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President Emmerson Mnangagwa (2017-present) appoints Lieutenant General David Sigauke as commander of the Zimbabwean National Army amid tensions with vice-president Constantino Chiwenga over the appointment. Business tycoon Kudakwashe Tagwirei faces sanctions imposed by the United Kingdom over concerns of extensive contribution to economic and political instability. Finance minister Mthuli Ncube reveals a more optimistic mid-year budget review despite increasing calls for further social safety nets to counter the economic fallout of the Covid-19 pandemic. The government has extended the level 4 lockdown for a further two weeks amid declining cases and a successful Covid-19 vaccination programme. International flights into Harare increase as Qatar Airways expands opportunities for the tourism sector to rebound. Domestic flight access between Harare and Kariba improves as local businesses team up to ensure cost-effective travel opportunities.

Mnangagwa appoints new armed forces commander ...

President **Emmerson Mnangagwa** (2017-present) has appointed a new commander of the **Zimbabwean National Army (ZNA)**, Lieutenant General **David Sigauke**. The appointment follows the death from cancer of Lieutenant General **Edzai Chimonyo** on 8 July.¹ Sigauke's appointment reinforces Mnangagwa's close ties to the armed forces – especially to the top army leaders who helped him topple the regime of former president **Robert Mugabe** (1980-2017) in December 2017.

Sigauke's previous role in the ZNA was that of Chief of Staff, General Staff.² Sigauke's previous promotion came in December 2017 when he was promoted from Brigadier General to Major General. In the 2008 general elections, Sigauke is rumored to have threatened action against any government not led by Mugabe:

"As soldiers, we have the privilege to defend this task on two fronts: the first being through the ballot box, and second being the use of the barrel of the gun should the worse come to the worst. I may therefore urge you as citizens of Zimbabwe to exercise your electoral right wisely in the forthcoming election in 2008, remembering that Zimbabwe shall never be a colony again."³

While Sigauke was widely expected to have been the next in line for the role of commander of the ZNA, it is worth noting the close ties that Mnangagwa maintains with the top army leaders. The ultimate catalyst for the 2017 coup d'état was Mnangagwa's ability to influence the army to move against Mugabe. Nevertheless, previous reports have emerged that vice president **Constantino Chiwenga** and Mnangagwa have clashed over Sigauke's appointment as new ZNA commander. As part of the 2017 coup deal struck between Mnangagwa and Chiwenga, Chiwenga was reportedly allowed to make his own appointment, which in this case would have been Lieutenant-General **Engelbert Rugeje**.⁴

¹ AllAfrica, 8 Jul 2021

² Bulawayo24, 7 Aug 2021

³ Pindula, 28 Jul 2021

⁴ The Zimbabwean, 18 Jul 2021

Although it is unclear how Sigauke's appointment will influence future political action, it is safe to say that Mnangagwa is clearly attempting to maintain close links to the armed forces, which will serve him well in the 2023 elections. Mnangagwa's snubbing of Chiwenga's preferred choice may also further undermine relations between the country's top two officials. The retired general turned vice president has deep roots in the armed forces, and the appointment has the potential to splinter the armed forces into differing factions of support.

... as UK imposes sanctions on prominent businessman Tagwirei

United Kingdom (UK) foreign secretary **Dominic Raab** announced on 22 July that the UK would impose sanctions against prominent Zimbabwean businessman and close advisor to President Mnangagwa, **Kudakwashe Tagwirei**. Such sanctions include an asset freeze on all personal and corporate assets owned or controlled by Tagwirei and his company, **Sakunda Holdings**, as well as a travel ban.⁵ The sanctions aim to ensure that Tagwirei will no longer be able to channel his money through UK banks or enter the UK. This is likely to place further pressure on Mnangagwa and top ruling **ZANU-PF** party officials who hold close ties with Tagwirei and his benefaction of the ruling party.

The UK sanctions follow an exposé report released by **The Sentry** on 7 July (see *ARC Briefing Zimbabwe July 2021*). Tagwirei holds close connections with senior government officials and engages in business practices that help to expand a vast business empire, ultimately resulting in poorer governance, less transparency, and claims of vast state capture.⁶ Tagwirei also faces sanctions from the **United States (US)** for alleged corruption and abetting an authoritarian regime, which were imposed in August 2020.⁷

Announcing the sanctions to be imposed on Tagwirei, Raab included sanctions under **Britain's Global Anti-Corruption Sanctions Regime** against four individuals from countries including **Equatorial Guinea** and **Venezuela**. The sanctions target cases of serious corruption that deprive developing countries of vital resources. The statement on the UK government's website noted:

"Tagwirei profited significantly from the misappropriation of property at the expense of wider macroeconomic stability in Zimbabwe, in one of the most serious incidences of corruption under the current government."⁸

While sanctions from both the US and the UK are indictments of Tagwirei and his close relations with President Mnangagwa, there is yet to be any real consequence for the businessman. Tagwirei has made few comments regarding the accusations he faces, and has been successfully operating through companies that ensure sanctions from the West do not affect his business interests. These involve companies operating in the **Cayman Islands, Mauritius, and South Africa**. President Mnangagwa has also yet to condemn Tagwirei's actions or distance himself from him.

Mid-year budget review par for the course...

Finance minister **Mthuli Ncube** presented an optimistic mid-year budget review on 29 July. The mid-year budget review allows Ncube to re-assess fiscal policies set out in the November 2020 budget and review economic growth through sectoral analysis. The thrust of the mid-year budget review for 2021 was to maintain current fiscal policies amid expectations of larger Gross Domestic Product (GDP) growth than initially predicted for this year.⁹ The optimistic outlook of

⁵ U.K. Gov't Website, 22 Jul 2021

⁶ The Sentry, 7 Jul 2021

⁷ ZimLive, 22 Jul 2021

⁸ NewsDay, 23 Jul 2021

⁹ The Zimbabwe Mail, 29 Jul 2021

the budget review is likely to boost investor confidence as the economy looks set to bounce back from a restrictive 18 months.

The highlight of the budget review is the growth of the agricultural sector, with current growth predictions of 34% dwarfing initial growth predictions of 11%. The more optimistic prediction is largely due to the impressive performance of maize, groundnuts, and sorghum in particular, largely as a result of higher-than-average rainfall in the 2020/2021 season as well as improved planning and preparation by agricultural players.¹⁰ Maize production is estimated to grow 193.1% to a record 2.7 million tonnes in 2020/2021, in comparison to 0.9 million tonnes in 2019/2020 and will surpass the national cereal requirement.¹¹

The agricultural sector's growth underlines a general predicted trend of economic growth for the Zimbabwean economy. Ncube predicts GDP growth of 7.8%, up from the 2020 prediction of 7.4%, which he attributes to:

"... [a good] rainfall season, higher international commodity prices, stable macro-economic environment and a managed COVID-19 pandemic".

The **International Monetary Fund (IMF)** and the **World Bank** have expressed more cautious estimates of GDP growth of 6% and 3.9% respectively.¹² The international financial institutions (IFIs) see a more cautious rebound of growth from the Covid-19 pandemic – especially in light of the country facing a potential third wave of infections and stricter lockdown measures (see below).

The government's forecast of revenue versus expenditure is a further highlight of the mid-year budget review. Between January and June 2021, revenues reached ZWL 198.2 billion (\$2.31 billion) versus expenditures of ZWL\$197.6 billion (\$2.30 billion) – a ZWL\$570m (\$6.65m) surplus.¹³ This has led Ncube to postpone any requests for additional funding.

The government has taken active steps towards servicing its debt through the first half of 2021. This includes total payments of \$17.04m toward previous multilateral and bilateral creditors in the hope of being able to reengage with the international community and clear debt arrears to secure further financing from multilateral and bilateral development partners.¹⁴ The government expects Zimbabwe to start paying off its debt to the **Paris Club**, a group of major creditor countries, in the second half of the year – a total of \$3.9 billion.¹⁵

The privatisation of state-owned **Fidelity Printers and Refineries** is perhaps the most striking feature of the mid-year budget review. Fidelity Printers and Refineries is the sole official refiner and exporter of gold in Zimbabwe. It has been under the ownership of the Zimbabwean government since its inception in 1988; however, owing to increasingly porous borders and rising smuggling of gold out of Zimbabwe, the **Reserve Bank of Zimbabwe (RBZ)** (central bank) has decided to partly privatise the refinery. Gold producers will hold 60% while the RBZ will continue to own 40%. Notably, the split of 60% between 10 gold miners has been bought for \$49m – a price that has been criticised as far too low.¹⁶ The aim is to ensure that gold goes through the requisite value addition processes in Zimbabwe rather than being smuggled out in vast quantities as is currently the case, with Zimbabwe losing out on value.

Critics claim the mid-year budget review highlights the government's anti-poor stance in doing very little for much of the populace affected by the Covid-19 pandemic. The World Bank

¹⁰ NewsDay, 29 Jul 2021

¹¹ NewsDay, 29 Jul 2021

¹² The Zimbabwe Mail, 29 Jul 2021

¹³ NewsDay, 29 Jul 2021

¹⁴ EBusinessWeekly, 2 Aug 2021

¹⁵ EBusinessWeekly, 2 Aug 2021

¹⁶ The Zimbabwe Mail, 29 Jul 2021

estimates that since the beginning of the pandemic, at least 500,000 Zimbabweans have lost their jobs while 7.9 million (52% of the population) live in abject poverty. This is evidenced in the budget, where expenditure patterns indicate that more money has been deployed to the security sector than to combat the pandemic – ZWL\$14.5 billion (\$169.3m) versus ZWL\$9.4 billion (\$109.7m).

Lockdown extension despite vaccination rollout and decreasing cases

The government extended its Level 4 lockdown for a further two weeks on 9 August to curb the spread of Covid-19. Curfew continues to be enforced between 6:30pm and 6:00am, while non-essential shops are only allowed to operate between 8:00am and 3:30pm and at 40% capacity.¹⁷ Inter-city travel remains suspended unless it is necessary in the provision of food or medical support. Schools are to remain closed despite preparations to return for the second term and this is likely to continue until the government assesses the risk to be low.¹⁸

The two-week extension of the Level 4 lockdown comes as the daily rate of new cases of Covid-19 has dropped significantly, peaking at 3,110 on 12 July and dropping to 445 on 7 August – suggesting that the third wave is under control. Total Covid-19 cases as of 9 August have risen to 116,853 in Zimbabwe’s population of 14.7 million, with 3,919 Covid-19-related deaths. The government’s rationale for the lockdown extension is that while levels are decreasing, they are still too high to justify the easing of lockdown measurements.

The government is using a combination of Covid-19 vaccines in its vaccination programme, including **Russia**-manufactured **Sputnik V**, **China**-manufactured **Sinopharm** and **Sinovac**, **US**-manufactured **Pfizer** and **Moderna**, **British-Swedish**-manufactured **AstraZeneca** and **India’s Covaxin**. The government has also approved the **Johnson & Johnson** vaccine for emergency use and is set to receive 5 million doses under the **African Vaccine Acquisition Trust (AVAT)** partnership with the **African Union (AU)** and **UNICEF**, which has secured a total of 400 million doses for the **African** continent.¹⁹ Zimbabwe has been relatively successful in the rollout of its vaccination programme compared to its African counterparts, with 7% of the population fully vaccinated.²⁰ In total, 2.89 million doses have been administered and the government’s continued push is likely to guarantee success.

Despite restrictions on travel within Zimbabwe, commercial and international travel is available. However, travelers arriving from countries with the **Alpha** (first identified in the UK) and **Delta** variants will have to quarantine at government-appointed facilities. Travelers from areas not dominated by the Alpha and Delta variants still require a negative **Polymerase Chain Reaction (PCR)** test and a 10-day isolation period. Airline operations have resumed through routes to the rest of **Southern African Development Community (SADC)** region. Flights from **Harare** are using **Addis Ababa (Ethiopia)** and **Nairobi (Kenya)** as hubs for travel to **Europe**, the **Middle East** and **Asia**. Additional routes using **Qatar’s** state-owned airline, **Qatar Airways**, will allow further connections with destinations in the Middle East and Asia (see below).

Domestic and international air travel to expand access to Zimbabwe...

Qatar Airways made its first flight into Harare on 6 August, further expanding Zimbabwe’s access to regional and international destinations. Qatar Airways now reaches six additional destinations in Africa since the outbreak of the pandemic, arriving in Harare three times a week and connecting Zimbabwe’s capital to **Doha** (Qatar) and its myriad destinations in the rest of the world. The expansion of Qatar Airways into Harare signifies the deepening of ties between the two nations as the Middle Eastern country expresses interest in further cooperation with

¹⁷ British Embassy in Zimbabwe, 10 Aug 2021

¹⁸ Bulawayo24, 10 Aug 2021

¹⁹ Chronicle, 6 Aug 2021

²⁰ Our World In Data, 8 Aug 2021

the Zimbabwean government in other crucial sectors.²¹

The increased focus on air transport links is one of several key initiatives by President Mnangagwa's administration to develop Zimbabwe into a middle-class economy by 2030, with the tourism industry an integral part of this plan. **Tourism Business Council of Zimbabwe (TBCZ)** president **Wengayi Nhau** noted that greater competitiveness will result in improved quality, as well as job creation, and increased revenue through consumption of fuel, catering, and accommodation services:

*"The coming of Qatar Airways on top of **Emirates Airways** means we now have global airlines that carry a big brand world over with quality air service. This is an endorsement of the destination and brand Zimbabwe... The benefits will cascade to the whole value chain."*

Domestic air travel has also expanded into **Kariba**, as hospitality services supplier **Crispy Fresh** plans to extend a partnership with **Halsted Aviation** to expand domestic access to the resort town and surrounding locations. Crispy Fresh is headquartered in Kariba and supplies a majority of local tourist destinations with both wet and dry goods, while Harare-headquartered Halsted Aviation is the largest charter operator in Zimbabwe, operating since 2007. Air travel into the area will allow travellers to circumvent the perilous roadwork that connects Harare and Kariba, at a cost-effective rate.²² **Air Zimbabwe** used to operate flights into Kariba but stopped these several years ago. Although not a premier tourist attraction, Kariba and surrounding areas host numerous international and domestic tourists throughout the year. **Kariba Tourism and Business Indaba** administrator **Cephas Shonhiwa** regards the development, long overdue, as a positive step:

"We welcome the initiative as it will resuscitate the tourism sector which has been on its knees for some time especially due to the Covid-19 pandemic."

The pandemic has severely impacted growth and revenue in Zimbabwe's tourism industry. National average hotel occupancy fell to an all-time low of 14% in 2020.²³ For an industry that is overly reliant on international clients, losses of \$1 billion, according to the **Zimbabwe Tourism Authority (ZTA)**, served as a real threat to domestic operators. However, 2021 has seen several positive developments for the tourism industry including the announcement by **Eurowings**, a subsidiary of **Germany**-headquartered **Lufthansa**, that flights to **Victoria Falls** would be added from June 2022 (see *ARC Briefing Zimbabwe June 2021*).²⁴ Ncube's mid-year budget review (see above) revised tourism industry growth to consider the easing of global travel restrictions where the minister positively estimated growth to be around 6.4%.²⁵

²¹ The Herald, 7 Aug 2021

²² Bulawayo24, 7 Aug 2021

²³ Zimbabwe Situation, 6 Aug 2021

²⁴ Zimbabwe Situation, 6 Aug 2021

²⁵ Zimbabwe Situation, 6 Aug 2021

Planner

July 2023 (Zimbabwe) – Harmonised elections

Chronology

4 Aug 2021 **Harare (Zimbabwe)** *New Zimbabwe*. Cabinet approves an immediate ban on all exports of unprocessed chrome ore in order to protect the ferrochrome industry;

4 Aug 2021 **Harare (Zimbabwe)** *News24*. Senior treasury official says **Zimbabwe** will clear a backlog of foreign currency allocations owed from central bank-run auctions in the next 45 days, with traders and businesses estimating around \$200m is outstanding;

2 Aug 2021 **Harare (Zimbabwe)** *Times*. President **Emmerson Mnangagwa** “gifts” 19 opposition leaders vehicles, but says recipients must toe the line for three years to get ownership of the vehicle;

29 Jul 2021 **Harare (Zimbabwe)** *Herald*. Defence minister **Oppah Muchinguri Kashiri** says **Zimbabwe** plans to dispatch 304 soldiers to join the **Southern African Development Community** standby force in **Mozambique**;

28 Jul 2021 **Harare (Zimbabwe)** *Reuters*. State medicines regulator says **Zimbabwe** has authorised the emergency use of **Johnson & Johnson’s Covid-19** vaccine;

27 Jul 2021 **Harare (Zimbabwe)** *Global Arbitration Review*. A **Swiss-German** family applies to a **United States** court to enforce an **International Centre for Settlement of Investment Disputes (ICSID)** award against **Zimbabwe** now worth more than \$274m, which compensated them for land expropriations carried out by the government of former president **Robert Mugabe**;

27 Jul 2021 **Harare (Zimbabwe)** *Twitter*. Presidential spokesperson **George Charamba** issues warning against businesses hiking prices following recent unrest in **South Africa**, saying government is investigating such cases;

23 Jul 2021 **Harare (Zimbabwe)** *Gov.uk*. **United Kingdom** imposes an asset freeze and travel ban on **Sakunda Holdings** proprietor and ruling **Zanu-PF** party benefactor **Kudakwashe Tagwirei**;

20 Jul 2021 **Harare (Zimbabwe)** *Bloomberg*. Government says it was given a stake in **Kuvimba Mining House** worth \$250m to help compensate white farmers for the seizure of their land two decades ago, and finance minister says government had deferred by a year payment of the first tranche of compensation to white farmers;

18 Jul 2021 **Harare (Zimbabwe)** *NewsHawks*. Military sources say President **Emmerson Mnangagwa** and vice-president **Constantino Chiwenga** are set to clash over the appointment of the next **Zimbabwe National Army** commander, with Chiwenga favoring retired Lieutenant-General **Engelbert Rugeje**;

16 Jul 2021 **Harare (Zimbabwe)** *NewZimbabwe*. Petroleum giant **Sakunda Holdings**, owned by **Kudakwashe Tagwirei**, donates money and resources to government to support its fight against **Covid-19**, including \$170m for the procurement of vaccines and five vehicles to the **Zimbabwe Republic Police** homicide department;

16 Jul 2021 **Harare (Zimbabwe)** *NewZimbabwe*. **Reserve Bank of Zimbabwe** (central bank) says foreign currency deposits recorded annual growth of 779% from an equivalent of ZW\$12.48 billion (\$34m) in February 2020 to ZW\$109.66 billion (\$303m) in February 2021;

13 Jul 2021 **Harare (Zimbabwe)** *NewZimbabwe*. Senior military and official sources say **Zimbabwe** is struggling to mobilise sufficient resources to contribute to the **Southern African**

Development Community Standing Force for Mozambique;**About Africa Risk Consulting:**

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