

AFRICA RISK CONSULTING

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The government has for the first time in more than a decade made a direct cash appeal to western donors amid a worsening economic crisis that has seen more companies closing down, resulting in widespread retrenchments. Poverty is increasing. The country faces a shortage of the staple maize to feed over 13 million after drought cut harvests by more than 50%. The economic growth forecast for 2015 has been revised downwards by the International Monetary Fund (IMF). Political fatigue appears to have set in as the main opposition party Movement for Democratic Change-Tsvangirai (MDC-T) insists it will not contest elections, accusing the ruling Zimbabwe African National Union-Patriotic Front (Zanu-PF)-led government of creating an uneven electoral field. Some criticise the MDC-T's decision, pointing out that it was party to the same constitution under which the elections are being held. Zanu-PF appears to be already preparing for the next presidential and parliamentary elections, due in 2018.

Government appeals for western donor support as economic crisis worsens

The **Zimbabwe African National Union-Patriotic Front (Zanu-PF)** government has appealed to the western donor community for financial support for the first time since western governments imposed targeted sanctions on individuals and entities in 2002. The **European Union (EU)** withdrew bilateral aid in 2002 over alleged electoral fraud and human rights abuses, but maintained humanitarian assistance to the health and other social sectors through non-governmental organisations (NGOs).¹ Faced with a worsening budgetary crisis and an economy struggling to grow to create jobs, the government has finally admitted that in addition to expected support from countries such as **China** and **Russia**, it needs help from the west. The government has blamed the west for the economic crisis resulting from sanctions imposed on President **Robert Mugabe** (1980- present) and the ruling Zanu-PF elite.

The government slashed in half its 2015 forecast for economic growth to 3.1%, but the **International Monetary Fund (IMF)** says the economy will at best achieve growth of just 2.8%, falling further to 2.7% in 2016. In addition, the population faces hunger after the worst drought in the region since 2002 has slashed production of the staple maize crop to just 950,000 tonnes. This compares with the 1.8 million tonnes that 13 million² people need. **South African** farmers' body **GrainSA** says that Zimbabwe may have to import up to 700,000 tonnes of white maize at a cost of nearly \$170 million. The government says it has no plans to declare a disaster despite the shortfall in maize output.

In addition to drought, the government is battling to pay civil servants, whose wage bill now accounts for more than 82% of its annual budget. The government still owes some of its public workers 2014 bonuses.³ Finance minister **Patrick Chinamasa** was forced to rescind an earlier decision to freeze state bonuses until 2017 after President Mugabe said his cabinet had approved no such decision. In response to the cash crunch, the government has started an audit of the civil service which could

¹ Deutsche Welle, 17 Feb 2015.

² zimstat.co.zw

³ Africa Review, 14 Apr 2015.

result in job cuts by cutting the size of the security sector and laying off senior civil servants who have reached retirement age.⁴

It has also frozen salary increases and promotions to save money.

*"...the government is currently elaborating near-term measures to contain employment costs in 2015, including freezing promotions and eliminating redundancies. The savings from these measures would be channelled to finance capital investment and social outlays."*⁵

Chinamasa's latest appeal has revealed the desperate situation facing the government, which is under pressure to deliver on Mugabe's electoral promises to restore economic growth, create jobs and arrest worsening poverty. Chinamasa made the appeal at a meeting on 6 May attended by representatives of the IMF, the **World Bank** and the **African Development Bank (AfDB)**. Reports say all parties agreed that Zimbabwe needs help, including finding ways of dealing with the over \$9 billion⁶ Zimbabwe owes to the multilateral funding organisations. The IMF and the World Bank have so far said they would not write off Zimbabwe's debt.

However, several donors have already pledged \$468m this year to fund health, agriculture and governance projects through **United Nations** agencies, down from \$737m pledged in 2014.⁷ The EU, which has all but removed sanctions imposed in 2002, has already approved a four-year €234m (\$270m) aid package earmarked to fund projects in sectors such as agriculture and to support small and medium businesses.⁸ Chinamasa said he hoped western governments will agree to inject cash into the ailing economy.

*"As we go forward and as we successfully build trust among ourselves, we can in future channel development assistance through the vote of credit (budget) so that we are able to plan more effectively and more efficiently."*⁹

Analysts say it will be another bumpy ride for the Zimbabwean economy this year, with warnings of further job losses and company closures. The IMF agrees, saying there are no prospects for significant growth this year. It says state finances are in bad shape, with government expenditure as a percentage of GDP expected to be elevated at 29.1% this year, rising to 29.5% in 2016. Government debt as a percentage of GDP will be 55.2% by the end of the year, rising to 54.7% to next year.¹⁰

Opposition MDC-T says it will boycott all elections in Zimbabwe

A sense of political fatigue appears to have gripped the country as main opposition **Movement for Democratic Change-Tsvangirai (MDC-T)** appears divided over whether it should contest elections. The apparent confusion and bickering in the main MDC-T party has many wondering whether the party needs leadership renewal or a change of strategy. Under former prime minister in the **Government of National Unity (GNU, 2009-2013) Morgan Tsvangirai**, the MDC-T has vowed it will not contest any elections – whether municipal or parliamentary – claiming the electoral field is *"uneven"*.¹¹ It also alleges that its members are prevented from freely campaigning in Zanu-PF's rural strongholds, a claim that the ruling party has routinely dismissed calling the MDC-T's decision not to contest elections as cheap politicking.

⁴ Zimbabwe Independent, 8 May 2015.

⁵ IMF Country Report on Zimbabwe, May 2015

⁶ Reuters, 4 Mar 2015.

⁷ Reuters, 6 May 2015

⁸ Mail and Guardian, 16 Feb 2015.

⁹ Zimbabwe Situation, 6 May 2015.

¹⁰ IMF Regional Economic Outlook for Sub-Saharan Africa, 28 Apr 2015.

¹¹ Southern Eye, 16 May 2015

The decision appears to have created division within MDC-T party ranks. Insiders say that two opposition factions have emerged.¹² One faction, reportedly aligned to the former challenger for secretary general, **Nelson Chamisa**, believes the party must contest the elections. The other faction, aligned to current secretary general **Douglas Mwonzora**, insists on a boycott. Neither Chamisa nor Mwonzora could be reached to confirm the existence of such factions.

After re-calling 21 rebel MPs who left the party to join the **Tendai Biti Renewal Project**, the MDC-T's national council has voted not to participate in the 10 June by-elections, demanding that the government implement electoral reforms first. As a result of the boycott, Zanu-PF is poised to win all the available seats. The other smaller parties, including the breakaway **MDC** faction led by constitutional law expert **Welshman Ncube**, are not expected to contest and would make little impact even if they did decide to contest.

Human rights organisations argue that MDC-T should contest the elections as it was party to the same constitution it claims is giving Zanu-PF an unfair advantage. **Zimbabwe Human Rights Association (ZimRights) Mashonaland West** provincial chairman **Takesure Musiiwa** said MDC-T is not being "sincere" by boycotting elections and demanding electoral reforms.

*"It is strange that MDC-T says they will not participate in elections until there are reforms when they participated in the process that brought about the constitution."*¹³

MDC-T is not perturbed, claiming the thousands of supporters attending its rallies is proof that it made the right decision. MDC spokesperson **Obert Gutu** said the party has confidence in its "no reforms, no elections" political campaign.

*"The thousands of people who continue to attend our rallies are a clear testimony of the fact that the majority of the people of Zimbabwe appreciate the logic and reasoning behind our campaign. Why should we continue to sanitise Zanu PF's electoral thievery?"*¹⁴

Fight for economic survival quells appetite for political activism

The MDC-T infighting does not appear to perturb Zimbabweans, already resigned to Zanu-PF leadership, with many too focused on economic survival to care about politics. Although the country is experiencing its worst economic crisis since the introduction of the multi-currency system in 2009, there is little prospect of a popular uprising.¹⁵

*"Zimbabweans are pretty resigned to Zanu-PF. In any case, it is now more about the stomach than political slogans so I doubt there is anyone with the courage or time to go into the streets to protest."*¹⁶

Any attempted public display of dissent has in the past been brutally suppressed by the police. The disappearance in March of prominent human rights activist **Itai Dzamara** has shown what can happen to those who openly challenge Mugabe and Zanu-PF.¹⁷ Dzamara was allegedly kidnapped by unknown men while having his hair cut in the **Glen View** suburb of **Harare**. This is the first time in years that someone has vanished without trace, and police have claimed they, too, are unable to find him. **High Court** judge **David Mangota** ordered the home affairs minister, the police commissioner-general, and the director-general of the **Central Intelligence Organization (CIO)** "to do all things necessary to determine his whereabouts".¹⁸ Human rights organisations have criticised the government

¹² Source, Harare

¹³ Herald, 13 May 2015

¹⁴ Daily News, 25 May 2015

¹⁵ Source, political analyst, Harare

¹⁶ Source, political analyst, Harare

¹⁷ Nehanda Radio, 9 May 2015

¹⁸ Nehanda Radio, 9 May 2015

for ignoring pleas from Dzamara's family to search for him, while the **European Parliament** has said Harare must find the journalist-turned-human rights activist.

*"MEPs strongly condemn the forced disappearance of human rights defender Itai Dzamara and urge the government of Zimbabwe to comply fully with the High Court order directing it to search for him and thus take all necessary measures to find him."*¹⁹

Against this disquieting backdrop, Zanu-PF is purging those aligned to dismissed former vice-president **Joice Mujuru** as the party prepares to tighten its stranglehold on politics under Mugabe's leadership. Zanu-PF insiders say the party is already gearing up for the next parliamentary and presidential elections in 2018, at which – as things stand – the party will field Mugabe as its presidential candidate.

Implications

Western donors' response to Zimbabwe's appeal for cash will have a major impact on Harare's attempts to kick-start economic recovery. It could also mark the beginning of normalisation of relations with western governments who since 2002 have imposed so-called "smart sanctions" against Zimbabwe's ruling elite, even though the EU has lifted all except those against Mugabe and his wife, **Grace**. Zimbabwe's economic crisis is worsening, companies continue to struggle and retrench staff while poverty is worsening. For the thousands of retrenched workers, informal vending has become the alternative source of income, a source of embarrassment to the government. Donors have realised that the stand-off with Harare over its debt to multilateral aid organisations is not helpful either, and have decided to find ways of helping Zimbabwe to pay it off. At present, none of the donors are talking of writing off the debt, but they all acknowledge the only way the country can achieve its potential is to get both direct and development cash injection.

Investor-interest in Zimbabwe has not waned. However, few are prepared to act on their interest as long as there is such policy and regulatory uncertainty and inconsistency, particularly on issues such as indigenisation. The fact that the Zanu-PF government has approached western donors is a positive sign and might mark the beginning of a long road to eventual economic recovery and growth. However, President Mugabe's interference reversing the finance minister's policy decisions undermines Zanu-PF's ability to progress with the donors.

Despite the economic crisis, the ruling Zanu-PF party is focusing on strengthening its internal structures ahead of the next parliamentary and presidential elections due in 2018. The opposition parties are in disarray. The economic upheaval shows no signs of abating. Most affected is the civilian population. Politically, the population's disenchantment is not likely to translate into political unrest or civil disobedience. However, if the debt crisis continues and means that Zanu-PF is unable to pay police and military salaries, this may change. Unpaid security services in autocratic regimes raise the risk of a sudden disintegration to the political and security environment, prompting widespread civil and military unrest and disorder.

¹⁹ European Parliament Resolution, 21 May 2015

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