economy from 8.1% in 2019 and makes an assumption that this will be followed by a 6% growth. This estimate may be unrealistic.⁹

This indicates that the international financial institutions (IFIs), the World Bank and IMF in particular, are trying to re-assert their position in Zimbabwe. Currently, Zimbabwe has created arrears for the IMF, and the Lima Plan was expected to be implemented after the 2017 military-imposed transition. The Lima Plan was set out to reintegrate or rehabilitate Zimbabwe through the IFIs by clearing the arrears that the British offered, which remained on the table until June 2018.¹⁰ The conditions of this plan were that the ZANU-PF government reform the public sector and privatise parastatals. Zimbabwe cannot survive economically unless and until there is an inflow of monies from the IFIs. There is a tussle between the IFIs trying to find a way of moulding themselves back into the Zimbabwean situation, while the Zimbabwean government is having difficulty meeting the minimum requirements for re-engagement.¹¹

⁶ SALO. 2021. Public Meeting on the Political and Economic Developments in Zimbabwe.

⁷ The World Bank. 2021. Zimbabwe's Economy is Set for Recovery, but Key Risks Remain.

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ SALO.2021. Public Meeting on the Political and Economic Developments in Zimbabwe.

¹¹ *Ibid.*

The World Bank notes that economic recovery may be hampered by a prolonged pandemic and heightened macroeconomic instability that could stifle economic growth, increase poverty and worsen human capital development. It believes that an *“acceleration of economic reforms and reengagement with international development partners”* would be the best-case scenario.¹² As it stands, the economic system in Zimbabwe is dependent on the IFIs and the reports may be an indication of some kind of rapprochement between Harare and the IFIs. On the fiscal policies, the World Bank noted that *“the Government’s efforts to stabilize prices through prudent fiscal policy and rules-based monetary and exchange rate policies [had] been effective and must be continued to enhance confidence and improve macroeconomic conditions”*,¹³ whilst the IMF thought that it would be necessary for the near-term to *“improve the coordination among fiscal, foreign exchange and monetary policies, while addressing COVID-19 related economic and humanitarian challenges”*.¹⁴

A silent social war

The perilous financial crisis in Zimbabwe is reflected in the social and economic conditions of the people. The social, economic and political discontent is widespread and is breeding a silent social war, which threatens peace and stability.¹⁵ Around 62% of those surveyed by Afrobarometer describe their personal living conditions as fairly bad, or very bad.¹⁶ The vast majority (91%) believe that the government is performing very badly regarding job creation.¹⁷ The government is failing to keep prices stable for basic commodities in the shops and thus failing to improve the living standards of the poor. More people than at any other time since the military coup in 2017 - around 67% - believe that the country is heading in the wrong direction.¹⁸ According to the Afrobarometer survey, 72% of Zimbabweans believe economic conditions in the country are fairly bad, or very bad¹⁹.

Over the years, ZANU-PF has been claiming social legitimacy from the rural masses with its legitimacy waning in the urban areas since the 1990s. The Afrobarometer survey paints a different picture; it depicts that the majority of the citizens in rural areas (62%) feel that

¹² The World Bank. 2021. Zimbabwe Economic Update. Overcoming Economic Challenges, Natural Disasters and the Pandemic: Social and Economic Impacts. Issue 3.

¹³ *Ibid.*

¹⁴ The International Monetary Fund. 2021. IMF Staff Concludes Virtual Staff Visit to Zimbabwe.

¹⁵ SALO. 2021. Public Meeting on the Political and Economic Developments in Zimbabwe.

¹⁶ Afrobarometer. 2021. Country direction and economic situation, government performance, COVID-19, popular trust and political party affiliation and voting intentions.

¹⁷ *Ibid.*

¹⁸ *Ibid.*

¹⁹ *Ibid.*

the country is going in the wrong direction. In addition to this old wave of urban discontent, there is a new wave of rural discontent in Zimbabwe. The urban-rural divide in Zimbabwean politics is now turning out to be a false dichotomy. If people do not see any significant reforms, this is likely to result in massive voter apathy in the forthcoming general elections, especially among regular voters. Instead, if the situation does not change, the general elections will not solve anything and will be a window dressing and legitimating the electoral process for the international community with no real change on the ground.

A weak social contract

The Afrobarometer survey showed people are leaning more towards non-government organisations - around 79%.²⁰ In the rural and low-income urban suburbs of Zimbabwe, NGOs have replaced the state through the provision of food, cash transfers, and other social basic services.²¹ In terms of service delivery, the state is almost absent, and the church has become a strong source of trust, as 78% of citizens said they trust their religious leaders, more than that of the government.²² More people are now turning to Pentecostal churches. According to the Afrobarometer survey, only 35% thought that the economic situation would improve.²³

Political parties and elections

President Mnangagwa's approval rate stands at 44% whereas in 2017, 64% of the population trusted Robert Mugabe.²⁴ Mnangagwa's diminishing approval leading to Zimbabwe's elections in 2023 is a cause for concern. The most violent elections in Zimbabwe have been contests where ZANU-PF's control over the presidency is at stake - one can therefore forecast what is to come. Overall, Zimbabweans have lost trust and faith in the government and political parties. If political participation remains low as a result of the trust deficit, citizens will not participate in public life and elections. Despite this waning social legitimacy for the ZANU-PF government, if general elections were to be held tomorrow in Zimbabwe, according to the Afrobarometer report, 33% of respondents say they would vote

²⁰ Afrobarometer, 2021. Country direction and economic situation, government performance, COVID-19, popular trust and political party affiliation and voting intentions.

²¹ SALO.2021. Public Meeting on the Political and Economic Developments in Zimbabwe.

²² Afrobarometer, 2021. Country direction and economic situation, government performance, COVID-19, popular trust and political party affiliation and voting intentions.

²³ *Ibid.*

²⁴ *Ibid.*

for the ZANU-PF candidate compared to 26%, who say they would vote for the MDC, led by Nelson Chamisa.²⁵

It seems the 2023 general elections will not resolve the Zimbabwe crisis, despite the ongoing hype about elections in the country. In November 2020, the acting Finance Minister, Patrick Chinamasa, said at a ZANU-PF presser “*As far as we are concerned, the 2023 election is a foregone conclusion, in fact, it’s over before the people vote. They want to say put in place electoral reforms that will ensure that you lose, and we win.*” These sentiments indicate that ZANU-PF cannot and will not reform itself and are unlikely to concede to a defeat. The Afrobarometer report shows that only 38% of those surveyed trust the Zimbabwe Electoral Commission, indicating the lack of trust people have in the electoral processes and independent institutions.

The Afrobarometer report does not provide a direct comparison between presidential candidates. However, the MDC Alliance remains the only socially legitimate opposition party in Zimbabwe, because all the other parties combined managed to garner only 1% of the vote in previous elections. Amongst those surveyed, 40% refused to answer whom they would vote for and why they would opt to not share their preferred candidates. Likely, fear is still pervasive amongst those eligible to vote and thus do not feel free to talk about their political choices. The Afrobarometer survey suggests that ZANU-PF is wounded and when ZANU-PF is wounded, as we have seen in the past, it is likely to increase the securitisation of both the party and state institutions.²⁶

Peaceful resistance is not working

“Peaceful resistance is not working against a regime which tends to be preemptive when dealing with citizens and civil society - where there is fear over the possibility of participating in peaceful demonstrations that could ignite a storm, which the state will not be able to handle.”²⁷ Anything that suggests any kind of protest is quickly preempted by the government, and violently so. Sanctions alone have not proven an effective strategy for the Zimbabwean government. “We’re not saying that one must put an end to them. [We are] just saying that it has very limited utility against the regime, 20 years of sanctions and all you're seeing is a state which is incapable of reform and has no capacity to reform.”²⁸

²⁵ *Ibid.*

²⁶ SALO. 2021. Public Meeting on the Political and Economic Developments in Zimbabwe.

²⁷ *Ibid.*

²⁸ *Ibid.*

Recommendations

While the IMF and World Bank reports sugarcoat the very bad situation in Zimbabwe, they also indicate that nothing can be done until Zimbabwe reforms - until and unless there are economic reforms, no re-engagement can happen. These reforms relate mainly to the public sector, including parastatals that are a part of the patronage system in Zimbabwe. As long as the pillaging of resources goes, there is no chance of reform at all and therefore the reports may not make any difference to the current situation. What will be the best way forward?

1. Zimbabwe exists in a binary of crisis and reform and efforts for political stability need to move beyond this point. However, reform from above through a ZANU-PF-led government is unlikely to be peaceful. ZANU-PF will not reform itself out of power. Reforms from within ZANU-PF are a wild card that will depend on another coup or elite rupture.
2. There is likely no change that will come through peaceful mass action and the possibilities of a 'bloody vote' are increasing as Zimbabwe approaches elections.
3. Reform through regional and international pressure will most likely be peaceful. South Africa needs to lead efforts to intensify pressure on Zimbabwe.
4. Zimbabwe needs strong leadership from the ruling and opposition parties that will lead the country to negotiations about the future and create a new strategy.
5. An international conference on Zimbabwe that could lead to a kind of mediation is needed.

The analysis and recommendations included in this report do not necessarily reflect the view of SALO or any of the donors or conference participants, but rather draw upon the major strands of discussion put forward at the event. Participants neither reviewed nor approved this document. The contents of the report are the sole responsibility of SALO and can under no circumstances be regarded as reflecting the position of the donors who provided financial assistance for this policy dialogue session.

About the Southern African Liaison Office:



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