

AFRICA RISK CONSULTING

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Zimbabwe Summary 10 March 2021

Policy shifts aimed at stimulating foreign currency earnings through mining fees and export earnings threaten development in Zimbabwe's mining sector. Government plans to go ahead with a move to evict without compensation villagers in the Chilonga area of Chiredzi town (Masvingo Province) to pave the way for a lucerne grass project for milk processor Dendairy, above the concerns of local villagers, human rights and civil society organisations. The naming of President Emmerson Mnangagwa (2017-present) in the Chilonga crisis and vice president Kembo Mohadi's resignation over allegations of sexual exploitation of minors further undermine confidence in the country's leadership. Government eases Covid-19 lockdown restrictions but schools lack capacity to facilitate learning on-site and remotely. The continued closure of borders further undermines prospects for economic recovery.

Mining sector decries foreign currency measures ...

Mines and mining development minister **Winston Chitando** has reversed a decision to peg Zimbabwe's mining fees in **United States (US)** dollars.¹ The **Zimbabwe Miners Federation (ZMF)** denounced as prohibitive the mining ministry's move on 19 February to peg mining licences, applications for special grants and registration of mining leases at \$2,000 each.² The ZMF claimed the proposed hike would have resulted in an 800% hike in mining fees, in local currency.³ ZMF membership comprises 1.5 million artisanal miners, who are the most significant contributors to the country's gold output.⁴ The ZMF said most of its members would be pushed into bankruptcy in attempts to acquire foreign currency (US dollars) on the black market or forced into illegal mining activities in order to evade mining fees. Repealing the decision, Chitando said mining fees would now be pegged in local currency, calculated in real time gross settlement (RTGS). A prospecting licence is now pegged at RTGS\$1,000 (\$100 at the prevailing interbank rate).⁵

*"A special prospecting licence that had been pegged at US\$750 has been reviewed to RTGS\$3,750 [approximately US\$45 at the prevailing interbank rate]. The application for revocation of forfeiture, which had been increased to US\$1,000, is now pegged at RTGS\$5,000 [approximately US\$60 at the prevailing interbank rate]. An application for an Exclusive Prospecting Order (EPO) is now at RTGS\$10,000 from US\$2,000 (approximately US\$120 at the prevailing interbank rate)."*⁶

The ZMF, together with the **Chamber of Mines of Zimbabwe (COMZ)**, continues to push government to lift a restrictive policy that compels miners to sell 40% of their foreign currency earnings to the **Reserve Bank of Zimbabwe (RBZ)** (central bank). Under the regulations, announced in January this year, exporters are required to sell 40% of export earnings to the

¹ Mining Zimbabwe, 19 Feb 2021

² Mining Zimbabwe, 19 Feb 2021

³ Mining Zimbabwe, 21 Feb 2021

⁴ NewsDay, 25 Feb 2021

⁵ Mining Zimbabwe, 21 Feb 2021

⁶ Herald, 26 Feb 2021

RBZ, up from 30% previously.⁷ The requirement to hand in 40% of foreign currency earnings is expected to threaten 60% of gross export proceeds for investors, leaving inadequate foreign currency resources to sustain or expand operations.⁸

Mining companies complain the RBZ's new requirements will push their operations "to the brink".⁹ COMZ chief executive officer **Isaac Kwesu** indicated that some miners were already experiencing shortfalls in foreign currency, curtailing their capacity to sustain production. **South Africa-based Johannesburg Stock Exchange (JSE)-listed Anglo American Platinum (Amplats)**, which runs Zimbabwe's third-largest platinum mine, **Unki** mine, said the policy leaves miners unable to fund operations since key inputs such as electricity are paid for in US dollars.¹⁰ The now-repealed US\$-pegged hike in mining fees had also impeded operations, coupled with demands for mining companies to increase mine workers' wages, in line with current inflation rates.

Policy uncertainty in Zimbabwe's largest income-generating sector is a major cause for concern. Mineral exports have been responsible for at least 60% of government's export earnings as of October 2018,¹¹ with the sector contributing at least 16% of national GDP.¹² President **Emmerson Mnangagwa's** (2017-present) administration aims to increase the mining sector's total annual exports to \$12 billion by 2023, up from \$2.7 billion in 2017 when he took office.¹³ Under the \$12 billion roadmap, gold is expected to contribute \$4 billion, platinum \$3 billion, and lithium \$500m,¹⁴ while chrome, iron, steel, diamonds and other minerals would generate \$4.5 billion.

Chitando is confident that Zimbabwe will meet its mining target and has promised to release an assessment of the industry's performance at the end of this Q1 2021.¹⁵ In an address to the portfolio committee on mines and mining development on 1 March, Chitando reported recent achievements that include the expansion of operations by **Zimplats**, Unki and **Mimosa** platinum mines, completion of drilling by **Ghana-based mining consortium Bravura**, completion by **Cyprus-headquartered Karo Resources** of platinum exploration at its **Great Dyke** concession, and the installation by **Afrochine Smelting** of smelters in **Selous**.¹⁶

Controversial lucerne project raises spectre of high-level corruption...

Opposition party leaders and non-governmental organisations are crying foul over the government's plan to evict approximately 14,000 villagers in the **Chilonga** area of **Chiredzi** town in **Masvingo Province** to pave the way for a lucerne grass project. The project is reportedly linked to expansion plans for milk processor **Dendairy**, which has resulted in civil society organisation calls for a boycott of Dendairy products. The implication of President Mnangagwa and local government, urban and rural resettlement minister **July Moyo** in the project has raised accusations of high-level corruption.

Moyo published a legal notice (**Statutory Instrument 50 of 2021**) on 26 February, ordering the occupants of approximately 12,940 hectares of Chilonga communal land to leave immediately, unless they acquired fresh rights of use or occupation to that land.¹⁷ The notice indicated that the land was being set aside for the production of lucerne grass for stock feed.

⁷ Business Day, 7 Mar 2021

⁸ Africa Mining Market

⁹ Business Day, 28 Jan 2021.

¹⁰ Business Day, 7 Mar 2021

¹¹ Mining Technology, 4 Mar 2020

¹² Xinhua, 19 Nov 2020

¹³ Africa Mining Market

¹⁴ Mining Zimbabwe, 8 Mar 2021

¹⁵ Alternative Africa, 8 Mar 2021

¹⁶ Mining Zimbabwe, 8 Mar 2021

¹⁷ Human Rights Watch, 6 Mar 2021

According to a member of the **Masvingo Centre for Research and Advocacy (MACRAD Trust)**, Moyo had met with traditional leaders, local authorities and some local delegates on 30 April 2020 to inform them of the plan to convert Chilonga into lucerne producing farms. However, community leaders have rejected the recent notice, which will affect 678 villages comprising 2,258 households with 13,840 people.¹⁸ Community leaders argue that immediate eviction without compensation, during a pandemic, and within rural locations they have called home for decades, undermines the villagers' citizen rights. Some villagers note this is not the first forced eviction for the **Shangani** people of Chilonga. In the 1960s the colonial administration displaced them from their ancestral lands to pave the way for **Gonarezhou National Park**.¹⁹

The eviction notice and related revelations have elicited claims of high-level corruption. Citizen rights activists under the banner **Team Pachedu**, through a **Twitter** page, have released excerpts from a document they claim was generated by the **Netherlands Institute For Southern Africa** in 2003. The excerpts indicate that **Neville Coetzee** and **Herman Venter** are either owners of Dendairy or have the power to give other people shares in the dairy.²⁰ The document noted that Coetzee and Venter offered July Moyo and President Emmerson Mnangagwa each 10% of Dendairy's shares if they could secure cheaper foreign exchange on behalf of Dendairy.²¹ The claims appear to have some basis in fact: **United Kingdom (UK)**-based Zimbabwe analyst **Alex Magaisa** on 2 March, reminded Zimbabweans of Mnangagwa's 2016 admission that he had actively protected Neville Coetzee's business interests. Speaking at a memorial service to celebrate the life of Coetzee's late wife, **Estelle**, at **Kwekwe Sports Club (Midlands Province)** on 13 January 2016, Mnangagwa (then vice president under former president **Robert Mugabe** (1988-2017)) said most white farmers still had their land because of his close connection to the Coetzee family:

*"I have kept this a secret, but let me tell you now. The majority of you are still here because of Neville (Coetzee) and his wife. Every morning they would be at my house bothering me left and right to protect you. If you did not know it, it's because of the good nature of the Coetzee family, who I have worked very well with over the past 40 years, that you are still here..."*²²

Although not referring to the alleged shares and forex-related favours, Mnangagwa's 2016 statement may cast light on the looming eviction of thousands of villagers to create lucerne fields directly linked to Dendairy. Opposition leaders such as the **Movement for Democratic Change-Alliance's (MDC-Alliance) Tendai Biti** have capitalised on the controversy by visiting the villagers and promising that justice will prevail. Biti announced on 9 March that the MDC-Alliance had given a notice of a motion to be presented on 11 March, on the displacement of ethnic minorities and eviction of the people of Chilonga, as well as the unfair land tenure system that does not recognise indigenous Zimbabweans' right to land.

The **Zimbabwe Anti-Corruption Commission (ZACC)** has distanced itself from the case, despite allegations that Moyo and Mnangagwa may have facilitated access to foreign currency for Dendairy's owners. Suspicion of favouritism towards investors with close links to the president and his ministers will lead to further mistrust of the administration's governance.

... as VP Mohadi resigns over sex scandal

The resignation of second vice-president **Kembo Mohadi** over allegations of a sex scandal has

¹⁸ Human Rights Watch, 6 Mar 2021

¹⁹ Human Rights Watch, 6 Mar 2021

²⁰ Team Pachedu website, accessed 10 Mar 2021

²¹ Team Pachedu website, accessed 10 Mar 2021

²² Zimbabwe Situation, 14 Jan 2016

further dented public confidence in the country's leadership. Mohadi, who served as vice president from 28 December 2017, resigned on 1 March in response to reports that he was abusing his office by soliciting sexual favours from several women, including a married junior intelligence officer.²³ Recordings of phone conversations between Mohadi and the officer circulated on social media platforms in the last week of February, sparking public outrage and demands for the leader to step down. Mohadi, a retired member of Zimbabwe's armed forces, distanced himself from what he called "*choreographed imagined immoral behaviour*".²⁴

Mnangagwa has yet to appoint a new vice president. The position is usually reserved for a former **Zimbabwe African People's Union (ZAPU)** member, according to the **Unity Accord** of 1987. This would place ambassadors **Simon Khaya Moyo** and **Cain Mathema** as frontrunners for the position. There is also speculation that Mnangagwa could appoint a female leader of the ruling **Zimbabwe African National Union–Patriotic Front (ZANU-PF)**, such as current defence minister **Oppah Muchinguri** or information minister **Monica Mutsvangwa**, both party loyalists who are in favour with the president.

Since the second vice-president does not wield much influence, Mohadi's departure has not affected policy or operations. First vice-president **Constantino Chiwenga** plays a more significant role in government, particularly since he is doubling up as health minister during the **Covid-19** crisis (see below). Chiwenga was a mastermind in the military-facilitated transition from Mugabe's rule and is a major proponent of Zimbabwe-**China** relations.²⁵

Covid-19 restrictions ease as new infections slow and vaccine rollout begins...

The government on 1 March eased an almost two-month long lockdown that began on 5 January (see *ARC Briefing Zimbabwe January 2021*).²⁶ The opening up of the economy comes in response to lower Covid-19 infection rates over the past month and the roll-out of Zimbabwe's Covid-19 vaccination campaign. As of 9 March, Zimbabwe had recorded 36,312 cases,²⁷ 33,919 recoveries and 1,489 Covid-19-related deaths in its population of roughly 15 million.²⁸

The health ministry kicked off its vaccination programme on 18 February when vice-president Constantino Chiwenga became the first Zimbabwe citizen to be vaccinated.²⁹ Chiwenga received the first shot of the two-dose Chinese **Sinopharm** Covid-19 vaccine. The government plans to vaccinate at least 60% of the population (9 million people), at no cost to its citizens, using public and private sector funds³⁰ and has set aside at least \$100m for Covid-19 vaccines.³¹ China sent 200,000 free doses of its Sinopharm vaccine to Zimbabwe in February.³² To date, a total of 35,761 frontline workers have been vaccinated.³³

The vaccine roll-out will progress to a phase 2 priority list, which includes teachers and lecturers, to pave the way for the resumption of face-to-face studies. Schools and universities are set to commence classes on 22 March. School attendance will be on a rotational basis to avoid over-crowding, with students expected to employ virtual learning on days they do not attend school (see below).³⁴

²³ Nehanda Radio, 3 Mar 2021

²⁴ News24, 24 Feb 2021

²⁵ Source, Zimbabwe analyst

²⁶ Ministry of Information, 1 Mar 2021

²⁷ Ministry of Health and Childcare (MoHCC), 9 Mar 2021

²⁸ MoHCC, 9 Mar 2021

²⁹ Times Live, 18 Feb 2021.

³⁰ Zimbabwe Broadcasting Corporation (ZBC), 4 Feb 2021

³¹ Business Day, 31 Jan 2021

³² AfricaNews, 15 Feb 2021

³³ MoHCC, 9 Mar 2021

³⁴ China Global Television Network (CGTN) Africa, 3 Mar 2021

Under the latest regulations to curb the spread of Covid-19, formal and informal businesses can reopen, although restaurants are not allowed to serve dine-in customers, and nightclubs and gyms remain closed. Curfew remains, but is shortened from 10pm to 5am.³⁵ Interprovincial travel is permitted and citizens no longer require permits for authority to move around urban and rural areas.

... amid the challenge to revive learning through online methods

Following the decision to reopen schools, cabinet on 9 March approved the fast-track implementation of the first phase of the **National e-Learning strategy for Schools** in Zimbabwe (2021 to 2025). The strategy is a joint initiative of the ministry of information communication technology, postal and courier services and the ministry of primary and secondary education.³⁶ Information minister Monica Mutsvangwa said mobile learning applications would be ready within 45 days as implementation of the national e-learning strategy unfolds. The government aims to connect at least 1,500 schools to broadband in 2021, of which 434 also need to be connected to the electricity grid, while 150,000 computers will be assembled at the government-owned **TelOne** factory in **Msasa, Harare**.³⁷

The success of online learning is premised on the expansion of broadband infrastructure. The government has pledged to increase capacity to TelOne, **NetOne** and the **Zimbabwe Academic and Research Network (ZARNET)** in order to provide connectivity to schools and tertiary institutions. The government, through the **Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ)**, will provide electronic devices to schools, particularly in the rural areas, under the **Connect a School-Connect a Community Programme** formulated by the **International Telecommunications Union (ITU)**. The government is considering a federated content hosting approach in order to reduce the cost of access and has pledged to train educators in technology skills.³⁸ Radio and television channels will also be dedicated to e-learning.

The government's e-learning strategy cannot come too soon for Zimbabwe's primary and secondary school students. Failure to implement emergency remote learning strategies earlier led to a decline in pass rates in the national grade seven examinations (see *ARC Briefing Zimbabwe February 2021*). However, challenges remain. Few families have the requisite computer devices or finances to pay for the proposed online strategies. Local residents perceive TelOne and NetOne as poor service providers, meaning investment from private stakeholders will be key. The Msasa computer plant, which aims to assemble 150,000 desktop computers in 2021, is sponsored by a 2020 joint venture between TelOne and Chinese company **Inspur** but more laptops, desktops and ICT devices are needed to cater for millions of learners and teachers.³⁹ Partnerships between firms that provide e-learning training, devices and software applications development with already identified stakeholders and mobile operators such as **Econet Wireless** and **Telecel Zimbabwe** for mobile technology-based e-learning tools would be beneficial. Nurturing of small-to medium-enterprises (SMEs) and innovation companies is also crucial.

Adding to the challenges of low levels of access to internet and data cost constraints, erratic power supply and absence of e-learning tools suitable for students with special needs exacerbate challenges related to learning during the pandemic. Rural-based schools have the added disadvantage of not being electrified, lacking access to internet facilities and poor network coverage.

³⁵ Ministry of Information, 1 Mar 2021

³⁶ Herald, 10 Mar 2021

³⁷ Herald, 10 Mar 2021

³⁸ Herald, 10 Mar 2021

³⁹ Herald, 10 Mar 2021

Border closures lead to further socioeconomic insecurity

Cross-border traders have expressed frustration over the continued closure of Zimbabwe's land borders under the recently announced eased Covid-19 regulations. A surge in Covid-19 infections over the festive period necessitated the closure of borders (see *ARC Briefing Zimbabwe January 2021*). The government noted that the continued border closure would prevent Zimbabweans from acquiring new variants of the coronavirus and prevent a spike caused by imported cases.⁴⁰

Informal Cross Border Trading (ICBT) is the main means of livelihood for most unemployed women and youths who depend on buying goods in neighbouring countries such as South Africa, **Botswana** and **Mozambique**, and reselling them in Zimbabwe. Others make crafts which they travel with and sell across the borders, with some travelling as far as the **Democratic Republic of the Congo (DRC)** and **Angola** to sell their wares. In the absence of relief grants for cross border traders, the reopening of the economy provides no relief, as many remain unable to restock and trade due to travel restrictions. Borders are unlikely to open before the busy Easter period (2-5 April) in order to prevent a repeat of the spike of infections seen at Christmas.

Planner

July 2023 (**Zimbabwe**) – Harmonised elections

Chronology

10 Mar 2021 **Harare (Zimbabwe)** *The Herald*. Cabinet approves National e-Learning strategy for schools in Zimbabwe;

9 Mar 2021 **Harare (Zimbabwe)** *The Herald*. **Zimbabwe Miners Federation (ZMF)** president **Henrietta Rushwaya** calls for government to prioritise women and war veterans in new mining ventures;

8 Mar 2021 **Harare (Zimbabwe)** *All Africa*. President **Emmerson Mnangagwa** donates \$27,000 for the construction of classroom blocks at **Kavalamanji Memorial Primary school in Zambia**;

7 Mar 2021 **Harare (Zimbabwe)** *Business Day*. **Chamber of Mines** says it has opened talks with the government to push authorities to repeal regulations that compel miners to sell 40% of their foreign currency to the **Reserve Bank of Zimbabwe** (central bank);

3 Mar 2021 **Cairo (Egypt)** *Afreximbank*. **African Export-Import Bank (Afreximbank)** ratifies \$70m loan to upgrade **Beitbridge** border post;

2 Mar 2021 **Harare (Zimbabwe)** *Ministry of Foreign Affairs and International Trade (MoFAIT) press release*. Ambassador **Frederick Shava** is sworn in to replace the late Lt.Gen (Rtd) **Sibusiso Moyo** as foreign affairs minister;

1 Mar 2021 **Harare (Zimbabwe)** *Times*. President **Emmerson Mnangagwa** announces an easing of **coronavirus** lockdown measures, cautiously opening up the economy after a two-month national lockdown, but land borders will remain closed.

1 Mar 2021 **Harare (Zimbabwe)** *Africa Mining Market*. Zimbabwe's mining sector workers get 22% pay hike that will see the lowest paid employee earning a gross of RTGS\$22,000 (approximately \$264 at the time of writing) per month;

1 Mar 2021 **Harare (Zimbabwe)** *The Herald*. Vice president **Kembo Mohadi** resigns amid sex scandal reports and mounting pressure from the public and advocacy groups;

⁴⁰ Zimbabwe Broadcasting Corporation (ZBC), 1 Mar 2021

28 Feb 2021 **Harare (Zimbabwe)** *Bloomberg*. **Zimbabwean** business leaders optimistic amid a commodity boom, good summer rains and reforms spearheaded by finance minister **Mthuli Ncube**;

27 Feb 2021 **Harare (Zimbabwe)** *The Zimbabwe Independent*. Cotton farmers target production of 200,000 metric tonnes in 2021, up 135% from 85,000 metric tonnes in 2020 ;

25 Feb 2021 **Harare (Zimbabwe)** *Moneyweb*. National statistics agency **Zimstats** says the inflation rate stood at 321.59% year-on-year in February compared to 362.63% the previous month;

24 Feb 2021 **Harare (Zimbabwe)** *Times Live*. Co-vice-president **Kembo Mohadi** issues a statement hinting at an internal division in the ruling **Zanu-PF** after a series of exposés by online publication **ZimLive** linked him to two married women and a former beneficiary.

22 Feb 2021 **Harare (Zimbabwe)** *AA*. Government's director of epidemiology and disease control **Portia Manangazira** is arraigned before a **Harare** court for misappropriating funds to fight **coronavirus**;

18 Feb 2021 **Harare (Zimbabwe)** *Times Live*. Vice-president **Constantino Chiwenga** becomes first citizen in Zimbabwe to get the first shot of the two-dose **Chinese Sinopharm Covid-19** vaccine;

15 Feb 2021 **Harare (Zimbabwe)** *Business Day*. President **Emmerson Mnangagwa** extends stringent lockdown measures by two weeks, with slight adjustments that do not include reopening of borders;

9 Feb 2021 **Johannesburg (South Africa)** *Business Tech*. Department of Home Affairs says it is in discussions with government health officials about reopening **South Africa's** land borders;

9 Feb 2021 **Harare (Zimbabwe)** *NewZimbabwe*. **Zimbabwe's** ambassador to **Mozambique** and former **Zimbabwe National Army** chief of staff **Douglas Nyikayaramba** dies from **Covid-19** related complications;

9 Feb 2021 **Harare (Zimbabwe)** *NewZimbabwe*. **Zimbabwe Miners Federation** president **Henrietta Rushwaya** is reinstated to her position after she was arrested last year over smuggling 6kg of gold to **Dubai**.

9 Feb 2021 **(Africa)** *EMPEA*. Sector-specific **African** private equity fund **Phatisa** reaches a \$143m final close for **Phatisa Food Fund 2** following a \$82m joint commitment from **CDC Group, Norfund, Finnfund, FinDev Canada** and **BIO**; the vehicle will invest in the food value chain across **sub-Saharan Africa**;

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