

## AFRICA RISK CONSULTING

### Zimbabwe Briefing September 2023

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#### Zimbabwe Summary 12 September 2023

*President Emmerson Mnangagwa (2017 – present) announces his cabinet on 11 September. Mnangagwa retains most of his previous cabinet, but in two surprise moves, appoints his son David Mnangagwa as deputy finance minister and replaces mines minister Winston Chitando. Mnangagwa's inauguration speech on 4 September and a finance ministry statement on 7 September indicate that there will be no major policy changes in his second term. The government states it will lobby for changes in the Southern African Development Community (SADC) when it assumes chairmanship in 2024, following strong criticism from the SADC Election Observer Mission (SEOM) of the election. The finance ministry pushes back on the sale of South Africa-headquartered Tongaat Hullet's Zimbabwean sugar estates to a Tanzania firm.*

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#### Mnangagwa retains old cabinet but brings son into the fold

Before President **Emmerson Mnangagwa** (2017-present) announced his cabinet on 11 September, his spokesperson **George Charamba** hinted that the country should not expect major changes or surprises in cabinet appointments from a candidate who ran on the platform of “*continuity*”.<sup>1</sup> During his announcement, Mnangagwa did retain most of his old cabinet members, although with a little bit of reshuffling, but made the surprise appointment of his son **David Mnangagwa** to the new deputy finance and investment promotion minister docket.<sup>2</sup> David, who came into parliament through a quota for the youth in the **Midlands** province, will deputise **Mthuli Ncube** who was retained as the finance minister despite losing his bid to go into parliament in the elections. The reappointment of the finance minister was widely expected as it appears that the government is keen to continue with its old policies.

One of the more surprising moves was the dropping of mines minister **Winston Chitando** who has been reassigned to the local government ministry. Chitando, a former mining executive, was a key figure in attracting investors into an industry the government sees as a growth driver, particularly considering the lithium boom.<sup>3</sup> Chitando was replaced by former energy minister **Zhemu Soda**. Soda's tenure in the energy docket was marked by power cuts and a lack of investment in renewables, already raising doubts over his capabilities to run another key docket.

Apart from the reshuffle and addition of family members, most of the ‘old guard’ was retained including:

- **Oppah Muchinguri** – reappointed as defence and war veterans minister;
- **July Moyo** – appointed as public service, labour and social welfare minister, previously local government and public works minister;
- **Sithembiso Nyoni** – appointed as industry and commerce minister, previously women's affairs, community, small and medium enterprises development minister.<sup>4</sup>

Ruling **Zanu-PF** spokesperson **Christopher Mutsvangwa** was also brought back into the cabinet as veterans of liberation struggle affairs minister, while his wife **Monica** was moved from the information, publicity and broadcasting services ministry to head the women's affairs ministry. She will be deputised by **Jennifer Mhlanga**, who previously deputised Moyo at local government.

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<sup>1</sup> [Newswire](#), 8 Sep 2023

<sup>2</sup> [Reuters](#), 11 Sep 2023

<sup>3</sup> [Newswire](#), 11 Sep 2023

<sup>4</sup> [Newsday](#), 11 Sep 2023

### ... creating no major policy shift expectations

Mnangagwa's inauguration speech on 4 September and a statement released by the finance ministry on 7 September indicate that there will be no major policy changes during his second term. In his speech, Mnangagwa dismissed any notions of abandoning the local currency, a position which was confirmed by Ncube in his finance statement on 7 September, which indicated that the country will also continue with its tight monetary and fiscal policies.<sup>5</sup>

Mnangagwa noted that he will remain focused on infrastructure projects and accelerate work to ease rural poverty.<sup>6</sup> In his first term, Mnangagwa completed key infrastructure projects such as major roads and dam projects which have not only boosted the country's agricultural production but have also helped Mnangagwa to energise his political base. But with no access to foreign loans, Mnangagwa made use of the state budget to fund the projects and payments to local contractors in local currency flooded the market, crashing the currency and stoking a fresh round of hyperinflation. Mnangagwa's promise to continue with his infrastructure drive, which will yet again be funded by domestic resources in the absence of foreign financing, has created fears of another round of hyperinflation.

In addition to maintaining the tight monetary and fiscal policies, Ncube says his ministry will continue with the retention of domestic foreign currency sales at 100% in a bid for domestic businesses to access more foreign currency from the market. To encourage the banking of foreign currency, which is mainly in the informal sector, while promoting the use of the local currency, Ncube said the government will continue promoting the use of domestic currency by enforcing that all government agencies including parastatals continue to collect their fees in local currency. Payments to power utility, **Zesa Holdings** by non-exporters would also continue to be made in local currency. This policy stance did not yield results in the previous term, with interest rates pegged at 200% resulting in a sharp decline in the use of the local currency.

The disputed polls, which the **South African Development Community (SADC)**, **African Union (AU)** and the **European Union (EU)** say failed to meet regional and international guidelines, are also likely to derail Zimbabwe's efforts to access fresh lines of credit from outside lenders. Furthermore, current creditors had demanded that the country hold a credible election before debt clearance talks could resume.

### Zimbabwe to push for SADC reforms after criticism

Following strong criticism from the **SADC Election Observer Mission (SEOM)** regarding the election, the ruling Zanu-PF government has indicated it will seek to institute changes in the regional body's statutes and guidelines when it takes over its chairmanship in 2024.<sup>7</sup> In a marked departure from its usual quiet diplomacy, SADC came out strongly to criticise the election saying it failed to meet regional and international guidelines. The regional body also called out the draconian laws put in place just before the election and the way the **Zimbabwe Election Commission (ZEC)** handled the process before and after the vote.<sup>8</sup>

Former **Zambian** vice president **Nevers Mumba** led the observer mission to Zimbabwe, appointed by Zambian President **Hakainde Hichilema** (2021-present) through his role as current chair of the **SADC Organ on Politics, Defence and Security Cooperation**. Although the organ has two other members - **Tanzania** and **Namibia** - it is the responsibility of Zambia as the chair to review the report and make a recommendation in consultation with the other two to the regional body.

The ruling Zanu-PF and Mnangagwa have slammed SADC's preliminary report and attacked Mumba for "*overstepping his mandate*".<sup>9</sup> Charamba said on 26 August that when Zimbabwe assumes the SADC chairmanship next year it will use the position to change statutes and guidelines which give power to

<sup>5</sup> [Newsday](#), 8 Sep 2023

<sup>6</sup> [Newswire](#), 4 Sep 2023

<sup>7</sup> [Newsday](#), 9 Sep 2023

<sup>8</sup> [Voice of America](#), 26 Aug 2023

<sup>9</sup> [Voice of America](#), 26 Aug 2023

the head of the SADC organ to unilaterally decide on an election observer report. Charamba argued that elections are a complex process, extending beyond a single-day event, and suggested that key decisions regarding the SADC observer mission's report should not rest solely with one individual overseeing a subsidiary body.

*"Those countries now look forward to Zimbabwe using its host and chair status to challenge this whole tradition of one leader who happens to chair an arm of a SADC organ exclusively determining an observer mission to an electoral process of sovereign SADC members."<sup>10</sup>*

Zanu-PF could be successful in this endeavour, as it was in 2010 when it forced the disbandment of the **SADC Tribunal** after it ruled that the seizure of white-owned farms by then Zimbabwean president **Robert Mugabe's** (1987-2017) government was illegal.<sup>11</sup>

Although the observer mission has described the election as having failed the credibility test, it is unlikely that SADC leaders will take further action against the election. Zimbabwe can also rely on support from fellow liberation parties in the region that are also holding onto power, including **South Africa's Africa National Congress (ANC)**, Namibia's **South West Africa People's Organisation (SWAPO)**, Tanzania's **Chama Cha Mapinduzi (CCM)** and Mozambique's **Frelimo**.

### Zimbabwe pushes back on sale of sugar estates to Tanzanian firm

The government has demanded that it be given a chance to buy the local operations of troubled South African-headquartered sugar company, **Tongaat Hullett**, citing in its statement on 26 August that the operations not only carry commercial significance for Zimbabwe but are a strategic asset.<sup>12</sup> Tongaat Hullett, which has operations in South Africa, Zimbabwe, Mozambique, and **Botswana**, is currently under administration. Business Rescue Practitioners (BRPs) are running the company after South African authorities blocked Zimbabwean businessman **Hamish Rudland's** efforts to recapitalise and take over the company last year. This is a decision that would have angered the Zimbabwean government, which holds close ties to the Rudland family.<sup>13</sup>

Rudland's **Mauritius**-based company **Magister** proposed to pay up to R2 billion (\$105.23m) to underwrite a rights issue to recapitalise Tongaat Hullett, making it the sugar giant's largest shareholder. However, minority investors lobbied the **Takeover Regulation Panel (TRP)** to veto the deal - which it did. After the deal was blocked, Rudland blamed some South African businessmen and said he believed it was the hidden hand of '**Stellenbosch**'<sup>14</sup> that blocked the bid in retaliation to having lost market share in the tobacco business to his brother **Simon Rudland**, who runs one of Southern Africa biggest tobacco operations - **Gold Leaf Tobacco**.<sup>15</sup>

The BRPs announced on 21 July that Tanzanian company **Kagera Sugar** is the preferred equity partner to now take over Tongaat Hullett's business operations.<sup>16</sup> However, government says the new buyer may risk the joint plans it has been pursuing to grow local operations. In fact, a letter from treasury secretary **George Guvamatanga** sent to the BRPs in July indicates that the finance ministry had put in a bid to take over the estates through the **Sovereign Wealth Fund (SWF)**. Tongaat Hullett's Zimbabwe operations, which include **Hippo Valley** and **Triangle Estates**, account for over 50% of Zimbabwe's sugar output. The government had partnered with Tongaat Hullett and local banks on **Project Kilimanjaro**, a plan to open 4,000 hectares of virgin land for production and allow the government to select the growers who will get the land, but this plan could be under threat if the new buyer does not agree to see it through.

<sup>10</sup> [SABC](#), 7 Sep 2023

<sup>11</sup> [ISSAFRICA](#), 4 Sep 2023

<sup>12</sup> [Newswire](#), 31 Aug 2023

<sup>13</sup> [BusinessWeekly](#), 1 Jul 2022

<sup>14</sup> Rudland is referring to the Stellenbosch Mafia. The Stellenbosch Mafia is allegedly a shadowy network of well-connected and wealthy Afrikaners who have grown business empires out of and are inextricably linked to the town.

<sup>15</sup> [BusinessLive](#), 28 Jul 2022

<sup>16</sup> [Moneyweb](#), 21 Jul 2023

## Planner

22 Sep 2023 **Harare (Zimbabwe) Reserve Bank of Zimbabwe (RBZ)** (central bank) **Monetary Policy Committee (MPC)** decision

1 – 3 Nov 2023 **Harare (Zimbabwe) Mining, Engineering and Transport (Mine Entra) 2023 Expo**

Nov 2023 **Harare (Zimbabwe) 2024 National budget**

1 Dec 2023 **Harare (Zimbabwe) Reserve Bank of Zimbabwe (RBZ)** (central bank) **Monetary Policy Committee (MPC)** decision

31 Dec 2023 **(South Africa)** Expiry of special residence permits for Zimbabweans living in South Africa

## Chronology

9 Sep 2023 **Harare (Zimbabwe) Zimbabwe Mail. United Nations** secretary-general **Antonio Guterres** congratulates President **Emmerson Mnangagwa** on his election victory;

9 Sep 2023 **Harare (Zimbabwe) Newsday. Opposition Citizens Coalition for Change (CCC)** spokesperson **Promise Mkwanzani** claims he has gone into exile after police placed a \$ 1,000 bounty on his head, accusing him of defaulting court proceedings four years ago. Responding to the bounty on X (formerly **Twitter**), Mkwanzani said he had skipped the country's borders and dismissed claims that he has pending issues with the police;

9 Sep **Harare (Zimbabwe) Newsday. President Emmerson Mnangagwa** re-appoints **Constantino Chiwenga** and **Kembo Mohadi** despite Mohadi previously resigning from the post in 2021 over an alleged sex scandal;

8 Sep 2023 **Harare (Zimbabwe) Newswire. Chinese-owned Bikita Minerals** will export its first-ever shipment of spodumene concentrate this weekend, the first output from a new plant commissioned in July;

8 Sep 2023 **Harare (Zimbabwe) Newsday. FBC Holdings Limited (FBCH)** will purchase **Standard Chartered Bank Zimbabwe (StanChart Zim)**, which was put on sale by its **United Kingdom** parent company in April 2022;

7 Sep 2023 **Harare (Zimbabwe) Newsday. Zimbabwe's largest bank, CBZ Holdings Limited (CBZ)**, finalises the purchase of shares in **First Mutual Holdings Limited (FMHL)** taking its total stake to 36,22% in the firm, as it seeks to strengthen its balance sheet through mergers and acquisitions;

7 Sep 2023 **Harare (Zimbabwe) Zimbabwe Mail. Zimbabwe Energy Regulatory Authority (ZERA)** increases the price of fuel from \$1.61 to \$1.65 per litre of petrol and from \$1.65 to \$1.76 for diesel, the first major review in months per the rising oil price on the international market;

6 Sep 2023 **Harare (Zimbabwe) Newsday. The Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ)** asks the government for permission to authorise local telecommunications companies to set tariffs in United States dollars in a bid to bring some stability to the national telecoms market which has been adversely affected by currency volatility;

6 Sep 2023 **Harare (Zimbabwe) Zimbabwe Mail. Zimbabwe Revenue Authority (ZIMRA)** asks owners of private jets, expensive homes and luxury vehicles worth over \$100,000 to evaluate their tax compliance status and voluntarily tender the government dues or face penalties for abandoning the statutory obligation;

4 Sep 2023 **Harare (Zimbabwe)** *Newswire*. **Chamber of Mines** indicates that Zimbabwe's formal mines added over 50,000 new jobs in 2022 as the industry benefitted from expansion and new projects, mainly in the lithium sector;

1 Sep 2023 **Harare (Zimbabwe)** *Newswire*. Zimbabwe's biggest investor, **Zimplats**, a unit of South Africa's **Impala Platinum (Implats)**, expresses concern over the post-election environment;

1 Sep 2023 **Harare (Zimbabwe)** *Newsday*. After two months of uninterrupted power supply ahead of the general elections, load-shedding has rolled back with several urban areas going for many hours without electricity;

30 Aug 2023 **Harare (Zimbabwe)** *Newswire*. Zimbabwe's biggest investor, **Zimplats**, says it has spent \$304m over the past year on new projects, part of its \$1.8 billion investment plan, despite weaker global platinum prices driving sales down 23% to \$962.3 million in the year to June 2023;

28 Aug 2023 **Harare (Zimbabwe)** *Newshawks*. **ZimStat** reports that the **United Arab Emirates (UAE)** overtook **South Africa** as Zimbabwe's top export destination for the month of July due to increased gold trades;

22 Aug 2023 **Harare (Zimbabwe)** *Newsday*. **ZimStat** reports that annual inflation fell to 77.2% in August from 101.3% in July, as the effects of tight fiscal and monetary measures create results;

### About Africa Risk Consulting:

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