

## AFRICA RISK CONSULTING

### Zimbabwe Monthly Briefing October 2021

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#### Zimbabwe Summary 8 October 2021

*Zimbabwe and Rwanda sign five memoranda of understanding (MoUs) to strengthen economic links in key economic sectors. United States (US)-based non-profit organisation International Consortium of Investigative Journalists (ICIJ) publishes leaked confidential records in the Pandora Papers, revealing that the Zimbabwe government incorporated a shell company in the Seychelles involving current top government and security officials. The United Nations (UN) will send special rapporteur Alena Douhan to determine the impact of sanctions on the Zimbabwean people and report to the UN Human Rights Commission on mitigation strategies. Government maintains Covid-19 lockdown measures amid a successful vaccine rollout. The United Kingdom (UK) drops Zimbabwe and many other countries from its “red list” with effect from 11 October.*

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#### Zimbabwe and Rwanda strengthen ties in key sectors ...

**Zimbabwe** and **Rwanda** signed five memoranda of understanding (MoUs) during the **Rwanda-Zimbabwe Trade and Investment Conference** that took place during the week of 28 September.<sup>1</sup> The agreements aim to build on budding relations between the two countries and are likely to increase trade and investment opportunities for domestic businesses to take advantage of bilateral trade with one of the continent’s most progressive economies.<sup>2</sup> The strengthening of ties between the two countries aligns with the Zimbabwe government’s ‘*Open for Business*’ mantra and its push to consolidate economic diplomacy both regionally and internationally.<sup>3</sup> Increased trade and investment with Rwanda is a positive development for Zimbabwe’s economy in the short and long term; the free flow of goods and services will give Zimbabwe another outlet in which to boost its economic recovery after the **Covid-19** pandemic.

The trade and investment conference followed a series of MoUs signed in March under the **Joint Permanent Commission on Cooperation (JPCC)**, which set out to promote mutually beneficial trade.<sup>4</sup> The latest MoUs were signed in key sectors of the economy, including information and technology and e-government; agriculture and livestock development; tourism and business events; and environment and climate change; and between the **Confederation of Zimbabwe Industries** and the **Rwanda Private Sector Federation**, the countries’ representatives of private sector organisations.

Additionally, Zimbabwe officially inaugurated its embassy in **Kigali** (Rwanda) on 28 September, outlining the government’s efforts to boost diplomatic and economic ties with Rwanda. Rwanda’s presence on the **African** continent has grown significantly. Its exports to African countries have increased by 50% from \$108m in 2014 to \$160m in 2019. While the Covid-19 pandemic caused a decline in Rwanda’s exports, there is evidence that a rebound is already occurring.

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<sup>1</sup> The Southern African Times, 29 Sep 2021

<sup>2</sup> The Southern African Times, 29 Sep 2021

<sup>3</sup> The Herald, 28 Sep 2021

<sup>4</sup> The Herald, 28 Sep 2021

In the last two years, Zimbabwe has exported \$15.9m worth of goods to Rwanda, while Zimbabwe has only imported \$113,000 worth of goods from Rwanda.<sup>5</sup> The most significant exports from Zimbabwe are centred around consumer goods, which dominate 90% of all exports to Rwanda.<sup>6</sup> Zimbabwe and Rwanda are both members of the **Common Market for Eastern and Southern Africa (COMESA)** and the **African Continental Free Trade Agreement (AfCFTA)**, which, along with the recently signed MoUs, will allow a reduced customs barrier for the trade of goods and services.<sup>7</sup> National trade development and promotion organisation **ZimTrade** CEO **Allan Majuru** noted:

*“This is the reason why we are here. Going in the near future, we look at Rwanda being in the top ten of our export destinations.”<sup>8</sup>*

With the regional and international economy opening up, the cementing of trade relations with one of Africa’s leading economies is a positive development for the Zimbabwean economy. This aligns with regional and continental bodies calling for increased intra-Africa trade in order to decrease reliance on overseas partners.

### **Pandora Papers expose shell company set up by presidential advisor...**

Leaked confidential records have exposed the offshore secrets of politicians and billionaires in over 200 countries and territories, netting some of Zimbabwe’s elite in the operation. **United States (US)**-based non-profit organisation **International Consortium of Investigative Journalists (ICIJ)** published a trove of 11.9 million records on 3 October in what it calls the **Pandora Papers**, revealing an unprecedented amount of information on so-called beneficial owners of entities registered in the **British Virgin Islands, Seychelles, Hong Kong, Belize, Panama, South Dakota** and other secrecy jurisdictions.<sup>9</sup>

The Pandora Papers have exposed how top-level ruling **ZANU-PF** party and defence officials used an offshore shell company in the Seychelles to allow the mining of diamonds to fund a parallel securocrat government in Zimbabwe.<sup>10</sup> Former defence minister **Martin Rushwaya**, a cousin to President **Emmerson Mnangagwa** (2017-present), set up **Greatgem Corporation** as a shell company in the Seychelles in 2010 while serving as defence secretary under former president **Robert Mugabe** (1987-2017). Rushwaya set up the company with the assistance of a **Russia**-based law firm. Former **Zimbabwe National Army** colonel **Grey Mashava** was the sole director of Greatgem. President Mnangagwa promoted Mashava to the rank of Major General in 2018, and in 2019 promoted Rushwaya to deputy chief secretary to the president and cabinet.<sup>11</sup> Greatgem was incorporated around the time that the **Zimbabwe Defence Forces** entered a partnership with **Anjin Investments**, a diamond mining company operating in **Marange** in the **Mutare** district. The company is co-owned by a **Chinese** company, **Anhui Foreign Economic Construction Co. Ltd.**, and **Matt Bronze Enterprises**, which was formed by the **Zimbabwe Defence Ministry** through an intermediary company.<sup>12</sup>

International NGO **Global Witness** released a report in 2012 highlighting how the Zimbabwe government was using offshore companies such as Greatgem to funnel revenues from diamond mining to increase the dominance and presence of the security services, rather than directing them to the development and maintenance of schools, hospitals and roads. The use of offshore companies to aid “off-budget” financing caused significant concern, particularly since the

<sup>5</sup> The Southern African Times, 29 Sep 2021

<sup>6</sup> World Bank, 8 Oct 2021

<sup>7</sup> The New Times, 17 Jul 2021

<sup>8</sup> The Herald, 28 Sep 2021

<sup>9</sup> ICIJ, accessed 8 Oct 2021

<sup>10</sup> Bulawayo24, 5 Oct 2021

<sup>11</sup> NewZimbabwe, 5 Oct 2021

<sup>12</sup> Observer, 4 Oct 2021

players involved have found their ways to higher ranks in both the ruling party and the defence services. Global Witness journalist **Nick Donovan**, who first reported the off-budget financing, noted the prevalence of fears during Zimbabwe's 2009-2013 **Government of National Unity (GNU)** that Zanu-PF was using diamond companies to fund a parallel deep state:

*"This was confirmed by later parliamentary hearings where the **Central Intelligence Organisation** admitted that they set up **Kusena diamonds** as they weren't getting enough funding from treasury controlled by the [GNU member party] **MDC** finance minister **Tendai Biti**. The same logic applied to the Zimbabwe Defence Forces."<sup>13</sup>*

At time of writing, those exposed in the Pandora Papers have yet to comment. However, the release of the information is likely to result in increased scrutiny at the upper levels of ZANU-PF and security officials of the transparency of such partnerships, and where the revenues of such partnerships are directed.

### UN visit to determine impact of sanctions ...

**United Nations (UN)** special rapporteur **Alena Douhan** is scheduled to review the impact on the enjoyment of human rights of unilateral sanctions imposed on Zimbabwe. Douhan's visit, scheduled for 18-28 October, will coincide with the **Southern African Development Community (SADC)** Anti-Sanctions Day on 25 October. The aim of the visit is to gain a deeper understanding of the impact of sanctions in Zimbabwe, and report to the **United Nations Human Rights Commission (UNHRC)** with recommendations on how to mitigate or eliminate this impact.<sup>14</sup>

Sanctions have been imposed against Zimbabwe since 2001 following the introduction of the government's **Fast-Track Land Reform Programme** and have been periodically renewed.<sup>15</sup> In February, the **European Union (EU)** renewed sanctions by imposing an arms embargo and targeted asset freeze, while the **United Kingdom (UK)** government also imposed travel restrictions and assets freezes.<sup>16</sup> The sanctions are aimed at a few individuals, including senior security officials such as minister for state security **Owen Ncube** and close presidential adviser and business tycoon **Kudakwashe Tagwirei**. However, President Mnangagwa's administration has argued that these sanctions stifle progress that his government can make toward economically empowering Zimbabweans by undermining its ability to obtain economic support from international financial institutions.<sup>17</sup> President Mnangagwa refused to use sanctions as a scapegoat for the country's economic woes when he first assumed power. However, he now claims that such sanctions are wrecking the economy.

At Mnangagwa's invitation, Douhan will meet with a wide range of stakeholders including government authorities, civil society organisations, the private sector and opposition leaders.<sup>18</sup> The UN noted in a statement that Douhan will gather first-hand information related to the negative impact of unilateral coercive measures,

*"enabling her to conduct her assessment and evaluation of such impacts and thus to prepare relevant recommendations and guidelines on means to mitigate or eliminate these adverse impacts".*

Douhan's visit comes in the wake of increasing recognition of the negative impact that sanctions have on the development of a country. Nevertheless, the EU and the US have previously maintained that they will not lift sanctions until the Zimbabwe government meets certain

<sup>13</sup> Bulawayo24, 5 Oct 2021

<sup>14</sup> The Herald, 5 Oct 2021

<sup>15</sup> All Africa, 29 Sep 2021

<sup>16</sup> Bulawayo24, 29 Sep 2021

<sup>17</sup> Al Jazeera, 1 Feb 2021

<sup>18</sup> Bulawayo24, 29 Sep 2021

standards of democracy and rule of law. It remains to be seen whether Douhan's report to the UNHCR will have any substantive effect on the stance taken by the EU and the US.

### Lockdown measures remain as vaccine rollout continues...

Lockdown measures to contain the spread of Covid-19 remain in place in Zimbabwe despite lower levels of Covid-19 infections. President Mnangagwa downgraded the lockdown restrictions to "level 2" on 7 September (see *ARC Briefing Zimbabwe September 2021*). Business operating hours are extended from 8am to 7pm, but the government has maintained the 50% office capacity limit. Inter-city travel is permitted alongside a return to schools for the final term of the academic year. The 6:30pm to 6:00am curfew has also been relaxed to 10:00pm to 5:30am.<sup>19</sup>

Zimbabwe has recorded a total of 131,129 cases in its population of 14.7 million, with Covid-19-related deaths reaching 4,627 as of 5 October.<sup>20</sup> While daily cases have increased slightly since 29 September to a seven-day average of 173 new infections, this was expected to occur due to the easing of lockdown restrictions in early September. A significant milestone was reached on 4 October without a single Covid-19-related death recorded in the country.<sup>21</sup>

Zimbabwe's Covid-19 vaccine rollout has progressed more quickly than that of other countries in the region. The health ministry is using the **Russia**-manufactured **Sputnik V** vaccine, China-manufactured **Sinopharm** and **Sinovac** vaccines, US-manufactured **Pfizer-BioNtech** and **Moderna** mRNA injections, **British-Swedish**-manufacturer **AstraZeneca** and US-based pharmaceutical company **Johnson & Johnson's** adenovirus technology, and **India's Covaxin**. Zimbabwe received a fourth batch of Sinopharm vaccines on 27 September, in addition to the almost 1 million vaccine doses delivered to Zimbabwe through the **World Health Organisation (WHO) COVAX** facility.<sup>22</sup> To date, roughly 5.5 million doses have been administered, with around 2.43 million people fully vaccinated, roughly 15.6% of the population.<sup>23</sup>

Commercial and international travel is still available in Zimbabwe. Those arriving from countries with the **Alpha** (first identified in the UK) and **Delta** variants must quarantine at government-appointed facilities while those from other countries either need to present a negative Polymerase Chain Reaction (PCR) test or proof of double vaccination against Covid-19. Airline operations have resumed through routes to the rest of the SADC region. Flights from **Harare** are using **Addis Ababa (Ethiopia)** and **Nairobi (Kenya)** as hubs for travel to **Europe**, the **Middle East** and **Asia**. On 7 October, the UK government confirmed it had whittled its travel "red list" down to seven countries, allowing travelers from Zimbabwe and several other African countries to avoid costly quarantine at government-approved hotels.<sup>24</sup>

<sup>19</sup> U.S. Embassy in Zimbabwe, 1 Oct 2021

<sup>20</sup> Reuters, 5 Oct 2021

<sup>21</sup> InsiderZim, 5 Oct 2021

<sup>22</sup> CGTN, 27 Sep 2021

<sup>23</sup> Our World in Data, 5 Oct 2021

<sup>24</sup> BBC, 7 Oct 2021

## Planner

18-28 Oct 2021 **(Zimbabwe) United Nations** special rapporteur **Alena Douhan** reviews impact of sanctions on enjoyment of human rights in Zimbabwe;

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

## Chronology

8 Oct 2021 **Harare (Zimbabwe)** *The Herald*. The **United Kingdom** removes **Zimbabwe** from its travel red list along with several other African nations;

7 Oct 2021 **Harare (Zimbabwe)** *Chronicle*. President **Emmerson Mnangagwa** deliver **State of the Nation** address to open the Fourth Session of the Ninth Parliament;

6 Oct 2021 **Harare (Zimbabwe)** *The East African*. The **Zimbabwean** government re-opens bars to those who present proof of full vaccination against **Covid-19**;

4 Oct 2021 **Harare (Zimbabwe)** *iol*. Newly leaked financial documents known as the **Pandora Papers** reveal **Seychelles**-registered shell company **Greatgem Corp Zimbabwe** of presidential adviser **Martin Rushwaya**;

3 Oct 2021 **Harare (Zimbabwe)** *Sunday Mail*. **Reserve Bank of Zimbabwe** (central bank) revises its year-end inflation outlook to between 35% and 53%, up from the revised targets of between 25% and 35%;

3 Oct 2021 **Harare (Zimbabwe)** *ICIJ*. Major leak of financial records known as the **Pandora Papers** reveal how **Zimbabwean** businessman and ruling party ally **Billy Rautenbach** and his family used a complex offshore trust fund while he was still under **United States** sanctions;

1 Oct 2021 **Harare (Zimbabwe)** *The Herald*. Zimbabwe lobbies **German** investors, particularly in agriculture, mining, tourism, energy, infrastructure development and logistics;

1 Oct 2021 **Harare (Zimbabwe)** *The Independent*. Parliament reportedly asks **International Monetary Fund** for significant manage and oversight role over the distribution of a \$961m windfall from the IMF;

30 Sep 2021 **Harare (Zimbabwe)** *NewsDay*. Police arrest nineteen people, including 10 journalists, as main opposition **MDC-Alliance** stage a protest over being excluded from preparations for the next elections;

24 Sep 2021 **Harare (Zimbabwe)** *NewsHawks*. A top party officials says President **Emmerson Mnangagwa** is tenuously hanging onto his position due to deep division within his party and his failure to have a mandate from congress;

24 Sep 2021 **Harare (Zimbabwe)** *Zimbabwe Independent*. Thousands of **Domboshawa** villagers on the outskirts of **Harare** face imminent displacement to accommodate a clique of gold miners with strong links to the ruling **Zanu-PF** party and top government officials;

24 Sep 2021 **Harare (Zimbabwe)** *NewsHawks*. **United States** embassy in **Harare** ratchets up pressure on **Zimbabwe** to hold by-elections, after nearly 30 recalls of opposition party **MDC-Alliance** legislators by **MDC-T** leader **Douglas Mwonozora**;

22 Sep 2021 **Harare (Zimbabwe)** *Zimbabwe Independent*. **African Development Bank** approves private sector funding of \$53 million over the next 24 months;

17 Sep 2021 **Harare (Zimbabwe)** *Bloomberg*. Government publishes rule that gives state employees until mid-October to be fully vaccinated against **Covid-19**, failing which they will be banned from workplaces without pay;

17 Sep 2021 **Harare (Zimbabwe)** *NewsHawks*. Former finances minister **Tendai Biti** says proposed mergers of financial institutions involving government entities is “pure theft of public assets, as it has no basis in economics and business”;

15 Sep 2021 **Harare (Zimbabwe)** *Bloomberg*. Finance minister **Mthuli Ncube** during his so-called **Zimbabwe Global Investor Roadshow** says his country will seek to raise \$200m in a debut domestic **United States** dollar bond sale on its stock exchange in **Victoria Falls**, targeting a yield of 6% to 9% on the bonds;

15 Sep 2021 **Harare (Zimbabwe)** *NewsDay*. Urban local authorities resolve to confront central government demanding a share of the \$961m **International Monetary Fund** windfall;

13 Sep 2021 **Harare (Zimbabwe)** *Mail&Guardian*. Joint international investigation reveals **United Kingdom**-headquartered tobacco giant **British American Tobacco** was linked to a conspiracy to pay a bribe of between \$300, 000 and \$500, 000 to ruling party **Zanu-PF** shortly before the 2013 elections to get certain people released from jail;

13 Sep 2021 **Harare (Zimbabwe)** *Business Day*. Agriculture minister **Anxious Masuka** says government is worried about the new threat of land seizures, as state audit exposes huge irregularities in the allocation of farms;

10 Sep 2021 **Harare (Zimbabwe)** *The Zimbabwe Independent*. Formers finance ministers **Herbert Murerwa** and **Tendai Biti** warn government using the recent injection into the central bank of \$961m from the **International Monetary Fund** to “fuel arbitrage of the foreign exchange system”, saying it should instead go to capital expenditure;

10 Sep 2021 **Harare (Zimbabwe)** *NewsHawks*. **Zimbabwe Revenue Authority** report finds national treasury lose about ZWL\$112 billion (\$1.3 billion) in potential revenue last year through uncollected tax due to exemptions and incentives to corporates, including dodgy companies.

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