

AFRICA RISK CONSULTING

Zimbabwe Monthly Briefing November 2020

Zimbabwe Summary 11 November 2020

Harare Magistrate's Court identifies President Emmerson Mnangagwa's (2017-present) security aides and family as accomplices in a gold smuggling case that has thrown the spotlight on high-level corruption in Zimbabwe. The health care sector continues to face challenges in the midst of the Covid-19 pandemic. Harare residents resort to digging wells in a local cemetery in search of water as major cities throughout Zimbabwe face serious water shortages.

Gold smuggling arrest highlights high-level corruption

The **Harare Magistrate's Court** has identified President **Emmerson Mnangagwa's** (2017-present) security aides and family as accomplices in a gold smuggling case that has thrown the spotlight on high-level corruption in **Zimbabwe**. Local police arrested **Zimbabwe Miners Federation (ZMF)** president **Henrietta Rushwaya** at **Robert Gabriel Mugabe International Airport** in Harare for attempting to smuggle 6 kg of gold, worth approximately \$330,000, to **Dubai** in her handbag on 26 October.¹ The court's proceeding papers implicated first lady **Auxillia Mnangagwa** in a gold smuggling syndicate involving her son, a senior ruling party official and her husband's aides.² Mnangagwa has distanced herself and her son from any wrongdoing, while Rushwaya claims she was framed, as her bag was switched for one containing the gold.³

Rushwaya's arrest has brought to light the gold trafficking underworld ruled by two major syndicates strongly connected to the ruling **Zanu-PF** government.⁴ Prosecutors told the court that the smuggling attempt was orchestrated by a wide network involving members of the security services, airport officials and others masquerading as top security agents.⁵

Home affairs minister **Kazembe Kazembe** claims that smuggling is responsible for Zimbabwe's falling gold revenues (see *ARC Briefing Zimbabwe October 2020*). Kazembe estimates that Zimbabwe is losing at least \$100m worth of gold every month, as it is smuggled through the country's porous borders.⁶ Dubai is one of the largest illicit importers of gold from **Africa**, but a large percentage of Zimbabwe's gold is also smuggled into **South Africa**.⁷ Of the 100 tonnes of gold produced in Zimbabwe in 2016, 75% was reportedly smuggled into South Africa.⁸

Finance minister **Mthuli Ncube** has admitted that although gold production had increased, deliveries to **Fidelity Printers and Refiners (FPR)**, solely responsible for purchasing gold in Zimbabwe, have fallen.⁹ FPR's figures for gold deliveries from January to September show production decreased to 14.7 tonnes from 20.8 tonnes in the same nine-month timeframe in

¹ Times Live, 26 Oct 2020

² Daily Maverick, 1 Nov 2020

³ 263 chat, 5 Nov 2020

⁴ The Herald, 2 Nov 2020

⁵ The Zimbabwe Daily, 28 Oct 2020

⁶ Fin 24, 11 Oct 2020

⁷ Daily Maverick, 1 Nov 2020

⁸ Daily Maverick, 1 Nov 2020

⁹ EyeWitness News, 8 Nov 2020

2019.¹⁰ FPR guidelines published in January require that all large-scale miners, small scale miners and holders of gold buying permits sell their gold to FPR, which then handles export of the gold.¹¹ The criteria for receipt of gold buying permits include provision of police clearance for individual buyers, company directors or agents.

Health care sector woes continue ...

Zimbabwe's health care sector continues to face challenges in the midst of the **Covid-19** pandemic. The **Zimbabwe Anti-Corruption Commission (ZACC)** has opened an investigation into health deputy minister **John Mangwiro** over allegations that he influenced national pharmaceutical company **Natpharm** to award a contract worth \$5.6m to supply Covid-19 sundries to unregistered firm **Young Health Care**.¹² President Mnangagwa dismissed former health minister **Obadiah Moyo** in August on allegations of corruption levelled by the ZACC, replacing him with vice president **Constantino Chiwenga**.¹³

A series of strikes by Zimbabwe's doctors and nurses seeking better salaries and working conditions has exacerbated the situation (see *ARC Briefing Zimbabwe August 2020*).¹⁴ Doctors staged similar strikes for better pay in 2005 when Chiwenga was first commander of the armed forces and reportedly threatened Zimbabwe's doctors with detention.¹⁵ In early October, faced with an uprising of the nation's medical corps, Chiwenga announced that the government planned to conscript junior doctors into the military if the strikes did not cease.¹⁶ The doctors and their labour unions perceive the threat as an attempt to stop doctors from demanding better working conditions. Bishop **Raymond Tapiwa of Chinhoyi** told **The Jesuit Review** on 22 October that:

"The freedom party (Zanu-PF) refuses to give freedom of choice by refusing to listen to the cries of distressed doctors. Instead they propose more distress."

Zimbabwe's public hospitals experience perennial shortages of medicine and equipment, particularly personal protective equipment.¹⁷ However, the donation by the **South Korean** and **Indian** embassies in Zimbabwe on 20 October of Covid-19 medical supplies and consumables worth \$650,000 has alleviated the situation to some extent.¹⁸ The **World Health Organisation (WHO)**, with financial support from the **Danish** government and Denmark-based multinational pharmaceutical company **Novo Nordisk**, presented medical supplies and equipment worth \$61,000 to Zimbabwe's ministry of health and childcare on 5 November.¹⁹ During the handover ceremonies President Mnangagwa stated that the country does not have adequate resources to fight Covid-19.²⁰ The health ministry announced on 7 November that Zimbabwe had recorded 255 deaths as a result of Covid-19.²¹ Cases had reached 8,667, with 8,046 recoveries at time of writing.²²

¹⁰ Mining Weekly 11 Oct 2020

¹¹ The Herald, 9 July 2020

¹² The Sunday News, 18 Oct 2020

¹³ Daily Maverick, 31 Nov 2020

¹⁴ The Jesuit Review, 22 Oct 2020

¹⁵ The Jesuit Review, 22 Oct 2020

¹⁶ The Jesuit Review, 22 Oct 2020

¹⁷ The Jesuit Review, 22 Oct 2020

¹⁸ Daily News, 21 Oct 2020

¹⁹ Relief web, 6 Nov 2020

²⁰ Daily News, 21 Oct 2020

²¹ EIN Presswire, 8 Nov 2020

²² Worldometer, 12 Nov 2020

... as water shortage hits Harare and other major cities

Adding to Zimbabwe's health woes, major cities in the country are now facing serious water shortages. Successive droughts affecting the entire country in the past two years, and an ever-increasing population, have caused wells in the south of Harare to dry up, forcing some residents to search for water from wells in **Granville** cemetery.²³ Compounding an already dire situation, authorities shut down Harare's main water-treatment plant, **Morton Jaffray Waterworks**, on 22 October due to a shortage of chemicals.²⁴ The government has in turn blamed the shortage of chemicals on foreign currency shortages. In September, then Harare deputy mayor **Enock Mupamawonde** called on the government to declare the water shortage a national disaster, saying the local authority needed at least \$2m a month for chemicals to treat water.²⁵

The water shortage has had a serious negative on residents and businesses. The WHO's representative for Zimbabwe, **Alex Gasasira**, has warned that drinking water from graveyards exposes residents to risks of diseases such as typhoid fever and cholera, both of which have devastated Zimbabwe's health system over the past five years.²⁶ In June, 13 people reportedly died following a spike in diarrhoea cases in **Bulawayo**.²⁷ This was directly attributed to a deepening water crisis in which most suburbs are receiving water for only 12 hours per week. The **United Nations** reports that Zimbabwe is facing a severe hunger crisis in 2020 with up to 60% of the population, 7.7 million people, most of whom are in urban areas, food insecure.²⁸ Manufacturing and energy related businesses in Harare that rely heavily on water are also severely impacted, resulting in lost revenue and a need to review risk management strategies.²⁹

Harare mayor **Jacob Mafume** and the Harare city council recently partnered with the **Embassy of the Netherlands** to construct massive water pipe systems worth \$389,770 for residents of **Hopely** settlement in Harare.³⁰ The project is set to benefit more than 65,000 households and be completed by December.

²³ All Africa, 15 Oct 2020

²⁴ Bloomberg, 23 Oct 2020

²⁵ Aljazeera, 13 Feb 2020

²⁶ Voice of America, 22 Oct 2020

²⁷ The Zimbabwe Daily, 27 Oct 2020

²⁸ AllAfrica.com, 23 Oct 2020

²⁹ Southern Times Africa, 18 Sep 2020

³⁰ All Africa, 27 Oct 2020

Planner

5 Dec 2020 (**Zimbabwe**) by-elections (to be determined)

June 2023 (**Zimbabwe**) General elections

Chronology

11 Nov 2020 **Harare (Zimbabwe)** *Moneyweb*. President **Emmerson Mnangagwa** says **Zimbabwe** is ready to assist **Mozambique** to fight its insurgency, which has raised security concerns across the region;

11 Nov 2020 **Harare (Zimbabwe)** *NewsDay*. Financial services giant **CBZ Holdings** says inflation-adjusted post-tax profits slipped to \$2.44 billion during Q3 ending 30 September, down from \$4.32 billion during the comparable period in 2019.

10 Nov 2020 **Harare (Zimbabwe)** *New Zimbabwe*. **Reserve Bank of Zimbabwe** (central bank) allots \$31.7m to industry in its latest forex auction, the highest amount to be availed since the launch of the auction system in June 2019;

10 Nov 2020 **Harare (Zimbabwe)** *Bloomberg*. Finance minister **Mthuli Ncube** says he plans to select a financial adviser by Christmas to help government raise \$3.5 billion to compensate farmers it violently evicted from their land two decades ago;

10 Nov 2020 **Harare (Zimbabwe)** *Bloomberg*. **Nigerian** billionaire **Benedict Peters' Bravura Holdings** announces it has \$1 billion available for the development of a platinum mine in **Zimbabwe**;

9 Nov 2020 **Harare (Zimbabwe)** *Daily Maverick*. Journalist **Hopewell Chin'ono** refuses to name his sources in **Harare** magistrates court in a case in which he says he was exposing corruption at the **National Prosecuting Authority**;

5 Nov 2020 **Harare (Zimbabwe)** *NewZimbabwe*. **Southern African Development Community** regional anti-graft body, the **Anti-Corruption Trust of Southern Africa**, calls on President **Emmerson Mnangagwa** and his deputies, **Constantino Chiwenga** and **Kembo Mohadi**, to declare their assets to show that they are serious in fighting graft;

5 Nov 2020 **Harare (Zimbabwe)** *NewZimbabwe*. **Zimbabwe Human Rights NGO Forum** publishes a report on rampant human rights violations in the country under President **Emmerson Mnangagwa**, claiming they have worsened since Mnangagwa took office in 2017;

4 Nov 2020 **Harare (Zimbabwe)** *263chat*. **Zimbabwe Miners Federation** president **Henrietta Rushwaya** tells **Harare magistrates court** that she was framed, as her bag was switched before leaving **Zimbabwe** for **Dubai**, where she was arrested for attempting to smuggle 6 kg of gold into the country;

3 Nov 2020 **Harare (Zimbabwe)** *NewZimbabwe*. Police arrest government-critical journalist **Hopewell Chin'ono** for the second time, on separate allegations of posting messages on **Twitter** that impaired the dignity of the court;

31 Oct 2020 **Harare (Zimbabwe)** *Daily Maverick*. **Harare** magistrate court proceeding papers show first lady **Auxillia Mnangagwa** stands accused of participating in a gold smuggling syndicate involving a senior ruling party official and her husband's aides;

29 Oct 2020 **Harare (Zimbabwe)** *New Zimbabwe*. Foreign affairs minister **Sibusiso Moyo** accuses the **United Kingdom (UK)** of pettiness after the British parliament this week mentioned a gold smuggling incident by **Zimbabwe Miners Federation** president **Henrietta Rushwaya**, as the **UK Foreign, Commonwealth and Development Office's** minister for overseas territories, **Elizabeth Sugg**, considers imposing more sanctions on Zimbabwe;

- 29 Oct 2020 **Harare (Zimbabwe)** *New Zimbabwe*. State-controlled media outlet **Zimpapers** is reportedly on the verge of collapse due to alleged poor leadership under group chairman **Tommy Sithole**;
- 28 Oct 2020 **Harare (Zimbabwe)** *Bloomberg*. Ruling party **Zanu-PF**'s acting spokesman, **Patrick Chinamasa**, urges **Southern African Development Community** to help its neighbour, **Mozambique**, fight an **Islamist** insurgency that is raising alarm across the region;
- 28 Oct 2020 **Harare (Zimbabwe)** *New Zimbabwe*. Supreme court and high court judges confirm judiciary capture by politicians, as they hit out at "manipulative" chief justice **Luke Malaba** in a letter addressed to President **Emmerson Mnangagwa**;
- 27 Oct 2020 **Harare (Zimbabwe)** *News Day*. Information minister **Monica Mutsvangwa** says cabinet has approved amendments to the **Criminal Law**, which includes barring citizens from holding "unauthorised" communication and negotiations with hostile governments;
- 27 Oct 2020 **Harare (Zimbabwe)** *News Day*. Gold producer **RioZim** says delays by **Reserve Bank of Zimbabwe** (central bank) in releasing foreign currency for gold exports continued to strain its working capital and cash flows during the third quarter;
- 26 Oct 2020 **Harare (Zimbabwe)** *Times Live*. Police arrest **Miners Federation of Zimbabwe** president **Henrietta Rushwaya** over attempting to smuggle 6kg of gold to **Dubai**;
- 26 Oct 2020 **Harare (Zimbabwe)** *Chronicle*. **Gweru**-based company is **Fuest Industrial Supplies** reportedly on the verge of collapse due to **United States Office of Foreign Assets Control** sanctions against **Zimbabwean** entities;
- 25 Oct 2020 **Harare (Zimbabwe)** *Sunday Times*. **Southern African Development Community** member states commemorate 25 October as **SADC Anti-Sanctions Day** in support of **Zimbabwe**, while **United States**, **United Kingdom** and **European Union** governments dismiss suggestions that sanctions are to blame for Zimbabwe's economic crisis;
- 25 Oct 2020 **Harare (Zimbabwe)** *Bloomberg*. **Zimbabwe Revenue Authority** collects Z\$57 billion (\$701m) for the third quarter, after **coronavirus** restrictions were eased;
- 23 Oct 2020 **Victoria Falls (Zimbabwe)** *Allafrica.com*. Finance minister **Mthuli Ncube** launches the **Victoria Falls Stock Exchange (VFEX)**, which will kick start the operationalisation of the **Victoria Falls Special Economic Zone (SEZ)**;
- 22 Oct 2020 **Harare (Zimbabwe)** *Pindula*. Main opposition party **MDC Alliance** boycotts President **Emmerson Mnangagwa**'s virtual **State of the Nation Address** to parliament;
<https://allafrica.com/stories/202010240026.html>
- 22 Oct 2020 **Harare (Zimbabwe)** *Pindula*. President **Emmerson Mnangagwa** says **Zimbabwe** will be reviewing regulations governing the conduct of non-governmental organisations operating in the country, amid accusations that some NGOs are working with opposition parties and the **Western** community to promote regime change;
- 22 Oct 2020 **Harare (Zimbabwe)** *Pindula*. Main opposition party **MDC Alliance** boycotts President **Emmerson Mnangagwa**'s virtual **State of the Nation Address** to parliament;
- 22 Oct 2020 **Harare (Zimbabwe)** *News Day*. Local media reports claim a leaked security document shows state security authorities are planning to track and attack perceived opponents of President **Emmerson Mnangagwa**'s regime, with local and foreign-based journalists, ex-security officers, ex-**Zanu-PF** and opposition politicians being targeted;
- 22 Oct 2020 **Harare (Zimbabwe)** *Bloomberg*. Authorities shut the main water-treatment plant in the capital **Harare**, **Morton Jaffray Waterworks**, because of a shortage of chemicals;

- 21 Oct 2020 **Harare (Zimbabwe)** *New Zimbabwe*. President **Emmerson Mnangagwa** tells **Zanu-PF politburo** members that he fears the onslaught that former Zanu-PF **G40** faction members have created on social media;
- 21 Oct 2020 **Harare (Zimbabwe)** *New Zimbabwe*. **South Africa's** state-owned **South African Airways** is in talks with **Zimbabwe-based** mining company **Imani** to recoup R350m (\$21m) in blocked funds from Zimbabwe;
- 21 Oct 2020 **Harare (Zimbabwe)** *Bloomberg*. Zimbabwe dollar heading for back-to-back months of gains for the first time since it was re-introduced 18 months ago, indicating that measures to stabilise the currency are beginning to pay off;
- 20 Oct 2020 **Harare (Zimbabwe)** *The Herald*. State-owned media outlet **The Herald** reports that "*Western interests*" have given opposition party **Movement for Democratic Change** more than \$10m "*over the years*";
- 20 Oct 2020 **Harare (Zimbabwe)** *NewsDay*. Cabinet extends equivalent of \$500 as funeral assistance for its underpaid deceased civil servants;
- 19 Oct 2020 **Harare (Zimbabwe)** *News Day*. **Zimbabwe Stock Exchange** CEO **Justin Bgoni** says Zimbabwe's new foreign currency denominated bourse, the **Victoria Falls Stock Exchange**, will open its doors to the investing public on 23 October;
- 19 Oct 2020 **Harare (Zimbabwe)** *eNCA*. Government chief **covid-19** coordinator **Agnes Mahomva** insists **Zimbabwe** managed to bring covid-19 under control, with around 8,000 coronavirus cases and 231 deaths;
- 16 Oct 2020 **Harare (Zimbabwe)** *Reuters*. A finance ministry document shows government expects average annual inflation to slow to 134% in 2020, down from the previous forecast of 300%;
- 18 Oct 2020 **Harare (Zimbabwe)** *The Sunday News*. **Zimbabwe Anti Corruption Commission** opens investigation into health deputy minister **John Mangwiro** over allegations that he influenced national pharmaceutical company **Natpharm** to award a contract worth \$5.6m to supply **covid-19** sundries to unregistered firm **Young Health Care**;
- 15 Oct 2020 **Harare (Zimbabwe)** *The Herald*. President **Emmerson Mnangagwa** will deliver a **State of the Nation Address** on 22 October and officially open the **Third Session** of the **Ninth Parliament**;
- 15 Oct 2020 **Harare (Zimbabwe)** *The Herald*. President **Emmerson Mnangagwa** fires **Supreme Court** justice **Francis Bere** for gross misconduct over allegedly interfering in a court case;
- 15 Oct 2020 **Harare (Zimbabwe)** *Zim Morning Post*. Businessman **Manson Mnaba** is implicated in a major land scandal in which his company, **Arusome Properties**, allegedly sold land that the state had already allocated to beneficiaries;
- 14 Oct 2020 **Manicaland District (Zimbabwe)** *Zim Morning Post*. Ruling party **Zanu-PF Manicaland District Coordinating Committee** elections reportedly turn chaotic after it emerged that some candidates started campaigning prematurely;
- 14 Oct 2020 **Harare (Zimbabwe)** *RBZ*. **Reserve Bank of Zimbabwe** (central bank) describes reports on social media alleging that banks have started separating local **United States (US)** dollar accounts and international USD accounts as "*false and misleading*";
- 14 Oct 2020 **Chirundu Border Post (Zimbabwe)** *Zim Morning Post*. **Zimbabwe Revenue Authority** impounds five trucks at **Chirundu Border Post** belonging to local company **Ajara**

Trucking over alleged fuel smuggling;

13 Oct 2020 **Harare (Zimbabwe)** *New Zimbabwe*. An audit report by **Tanzania**-based accountants **Auditax International** clears opposition party **MDC Alliance** of financial impropriety following alleged abuse of funds channelled to it last year under government's political parties' financing window;

13 Oct 2020 **Harare (Zimbabwe)** *New Zimbabwe*. **Zimbabwe National Statistics Agency** announces year-on-year-inflation reduced to 659.4% in September 2020, down from 761% in August;

13 Oct 2020 **Harare (Zimbabwe)** *Bloomberg*. **Jersey**-based mineral explorer and development company **Caledonia Mining Corp** to become the first confirmed listing on **Zimbabwe's** new stock exchange, **Victoria Falls Stock Exchange**, 10 days before trading on the bourse is scheduled to start.

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

ARC's core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

www.africariskconsulting.com

About ARC Briefing:

ARC Briefing is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

ARC Briefing is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

www.africariskconsulting.com

Getting in touch

Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080



Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)