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Former vice president Joice Mujuru releases a manifesto for her yet to be launched party. This follows her rejection of the lifetime pension that President Robert Mugabe (1980-present) offered her. This is the first clear signal of Mujuru's intention to contest against her former party, the Zimbabwe African National Union- Patriotic Front (Zanu-PF) in the 2018 elections. Prominent Nigerian businessman Aliko Dangote commits to investing \$400m in Zimbabwe following visit. Dangote will explore business opportunities in cement and coal mining. Infrastructure and construction projects stall. Industry players blame the shortage of investment and increased takeover of the few available opportunities by Chinese companies.

Mujuru rejects pension and releases manifesto

Former vice president **Joice Mujuru** released a political manifesto on 7 September, outlining her vision for Zimbabwe's development under her political leadership.¹ The document, entitled **Blueprint to Unlock Investment and Leverage for Development (BUILD)**, includes themes such as adopting market-driven policies under a constitutional democracy, upholding human rights and the rule of law, review of the controversial **Indigenisation Act**, and revision of the land reform programme under a **Land Commission**.² She also pledged to prioritise the creation of a vibrant agricultural sector that would attract investment. Mujuru promised a "*small but effective government structure*"³ in contrast to President **Robert Mugabe's** (1980-present) large cabinet, which currently has 66 ministers.⁴

Further items in the manifesto include public sector reform in order to improve state efficiency and staff capacity, and establishing a presidential think tank called the **Presidential Economic and Advisory Centre for Excellence (PEACE)** that will act as the president's advisory unit in policy formulation and implementation.⁵ Mujuru intends to repeal controversial legislation that Mugabe's government uses to stifle dissent, especially the **Criminal Law (Codification and Reform) Act**, **Access to Information and Protection of Privacy Act (AIPPA)** and **Public Order and Security Act (POSA)**.⁶ The document outlines her plans to reform the country's electoral system, and launch a national healing programme that would address the psychological effects

¹ News Day, 8 Sept 2015

² News Day, 8 Sept 2015

³ Joice Mujuru, BUILD document

⁴ News Day, 8 Sept 2015

⁵ Joice Mujuru, BUILD document

⁶ Joice Mujuru, BUILD document

of post-independence political violence.⁷ Mujuru said that her government would reform the security sector, and ensure that it becomes apolitical, professional, and well resourced.⁸

Mujuru's manifesto release closely followed her rejection of a pension package that Mugabe offered (see *ARC Briefing Zimbabwe August 2015*). This strongly signals her intention to challenge the ruling **Zimbabwe African National Union-Patriotic Front (Zanu-PF)** in the 2018 polls. In rejecting the pension, Mujuru stated that her time in government was “*water under the bridge*” and she did not wish to be “*tied to anything*”.⁹ She reportedly rejected the pension because she is unhappy about her dismissal from Zanu-PF and the government.¹⁰ Mujuru is also reportedly unhappy about Mugabe's failure to rein in his wife, first lady **Grace Mugabe** whose public attacks led to her dismissal.¹¹

*“Mujuru's first overt act to show her political colours has certainly disturbed the Zanu-PF faction responsible for her expulsion from the party, since she still has considerable support and sympathy both in and outside the party. She also has the support of Western governments, which is one of the main reasons for her dismissal. There is a very strong likelihood that she will not run against Mugabe in the 2018 elections, thus she stands a good chance against his successor, who will most likely be **Emmerson Mnangagwa**. However, Zanu-PF is not likely to submit itself to a purely electoral contest only with Mujuru and her party. Zanu-PF has a record of using violence to win elections, and using the courts to imprison political opponents to render them ineffective. Given their background as former high ranking Zanu-PF officials, Mujuru and her allies face considerable political risk in running against the party on an opposition ticket.”¹²*

Despite making a strong political statement through the policy document, Mujuru is yet to publicly state her political affiliation. **Rugare Gumbo**, spokesperson for the **People First** party, which Mujuru reportedly leads, said that the party chose to release the manifesto before launching a political party structure because they would like the people to know and understand what they plan to do first.¹³ He also said that since forming a political party is easier than developing a comprehensive policy statement, they chose to start with the latter.¹⁴ Gumbo also stated that they are establishing a new political movement amidst considerable risk and thus need to take extra precautions.¹⁵ However, political commentator **George Mkwanzani** described Mujuru as,

“...having done very little to indicate that she really wants to avail herself for the leadership of the country... an unwilling horse, who is being whipped by the likes of

⁷ Joice Mujuru, BUILD document

⁸ Joice Mujuru, Build document.

⁹ Nehanda Radio, 1 Sept 2015.

¹⁰ News Day, 1 Sept 2015.

¹¹ Nehanda Radio, 1 Sept 2015.

¹² Source, analyst, Zimbabwe.

¹³ Rugare Gumbo, Voice of America radio interview, 9 Sept 2015.

¹⁴ Rugare Gumbo, Voice of America radio interview, 9 Sept 2015.

¹⁵ Rugare Gumbo, Voice of America radio interview, 9 Sept 2015.

[other former Zanu-PF veterans like] Rugare Gumbo, who would like her to accept the responsibility when she is not ready...¹⁶

Mujuru's allies are also reportedly engaged in talks with former prime minister **Morgan Tsvangirai's Movement for Democratic Change (MDC)** party for an electoral coalition.¹⁷ Gumbo stated that he had met MDC representatives on several occasions, and that his party is ready for talks for an opposition coalition that would defeat Zanu-PF in the 2018 elections.¹⁸ MDC spokesperson **Obert Gutu** also indicated that his party is open to engage with others, but that this would be based on common views on political issues rather than personalities.¹⁹ He denied meeting with People First in particular, but remained open to doing so once they had formally organised themselves into a political party.²⁰

Dangote invests in Zimbabwe

Nigerian businessman **Aliko Dangote** will invest \$400m in constructing a cement plant in Zimbabwe during the first quarter of 2016. Once operational, the plant will produce 1.5 million tonnes of cement per year.²¹ Dangote announced his plans when he visited **Harare** for meetings with Mugabe and vice presidents Mnangagwa and **Phelekezela Mphoko** on 30 August.²² Nigeria-based Zimbabwean TV personality **Josey Mahachi** and her husband **Olusegun Agbeniyi**, facilitated Dangote's visit to Zimbabwe.²³ Dangote met with tourism minister **Walter Mzembi**, mines and mining development minister **Walter Chidhakwa** and transport and infrastructure development minister **Obert Mpofu**.²⁴ Dangote stated that he will invest in the country's coal mining and power generation sectors.²⁵ He said that the Zimbabwean government had promised to expedite the necessary processes that would pave the way for his company to establish the proposed projects including environmental impact assessments and work permits.²⁶

The move is a rare sign of investor confidence in Zimbabwe's economy, which has been declining since 2000 due to various factors including land grabs and "indigenisation" which compels foreign investors to cede 51% of their local shareholding to indigenous Zimbabweans.²⁷ The **World Bank's Ease of Doing Business Index** ranks Zimbabwe 171 out of 189 countries, which makes it a risky investment destination.²⁸ However, Dangote reportedly drew guarantees from the Zimbabwean government for an exemption from its indigenisation policy and full ownership of his investments.²⁹

¹⁶ George Mkhwananzi, Voice of America radio interview, 9 Sept 2015.

¹⁷ Daily News, 11 Sept 2015.

¹⁸ Daily News, 11 Sept 2015.

¹⁹ Daily News, 11 Sept 2015.

²⁰ Daily News, 11 Sept 2015.

²¹ Bloomberg, 31 Aug 2015.

²² Bloomberg, 31 Aug 2015.

²³ Mail and Guardian, 1 Sept 2015.

²⁴ The Standard, 6 Sept 2015.

²⁵ Bloomberg, 31 Aug 2015.

²⁶ The Standard, 6 Sept 2015.

²⁷ News 24, 21 Jul 2015.

²⁸ Daily Nation, 10 Sept 2015.

²⁹ Mail and Guardian, 1 Sept 2015.

Nevertheless, Dangote invests in cement manufacture in the context of a weak construction industry, which will limit cement demand especially in the short term.³⁰

Dangote's company is reportedly looking beyond Mugabe's term in office. At 91 Mugabe is likely to vacate office before the next election in 2018.³¹ Apart from Dangote, other **Africa**-based investors in Zimbabwe's economy include **Strive Masiyiwa** in telecommunications and banking, and **South Africa**-based **Mzi Khumalo** in mining.³² **South Africa**-based **Impala Platinum** and retailer **Pick 'n Pay** have also remained invested in Zimbabwe's economy.³³ Analysts predict rapid economic growth in the event of Mugabe's departure from office. **Japanese** political analyst **Ken Yamamoto** stated that the economy has multi-sectoral potential, which will potentially surpass **South Africa's** if the political leadership enacts policies that attract foreign investments to stimulate this growth.³⁴

*"Dangote's investment in Zimbabwe carries considerable risk, given the Zanu-PF government's record of seizing private property either using the law or unilaterally. Despite reportedly getting assurances that his investment will be safe, there remains risk that may not be associated with Mugabe's incumbency but also transitional political violence before or after 2018. These may result in an unfavourable business climate for an indefinite period of time. Having said that, it remains to be seen if he will invest the \$400m at the same time, or set up a much smaller scale of operations at first then increase once the political landscape changes within the next three years when possibility of regime change is high. Zimbabwe maintains a high potential for growth, since it has experienced economic prosperity in the past and it has a stronger foundation for a post-Mugabe economic rebound."*³⁵

The **Dangote Group** is currently seeking to dominate the cement market on the continent to profit from the infrastructural sector's growth.³⁶ It faces stiff competition from other large-scale cement producers operating in Africa, such as **Switzerland**-based **Lafarge Holcim**, **Pretoria Portland Cement (PPC)** and **Germany**-based **Heidelberg Cement**.³⁷ Before visiting Zimbabwe, Dangote launched a cement plant in **Addis Ababa (Ethiopia)** that will produce 2.5 million metric tonnes per year and a cement factory in **Cameroun**, worth \$250m.³⁸ The Dangote Group has cement manufacturing plants in **South Africa**, **Zambia**, **Senegal**, **Ethiopia**, **Republic of Congo** and **Gabon**.³⁹ It also operates additional cement packaging facilities in **Ghana**, **Liberia**, **Sierra Leone** and **Côte d'Ivoire**. The company has additional investments in oil, real estate, sugar and salt refining, flour and semolina milling, among others.⁴⁰

³⁰ Zim Daily, 13 Sept 2015.

³¹ Mail and Guardian, 1 Sept 2015.

³² IOL News, 4 Sept 2015.

³³ IOL News, 4 Sept 2015.

³⁴ Zim Daily, 13 Sept 2015.

³⁵ Source, analyst, Zimbabwe

³⁶ Mail and Guardian, 4 Sept 2015.

³⁷ Mail and Guardian, 4 Sept 2015.

³⁸ Forbes, 2 Sept 2015.

³⁹ The Standard, 6 Sept 2015.

⁴⁰ The Standard, 6 Sept 2015.

Construction projects stall as sector continues to decline

The construction sector is currently declining due to lack of investment and the state of the broader economy, with several projects suspended over lack of funding.⁴¹ Finance minister **Patrick Chinamasa** highlighted the weakness of the economy by lowering economic projections from 3.2% to 1.5% in his July 2015 monetary statement.⁴² **Zimbabwe Building Contractors' Association** president **Obert Sibanda** stated that the industry is acutely unprofitable, with the number of active projects from both the public and private sectors dwindling, and that the industry's revival would depend on the overall economy's strength.⁴³ The **Construction Industry Federation of Zimbabwe (CIFOZ)** had also revealed that the industry was operating at approximately 20-30% capacity according to the latest figures released in 2014.⁴⁴ Acute electricity shortages have also contributed to the contraction of the construction sector. Banks are also reluctant to extend loans for new or continuing construction projects since the economy weakened in the last ten years.⁴⁵

The incursion of foreign companies, especially **Chinese** firms, has also weakened Zimbabwe's construction industry due to Zanu-PF's "**Look East Policy**" that prioritises investment and trade from China and **Asia** over Western countries.⁴⁶ The government is the largest client in construction, initiating 60% of projects undertaken in the country.⁴⁷ The Chinese government grants loans for most of the projects that Chinese companies undertake.⁴⁸ Zimbabwe does not have laws or a sector specific board to regulate the industry, such as South Africa's **Construction Industry Development Board (CIDB) Act 38 of 2000**, which provides for the creation of a board to regulate the local construction industry.⁴⁹ CIFOZ president **Gift Mpofo** indicated that the absence of regulation contributed to the depreciation of the sector's profitability by 20-30%. The sector has also been less profitable since the government started awarding more tenders to Chinese companies.⁵⁰

Chinese companies are currently expanding the **Victoria Falls** airport on a government contract worth \$700m.⁵¹ **China Civil Engineering Construction Corp (CCECC)** also signed a \$1.9 billion contract with the government for a public housing project in April.⁵² In his 2015 budget, Chinamasa announced that the government would allocate \$417.2m for the upgrade of water and sewer facilities in major cities countrywide.⁵³ **Masvingo** recently signed an agreement with China's **CAMC Engineering** for infrastructural development projects, which will begin with a \$60m sewerage system

⁴¹ News Day, 8 Sept 2015.

⁴² News Day, 8 Sept 2015.

⁴³ News Day, 8 Sept 2015.

⁴⁴ News Day, 8 Sept 2015.

⁴⁵ Financial Gazette, 22 Jun 2012.

⁴⁶ The Standard, 15 Feb 2015.

⁴⁷ All Africa, 5 Sept 2015.

⁴⁸ Radio VOP, 6 Sept 2015.

⁴⁹ The Standard, 22 Sep 2013.

⁵⁰ All Africa, 5 Sept 2015.

⁵¹ Times Live, 7 Sept 2015.

⁵² News Day, 29 Apr 2015.

⁵³ News Day, 29 Apr 2015.

upgrade project.⁵⁴ Industry and commerce minister **Mike Bimha** announced the government's further plans to upgrade deteriorating road, rail, and air infrastructure that are crucial to economic recovery.⁵⁵

The construction sector is poised to be profitable in other parts of the continent, due to increased urbanisation and government spending on transport, power generation and shipping infrastructure.⁵⁶ Other construction projects include roads, commercial and administrative buildings, hospitals and schools, rural and urban housing, and maintenance of existing infrastructure. Zimbabwe's economy could benefit from a vibrant labour intensive industry through the reduction of unemployment levels, despite rapid technological development in recent years. The sector is one of the largest sources of employment worldwide, due to its labour intensive nature. It can also boost overall economic profitability primarily through increasing demand in other related sectors that supply materials such as electrical fittings, carpentry, and furniture. In the past, it has contributed as much as 20% to gross domestic product (GDP) at its peak.⁵⁷

Implications

Mujuru's entry into opposition politics will animate the country's electoral politics due to her popularity and the possibility of a grand opposition electoral coalition in 2018. Mujuru maintains considerable political support in the country, and the sympathy of foreign governments and investors. Mugabe's failing health makes it likely that Mujuru will compete against his successor, who may not be as popular as Mugabe. This makes Zanu-PF's electoral defeat in 2018 a possibility although former Zanu-PF members including Mujuru will face substantial risk in running against Zanu-PF.

Dangote's investment will boost Zimbabwe's construction and mining sector, given its magnitude. However, this will largely depend on the country's overall political and economic climate. Dangote is unlikely to invest the full investment amount in the short term, given the high political risk and weak market for cement in the country. However, his move may spur other investors to follow the same strategy.

The construction sector is in continual decline, and the government's failure to regulate it is a missed opportunity for reducing unemployment and supporting local proximate industries. Currently, Chinese companies have preferential access to the few available projects due to the bilateral relationship between Zimbabwean and Chinese governments. This will limit the sector's contribution to economic growth and reduction of unemployment levels, since Chinese companies import most of the staff and construction materials instead of using the local market.

⁵⁴ Radio VOP, 6 Sept 2015.

⁵⁵ Business Day, 9 Apr 2015.

⁵⁶ Mail and Guardian, 4 Sept 2015.

⁵⁷ Financial Gazette, 22 Jun 2012.

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