

ZIMBABWE

WORLD RANK: REGIONAL RANK:

174

46

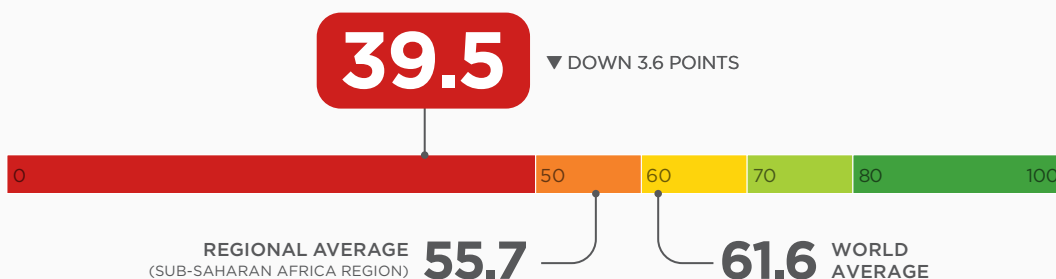
ECONOMIC FREEDOM STATUS:
REPRESSED

Zimbabwe's economic freedom score is 39.5, making its economy the 174th freest in the 2021 *Index*. Its overall score has decreased by 3.6 points, primarily because of a decline in **monetary freedom**. Zimbabwe is ranked 46th among 47 countries in the Sub-Saharan Africa region, and its overall score is well below the regional and world averages.

Zimbabwe's economy sank nearly to the bottom of the *Index* rankings this year with scores on eight of the 12 *Index* indicators in the repressed category. Optimism after the fall of Robert Mugabe in 2017 has given way to pessimism as the new government has failed to follow through on promises to improve the business environment. Corruption remains rife, and there is little protection of property rights.

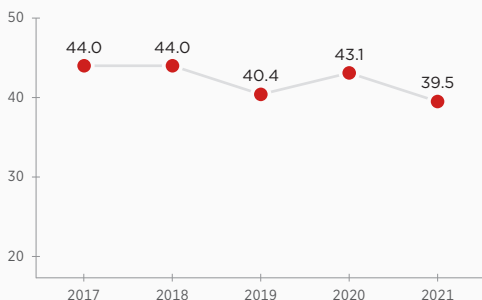
IMPACT OF COVID-19: As of December 1, 2020, 277 deaths had been attributed to the pandemic in Zimbabwe, and the economy was forecast to contract by 10.4 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -9.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
14.6 million

GDP (PPP):
\$39.7 billion
-8.3% growth
in 2019
5-year compound
annual growth 0.5%
\$2,953 per capita

UNEMPLOYMENT:
5.0%

INFLATION (CPI):
255.3%

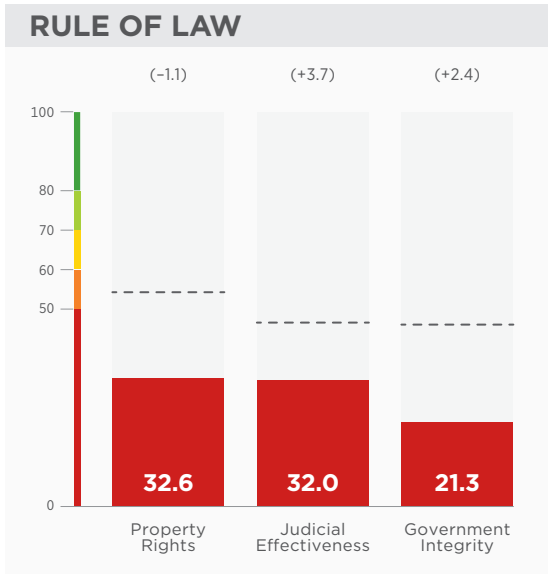
FDI INFLOW:
\$280.0 million

PUBLIC DEBT:
11.0% of GDP

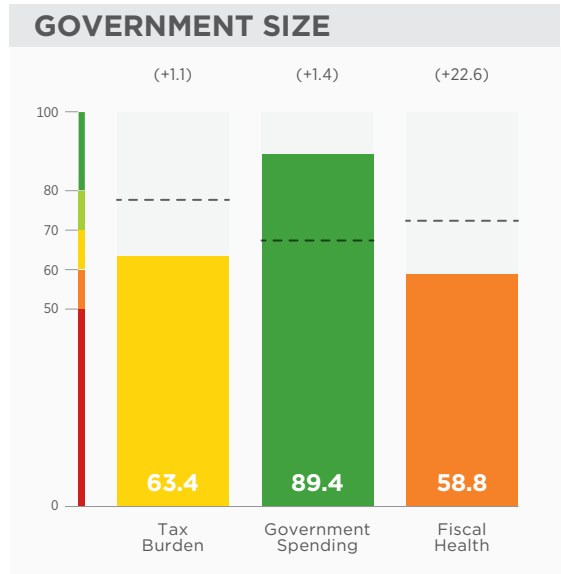
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The former British colony of Rhodesia became the fully independent Zimbabwe in 1980. A 2017 coup forced out the late longtime President Robert Mugabe of the Zimbabwe African National Union-Patriotic Front (ZANU-PF) and elevated former Vice President Emmerson Mnangagwa to the presidency. Following Mnangagwa's victory in a 2018 election that was marred by vote rigging and voter intimidation, security services cracked down on the opposition. The government frequently responds to periodic street protests over economic mismanagement and violations of human rights with violence and arbitrary detention. The economy is heavily dependent on mining and agriculture, but political instability and protracted economic crisis have severely damaged the country's economic potential.

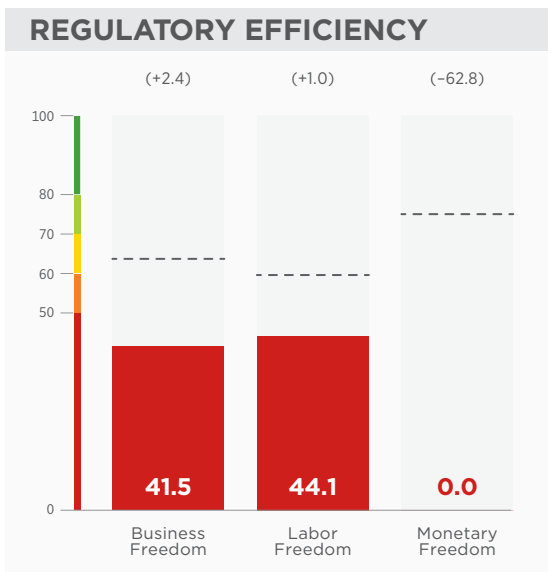
12 ECONOMIC FREEDOMS | ZIMBABWE



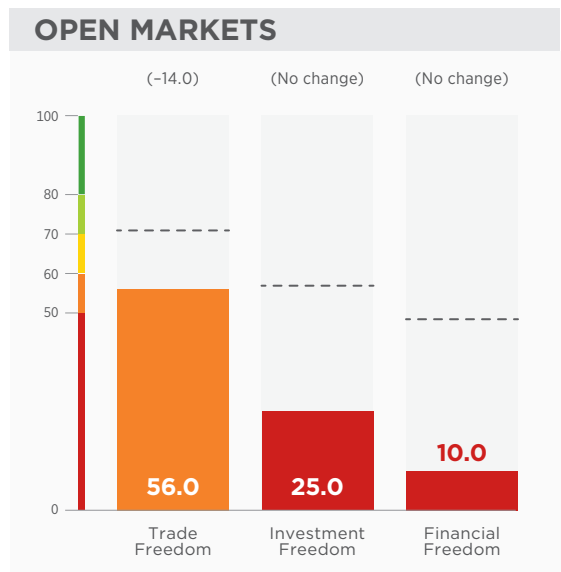
The government enforces property rights in cities but usually not in the case of agricultural land. The land management system is fragmented and inefficient. The judiciary is generally impartial in nonpolitical cases, but government interference in politicized cases hinders the delivery of impartial justice. Endemic corruption throughout government remains a serious challenge, and enforcement of anticorruption statutes often targets political opponents.



The top individual income tax rate is 51.5 percent, and the top corporate tax rate is 24 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 20.7 percent of total domestic income. Government spending has amounted to 18.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.1 percent of GDP. Public debt is equivalent to 11.0 percent of GDP.



Zimbabwe has improved the online name search for starting a business and reduced the Harare Municipality business licensing fee. The value added per worker has risen relative to the minimum wage but is still very low. Unsustainable monetary policy has led to a protracted currency crisis; the Economist Intelligence Unit has reported that hyperinflation will exceed 600 percent in 2020, and the government has reimposed price controls on basic commodities.



Zimbabwe has four preferential trade agreements in force. The trade-weighted average tariff rate is 12.0 percent, and seven formal nontariff measures are in effect. The pervasive presence of regulatory barriers severely hampers trade and investment flows. Undue state interference continues to undermine investor confidence. The financial system has suffered from repeated crises, and years of hyperinflation have undercut entrepreneurial activity.