

**STATEMENT OF
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Before the

**HOUSE COMMITTEE ON FOREIGN AFFAIRS
SUBCOMMITTEE ON AFRICA AND GLOBAL HEALTH
“ZIMBABWE: FROM CRISIS TO RENEWAL”**

WASHINGTON DC, THURSDAY 2ND DECEMBER 2010

Mr. Chairman and members of the Committee, I request that the entirety of my statement, along with additional material, be submitted for the record.

Mr. Chairman and Members of the Committee, representatives of various stakeholders, it is indeed a great honour for me to appear before this hearing today to give a testimony on **“Zimbabwe: From Crisis to Renewal”**.

Most Zimbabweans are desperate to see their country emerge from the crisis and trauma of the past decade and rejoin the international family of nations – as a fully functioning, democratic state. Many saw the Global Political Agreement of 2008 as the best road map towards renewal. Unfortunately, the GPA has not lived up to its promise and many Zimbabweans now fear that the transition process has been fatally undermined and that their hopes of a more democratic and more open society will be dashed. However, progress is still possible – as long as the international community, particularly the United States, remains fully engaged and committed to genuine change.

I am appearing before this distinguished subcommittee to testify from two perspectives. Firstly, I am a patriotic Zimbabwean – here to speak on behalf of many of my compatriots back home and in the diaspora, who seek the renewal of their country, but who do not have the opportunity to speak to you directly. And secondly, I am here to represent my organization, the Open Society Initiative for Southern Africa (OSISA), which is a human rights and governance foundation based in Johannesburg – with a mandate to work in southern Africa to help build vibrant and tolerant democracies. I know – both personally and professionally – that there is still hope for Zimbabwe and that hearings such as this can make a difference and can help to reward the patience and resilience of so many of my fellow Zimbabweans, who continue to struggle to survive in the hope that their ravaged country will be renewed.

Summary and Recommendations:

Two years after the signing of Zimbabwe’s Global Political Agreement (GPA) in 2008, the transition towards a fully democratic state continues to be piecemeal and painfully slow. There are fears that Zimbabwe will enter 2011 with little prospect of a legitimate constitution or credible elections and, worse yet, could see a return to violence, repression, authoritarian rule and economic collapse.

Indeed, talk of elections in 2011 is sending shivers down the spines of many ordinary Zimbabweans, who know that reforms of the electoral system and the security sector have not been implemented and who fear a repeat of the violence, intimidation and suffering that marred the 2008 presidential and parliamentary polls.

Thus far, the success or failure of the transition process has depended largely on the will of Zimbabwe’s political leaders and senior security officials, and the diplomatic manoeuvres of the Southern African Development Community (SADC). The international community has taken a back-seat in order to allow the sub-region to address its own challenges. Yet, it is now time to call upon the support of the wider international community – particularly the United States – in supporting a diplomatic solution to a situation that has cried out for too many years for global political leadership.

If the international community remains genuinely engaged and committed to helping Zimbabweans create a viable, democratic state, progress is still possible. If not, the hopes of Zimbabweans for a freer, more open society could well be dashed.

However, the stalled transition process could be further undermined rather than fortified by the wrong kind of engagement. Now is not the time for the US Congress to send the wrong message to the ZANU-PF political, business and securocrat elites, who have brought the country to its knees. Now is not the time to discuss new legislation or to be sidetracked by demands to lift the targeted sanctions on specific individuals and companies. Now is the time to focus on ensuring that all aspects of the GPA are implemented so that Zimbabwe has the chance to move from crisis to renewal.

In particular, four critical goals of the GPA are overdue for delivery:

- a new constitution approved through a popular vote;
- a free and fair media environment;
- a reformed electoral system with a clean voters' roll; and,
- an agreed upon package of security sector reforms to ensure non-interference with electoral outcomes.

These goals are central to any hope for a successful transition to a fully democratic Zimbabwe. Despite understandable pessimism considering the lack of progress on these key issues so far, the United States – and other members of the international community – can still help to move things forward:

- a) The US government should open a serious dialogue with the African Union, the Southern African Development Community (SADC) and its individual member countries, especially South Africa, about the lack of progress on the GPA, encouraging SADC as guarantor of the agreement to hold an honest review of progress, or the lack thereof, since it was signed;
- b) US diplomats should encourage the African Union to appoint a Special Envoy for Zimbabwe to support a mediated process for achieving the four goals listed above, including agreeing on revised deadlines;
- c) US legislative processes in respect of Zimbabwe should be frozen until after elections since measures that are currently on the table can only be properly considered on the basis of verifiable progress; and,
- d) A Zimbabwe Election Fund should be established – supported by donors and managed by the UN – to speed up electoral reforms and to ensure that the Zimbabwe Electoral Committee (ZEC) has sufficient resources for election management and logistical support.

Current realities:

Mr. Chairman, we meet at time when the Inclusive Government has been severely tested – and largely found wanting – and when Zimbabwe is facing another crossroads year in 2011. Already there is widespread talk of a 'negotiated constitution' and of holding elections even though the necessary reforms have not been implemented. There are even suggestions that the Inclusive Government will be disbanded in February, creating another political crisis and the very real possibility of a return to violence and repression. This worst-case scenario can still be averted but only if pressure is exerted on the three political parties within Zimbabwe, on SADC and the AU, to deal with the four outstanding goals of the GPA.

The GPA was conceived and backed by the regional bloc, the Southern African Development Community (SADC), and it remains up to SADC to ensure that the parties abide by their promises and resolve the many stalemates paralysing Zimbabwe. However, SADC has regularly capitulated in the face of complaints from President Mugabe and ZANU-PF – most recently over its decision to 'suspend and reform the SADC tribunal' after it had ruled against Zimbabwe's land reform policy.

In respect of the GPA, there are a number of scenarios that could unfold. Emboldened by its new diamond wealth, ZANU-PF could pull out of the GPA, especially if faced with a potential 'No' vote on the constitution that it is likely to try to negotiate with the other parties. The MDC could also pull out although it has shown little appetite for this so far. The most likely scenario is that real power continues to be exercised outside the

GPA in the Joint Operations Command and other shadowy securocratic structures and that the power-sharing agreement continues to hobble along – leaving the economy exposed to serious risk and guaranteeing further political problems in the future since the necessary reforms will not be implemented.

SADC could help to prevent these scenarios but to date has not exhibited any real desire to confront the parties nor the spine to complete what it began. However, this could change with sufficient and correctly targeted international pressure, including from the United States. And this pressure needs to be brought to bear soon since the outlook is currently very bleak with a number of alarming developments, including:

- Today marks the beginning of the 22nd month since the Inclusive Government was inaugurated in February 2009 and the 26th month since the consummation of the Global Political Agreement – but neither the GPA nor the IG has lived up to its promises and increasingly talk is focused on when they will be disbanded, regardless of the power vacuum and political crisis that would create;
- For the past two months, the weekly Monday meetings between the three principal actors, which had been the hall mark of the cooperation framework of the three parties to the inclusive government, were suspended due to a serious disagreement between Prime Minister Morgan Tsvangirai and President Robert Mugabe over the latter's unilateral appointments of Provincial Governors, Ambassadors and Judges;
- While the Monday meetings finally resumed this week, there is very little trust or real capacity and desire to cooperate – indeed, Prime Minister Tsvangirai has taken President Mugabe to court over the appointment of the Provincial Governors;
- Civil society monitoring mechanisms are reporting incidences of violence, intimidation and the banning of civic meetings by overzealous members of the police as well as arrests of journalists and harassment of civic leaders in rural areas – all of this months ahead of any possible election;
- The totally partisan state-owned media has resumed hourly ZANU PF inspired praise jingles for the president, marginalising any other voices and selectively reporting political developments – helping to polarise Zimbabwean society; and,
- The airwaves have still not been freed up – with no licences being issued to applicants keen to establish community radio stations.

Mr. Chairman, while these issues indicate how serious the situation is and how fragile the transition process remains, it is appropriate at this stage to take stock of the state of affairs in Zimbabwe more broadly.

Economic Performance:

It is common cause that the inclusive government has presided over a dramatic economic turnaround, which has seen the country claw its way back from the brink of total economic collapse. However, the past decade has still seen a catastrophic decline with the economy contracting by about 50 percent, unemployment rising to around 90 percent, and poverty levels increasing from 62 percent in 1996 to over 85 percent in 2008. Grotesque inequality, the impact of the HIV/AIDS pandemic and the collapse of the water and sanitation infrastructure conspired to leave ordinary Zimbabweans facing a daily battle against hunger and disease.

At time the GPA was signed, the Zimbabwean dollar no longer represented a legitimate medium of exchange or a store of value. The country had to formally dollarize the economy, meaning it had to abandon its own currency and introduce a US dollar led multi-currency system to ensure that the national payments system was sustained. While populists were clamouring for the Zimbabwe dollar to continue to exist, the move immediately eliminated the notorious parallel market for goods, cash and services. It slashed inflation from millions of percent to single digits. The multi-currency regime boosted business confidence, generated an atmosphere of predictability and soon companies began to increase their activity and profits.

The tireless work of the Ministry of Finance and other economic ministries to re-establish economic governance rules, to ensure that the Central Bank focused on traditional central bank functions rather than its more notorious quasi-fiscal activities and to renew financial management controls – along with robust calls by civil society for a comprehensive debt audit – resulted in a new economic regime exercised by the government. The idea of living within your means has once again been brought back to the fore.

However, while civil servants are at least being paid regularly, their salaries – between US\$150-200 – are so low that daily life is still a struggle and morale – unsurprisingly – has been dwindling.

Capacity utilization, which had sunk into the 20s for the manufacturing sector, has slowly climbed over the last two years to settle in a range from the 30s to early 40s. The retail sector has led the recovery process powered in part by South African retail chains, goods and services. For example, South Africa is exporting 3,000 tonnes of poultry products every month to Zimbabwe. The South African supermarket chain, Spar, trades in the leafy suburb of Mt Pleasant in Harare on a 24 hour basis – something that was unheard of before the GPA. In many ways, the recovery was consumption driven at least going by the indicators of early 2009.

In my view, therefore, significant progress has been made under the auspices of the Inclusive Government in terms of stabilising the economy and meeting basic needs. For example, the health and education sectors are once again functional – albeit with serious challenges. The Education Transition Fund and the basket assistance to the health sector that were mobilised by donors in early 2009 have made a significant impact on the lives of ordinary Zimbabweans. Whereas in 2008, the vast majority of children across the country did not attend school, in 2010 virtually all students have attended school without disruptions.

Unsustainable growth path:

However, these gains are slowly being reversed by a lack of sustainable economic development and recovery trajectory in the economy. The economy is suffering from a structural malaise. Despite registering economic growth of 7 percent in the last year – the first expansion for a decade – the growth has not translated into better human development indices or much needed jobs. Zimbabwe is experiencing a kind of zero sum growth trajectory with a nominal growth in GDP without any corresponding jobs or opportunities created.

The economic ‘recovery’ is also very fragile, dependent as it is on a stable political situation.

The challenge of the debt crisis and funding for development:

As you may be aware, Mr Chairman and Members of the Committee, an albatross around Zimbabwe’s neck has been the debt problem. Zimbabwe’s sovereign debt overhang status has not improved and is not set to improve in the near future as the country battles to finance its economic recovery and social development.

At the moment, Zimbabwe faces a debt overhang of US\$6.9 billion – including US\$5.2 billion in external debt. Of the publicly guaranteed debt, US\$3.2 billion is in arrears – including US\$1.3 billion owed to multilateral creditors (IMF, WB and other institutions), US\$1.6 billion to bilateral creditors (Paris Club and other individual countries) and US\$200 million to credit suppliers¹. With the 2009 Short Term Emergency Recovery Plan (STERP) having identified a resource gap of about US\$8.3 billion for economic recovery, the greatest challenge for the government is its ability – or lack thereof – to mobilise financial resources to fund projects identified as critical for recovery. If the government needs to find US\$8.3 billion for its recovery programme on top of its debt obligations, then Zimbabwe somehow needs to find US\$15 billion in the short term.

Overall, following the cumulative economic contraction of 50 percent between 1998 and 2008, the country needs US\$45 billion over the next 10 years to regain the GDP levels it boasted back in 1997.

With these levels of distress, economic activists have maintained that the repayment of external debt should not be given any priority until a proper national debt audit has been carried out to show the extent to which some of the debt owed may be odious and illegitimate. Side by side with this, a strong view is that no debt cancellation or new loans should be extended unless the loan contraction and debt management legislation and process are reviewed². With or without US legislation, Zimbabweans must be seized with addressing the debt

¹ See Ministry of Finance; *Debt and Arrears Clearance Strategy policy document* (2009). Some estimate that the country’s total external debt stock is in the US\$7billion region.

² The Zimbabwe Coalition on Debt and Development (ZIMCODD) has expressed and reiterated this position which is share by many human rights and social justice activists and civil society organizations.

issue in a correct and sustainable manner that ensures that any future resources extended to the country are not abused as may have been the case with portions of previous loans and grants.

On Thursday the 25th of November, Minister of Finance, Tendai Biti delivered his US\$ 2.7 billion 2011 national budget statement – the result of a very difficult balancing act. Key highlights include:

2011 NATIONAL BUDGET HIGHLIGHTS

- ✓ Year-on-year inflation was 3.6% in October 2010 and is expected to reach 4.8% by the end of the year, which is way below the SADC average of 7.5%.
- ✓ GDP growth expected to increase to 8.1% in 2010 from 5.7% in 2009 on the back of 47% growth in mining and quarrying as well as 33.9% growth in agriculture.
- ✓ The services sectors have emerged as major contributors to GDP, particularly transport and communication services, whose contribution increased to 15.2% of GDP in 2009 from 8% in 2000.
- ✓ Agriculture contributed 15.5% of GDP in 2009 and manufacturing 14.7% while mining contributed just 4.9% over the same period.
- ✓ Maize production in 2010 increased by 34%, tobacco by 110% and cotton by 23%. However, the Strategic Grain Reserves of 220,910 tons as of 19 November 2010 represented only 73.6% of the national requirement of 300,000 tons.
- ✓ Manufacturing sector capacity utilization averaged 35.72% by October 2010.
- ✓ A total of US\$41.94 million was received by the Treasury from the sale of diamonds, while US\$8.03 million has not yet been remitted.
- ✓ Out of a total commitment of US\$735 million from Lines of Credit only US\$273.6 million has been received.
- ✓ Export earnings are expected to increase by 25% from US\$2 billion in 2009 to US\$2.5 billion by 2010.
- ✓ The Capital Account is expected to improve from a deficit of US\$556.5 million in 2009 to a surplus of US\$578.5 million in 2010. This is expected to improve the Balance of Payment deficit from US\$1.9 billion in 2009 to US\$462 million in 2010.
- ✓ External debt is now US\$6.9 billion which is 103% of GDP.
- ✓ Total revenue collection exceeded the target of US\$1.561 billion by 15% to reach US\$1.793 billion by October 2010.
- ✓ VAT contributed the biggest share to total revenue with 37%, indicating that the tax system disadvantages the poorest 85% of the population.
- ✓ Out of a total of US\$810 million expected from VOC only US\$360.2 million was received in 2010.
- ✓ Total expenditure as at end of October 2010 was US\$1.46 billion and is expected to reach US\$2 billion by December 2010.
- ✓ Current expenditure continues to consume the bulk of government expenditure at 82% while the remaining 18% is attributed to capital development expenditure. Employment costs represented 46.3% of total expenditure.
- ✓ Tax free threshold increased from US\$175 to US\$225 per month, thus putting US\$600 per annum into the pockets of low wage earners.
- ✓ The highest marginal tax rate stayed at 35% for individuals.

While the budget reflects a desire to live within the nation's means, it is clear that Zimbabwe cannot sustainably turn around and is in need of support from external development partners.

Political developments:

Even if the economy resumes a sustainable growth path and some of the human development indicators begin to rise again, the political signals are far from encouraging. Zimbabwe continues to take one step forward and two steps backwards. A number of political developments are particularly worrying. In 2010, the constitution-drafting process has been deeply flawed, reforms of the electoral system have been tentative and insufficient and the state security sector remains untransformed. Instead of addressing these key issues, all parties have returned to electioneering – focusing on elections slated for 2011. However, without a credible constitution, concrete electoral reforms and free media environment, there is little likelihood that elections will be free and fair. Indeed, it is possible that the playing field will be tipped even more in ZANU-PF's favour given the widespread belief that it has been building up an election war chest with funds illicitly gathered from the controversial diamond mines in Chiadzwa. In addition, the MDC has shown itself capable of winning elections in the past – and might well do so again in 2011 – but the state institutions and security sector tasked with transferring power to any new administration in the event of an electoral win remain unreformed, so the will of the people might once again be ignored.

The Constitution: Drafting the new constitution has become increasingly controversial with many viewing the public consultations as window dressing before the three political parties agree a 'negotiated constitution'. The current consultative process has been marred by political points-scoring and undermined by insufficient funds. It has not been comprehensive enough to inspire the confidence of ordinary Zimbabweans, especially those in remote rural areas. A significant structural feature of the crisis in Zimbabwe has been the illegitimacy of successive ZANU-PF lead governments 'elected' under the current constitution. The constitution has been routinely amended, creating a strong executive Presidency with few checks and balances. A lasting solution requires a new constitution that is credible and that Zimbabwe's citizens genuinely value – and this can only be achieved through a comprehensive, fully-funded and well-managed constitution-making process that concludes with a free and fair referendum so that the final document is owned by the people. Efforts must be made to ensure that the constitution-making process rises above party-political issues and involves real input from people across Zimbabwe. Critically, this process must precede elections so that the next national polls are conducted under the new, constitutional dispensation – ensuring that they are legitimate in the eyes of Zimbabweans. Considering how crucial – indeed central – a credible new constitution is to the future of Zimbabwe, the process should not be constrained by the current, flawed timetable and should be extended to next year to allow for more effective consultation and a more legitimate outcome document.

Elections: While there is a new Zimbabwe Electoral Commission (ZEC), there is little chance of free and fair elections without further changes to the electoral system, including a clean voters' roll, and wholesale reform of the security sector, especially as it relates to electoral processes in the past. There is also the real possibility that if the constitution making process becomes unmanageable and is aborted, elections will be held under a set of amended electoral laws. While sufficient international attention might keep violence in check, Zimbabwe could end up with a repeat of the 2008 election with the vote again being split between ZANU-PF and MDC. In such a scenario, there is a strong possibility that the coalition will continue and that Zimbabwe will pursue an unstable and unclear political process for the next five years – with the likelihood that this would see the country slipping back into economic instability.

To prevent a repeat of the 2008 worst-case scenario, SADC – as guarantor of the GPA supported by the African Union – should supervise the elections. Donors can play an important and strategic role in funding such a supervisory effort.

Security Sector Governance and Reform (SSR): The openly partisan role of Zimbabwe's security sector threatens the viability of both the inclusive government and long-term prospects for democratic transition. Since Independence, the former ruling party has relied on the security sector – namely the military, police, intelligence and prison services – to maintain its hegemony of the state and government. The state security apparatus has largely been oriented towards regime and state security as opposed to human security. Through a

violent campaign orchestrated by the Joint Operations Command with the support of elements of ZANU-fied youth militia, the security sector reversed the will of the electorate in June 2008 – and could ensure a similar result in future elections.

It is worth noting that the diamond mines (see attached briefing paper) potentially present ZANU-PF – and elements within the security sector – with access to the kind of resources that it has not had for the last decade. So while the establishment of a multi-party National Security Council offers a window of opportunity for broad-based negotiation and a holistic SSR process and while the constitution-drafting process should entrench safeguards against abuse of the state security sector by politicians and of the coercive power of the state by securocrats themselves, there is a real possibility that the process could be derailed.

Importantly, a senior level official within the coalition government has indicated that the security sector exists not only at the formal level of the armed forces and the police but also within Zimbabwe's vast and influential parastatal network. The majority of these 78 parastatals are run by retired generals and army chiefs and form part of a network of patronage that is staffed with individuals who can cover the country and be mobilised by ZANU-PF quickly and effectively around processes such as elections and constitution-drafting.

Security sector reform cannot wait until after the next election. It must begin now. The military must leave the streets, fields and diamond mines and return to barracks. The security sector as a whole must begin to be weaned off its commitment to Regime Security and start to refocus on Human Security. This will require structural reforms, enforcement of judicial and civilian oversight, demilitarising and depoliticising key institutions and new, clearly-defined mandates. It will also need committed involvement from overseas to help kick-start the process – and see it through to the end.

Security sector reform must be a critical part of the package of issues that the international community pushes for in the coming months – otherwise Zimbabwe might end up with a new constitution and new elections, but the same old guard in control.

Some Recommendations:

Mr. Chairman, it is clear that the Zimbabwe is still a long way from renewal. Indeed, another serious political and economic crisis is a distinct possibility. Zimbabweans cannot afford more chaos and violence. They deserve the right to live in a free, open and democratic society – but they need help.

In view of the critical role that you and the United States government as a whole play in international affairs and in supporting economic, political and social developments on the African continent, I urge you to consider the following recommendations:

It is time for US leadership not US legislation:

Zimbabwe is not one of the world's most intractable problems and had the requisite political will been exercised, the crisis could have been resolved. But for a decade, there has been a lack of political will and an absence of diplomatic imagination. The United States can help by freezing current legislation since this is not the time to be seen to be 'rewarding' or 'punishing' any of the key players – and instead encourage regional leaders to abandon the approach that has failed for so long and to try something new to avert another crisis.

So far, international efforts on Zimbabwe have been blunted by SADC, which – with South Africa acting as facilitator – has dismally failed to act as an unbiased guarantor of the process or a resourceful and creative bloc. This failure can be attributed to (a) the ability of ZANU-PF, notwithstanding its exhausted nationalist mantra, to call on long-standing ties and commitments to former frontline states; (b) the inconsistency of the MDC in managing the negotiations process; (c) the reluctance of the international community to intervene when a regional bloc has asserted its ownership of an issue, and (d) a failure of diplomacy and imagination.

The US government must now renew its leadership and engage with SADC on the Zimbabwe crisis.

The United States Congress should:

- Freeze US legislative processes in respect of Zimbabwe until after elections in the country since the current proposed legislation, which involve loosening sanctions and increasing assistance to the Zimbabwean government (H.R. 5971, S. 3297) or eradicating sanctions outright, can only be properly considered on the basis of demonstrable progress;
- Link development assistance with security sector reforms, including supporting an audit of the sector to help match the size, structure and orientation of the military, police and intelligence services with clearly defined national security challenges, as well as calling for the demilitarisation of parastatals, legislative oversight and subordination to civilian rule.

The U.S. Administration should:

- Undertake more robust, consistent and senior engagement with the African Union, SADC and South Africa – from the State Department and the current US Ambassador – to better understand and influence its immediate and medium-term objectives in respect of resolving the Zimbabwe crisis;
- Promote the development and implementation of minimum objectives for SADC engagement in Zimbabwe, including a new constitution approved through a popular vote prior to elections; a free and fair media environment; a reformed electoral system with a clean voters' roll; and, an agreed package of security sector agreements to ensure that the electoral will is respected;
- Support the establishment of an AU Special Envoy for Zimbabwe to directly engage the parties within the GPA as well as those who operate outside its framework but have considerable political and economic control;
- Undertake engagement with selected African countries within and outside SADC to ensure that the Zimbabwe crisis is placed on the agenda of the African Union summit in January and that the African Union considers providing SADC with direct support for its mediation mission.

Mr Chairman, I would also urge the United States authorities to consider:

- Supporting the establishment of a UN managed Zimbabwe Elections Trust Fund to finance ZEC operations, including allocating and monitoring broadcast coverage of elections, cleaning up the voters' roll, training and deploying party agents and domestic monitors, and rolling out an effective results management system;
- Providing resources through civil society organizations for (a) civic and voter education, (b) deployment of domestic observers well-ahead of elections, and (c) implementation of parallel vote tabulation. In respect of (c), technical assistance of groups such as NDI could be enlisted
- Funding a broad-based debt audit to determine and inform a debt relief strategy and discussing the possibility of cancelling Zimbabwe's debt.

Mr Chairman, I firmly believe that the United States has a critical role to play in ensuring that Zimbabwe moves from crisis to renewal and that Zimbabweans finally enjoy the fruits of a free, open and democratic society. However, I believe that United States needs to lead not legislate. By bringing pressure to bear on SADC and other key players, the United States can make a real difference in Zimbabwe.

Mr Chairman, and members of your committees, I remain humbled by your invitation to testify before this distinguished subcommittee at this crucial moment in Zimbabwe's transition and look forward to responding to questions.