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

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

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

Whether the deepening of this economic crisis is a result of the disputed 2013 polls or whether the new ZANU-PF government inherited an economy that was already in accelerated decline remains disputed. What is certain is that Zimbabwe faces daunting but not insurmountable economic challenges that have to be addressed by the government in cooperation with other local and foreign stakeholders.

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

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

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

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

**Recommendations**

This report assesses the principal economic and political challenges and opportunities facing Zimbabwe, and offers recommendations to help normalize the country’s relations with the West. Sustainably improved relations will depend on the new government’s track record on good governance and human rights but the report recognizes that, although the electoral legitimacy debate will continue to divide Zimbabweans, the reality is that ZANU-PF, which was the
senior partner in the GNU, is the dominant force in politics and – despite its internal frictions – will remain so for some time to come. The opposition, civil society, business sector and other voices are important, but engagement with the Zimbabwe government is pivotal. Such engagement should be cautious, thoughtful and not uncritical.

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

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

The economy

1. Although Zimbabwe faces an economic crisis and is in some ways an ‘emergency economy’, the picture is not one of total disaster. There are numerous institutions, organizations and businesses that are functioning and doing so through smart strategies, competent management, good leadership and partnerships. For Zimbabwe’s economy to survive and thrive the government will have to adopt the ‘best practice’ template in a national consultative, multiple-stakeholder approach.

2. Zimbabwe’s re-entry into the global system brings with it the challenge and opportunity of engaging potential investors in terms not of ideological divisions but of competitive advantage. If it is to attract investment it must demonstrate that it is a worthwhile business destination and partner in a global economy crowded with competitor nations. This includes clarifying indigenization provisions for business and supporting a land audit.

3. A Zimbabwe Economic Task Force (ZETF) needs to be established to bring together political, business and other stakeholders in a forum to advise on and assist in lifting the country out of its economic crisis.

4. The government has outlined its economic vision in the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET), which was produced in consultation with the business sector and outlines key sectors for rejuvenation. There should be a complementary document outlining the key immediate challenges to implementing this vision and a roadmap showing how the government proposes to address this over the next 12 to 18 months.

Acting regionally

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

International engagement

1. With the economic stakes so high, and with growing economic interdependence, constructive engagement between Zimbabwe and the West should entail a process to end all sanctions and targeted measures, as well as a pragmatic dialogue that recognizes mutual interests and responsibilities. The process of suspending sanctions is well under way, with only those on President Mugabe and his wife, and on imports and exports of defence equipment, remaining in place. Provided there is no deterioration in the governance and human rights situation, the EU should let the suspended appropriate measures under Article 96 of the Cotonou Agreement fully expire on 1 November 2014. This should be followed in February 2015 by further suspension or even the lifting of all non-defence-related EU sanctions if there has been no serious deterioration in the governance and human rights situation.

2. Western policy should move away from singling out Zimbabwe and become more regionally focused, consistently supporting sustainable economic growth and transformation, grounded in good governance and human rights.

3. Zimbabwe’s government should seek to re-engage in international diplomatic and business forums, including seeking to rejoin the Commonwealth.
4. Although Zimbabwe’s ‘Look East’ policy and south-south partnerships will continue apace, the government should also set out in detail how it plans to re-engage the West. The Foreign Ministry's 2013–15 Strategic Plan could be supplemented by a White Paper outlining the changing context of regional, continental and global relations.

5. The UK and Zimbabwe governments should establish a Zimbabwe–United Kingdom Bilateral Forum to discuss matters of mutual concern.

Opposition and civil society

1. The post-GNU political landscape has changed, and Zimbabwe's opposition and civil society will have to undergo a period of reform and renewal to remain effective influences. The opposition and the government should work towards consensual or bipartisan politics, particularly in responding to the various economic challenges the country faces. The government on its own cannot reinvigorate the economy. This will require a truly national effort that – even if only temporarily – brings together political, economic and social stakeholders in a collective effort to address the economic crisis. Otherwise, all parties will lose credibility.

Electoral reform

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

Good governance and human rights

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

2. Combating poverty, especially among women, and encouraging education for girls should become a national priority.

3. Zimbabwe's parliamentary committees are important forums for oversight and accountability. The government needs to provide adequate funding to ensure the Civil Service Commission, the Defence Forces Commission, the Prisons and Correctional Service Commission and the Judicial Service Commission can fulfil their mandates, including by holding government agencies to account.

4. Corruption remains a major economic challenge and a major disincentive to local and foreign institutional investment. The currently moribund Anti-corruption Commission needs to be reactivated and given a proper mandate, independence and powers to investigate, report on and end the culture of financial impunity. This in turn requires political will and support at the highest level.

Diaspora engagement

1. The Zimbabwean diaspora has an important part to play in the country’s recovery as well as in its own success abroad. The diaspora in the United Kingdom will need to manage its internal differences and craft a collective vision if it is to be seen in Harare as a serious partner in Zimbabwe’s development, and in London as a partner in UK policy-making on the country and the region.

2. A dedicated ministry for the diaspora should be established in Zimbabwe to address issues such as investment, remittances, the diaspora vote, diaspora return, the economy and wider diaspora–Zimbabwe partnerships. This would give more impetus to the current re-engagement drive between Zimbabwe and the diaspora.
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