

AFRICA RISK CONSULTING

Zimbabwe Monthly Briefing February 2024

Zimbabwe Summary 12 February 2024

The ruling Zanu-PF gains a two-thirds majority in parliament following a series of by-elections in the past two months, giving it power to change the constitution if desired. President Emmerson Mnangagwa (2017-present) says the monetary authorities will soon announce reforms to help stabilise the Zimbabwean dollar. The United States (US) confirms on 30 January it suspended participation in the Zimbabwe Structured Dialogue Platform on Debt Clearance following the disputed 2023 general election.

Ruling Zanu-Pf controversially gains two-thirds majority in parliament

The ruling **ZANU-PF** party now holds the two-thirds majority in parliament required to make amendments to the constitution following victories in recent by-elections. In the disputed August 2023 general election, ZANU-PF fell short of a two-thirds parliamentary majority but retained a comfortable majority with 177 seats. Main opposition party the **Citizens Coalition for Change (CCC)** increased parliament's opposition seats to 103 in the election and at the time, ZANU-PF spokesperson **Christopher Mutsvangwa** said the party was not worried about not reaching the two-thirds majority as their main objective was governance and economic recovery and not legislative changes.

But hardly six months done the line, the ruling party now holds 190 out of 280 seats in the **National Assembly** after winning a series of by-elections, the latest one held on 3 February, that was triggered by a recall of several CCC elected legislators. The recalls came after **Sengezo Tshabangu**, who says he is interim secretary-general of the CCC, although the CCC leaders disown him, wrote to the speaker of parliament claiming some lawmakers had ceased to be members of the political party.¹ The opposition alleges that Tshabangu was sponsored by the ruling party to orchestrate the elections with the help of state institutions such as the courts, the clerk of parliament and **Zimbabwe Electoral Commission**.²

Despite efforts by the CCC leadership to revoke the recalls through the courts, the speaker endorsed the recalls leading to the by-elections which have seen the number of ruling party legislators in the national assembly rise from 177 to 190, past the 186 required for a two-thirds majority. ZANU-PF says the CCC's recalls are a result of internal squabbles and lack of proper structures within the opposition party, but the CCC has labelled Tshabangu an "*agent*" of the ruling party sent to destroy the party from within.³

Attainment of the two-thirds majority in parliament paves the way for the ZANU-PF to amend the constitution as it wishes — including the removal of the two-term limit for the presidency. President **Emmerson Mnangagwa's** (2017-present) second and final term ends when Zimbabwe is due to hold its next election in 2028 – unless ZANU-PF changes the constitution and removes the two-term presidential limit.⁴

¹ [New Zimbabwe](#), 4 Feb 2024

² [Newsday](#), 5 Feb 2024

³ [Newsday](#), 5 Feb 2024

⁴ [Voice of America](#), 5 Feb 2024

CCC president **Nelson Chamisa** resigned on 25 January as leader of the party saying it had been hijacked by the ruling ZANU-PF in a power grab.⁵ Chamisa formed the CCC in January 2022 after losing a series of court battles over control of the **Movement for Democratic Change (MDC)**, which was formed in 2000, and has since then been the biggest threat to ZANU-PF's grip on power.

Mnangagwa plans currency reforms as Zim Dollar freefall worsens

Mnangagwa on 6 February announced that the government will soon introduce measures to halt the ongoing currency slump with the introduction of a structured currency.⁶ Mnangagwa confirmed that treasury and monetary authorities were working on a raft of policy measures to stop price increases, stabilise the currency and encourage savings, although he did not provide details on the new measures. **Reserve Bank of Zimbabwe (RBZ)** (central bank) governor **John Mangudya** is expected to present the **2024 Monetary Policy Statement (MPS)** later in February and this is when several interventions are expected to be announced.⁷

The Zimbabwean dollar has lost more than 60% of its value against the **United States (US)** dollar since December and traded at ZWL\$ 10,927 on 6 February, its weakest level since being reintroduced in 2019. The depreciation has also driven up the annual inflation rate which soared to 34.8% in January from 26.5% in December. The currency fall has been sparked by several factors including an increase in market liquidity following civil servants' bonuses in November, and high demand for foreign currency set against lower inflows due to decreased mineral export earnings.

Since the reintroduction of the local currency in 2019, authorities have failed to maintain a stable exchange rate with a similar free fall in the currency in early 2022 prompting the central bank to introduce a contractionary monetary policy stance which saw lending rates rising to as high as 200%.⁸

The current fall in the currency has also left the banking sector nervous, as institutions, concerned about the local currency's high-risk profile, have adopted a cautious lending approach leading to declining incomes.⁹ Banks are holding back on loans due to inflation as lending under such conditions often results in losses and the situation is likely to get worse before it stabilises as the sources of foreign exchange earnings, which are key to stabilising the exchange rate, remain limited largely due to suppressed global commodities prices. A **Chamber of Mines** report from December 2023 projected that the mining sector, which brings in 80% of foreign currency earnings, would suffer a 20% drop in revenues in 2023 and a further decline of 10% in 2024.¹⁰

United States pulls out of Zimbabwe debt restructuring talks

The **United States** confirmed on 30 January that it has paused participation in the **Zimbabwe Structured Dialogue Platform on Debt Clearance** with creditors and development partners following Mnangagwa's government's failure to conduct free, fair and credible elections last year and the brutalization of opponents.¹¹ Since his first election to power in 2018, Mnangagwa has been reaching out to the West under his re-engagement drive, seeking support not only to end sanctions and rejoin the **Commonwealth** but also to have Zimbabwe's external debts

⁵ [Reuters](#), 25 Jan 2024

⁶ [Bloomberg](#), 6 Feb 2024

⁷ [The Herald](#), 6 Feb 2024

⁸ [Reuters](#), 27 Jun 2022

⁹ [Newsday](#), 31 Jan 2024

¹⁰ [Newswire](#), 11 Jan 2024

¹¹ [VOA](#), 30 Jan 2024

cleared so it can access new lines of credit. However, the US, Commonwealth, **European Union (EU)**, and the **African Development Bank (AfDB)**, stipulated a free and fair 2023 election as a pre-condition for any further talks.¹²

Last year, Zimbabwe appointed AfDB president **Akinwumi Adesina** to champion its debt talks. At a creditors' meeting in **Harare** in May Adesina said that Zimbabwe needs more than economic reforms to secure debt relief:

"The issues are not just economic or financial. They also involve governance, the rule of law, human rights, freedom of speech, political level playing field, electoral reforms that will assure free and fair elections."¹³

Adesina also noted the importance of the election, highlighting that the international community will be watching not only the election but the electoral process. This warning was not heeded as Zimbabwe went on to hold an election marred by widespread irregularities and a blatant disregard for the law and international voting standards (*see ARC post-election brief Aug 2023*).

Zimbabwe is in a debt crisis, with foreign debt reaching \$12.8 billion, prompting the AfDB to lead a campaign to push for a debt restructuring deal with Zimbabwe's major creditors. The country has been unable to access new lines of credit due to arrears that have accumulated on the debt since 2000, estimated at \$6.3 billion, and the US suspension of its participation in the talks will now further dent the country's chances of restructuring the debt and getting access to new lines of credit.

Further complicating prospects for Zimbabwe, the EU on 2 February renewed its sanctions on Zimbabwe until 20 February 2025 dealing a major blow to Mnangagwa and his administration's re-engagement bid.¹⁴ The EU measures in place consist of an embargo on arms and equipment which might be used for internal repression and a targeted asset freeze against the **Zimbabwe Defence Industries**. The bloc said it will continue to closely follow developments in Zimbabwe, with particular attention to the human rights situation.

¹² [The Africa Report](#), 18 Aug 2023

¹³ [AfDB](#), 13 May 2023

¹⁴ [Newsday](#), 5 Feb 2024

Planner

Feb 2024 **Harare (Zimbabwe) Reserve Bank of Zimbabwe (RBZ)** (central bank) governor **John Mangudya** to present the **2024 Monetary Policy Statement (MPS)**

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

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

Chronology

12 Feb 2024 **Harare (Zimbabwe) eNCA**. Main opposition **Citizens Coalition for Change (CCC)** members of parliament continue to resign in solidarity with former leader **Nelson Chamisa** who resigned three weeks ago stating that the ruling **ZANU-PF** has “hijacked” the government;

12 Feb 2024 **Harare (Zimbabwe) Herald**. Senior government officials say Zimbabwe and **United Arab Emirates (UAE)** will expand bilateral agreements that have allowed trade to grow over 300% in the last five years reaching \$3 billion in 2023;

8 Feb 2024 **Harare (Zimbabwe) Newsday**. Government transfers its 37.1% shareholding in cotton company, **Cottco Holdings Limited** to **Mutapa Investment Fund**, a sovereign wealth fund set last year to house key state-owned enterprises;

7 Feb 2024 **Harare (Zimbabwe) Reuters**. Deputy agriculture minister **Vangelis Haritatos** says Zimbabwe expects to harvest 2.28 million metric tonnes of **maize** this year, enough to meet its annual consumption, due to the promotion of farming practices aimed at reducing the impact of climate change, such as no-till farming and water harvesting;

7 Feb 2024 **Harare (Zimbabwe) Newsday**. **Kuvimba Mining House** subsidiary, **Sandawana Mines**, pays off 300 workers that it laid off owing to the effects of declining global lithium prices;

7 Feb 2024 **Harare (Zimbabwe) Business Insider Africa**. Cabinet confirms it will eliminate the death penalty for murder offences, officially ending the practice which has not been implemented in nearly two years;

6 Feb 2024 **Harare (Zimbabwe) Newsday**. The **International Monetary Fund (IMF)** dispatches to undertake a two-week annual **Article IV** consultation and also begin talks on a **Staff Monitored Programme (SMP)**;

2 Feb 2024 **Harare (Zimbabwe) The Independent**. The world’s largest asset manager, **United States**-based **Blackrock Inc.** increases its shareholding in **Caledonia Mining Corporation** by 1.36% to 4.84% after investing \$3.21m in the gold miner over the last six months;

1 Feb 2024 **Harare (Zimbabwe) The Herald**. Zimbabwe re-introduces import duties on 12 basic commodities such as cooking oil, maize meal and sugar, that had enjoyed duty-free status since May 2023 arguing that the goods are now readily available locally;

1 Feb 2024 **Harare (Zimbabwe) Newsday**. **Zimplats** commits \$289m to finish its major projects to scale up production as it moves away from its reliance on certain mines;

1 Feb 2024 **Goromonzi (Zimbabwe) The Standard**. **Australia**-headquartered **Prospect Resources** says it is pleased with the outcome of its phase three drilling at the **Step Aside Lithium project** which has unearthed a high-grade lithium deposit;

31 Jan 2023 **Harare (Zimbabwe)** *Newsday*. Zimbabwe registers a slight improvement on **Transparency International's 2023 Corruption Perception Index (CPI)** with its score rising from 23/100 to 24/100 and its rank improving to 149/180 from 157/180 in 2022;

31 Jan 2023 **Harare (Zimbabwe)** *The Herald*. **Tobacco Industry Marketing Board (TIMB)** reports exports increased by 240% to \$274.7m in January this year compared to the same period last year;

30 Jan 2024 **Harare (Zimbabwe)** *AFP*. A Harare court hands opposition politician **Job Sikhala** a suspended sentence, allowing him to be released after more than a year-and-a-half in prison;

29 Jan 2024 **Harare (Zimbabwe)** *Xinhua*. **Zimbabwe National Statistics Agency** reports annual inflation accelerated to 34.8 % in January from 26.5 % in December, with month-on-month inflation also increasing from 4.7% to 6.6%. The major drivers of inflation during the month were food, housing, water and electricity;

29 Jan 2024 **Harare (Zimbabwe)** *Business Live*. Zimbabwe launches a door-to-door cholera vaccination campaign in a bid to immunise at least two million residents amid a cholera outbreak that has killed 452 people and infected 20,446 since February 2023;

24 Jan 2024 **Harare (Zimbabwe)** *Herald*. Zimbabwe and **Russia** signed a memorandum of understanding (MoU) on the protection of human rights of citizens;

22 Jan 2024 **Harare (Zimbabwe)** *New Zimbabwe*. **Chinese** embassy says trade between China and Zimbabwe increased 29.9% in 2023, reaching \$3.12 billion. Zimbabwe exported \$1.71 billion worth of products and imported \$1.41 billion, creating a trade surplus for Zimbabwe of \$307m

21 Jan 2024 **Harare (Zimbabwe)** *Bloomberg*. Finance minister **Mthuli Ncube** says the government is considering new measures to help prop up the local currency, including reforming the weekly foreign exchange auction run by the **Reserve Bank of Zimbabwe** (central bank) and increasing the supply of **United States** dollars in the market;

19 Jan 2024 **Harare (Zimbabwe)** *Pindula*. **South African** high court orders **United Kingdom**-headquartered **BP** to pay the **South African Revenue Service (SARS)** \$15m for claiming to have delivered a shipment of diesel to Zimbabwe in 2019 that never arrived;

17 Jan 2024 **Harare (Zimbabwe)** *Bloomberg*. **Reserve Bank of Zimbabwe (RBZ)** (central bank) governor **John Magundy** says Zimbabwe's currency problems on the parallel market are only temporary;

17 Jan 2024 **Harare (Zimbabwe)** *New Zimbabwe*. **Southern African Development Community (SADC)** market insights platform **DOTZEDW** says over 50% of Zimbabwe's employee workforce earns less than \$18 a month, four times lower than the country's poverty datum line;

15 Jan 2024 **Harare (Zimbabwe)** *News24*. **Russia** reports that its shipment of 26,000 tonnes of free fertiliser, destined for Zimbabwe, has docked in **Mozambique** and paperwork is being processed, with a second shipment scheduled for later this year.

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

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