IOA 2019 ACBR

AFRICA COUNTRY BENCHMARK REPORT

Zimbabwe Profile

A young man and his donkeys, making the best of an economic crisis in 2019 that has followed decades of government mismanagement of the economy.

Image courtesy of Swathi Sridharan

ZIMBABWE

#43 ZIMBABWE

OVERVIEW ANALYSIS

Although expected to rule until his death, Robert Mugabe, government head since national independence in 1980, became too great a liability for the ruling Zimbabwe African National Union–Patriotic Front (ZANU-PF) and the country's military. After his forced departure in November 2017, Zimbabwe was confronted with a moribund economy, international sanctions and a dispirited populace. Zanu-PF remained in power after Mugabe's replacement, current President Emmerson Mnangagwa, was elected in July 2018. To revive the economy, government is targeting agriculture, which performed well in 2018 due to good weather. However, Cyclone Idai flooding and late harvest in 2019 led to crop declines. Economic and political factors prompted Zimbabwe's three position decline in ACBR 2019 to 43rd place.

KEY OPPORTUNITIES

- Mineral and natural resources are extensive
- Fertile agricultural lands have produced well in 2018
- A well-educated and skilled workforce is available for industrial expansion

KEY CONCERNS

- Political uncertainty persists after Mugabe's ousting
- International sanctions are still in place against government
- Economic uncertainty continues

COUNTRY HIGHLIGHTS

PREDOMINANT RELIGION	PREDOMINANT LANGUAGE	POPULATION WITHOUT ELECTRICITY	LITERACY RATE	PRIMARY ELECTRICITY SOURCE
Christianity	Shona	61.9% (#33) ▼ [2]	86.5% (#9) ▬	Geothermal

IMPORT/ EXPORT	EXTERNAL DEBT	ACTIVE CONFLICT	LAND SIZE	INTERNET PENETRATION
Petroleum/ Gold	US$ 10.97 billion (#14) ▼ [1]	No	390,757 km^2 (#26)	23.1% (#25) ▲ [3]

CONTRIBUTIONS TO GDP BY SECTOR

AGRICULTURE	INDUSTRY	SERVICES
12.5%	26.9%	60.6%

POPULATION AGE BREAKDOWN

0-14	15-24	22-54	55+
38.9%	20.5%	31.9%	8.7%

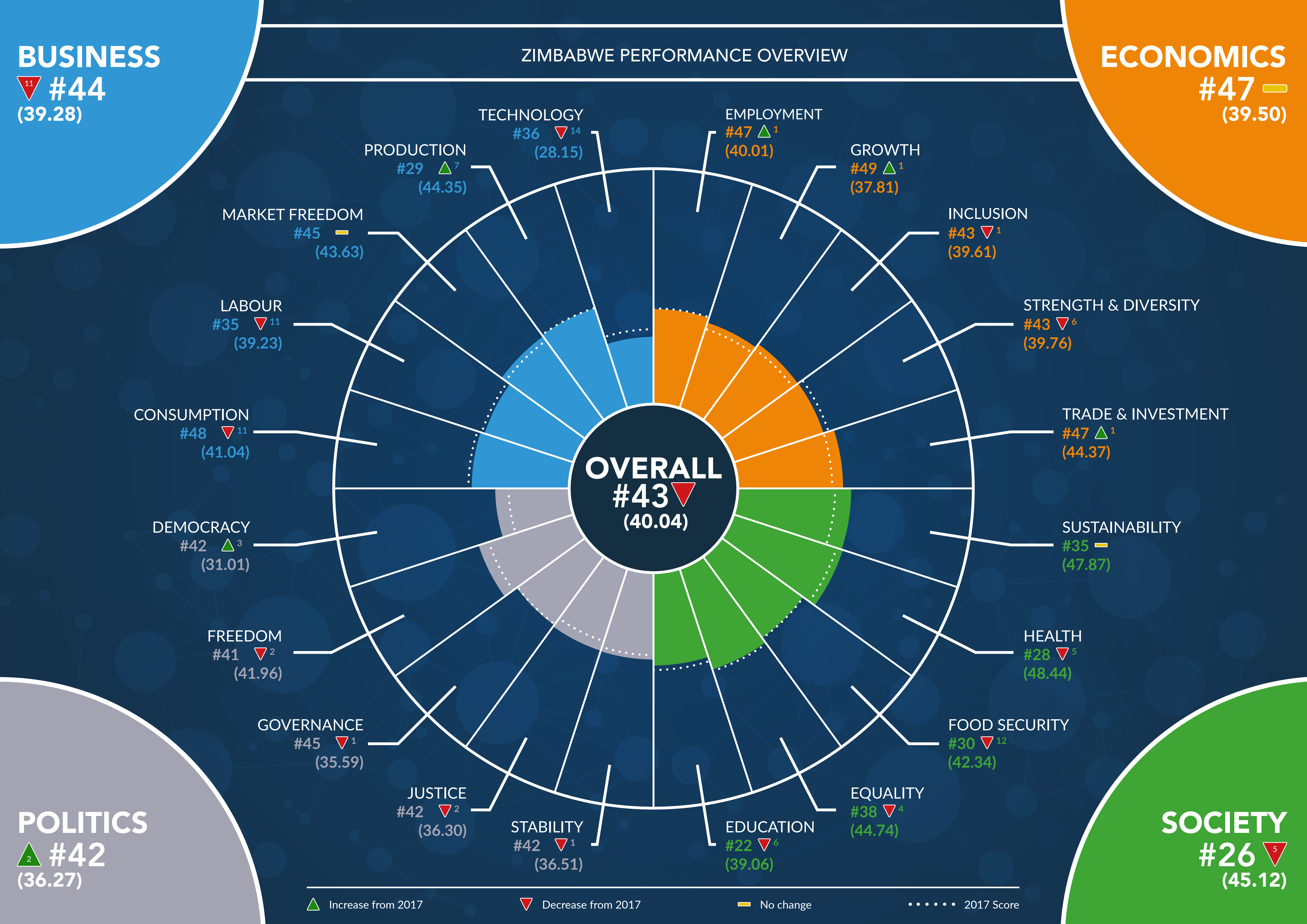
NATIONAL GOVERNANCE

Term:
24/11/2017 - present
5 years (no term limits)

Political Party:
ZANU-PF

Recent Electoral Information:
31/07/2018
2 460 463 Votes
50.8%
Voter turnout: 70%

President
Emmerson Mnangagwa


ZIMBABWE PERFORMANCE OVERVIEW
BUSINESS
11 #44
(39.28)
ECONOMICS
#47
(39.50)
POLITICS
2 #42
(36.27)
SOCIETY
#26 5
(45.12)
OVERALL
#43
(40.04)
TECHNOLOGY
#36 14
(28.15)
PRODUCTION
#29 7
(44.35)
MARKET FREEDOM
#45
(43.63)
LABOUR
#35 11
(39.23)
CONSUMPTION
#48 11
(41.04)
EMPLOYMENT
#47 1
(40.01)
GROWTH
#49 1
(37.81)
INCLUSION
#43 1
(39.61)
STRENGTH & DIVERSITY
#43 6
(39.76)
TRADE & INVESTMENT
#47 1
(44.37)
DEMOCRACY
#42 3
(31.01)
FREEDOM
#41 2
(41.96)
GOVERNANCE
#45 1
(35.59)
JUSTICE
#42 2
(36.30)
STABILITY
#42 1
(36.51)
SUSTAINABILITY
#35
(47.87)
HEALTH
#28 5
(48.44)
FOOD SECURITY
#30 12
(42.34)
EQUALITY
#38 4
(44.74)
EDUCATION
#22 6
(39.06)
Increase from 2017
Decrease from 2017
No change
2017 Score

ZIMBABWE BUSINESS ANALYSIS

#44

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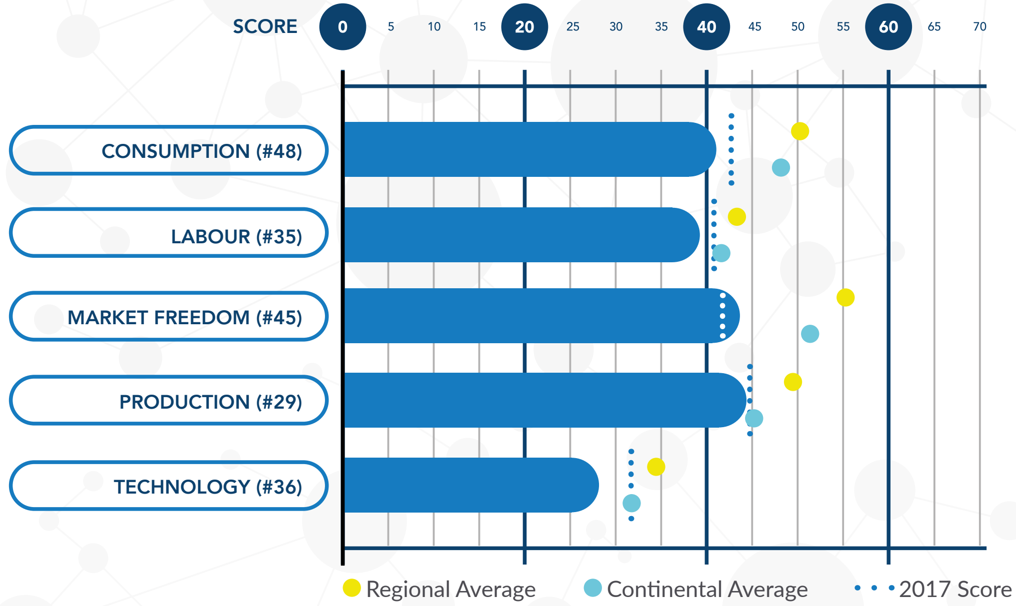
BUSINESS OVERVIEW

The business environment has been optimistic in the wake of Mugabe's fall, with hope resting on the removal of international sanctions. These sanctions have remained, however, and international investment has been gradual. Agricultural businesses are suffering from the devastation of Cyclone Idai in March 2019, which destroyed crops and prompted widespread food shortages by July. Doing business in general was made difficult by a severe currency crisis in 2019, which saw the unavailability of hard currency to pay for imports. The new government seeks to repatriate some of the 4,000 white farmers ousted from their farms during the land confiscation crisis that started in 2000. Government regulations have also hindered the establishment and running of businesses. To improve the business environment, government seeks to stabilise the ever-changing business ownership requirements that drive away investors. As an example, the requirement that some businesses must have Zimbabweans as the majority shareholders is being removed. While Zimbabwe exports some electricity, the volumes will increase dramatically once dams under construction along the Zambezi River reach their full hydro-generation capacity by 2024. Zimbabwe dropped a significant 11 positions in the Business quadrant to 44th place. The business environment also saw 11-placement descents in the segments of Consumption and Labour. A larger fall of 14 ranks in the Technology segment was recorded as a depressed economy discouraged investment in technology and consumer spending on ICT.

BUSINESS SCORES & RANKINGS



BUSINESS DATA COMMENTARY

Zimbabwe data availability

94.51%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
87.41%	77.78%	#20

At present, Zimbabwe scores a relatively high 94.51% for business data availability, thus ranking 20th continentally. Comparatively speaking, this exceeds both the regional average for Southern Africa, currently at 87.41%, as well as the continental average of 77.78%. Long racked by poverty and underdevelopment, Zimbabwe's commercial sector is currently under considerable strain. Following the 2018 election of President Mnangagwa, heightened international scrutiny has increased.

BUSINESS STATISTICS

% POPULATION IN URBAN CENTRES	LABOUR FORCE IN MILLIONS	INDUSTRIAL PRODUCTION GROWTH	PRIME LENDING RATE
32.2% (#41)	7.9 million (#19)	2.1% (#37)	18% (#39)

% ADULTS WITH A BANK ACCOUNT	ANNUAL AIR PASSENGERS	MOBILE SUBSCRIPTIONS	NATIONAL 3G COVERAGE
55.29% (#9)	0.28 million (#27)	79.74 per 100 (#29)	55.3% (#28)

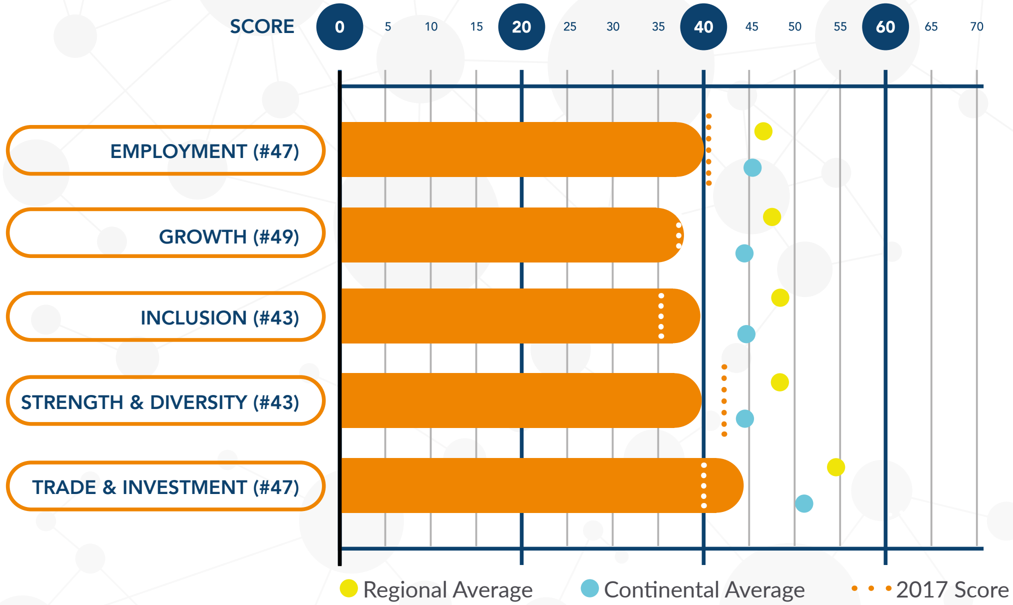
ZIMBABWE ECONOMIC ANALYSIS

#47

ECONOMIC OVERVIEW

Zimbabwe's economic recovery remains largely stagnant due in part to continuing international sanctions imposed upon the Mugabe regime by the European Union and the US. Sanctions prohibit lending from international financial institutions. Economic mismanagement by the Mugabe regime has seen the financial wellbeing of Zimbabweans decline for decades. The best and brightest of Zimbabwean youth have emigrated and are reluctant to return until political change is followed by concrete proof of economic improvements. However, GDP growth reach 4%, rising from flat 0.6% growth in 2016. However, economic disruptions caused by Cyclone Idai, particularly in the agriculture sector, will negatively impact GDP in 2019. Optimism in the mining sector over increased gold production Metallon Corporation was dashed when the company shut 3 of its 4 mines in April 2019 over a debt dispute with government. Significant international investment is required to revive the economy and lift the overwhelming majority of Zimbabweans (72.3%) out of poverty. International investors have never halted their interest in the country but have been discouraged by the Mugabe regime and the current uncertainty over the Mnangagwa administration's economic policies. Due to Zimbabwe's generally lacklustre economy, the country's position remained unchanged in the Economics quadrant from ACBR 2017 at a low placement of 47th. The segment of Strength & Diversity dropped six positions, offsetting the improvements made in Employment, Growth and Trade & Investment, each rising by one rank.

ECONOMIC SCORES & RANKINGS



ECONOMIC DATA COMMENTARY

Zimbabwe data availability

91.45%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
87.18%	77.78%	#22

Registering just below the previous quadrant, Zimbabwe's score for economic data availability stands at 91.45%, thus registering 22nd continentally. As before, this too exceeds the respective regional and continental averages of 87.18% and 77.78%. In addition to leading international sources such as the World Bank, Zimbabwe has partnered with the African Development Bank to render available a fairly comprehensive array of macroeconomic data through the Zimbabwe data portal.

ECONOMIC STATISTICS

GDP PER CAPITA	UNEMPLOYMENT RATE	TRADE BLOC MEMBERSHIP	INFLATION RATE
US$ 2,300 (#33)	5.2% (#19)	AFTZ, COMESA, SADC	2.5% (#17)

GDP AT PPP	CURRENCY AND GOLD RESERVES	FDI NET INFLOWS	BUDGET SURPLUS (+) OR DEFICIT (-)
US$ 34 billion (#26)	US$ 0.37 billion (#33)	US$ 343 million (#31)	-7% (#41)

ZIMBABWE POLITICAL ANALYSIS

#42

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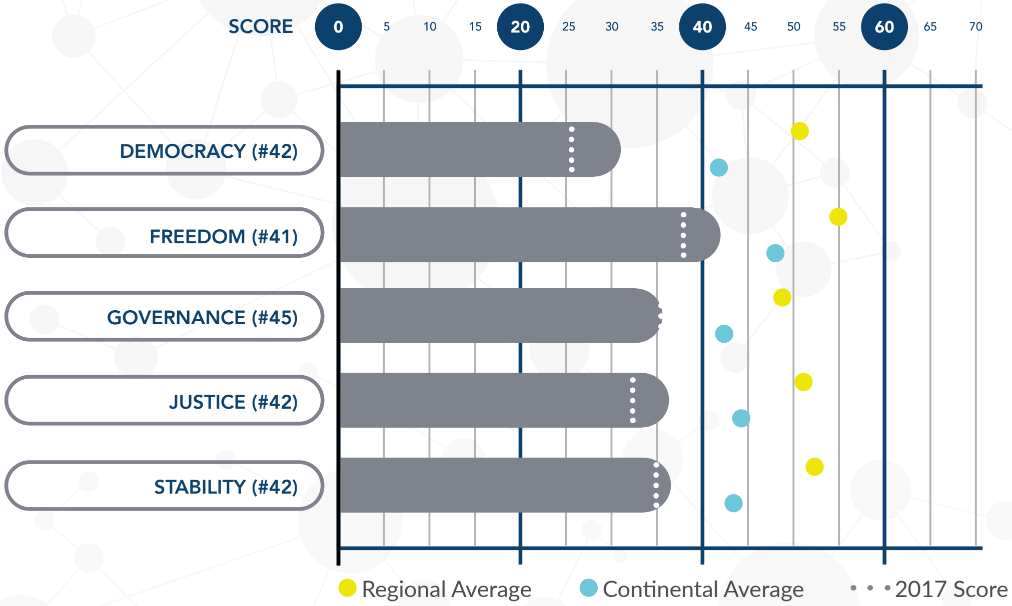
POLITICAL OVERVIEW

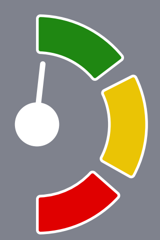
The ruling Zanu-PF party, with the army's support, replaced long-ruling strongman Robert Mugabe with his vice president, Mnangagwa, in November 2017. In the face of an invigorated political opposition, Mnangagwa won the July 2018 general elections with 50.8% of the votes cast by 2,460,461 Zimbabweans. The deaths of six people in the lead up to the elections and during voting testified to the tense atmosphere prevalent during the exercise. Tensions continued throughout 2018 and will not dissipate until the opposition succeeds in elections.

The principal encumbrance to an equitable political system is the Zimbabwean army, which propped up an ailing Mugabe for years and openly supports Zanu-PF. Morgan Tsvangirai, for years the main opposition leader, died of colorectal cancer in February 2018. The removal of Mugabe from power energised newer political activists, but despite the use of new platforms like social media, the acquisition of political power remained elusive without political reforms. Mnangagwa has focused his reform efforts on an anti-corruption crusade. However, these efforts appear less holistic and more targeted at Mugabe's cronies and inner circle. Zimbabwe's position in the Politics quadrant improved by two ranks to 42nd place. However, all of the Politics segments' positions fell but for Democracy, where the score improved in the post-Mugabe era. The discrepancy is due to an overall quadrant score that is superior to the worsening scores of some other nations.

POLITICAL SCORES & RANKINGS



POLITICAL DATA COMMENTARY



Zimbabwe data availability

96.45%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
88.82%	82.86%	#17

The highest of all quadrants, Zimbabwe currently scores 96.45% for political data availability, thus ranking 17th continentally. Once again, this too compares quite favourably with the respective regional and continental averages of 88.82% and 82.86%. Despite the successful transfer of power from Mugabe to Mnangagwa in 2018, Zimbabwe's political system remains mired in corruption, repression and weak rule of law.

POLITICAL STATISTICS

NUMBER OF POLITICAL PARTIES	MILITARY EXP AS % OF GDP	REFUGEE INFLOW	NUMBER OF RIGHTS
10 (#26)	1.9% (#28)	9,296 (#4)	74 (#4)

DATE OF INDEPENDENCE	NET OFFICIAL DEVELOPMENT ASSISTANCE	WOMEN IN PARLIAMENT	CAPITAL PUNISHMENT
18/04/1980	US$ 655 million (#27)	32.6% (#11)	Special Cases

ZIMBABWE SOCIETAL ANALYSIS

#26

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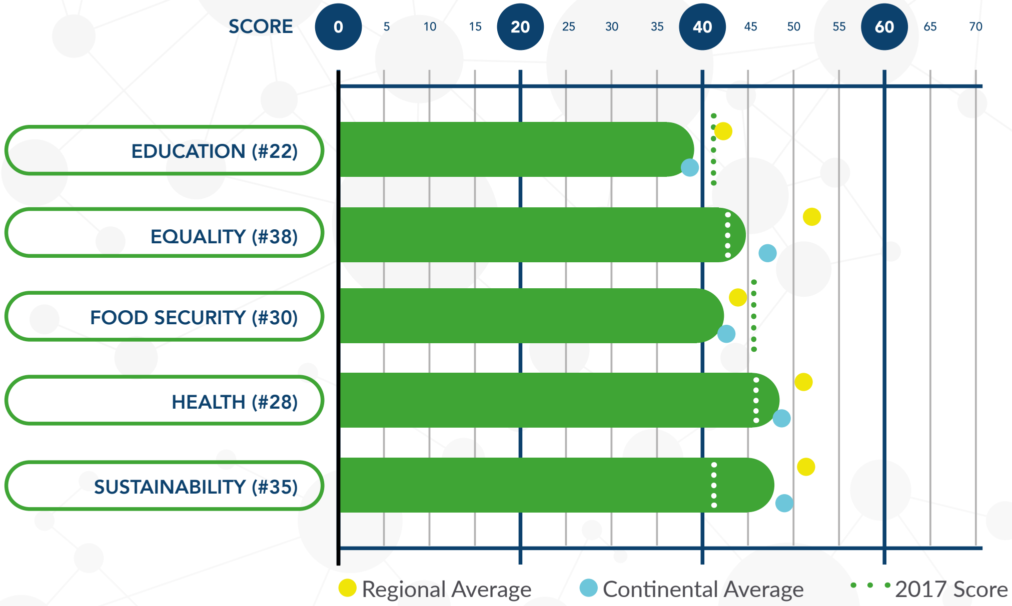
SOCIETAL OVERVIEW

The Zimbabwean people are well-educated, but impoverished and in poor health. Decades of economic underperformance has left government unable to finance social welfare programmes from trash collection in Harare to stocking medicines in clinics. Heavy spending on education has resulted in a literacy rate of 87% and high use of contraceptives. However, many educated youth depart for jobs overseas or in South Africa. The money they send home is their families' economic lifeline. Literacy has not translated into the use of social media, whose penetration is a low 6%. HIV prevalence stands at 13.5%, a high figure responsible for the world's 8th-highest AIDS-related death rate, which is partly responsible for the low life expectancy of 60.4 years. Because of poverty, 8.4% of children are underweight and half of urban and only 30% of rural residents have improved sanitation.

The end of the Mugabe regime has meant a decline in human rights abuses by government through President Mnangagwa's commitment to these rights. Deadly political violence during the 2018 elections shows a need to retrain security forces. These factors are reflected in Zimbabwe's decline in the Society quadrant by five positions, falling to 26th place. In the Food Security segment, a significant 12-rank drop was recorded. Although some good harvests were reported, problems occurred with food imports. All other Society segments dropped in position except for Sustainability, which saw no change.

SOCIETAL SCORES & RANKINGS



SOCIETAL DATA COMMENTARY

Zimbabwe data availability

90.82%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
84.54%	75.28%	#19

The lowest of all quadrants, Zimbabwe presently registers a score of 90.82% for societal data availability, thus ranking 19th continentally. In conformity with the previous quadrant, this too exceeds the respective regional and continental averages of 84.54% and 75.28%. In addition to widespread poverty, inequality and food insecurity, Zimbabwe is also confronted with escalating risk from high-impact weather events, thus requiring comprehensive and reliable societal data coverage.

SOCIETAL STATISTICS

POPULATION SIZE AND GROWTH RATE	LIFE EXPECTANCY	HIV PREVALENCE	SEXUALITY TOLERANCE
13,805,084 at 1.56% p.a (#23) (#44)	60.4 years (#33)	13.5% (#6)	Illegal

ACCESS TO DRINKING WATER	HEALTH EXPENDITURE (% OF GDP)	PRIMARY EDUCATION EXPENDITURE (% OF GDP)	SOCIAL MEDIA PENETRATION
76.9% (#26)	10.32% (#3)	47.77% (#15)	6% (#36)

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