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Zimbabwe Summary 19 September 2017

President Robert Mugabe (1980-present) announces dates for biometric voter registration process ahead of the 2018 elections. Mugabe, his family and senior government officials register to vote at State House in a move that angers opposition parties. Mugabe meets with business leaders for the first time in 10 years to discuss the state of the economy. Government reinstates Mildred Chiri as auditor general after Mugabe fails in his bid to appoint Industrial Development Corporation (IDC) head Mike Ndudzo to the post.

Mugabe proclaims dates for biometric voter registration exercise

President **Robert Mugabe** (1980- present) declared through **Proclamation No.6 of 2017** on 8 September that the biometric voter registration process will start on 14 September and end on 15 January 2018.¹ The proclamation caused concern among opposition parties and civic groups because it varies from the procedure outlined in the **Electoral Act** and the new **Constitution** adopted in 2013. Since the proclamation gives a total cut-off date for registration on the new voters rolls, it contradicts the **Electoral Act**, which provides for registration until 12 days after nomination day.² Opposition parties and civil society groups also raised concerns about the **Zimbabwe Electoral Commission (ZEC)**'s capacity to carry out the registration process. The opposition **Morgan Tsvangirai-led Movement for Democratic Change (MDC-T)** said that the ZEC must be given enough time to carry out a thorough and transparent voter registration exercise in order to avoid future disputes arising from the voters roll.³ Mugabe himself became the first citizen to register under the biometric voter registration system when ZEC officials visited **State House** to register him, the two deputy vice presidents, Mugabe's family, and other senior government officials.⁴ The MDC-T criticised this development, claiming that by having the biometric voter registration launch at Mugabe's official residence, without the presence of other parties and civil society members, the ZEC had compromised the fairness of the electoral playing field.⁵

The ZEC is developing a new voters' roll and plans to register at least seven million voters using biometric voter registration, but faces several operational challenges. The ZEC has not yet received all the necessary equipment to start the exercise throughout the country.⁶ At the time of Mugabe's announcement, the ZEC had received delivery of only 400 of the expected 3,000 biometric voter registration kits ordered from supplier **Hong Kong-based Laxton Group**.⁷ The ZEC has since indicated that it expects the delivery of the remaining 2,600 kits

¹ NewsDay, 9 Sept 2017.

² Daily News, 12 Sept 2017.

³ Daily News, 12 Sept 2017.

⁴ Sunday News 17 Sept 2017.

⁵ Sunday News, 17 Sept 2017.

⁶ Sunday News, 17 Sept 2017.

⁷ Daily News, 13 Sept 2017.

within a few weeks.⁸ The ZEC also reportedly lacks sufficient financial resources to run the synchronised 2018 election, which needs about \$274m to run smoothly.⁹ The ZEC is not likely to receive the funding from the government, which already faces budgetary constraints. In addition, the ZEC may not have had enough time to train the operators of the biometric voter registration equipment.¹⁰ It reportedly started training the trainers on 4 September, who would subsequently conduct training sessions in all the provinces.¹¹ The early proclamation of the voter registration process with an early cut-off date is likely to compromise the credibility of the 2018 elections.¹² As a result, the ZEC has pledged to proceed with the voter registration process, regardless of the challenges.¹³ However, it has also indicated that it will continue to register voters until 12 days after the nomination court sits, in line with the Electoral Act.¹⁴ . The ZEC reportedly plans to hold the elections between June and August 2018, although Mugabe will make the decision on the exact date.¹⁵

Opposition parties and civil society groups have raised concerns over the ZEC's unpreparedness to complete the voter registration process in time for the elections.

“Zimbabwe cannot afford to have a rushed election in 2018 as this will affect the quality of the results. This will raise questions of the fairness and credibility of the highly anticipated election. Suspected irregularities will therefore likely undermine the winning candidate’s legitimacy, and potentially impact the country’s political stability after the elections.”¹⁶

University of Zimbabwe academic **Eldred Masunungure** suggests that Zanu-PF could be pushing for early polls in an attempt to confuse their rivals and catch them off guard.¹⁷ Legal and parliamentary watchdog **Veritas** cautioned that the Electoral Act needs to be aligned to the constitution immediately in order to avoid any confusion regarding the procedure.¹⁸ The ZEC has faced criticism in the past for allegedly aiding Mugabe and Zanu-PF to rig the elections.¹⁹ In 2008, the commission delayed the release of electoral results by six weeks, leading to suspicion that it had tampered with the ballot to save Mugabe, who eventually lost the presidential election to opposition leader Tsvangirai, but with a margin that required a run-off. Opposition parties and civil society groups have thus demanded a transparent electoral process, beginning with the voter registration exercise in order to eliminate all irregularities.²⁰

Mugabe meets with business leaders to discuss the economy

Mugabe met with business leaders for the first time in a decade on 7 September to discuss issues regarding the current state of Zimbabwe’s economy.²¹ During the meeting, the business leaders, led by the **Confederation of Zimbabwe Industries (CZI)**, reportedly told

⁸ Daily News, 13 Sept 2017.

⁹ Daily News, 13 Sept 2017.

¹⁰ Daily News, 13 Sept 2017.

¹¹ Daily News, 13 Sept 2017.

¹² Daily News, 13 Sept 2017.

¹³ Daily News, 13 Sept 2017.

¹⁴ Daily News, 13 Sept 2017.

¹⁵ Daily News, 11 Sept 2017.

¹⁶ Source, analyst, Harare

¹⁷ Daily News, 12 Sept 2017

¹⁸ Daily News, 12 Sept 2017

¹⁹ Daily News, 12 Sept 2017.

²⁰ Daily News, 12 Sept 2017.

²¹ The Source, 7 Sept 2017.

Mugabe that the country needs comprehensive reforms to attract investment, end the current cash shortages, and curtail rising inflation but stopped short of telling him that the country was in a crisis.²² Mugabe avoided the current crisis in his address, instead advising the business leaders to be cautious of the sources and underlying intentions of foreign investment, and railed against foreign ownership of business in Zimbabwe.²³ Mugabe has had a tense relationship with the business community over the years as he pushed populist policies that harmed their interests.²⁴ The protracted period of economic decline from 2000 led to de-industrialisation as most companies went out of business.²⁵

“Mugabe still harbours deeply ingrained contempt for foreign investment. This has seen him refuse to engage with big business for a decade.”²⁶

The business delegation reportedly avoided confronting Mugabe about his government’s role in causing the economic decline, maintaining it was more advantageous to rebuild a relationship that has been long been hostile.²⁷ To this end, the delegation presented a 4,000-word document, which begins by praising government programmes to boost the economy such as the **Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIM ASSET)** policy, **Statutory Instrument on Imports Management 64**, and the **Targeted Command Agriculture (TCA)** initiative, among others. However, the document notes that comprehensive structural reforms are needed to sustain medium-term economic growth.²⁸ It outlines a range of issues the government needs to address to bring Zimbabwe on a growth trajectory:

- Improving the investment environment
- Promoting FDI and domestic investment
- Indigenisation and economic empowerment
- Sustaining agriculture recovery
- State enterprise reforms
- The fiscal deficit and financial stability
- Sustaining investment in infrastructure
- Reform of labour laws
- Maintaining multicurrency
- Foreign exchange generation and incentivising exporters
- Border delays
- Zero tolerance for public and private sector corruption
- Sector driven growth initiatives
- Building linkages through beneficiation and local content.²⁹

The business delegation urged the government to establish a national investment framework as an anchor for investment to guide investment across the country.³⁰ It recommended **Special Economic Zones (SEZs)** to assist in attracting new investment in key productive sectors such as agriculture, manufacturing, mining and infrastructure. The document adds

²² The Source, 7 Sept 2017.

²³ The Source, 7 Sept 2017.

²⁴ The Source, 7 Sept 2017.

²⁵ The Source, 7 Sept 2017.

²⁶ Source, analyst, Harare

²⁷ The Source, 7 Sept 2017.

²⁸ Paper presented to President Mugabe by the Zimbabwean business delegation, 7 Sept 2017.

²⁹ Paper presented to President Mugabe by the Zimbabwean business delegation, 7 Sept 2017.

³⁰ Paper presented to President Mugabe by the Zimbabwean business delegation, 7 Sept 2017.

that government needs to prioritise investment, harmonise investment laws and specifically target FDI and domestic investment, and promote investment in the economy to ensure that the private sector, including SMEs and micro enterprises, are active economic growth determinants.³¹

The business delegation's paper expanded on the need for definitive government action to reform state enterprises to ensure sustainable fiscal policy, noting that state enterprises are a drain on state resources. Suggested reforms include commercialisation and strategic private sector partnerships.³² The paper references **Chinese** state-owned enterprises that are among the largest corporate entities in the world, operating viably, profitably and sustainably, yet delivering public goods and services to the Chinese people.³³

In regard to fiscal sustainability and financial stability, the paper notes the unsustainability of the current levels of the fiscal deficit and the mode of financing.³⁴ The high level of recurrent expenditure – over 95% – has underpinned high consumption levels, with correspondingly high imports of consumption goods, depleting both scarce foreign currency and local production capacity.³⁵ This scenario leads to an unsustainable domestic debt build up, with significant adverse implications on the banking sector stability.³⁶ A large segment of commercial banks' balance sheet assets are treasury bills, whose value recedes with growth in debt.³⁷ This crowds out productive sector financing and raises the premium costs for Zimbabwe in accessing regional and international lines of credit.³⁸

According to a Zimbabwean economic analyst, Mugabe's suspicion that business seeks to exert undue influence on politics and undermine government authority suggests he may not support the implementation of the business delegations' proposals:

"Mugabe's belief that local business people should start companies and run enterprises without any collaboration with foreign partners or capital indicates his refusal to acknowledge the modern way of doing business."³⁹

Irrespective of Mugabe's convictions about business, the current situation in Zimbabwe needs government to engage with the business community. The private sector should be the engine for growth, supported by active government investment in infrastructure and services. It is this dual partnership model which can deliver sustainable economic growth in Zimbabwe beyond the medium term. The best outcome of the meeting between Mugabe and the business community will be continuous engagement going forward.

Government reinstates Mildred Chiri as auditor general

The government has reinstated auditor general **Mildred Chiri** to her position after parliament rejected Mugabe's proposal to appoint **Industrial Development Corporation (IDC)** head **Mike Ndudzo**.⁴⁰ Members of parliament reportedly opposed Ndudzo's appointment arguing that he had a poor record presiding over the loss-making state-owned

³¹ Paper presented to President Mugabe by the Zimbabwean business delegation, 7 Sept 2017.

³² Paper presented to President Mugabe by the Zimbabwean business delegation, 7 Sept 2017.

³³ Paper presented to President Mugabe by the Zimbabwean business delegation, 7 Sept 2017.

³⁴ Paper presented to President Mugabe by the Zimbabwean business delegation, 7 Sept 2017.

³⁵ Paper presented to President Mugabe by the Zimbabwean business delegation, 7 Sept 2017.

³⁶ Paper presented to President Mugabe by the Zimbabwean business delegation, 7 Sept 2017.

³⁷ Paper presented to President Mugabe by the Zimbabwean business delegation, 7 Sept 2017.

³⁸ Paper presented to President Mugabe by the Zimbabwean business delegation, 7 Sept 2017

³⁹ Source, analyst, Harare

⁴⁰ Bulawayo 24News, 7 Sept 2017.

IDC which has interests spanning a number of sectors, including car assembly, fertiliser, mining, and textiles among others.⁴¹ Mugabe sacked Chiri in July, two years before the expiry of her term. Although Chiri was first appointed in 2004, the then finance minister **Tendai Biti** reappointed her on a six-year contract in 2013.

Mugabe's firing of Chiri was seen as a move to protect corrupt politicians. Chiri's reports have continually embarrassed senior government officials and institutions, including the president's office.⁴² The auditor general's office is tasked with monitoring the use and management of resources in government. Chiri's latest report, released in June, implicated the office of the president and cabinet, which she said had mismanaged statutory funds under its purview, including the **District Development Fund**, as well as mishandling tenders.⁴³

Although Chiri's reports would have implicated several politicians, most MPs appear to appreciate her role in fighting corruption from within government. The Zanu-PF-dominated parliament thus made an unprecedented decision to challenge Mugabe and retain an incorruptible auditor general to curb corruption, especially in parastatals. Chiri's reinstatement is a rare glimpse of hope for the Zimbabwean economy that has seen corruption and incompetence in non-performing state-owned enterprises and parastatals, exacerbate economic decay and institutional collapse.

Planner

27 Sep - 1 Oct 2017 **Bulawayo (Zimbabwe)**. Sanganai/Hlanganani World Tourism Expo;
 24 - 28 Apr 2018 **Bulawayo (Zimbabwe)**. ZITF Business Days;
 2018 (**Zimbabwe**) Scheduled elections;

Chronology

20 Sept 2017 **Harare (Zimbabwe)** *The Source*. A visiting parliamentary delegation from **Iran** expresses concern over the low trade volumes between Zimbabwe and Iran;
 20 Sept 2017 **Harare (Zimbabwe)** *The Source*. **Africa Albida Tourism** reports that tourist arrivals in **Victoria Falls** increased 21.6% to 119,758 in the first six months of 2017, compared to the same period last year owing to an increase in air connectivity;
 19 Sept 2017 **Harare (Zimbabwe)** *The Source*. Energy and power development permanent secretary **Partson Mbiriri** announces Zimbabwe has shelved plans to extend its **Feruka** pipeline to **Francistown (Botswana)** citing viability concerns over the project;
 18 Sept 2017 **Harare (Zimbabwe)** *The Source*. **Australian**-listed junior miner **Prospect Resources** says it is negotiating with potential investors to raise \$55m to construct a concentrate plant for its **Arcadia** lithium project in Harare;
 15 Sept 2017 **Harare (Zimbabwe)** *The Source*. **Zimbabwe National Statistics**

⁴¹ Financial Gazette, 7 Sept 2017.

⁴² Financial Gazette, 27 July 2017.

⁴³ Financial Gazette, 27 July 2017.

(Zimstat) says year-on-year inflation remained flat at 0.14% percent in August;

12 Sept 2017 **(Zimbabwe)** *DailyNews*. Opposition parties and civic society groups warn that President **Robert Mugabe**'s proclamation of the voter registration commencement this week and giving its cutoff date will compromise the credibility of elections due next year;

9 Sept 2017 **(Zimbabwe)** *NewsDay*. President **Robert Mugabe** declares through **Proclamation 6 of 2017** that the biometric voter registration (BVR) process will start on 14 September;

8 Sept 2017 **Harare (Zimbabwe)** *The Source*. Business leaders meet with President **Robert Mugabe** for the first time in a decade;

7 Sept 2017 **Bulawayo (Zimbabwe)** *24News*. Government reinstates **Mildred Chiri** as auditor general;

6 Sept 2017 **Harare (Zimbabwe)** *The Source*. **World Platinum Investment Council (WPIC)** quarterly global production report says production from Zimbabwe for the full year is estimated to fall by 9% to 445,000oz;

29 Aug 2017 **Harare (Zimbabwe)** *DailyNews*. **Zimbabwe National Statistics Agency** says Zimbabwe recorded a trade deficit of \$1.2 billion for the seven months to July 2017, with imports worth \$3.118 billion and exports \$1.870 billion;

About Africa Risk Consulting:

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