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Information minister Jenfan Muswere announces on 6 August that cabinet has approved a roadmap to abandon the use of United States (US) dollars in transactions. Finance minister Mthuli Ncube revises economic growth for 2024 downwards to 2% due to widespread crop failure. Minerals Marketing Corporation of Zimbabwe (MMCZ) reports the volume of minerals sold in the first half of 2024 was 25% higher than in the same period last year but the value was 11% lower due to weaker global commodity prices. President Emmerson Mnangagwa (2017-present) says he will not extend his presidency beyond the current constitutionally allowed two five-year terms despite a campaign to extend the leader's tenure within the ruling Zanu-PF. Harare gears up to host the Southern African Development Community (SADC) Heads of State and Government Summit on 17 August.

Zimbabwe moves towards ending use of US dollar

Information minister **Jenfan Muswere** said on 6 August that cabinet had approved a roadmap to abandon **United States (US)** dollars, currently used in more than 80% of local transactions, in favour of the ZiG in transactions. He added that finance minister, **Mthuli Ncube** would soon unveil the strategy.¹

The government launched the ZiG in April, which is backed by gold and other minerals (*see ARC Briefing Zimbabwe Apr 2024*).² The last currency, the Zimbabwe dollar, fell 80% in the three months before it was scrapped, and authorities have faced an uphill battle in convincing a sceptical population to stop transacting in foreign currencies.

The ban on the use of foreign currency was lifted in March 2020 to mitigate an acute shortage of foreign exchange amid the **Covid-19** pandemic. The government says this move, while necessary at the time, has prolonged Zimbabwe's dependency on US dollars, stymying efforts to stabilise the local currency.

The new plan to de-dollarise comes after President **Emmerson Mnangagwa** (2017-present) in October 2023 repealed the 2019 directive that set 2025 as the de-dollarisation deadline. The law kept the multi-currency system, anchored by the US dollar until 2030, out of concern that the 2025 deadline would trigger uncertainty in the banking sector, with some banks refusing to give loans past 2025.³

De-dollarisation may be difficult, largely due to how the market views the local currency, which has failed to be completely accepted by the users, especially the informal sector. Currently, government is also paying civil servants with US dollars, making de-dollarisation difficult. The government even insists on US dollar payments for some taxes.

The ZiG is Zimbabwe's sixth attempt to switch to a local currency in 15 years after a bout of hyperinflation under former leader **Robert Mugabe** (1984-2017). However, there is some

¹ Bloomberg, 6 Aug 2024

² Reuters, 9 April 2024

³ Reuters, 27 Oct 2023

optimism. In an end-of-mission press release in June, the **International Monetary Fund (IMF)** noted:

“The ZiG official exchange rate has so far remained stable, ending a bout of macroeconomic instability in the first 3 months of the year (when the Zimbabwean dollar depreciated by about 260%). Assuming that macro-stabilisation is sustained, cumulative inflation in the remainder of the year is projected at about 7%.”⁴

Reserve Bank of Zimbabwe (RBZ) (central bank) governor **John Mushayavanhu** said on 17 July that the government had a plan until 2030 to increase the use of the ZiG and build up gold and foreign exchange reserves, which stood at \$285m when the currency was launched and now exceed \$380m.⁵ Although the government says the use of the ZiG is rising, there are widespread reports of shortages of the currency in shops. The central bank has been converting royalties paid by mining companies into gold and is targeting three tonnes of gold in its reserves by year-end, up from 2.5 tonnes in April.

Zimbabwe trims growth forecast on drought effects

Ncube on 10 July revised the country’s 2024 economic growth forecast downwards from 3.5% forecast in November to just 2% following widespread crop failure due to the **El Niño**-induced drought.⁶ El Niño is a natural climate phenomenon in which surface waters of the central and eastern **Pacific** become unusually warm, causing changes in global weather patterns. **Zambia** and **Malawi** have also declared states of disaster as a result of the drought.

In May, the Zimbabwean government forecasted that staple maize production would drop 72% in the 2023/24 season. Ncube said the drought had affected agriculture output and the country expects to import 1.4 million metric tonnes of grain as the agriculture sector is expected to shrink by 21% this year. However, Ncube expects the damage to be tempered by an expected growth in wheat output with overall economic growth expected to recover to above 5% in 2025.

The IMF in June also adjusted its forecast for Zimbabwe to 2%, down from 5.3% last year. The IMF said despite headwinds, Zimbabwe’s economy continues showing resilience with growth expected to recover strongly in 2025 to approximately 6%, supported by a rebound in agriculture and ongoing capital projects in manufacturing.⁷

Mineral exports miss target on low global prices

The **Minerals Marketing Corporation of Zimbabwe (MMCZ)**, which markets all minerals except for gold and silver, reported on 18 July that it had sold more minerals in the first half of the year but earned less for the exports due to the prevailing low commodity prices on the global market.

Lithium was down 72%, nickel 20%, coal 13%, and coke 39%, translating to significant price declines compared to budget forecasts. Year-over-year price increases were observed for:

- Platinum - 6%;
- Rhodium - 6%;
- Copper - 16%;
- Fluorite - 2%;
- Chrome concentrates - 4%.⁸

⁴ IMF, 27 Jun 2024

⁵ Reuters, 17 Jul 2024

⁶ 10 Jul 2024

⁷ IMF, 27 Jun 2024

⁸ NewZimbabwe, 18 July 2024

However, these were not enough to offset the negative impact on overall revenue. Overall, mineral sales were below MMCZ's target for the half year of two million metric tonnes, valued at \$2 billion. In the first half of the year, the state-owned minerals marketing agency sold 1.9 million tonnes of minerals, valued at \$1.5 billion. The volume was 25% higher than the 1.53 million tonnes of minerals sold over the same period last year, but the exports earned 11% less than last year's \$1.68 billion for the period.⁹

By value, the top three contributors in the half-year were platinum mattes, platinum concentrates and lithium spodumene, Zimbabwe's main lithium export. Platinum matte accounted for 31.8% of MMCZ's mineral revenue in the first half, with \$479m sold. MMCZ also sold platinum concentrates worth \$294m. While concentrate volumes grew 30%, the value was up by only 2%, reflecting the slow price recovery. Matte volumes were up 7% but value was down 5%. RBZ data indicates Zimbabwe sold lithium worth \$674m in 2023.

On the upside, spodumene sales significantly outperformed expectations in the first half of 2024, with exports more than doubling in value to \$233m. MMCZ also sees gold prices, which have hit record highs lately, helping to counter weak platinum prices this year.

The prevailing low commodity prices have affected the financial performance of large mining houses including **South Africa's Impala Platinum**, the parent company of **Zimplats**. Impala Platinum confirmed on 7 August that it will report a basic loss of up to \$972.39m in the year up to 30 June 2024 after suffering \$1 billion of impairments due to the decline in the value of its assets on the back of plunging metal prices.¹⁰ At its **Mimosa** joint venture with fellow South African firm, **Sibanye Stillwater**, impairments cost \$37m. The company also said earnings for the year had fallen due to lower revenue arising from a 34% decline in platinum group metal prices realised over the period.

Campaign to extend President Mnangagwa's tenure gathers pace

Mnangagwa says he will not extend his presidency beyond the current two five-year terms the constitution allows but a campaign to extend the leader's tenure has been gathering momentum with the ruling **Zanu-PF's** ranks.

Officials in the Harare, **Bulawayo**, and **Masvingo** provinces have recently been cited by state-owned media outlets as saying they want the 81-year-president's rule to be extended to 2030. Zanu-PF youth and women's wings have also openly backed that position, and slogans of support for Mnangagwa are regularly chanted at party and state events.

Home affairs minister **Kazembe Kazembe**, who also serves as Zanu-PF chairman in **Mashonaland Central Province**, said on 4 August "*people are happy with his leadership, and they want him to stay.*"¹¹

Mnangagwa told supporters in **Mutare (Manicaland Province)** last month that he will not seek to stay on as the ruling party's leader when his current mandate expires. He repeated the remarks at a youth conference on 8 August:

*"Besides being a soldier, and trained lawyer, I am a constitutionalist. I want our party, our leadership, our people to be constitutionalists. We must abide by the provisions of our constitution to the letter."*¹²

⁹ Newswire, 18 Jul 2024

¹⁰ Reuters, 7 Aug 2024

¹¹ Bloomberg, 7 Aug 2024

¹² VOA, 8 Aug 2024

Zanu-PF controls sufficient seats in parliament to amend a two-term presidential limit in the constitution if it decides that the incumbent should stay on, although it has not exercised that power so far. Deputy president **Constantino Chiwenga**, a former army general, is widely seen as the frontrunner to become Zimbabwe's next leader, but Mnangagwa has never publicly endorsed him.

SADC summit garners local and international attention for the wrong reasons

Zimbabwe will host the **Southern African Development Community (SADC) Heads of State and Government Summit** on 17 August as Mnangagwa assumes chairmanship of the regional body. Zimbabwe is hoping the event and Mnangagwa's chairmanship will lend legitimacy to its 2023 election which SADC questioned. The **SADC Electoral Observation Mission (SEOM)** said Zimbabwe's 2023 election had glaring irregularities, findings that sparked an uproar from the government. The government subsequently accused SEOM head, **Nevers Mumba** -from Zambia - of harbouring a regime change agenda.¹³

The build-up to the summit has been marred by negative developments. In a joint press release, **United Kingdom (UK)-based Amnesty International (AI)** and US-headquartered **Human Rights Watch (HRW)** said on 9 August that more than 160 people have been arrested by security forces since mid-June to date in Harare alone. The organisations also said there is evidence of torture or other ill-treatment to those affected.¹⁴ Security has been stepped up ahead of the summit in anticipation of any protests during the gathering.

The government has also upgraded parts of Harare at a huge cost, sparking more anger among citizens. In his mid-term budget presented on 25 July, Ncube said the transport ministry spent ZiG 4.2 billion (\$304m) in the first six months of the year on infrastructure, 224.5% of its annual budget.¹⁵

South Africa's opposition **Democratic Alliance (DA)** has called for the summit to be relocated because of human rights concerns, but on 12 August the South African department of international relations clarified that it could not demand the summit be relocated to another country. The department instead called for dialogue on the matter.¹⁶

Foreign minister **Frederick Shava** said on 12 August that Zimbabwe will prioritise regional food security and restoring peace and security once Zimbabwe has taken over leadership of SADC and while Zimbabwe is hoping for a greater regional role, the increased attention will emphasise negative developments, such as the ongoing clampdown on opposition and dissent.

Planner

17 Aug 2024 **Harare (Zimbabwe) 44th Southern African Development Community (SADC) Heads of State and Government Summit**

26 Sep 2024 **Harare (Zimbabwe) Reserve Bank of Zimbabwe (RBZ) (central bank) Monetary Policy Committee (MPC) decision**

Nov 2024 **Harare (Zimbabwe) 2025 National Budget announcement**

31 Dec 2025 (**South Africa**) Expiry of special residence permits for **Zimbabweans** living in South Africa

¹³ News24, 13 Oct 2023

¹⁴ New Zimbabwe, 11 Aug 2024

¹⁵ Newswire, 25 Jul 2024

¹⁶ Zimbabwe Mail, 13 Aug 2024

Chronology

11 Aug 2024 **Harare (Zimbabwe)** *Sunday Mail*. Zimbabwe's sole gold buyer **Fidelity Gold** reports that deliveries jumped 33% in July to 3,485 kgs, up from 2,618 kgs in June with artisanal and small-scale miners' supplies rising by 45% to 2,342 kgs while deliveries from large-scale miners rose to 1,152 kgs from 1,000 kgs over the same period;

9 Aug 2024 **Harare (Zimbabwe)** *The Independent*. State-controlled **Mutapa Investment Fund (MIF)**, which manages 30 government-owned firms, says it is targeting offshore investments to enhance profitability and boost economic value;

7 Aug 2024 **Harare (Zimbabwe)** *Bloomberg*. Zimbabwe is among the several **African** countries whose central banks are stepping up uncoordinated interventions in their markets to prop up their slumping currencies and dampen imported inflation. Zimbabwe together with **South Sudan, Mauritius, Nigeria** and **Zambia** has spent \$1.3 billion since July to defend their currencies;

7 Aug 2024 **Harare (Zimbabwe)** *Bloomberg*. **African Development Bank** says Zimbabwe needs to come up with \$3.7 billion annually through the end of the decade if it wants to upgrade its economy and achieve its vision of becoming an upper middle-income country by then;

7 Aug 2024 **Harare (Zimbabwe)** *Newswire*. Energy minister **Edgar Moyo** says Zimbabwe expects power demand to almost triple to 5,000MW by 2030, showing the need to speed up new energy investments. Power stations currently produce 1,300MW, short of the peak demand of 1,900MW;

6 Aug 2024 **Harare (Zimbabwe)** *Newsday*. The **Zimbabwe Investment and Development Agency (Zida)** says it issued a total of 154 licences with investments valued at \$1.8 billion during the second quarter of 2024 up from 143 licences worth \$622.16m in the first quarter;

6 Aug 2024 **Harare (Zimbabwe)** *New Zimbabwe*. Foreign ministry announces **South Korea** will provide \$3m to four **African** countries to help them cope with drought, of which \$1m will be delivered to Zimbabwe;

5 Aug 2024 **Harare (Zimbabwe)** *Newswire*. Hit by low prices and rising costs, lithium miners ask the government to further delay plans to compel them to refine lithium carbonates locally. The miners were originally given up to March to submit their plans to do this, a deadline government extended by two months;

3 Aug 2024 **Harare (Zimbabwe)** *Club of Mozambique*. Ministers responsible for transport of **Mozambique**, Zimbabwe and **Botswana** meet to discuss the rehabilitation of critical sections of the railway line connecting the **Port of Maputo** (Mozambique) and Botswana, via Zimbabwe;

3 Aug 2024 **Harare (Zimbabwe)** *New Zimbabwean*. **Switzerland** pledges \$2.7m to support communities affected by the **El Nino**-induced drought in Zimbabwe;

2 Aug 2024 **Harare (Zimbabwe)** *Newswire*. **United Kingdom**-headquartered mineral explorer **Kavango Resources** says it plans a secondary listing on the **Victoria Falls Stock Exchange (VFEX)**, hoping to attract local capital as it extends gold exploration in Zimbabwe;

29 Jul 2024 **Harare (Zimbabwe)** *Newswire*. **Australia**-based **Invictus Energy** has secured the backing of investors **Mangwana Capital** and the **Mutapa Investment Fund** to raise \$10m to develop its gas find in **Muzarabani**;

- 19 Jul 2024 **Harare (Zimbabwe)** *Newswire*. **South Africa's** home affairs minister **Leon Schreiber** says he is opening consultations over the fate of about 178,000 Zimbabweans on special permits after a court barred government plans to deport them;
- 18 Jul 2024 **Harare (Zimbabwe)** *Newswire*. State-owned **Kuvimba Mining House** says it has signed an agreement with a **Chinese** consortium to build a \$310m lithium plant at **Sandawana Mine**, but the company is yet to name the new investors;
- 17 Jul 2024 **Harare (Zimbabwe)** *Reuters*. **Reserve Bank of Zimbabwe (RBZ)** (central bank) says government will stick to what it promised when it launched a new currency in April by ensuring it remains fully backed by reserves;
- 17 Jul 2024 **Harare (Zimbabwe)** *Bloomberg*. Fintechs operating in Zimbabwe are flying planes of cash into the country to meet demand for **United States (US)** dollars as mobile money services are booming as citizens are reluctant to adopt the country's new currency;
- 17 Jul 2024 **Harare (Zimbabwe)** *AFP*. A court denies bail for opposition leader **Jameson Timba** and more than 70 other people arrested on charges of holding an unlawful gathering last month;
- 15 Jul 2024 **Harare (Zimbabwe)** *Mining Weekly*. State-owned **Kuvimba Mining House** CEO **Trevor Barnard** says it is in negotiations with potential partners for a \$150m investment to boost production at its **Shamva** gold mine by 50%;
- 15 Jul 2024 **Harare (Zimbabwe)** *Newswire*. **India-based Varun Beverages**, the largest **Pepsi** bottler outside the **United States**, plans to invest around \$7m in Zimbabwe to manufacture snacks in Zimbabwe, a market where the company estimates customers spend \$177m on snacks per year;
- 15 Jul 2024 **Harare (Zimbabwe)** *Bloomberg*. **Bankers Association of Zimbabwe** president **Lawrence Nyazema** says banks support the adoption of the new ZiG currency as the country's sole currency before 2030;
- 15 Jul 2024 **Harare (Zimbabwe)** *IOL*. **Rwanda** donates 1,000 metric tonnes of grain to Zimbabwe following President **Emmerson Mnangagwa's** appeal for assistance;
- 11 Jul 2024 **Harare (Zimbabwe)** *Newswire*. The **Mutapa Investment Fund** receives a 2023 dividend of ZiG 31m (\$2.2m) from the **National Oil Infrastructure Company of Zimbabwe (NOIC)**, one of over 20 state companies that the sovereign wealth fund now runs;
- 7 Jul 2024 **Harare (Zimbabwe)** *Sunday Mail*. **Reserve Bank of Zimbabwe (RBZ)** (central bank) governor **John Mushayavanhu** says cash and mineral reserves backing the new ZiG currency have risen from \$285m to \$370m over the past three months;

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