

AFRICA RISK CONSULTING

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Zimbabwe Summary 18 September 2018

President Emmerson Mnangagwa (2017-present) takes the oath of office, becoming the second substantively elected president of Zimbabwe after former president Robert Mugabe (1980-2017). He appoints a 20-member cabinet and signals plans to restructure government and the economy, while balancing multiple political interests within the Zimbabwe African National Union Patriotic Front (Zanu-PF) ruling coalition. President Mnangagwa indicates that government will not immediately revert to the Zimbabwe dollar, but will maintain the multi-currency regime. The government fails to raise the \$2 billion in financial aid it hoped to receive from China during the China-Africa Forum in Beijing.

Emmerson Mnangagwa inaugurated as president...

Zimbabwe's president-elect, **Emmerson Mnangagwa** (2017-present), took the oath of office as president on 26 August, thus establishing the second substantive presidency since independence in 1980.¹ The inauguration has encouraged local and international observers hoping for a return to political stability, and an opportunity for Zimbabwe's economic recovery and reconstruction.² Mnangagwa's inauguration came after Zimbabwe's constitutional court dismissed the opposition **Movement for Democratic Change (MDC)**'s court petition contesting the outcome of the 30 July election.³ Mnangagwa won by 50.8% of the total votes cast, while MDC leader **Nelson Chamisa** obtained 44.3%.⁴ Chief justice **Luke Malaba**, who had dismissed the MDC's petition along with other eight constitutional court judges, administered the oath of office.⁵

President Mnangagwa and the ruling **Zimbabwe African National Union Patriotic Front (Zanu-PF)** had sought to secure a legitimate mandate both in Zimbabwe and with the international community through the election, since Mnangagwa initially came to power through a coup against former president **Robert Mugabe** (1980-2017) in November.⁶ However, the opposition complained of several irregular activities before and during the election by the **Zimbabwe Electoral Commission (ZEC)**, claiming the ZEC sought to give the ruling Zanu-PF an unfair advantage in the polls.⁷ Opposition allegations included the ZEC's refusal to avail the correct copy of the voters' roll to the opposition and civil society for independent verification, denial of access to the process of printing, and storage of ballot papers.⁸ The opposition also alleged that the army switched genuine V11 forms, which bore the election results from each polling station, with fake copies that depicted victory for Zanu-

¹ The Guardian, 26 Aug 2018.

² The Guardian, 26 Aug 2018.

³ The Guardian, 26 Aug 2018.

⁴ The Guardian, 26 Aug 2018.

⁵ The Guardian, 26 Aug 2018.

⁶ Al Jazeera, 26 Aug 2018.

⁷ Al Jazeera, 26 Aug 2018.

⁸ Al Jazeera, 26 Aug 2018.

PF.⁹

European Union (EU) observers issued a statement that Mnangagwa had benefitted from several irregularities that created an unfair playing field.¹⁰ The **United States (US) Congress** also resolved on 13 September to maintain targeted sanctions against Zimbabwe until Mnangagwa's government has demonstrated a genuine shift from the Mugabe-era violations of civil and political liberties.¹¹ The US assistant secretary of state for economic and business affairs, **Manisha Singh**, said,

"Our pressure on Zimbabwe remains in place. We are trying to use this pressure to leverage political and economic reforms, human rights observations... We want to see fundamental changes in Zimbabwe and only then will we resume normal relations with them... We are always open to conversations. We are open to a demonstration from the government that it is changing its ways, that it is observing human rights."¹²

State-sponsored human rights violations, particularly attacks against opposition and civil society activists, have been a key feature of the Zanu-PF regime, and Mnangagwa has been attempting to shed this image.¹³ However, the army's violent attacks against unarmed civilians on 1 August who protested the ZEC's delay in releasing the 30 July election results demonstrated the Zanu-PF government's continuing penchant for violence.¹⁴ Mnangagwa has since appointed a seven-member commission of inquiry into the violence, signaling his commitment to shift from using violence against political opponents.¹⁵ Former **South African** president **Kgalema Motlanthe** (2008-2009) will lead the team, which, among other things, will seek to determine who deployed the soldiers to attack civilians.¹⁶

The Zanu-PF government will seek to continue working towards gaining legitimacy, mainly through economic development.¹⁷ Mnangagwa has demonstrated his admiration for **Rwanda's** economic and political model, where the government holds centralised political power, stifles civil liberties, promotes foreign investment and economic growth, and forges strong partnerships with international business organisations, and Western governments.¹⁸

... dropping several veteran Zanu-PF ministers in new cabinet

President Mnangagwa swore into office a new cabinet on 7 September.¹⁹ Mnangagwa seeks to use the choice of ministers to signal to local and international observers a shift from Mugabe's authoritarian style of governance.²⁰ Mnangagwa's cabinet has 20 ministers and their deputies, and includes banker **Mthuli Ncube** as finance minister and **Winston Chitando** as minerals minister.²¹ Mnangagwa appointed Zanu-PF chairperson **Oppah Muchinguri** as the new defence minister, relieving vice president **Constantino Chiwenga** of

⁹ Al Jazeera, 26 Aug 2018.

¹⁰ Al Jazeera, 26 Aug 2018.

¹¹ EWN, 13 Sept 2018.

¹² The US assistant secretary of state for economic and business affairs, Manisha Singh quoted in EWN, 13 Sept 2018.

¹³ Source, analyst, London

¹⁴ Source, analyst, London

¹⁵ Source, analyst, London

¹⁶ Source, analyst, London

¹⁷ Source, analyst, London

¹⁸ Source, analyst, London

¹⁹ Nehanda Radio, 7 Sept 2018.

²⁰ Nehanda Radio, 7 Sept 2018.

²¹ Nehanda Radio, 7 Sept 2018.

the portfolio that he had held since the coup against Mugabe in November 2017.²² Long-serving ministers whom Mnangagwa dropped from his new cabinet include **Patrick Chinamasa** (finance), **Obert Mpofu** (home affairs), **David Parirenyatwa** (health), and **Simbarashe Mumbengegwi** (foreign affairs). Mnangagwa appointed professional swimmer and Olympic gold medallist **Kirsty Coventry** as sports and recreation minister.²³

Mnangagwa's cabinet reflects an attempt to convene a competent team of technocrats to manage the reconstruction of Zimbabwe's economy and civil service, while rewarding political supporters and balancing competing interests within the ruling Zanu-PF coalition.²⁴ Ncube, Coventry and Chitando are accomplished in their respective fields of banking and finance, sports, and mining industry.²⁵ Mnangagwa has also sought to reduce vice president Chiwenga's political power by appointing Muchinguri as defence minister and withdrawing Chiwenga's control over the army.²⁶ This is also an attempt to signal to the international community that he has made reforms in the security sector, after the army attacked civilians in **Harare** who protested against the ZEC's delay in releasing election results, killing six people on 1 August.²⁷

Mnangagwa has sought to incorporate the military into the cabinet in maintaining the appointments of two retired generals: foreign affairs minister retired Brigadier **Sibusiso Moyo**, and agriculture minister, former air force commander **Perrence Shiri**, along with vice president Chiwenga.²⁸ He also appointed his close associates, **Joram Gumbo** and **July Moyo**, as specially appointed members of parliament, and energy and local government ministries respectively.²⁹ Mnangagwa said on 16 September that he would reassign the veteran ministers whom he removed from cabinet to other full-time positions within the Zanu-PF party.³⁰ This is a strategy to avoid further factionalism and fragmentation of the party, which the November 2017 coup divided between supporters of Mugabe and Mnangagwa.³¹

Mnangagwa opens parliament, rules out immediate currency reforms

President Mnangagwa delivered his inaugural address to parliament, after formally opening the 9th session of parliament on 18 September.³² He used the address to outline his new government's priorities, particularly on the economy.³³ Highlights included his ruling out of the immediate end of the multi-currency regime and return of the Zimbabwe dollar:

"My government shall continue with the use of the multicurrency system up until the current negative economic fundamentals have been addressed to give credence to the introduction of the local currency..."³⁴

Mnangagwa also indicated that the **Reserve Bank of Zimbabwe (RBZ)** (central bank) had secured foreign exchange facilities to meet local demand for foreign currency:

²² Nehanda Radio, 7 Sept 2018.

²³ Nehanda Radio, 7 Sept 2018.

²⁴ Newsday, 11 Sept 2018.

²⁵ Newsday, 11 Sept 2018.

²⁶ Newsday, 11 Sept 2018.

²⁷ Newsday, 11 Sept 2018.

²⁸ Newsday, 11 Sept 2018.

²⁹ Newsday, 11 Sept 2018.

³⁰ Nehanda Radio, 16 Sept 2018.

³¹ Nehanda Radio, 16 Sept 2018.

³² News24, 18 Sept 2018.

³³ News24, 18 Sept 2018.

³⁴ News24, 18 Sept 2018.

“My government, through the Reserve Bank of Zimbabwe, has negotiated a number of foreign exchange facilities amounting to \$500 million that are intended to meet the growing demand for foreign currency by business and the public in general... Some of these facilities shall be disbursed this week to meet the expanding demand for foreign currency that continues to be sustained by fiscal imbalances which my government has made a great commitment to redress.”³⁵

Mnangagwa’s statements on currency reforms contradict finance minister Mthuli Ncube’s claims on 10 September that he’d prefer a return of the Zimbabwe dollar.³⁶ Members of the public had anticipated that Mnangagwa would reaffirm Ncube’s support for the return of the Zimbabwe dollar.³⁷ The RBZ adopted the multi-currency regime in 2009, after failing to contain inflation.³⁸

Mnangagwa’s decision to delay the reintroduction of the Zimbabwe dollar is based on the need to rebuild the economy.³⁹ This will occur by reviving the main pillars of Zimbabwe’s economy, which include agriculture, manufacturing industries, mining, and tourism.⁴⁰ Rebuilding the economy requires substantial foreign investment because of the lack of sufficient capital from domestic sources. The government will also need to re-establish export markets and lines of credit to fund public infrastructure projects that can support economic growth through increased demand from economic sectors that provide materials, while supporting job creation.

China refuses \$2 billion bailout

The Zimbabwe government reportedly failed to raise \$2 billion from the government of **China** during the **China-Africa Forum in Beijing** (3-4 September), which it needs to ease cash shortages in Zimbabwe.⁴¹ The Chinese government has taken a cautious approach to dealing with President Mnangagwa’s fledgling government, despite having been one of the Zanu-PF regime’s staunches allies since the pre-independence era to date.⁴² The Zimbabwe government owes several debts to China and other multilateral lending institutions, such as the **International Monetary Fund (IMF)**, which increases prospective lenders’ lack of confidence in Zimbabwe.⁴³ Zimbabwe is experiencing cash shortages, mainly because it does not print the multiple currencies that are currently in circulation as part of Zimbabwe’s multi-currency regime (see above).⁴⁴ Officials from the finance ministry and the RBZ were in negotiations with the **Industrial and Commercial Bank of China** and the **Export-Import Bank of China** prior to the China-Africa Forum in a bid to obtain lines of credit, without success.⁴⁵

Mnangagwa engaged in bilateral meetings with China’s President **Xi Jinping** (2013-present) during the forum in China.⁴⁶ Former finance minister **Patrick Chinamasa** and RBZ governor

³⁵ News24, 18 Sept 2018.

³⁶ News24, 18 Sept 2018.

³⁷ News24, 18 Sept 2018.

³⁸ News24, 18 Sept 2018.

³⁹ Source, analyst, London

⁴⁰ Source, analyst, London

⁴¹ The Independent, 7 Sept 2018.

⁴² The Independent, 7 Sept 2018.

⁴³ The Independent, 7 Sept 2018.

⁴⁴ The Independent, 7 Sept 2018.

⁴⁵ The Independent, 7 Sept 2018.

⁴⁶ The Independent, 7 Sept 2018.

John Mangudya accompanied Mnangagwa.⁴⁷ The Zimbabwe delegation also held meetings with several officials from China's financial services sector, as part of efforts to secure lines of credit to invest in economic recovery.⁴⁸ However, the Zimbabwe delegation faced difficulty in securing lines of credit, mainly because of lack of confidence on the part of the Chinese:

*"In financial cooperation, confidence is very important. At the moment, China's financial institutions [do not] have confidence in the RBZ, and finance ministry officials. Zimbabwe owes **China Eximbank** and **Sinosure**, and [if the country requires more credit, they have to] pay back arrears or [somehow] show commitment to pay... The arrears are not very much. They are less than \$300m. [The government of Zimbabwe] does not have to pay the whole amount [upfront], but set up a [reasonable] payment plan, such as \$10m monthly... [However], if no payments are made, getting additional loans becomes difficult."⁴⁹*

President Mnangagwa's government faces an uphill task of facilitating economic revival in the absence of ready sources of capital. China's refusal to grant the \$2 billion loan may influence other potential lenders to be similarly cautious. The government will thus need to inspire confidence through far reaching political reforms that would attract both private investment, and unlock lines of credit from bilateral and multilateral lenders such as the US government and the IMF.

⁴⁷ The Independent, 7 Sept 2018.

⁴⁸ The Independent, 7 Sept 2018.

⁴⁹ Unnamed official from the RBZ, quoted in The Independent, 7 Sept 2018.

Planner

10 Oct 2018. **Harare (Zimbabwe) Mining Engineering and Transport Expo (MINE ENTRA)**;

20 Nov 2018. **Harare (Zimbabwe) Market to Millions Training Programme**;

9 Dec 2018. **Harare (Zimbabwe) Customer Experience and Service Delivery Symposium**;

23 Apr 2019. **Bulawayo (Zimbabwe) Zimbabwe International Trade Fair (ZITF) Business Days**;

12 Jun 2019. **Harare (Zimbabwe) Sign Africa Expo Harare**;

June 2023. **(Zimbabwe) General elections**;

Chronology

18 Sep 2018. **Harare (Zimbabwe) News24**. President **Emmerson Mnangagwa** rules out the immediate return of the Zimbabwe dollar, saying the current multi-currency regime will continue;

18 Sep 2018. **Harare (Zimbabwe) Bulawayo24**. **United Kingdom (UK)**'s outgoing ambassador to Zimbabwe, **Catriona Laing**, says the UK will support Zimbabwe's bid to get onto a temporary **International Monetary Fund (IMF)** staff programme;

16 Sep 2018. **Harare (Zimbabwe) Nehanda Radio**. President **Emmerson Mnangagwa** promises to give permanent jobs within the **Zanu-PF** party to long-serving ministers whom he dropped from the new cabinet;

15 Sep 2018. **Washington DC (United States)**. *EWN*. The **United States Congress** announces it will maintain its sanctions on **Zimbabwe** until President **Emmerson Mnangagwa**'s government demonstrates genuine change;

14 Sep 2018. **Harare (Zimbabwe) Fin24**. **South Africa**-based platinum mining company, **Impala Platinum** says the minerals ministry will waive the 51% local ownership requirement;

7 Sep 2018. **Harare (Zimbabwe) Nehanda Radio**. President **Emmerson Mnangagwa** appoints a new 20-minister cabinet and retires several veteran ministers;

7 Sep 2018. **Harare (Zimbabwe) Reuters**. Former president **Robert Mugabe** says he accepts that his successor, President **Emmerson Mnangagwa**, is the legitimate president of Zimbabwe;

7 Sep 2018. **Harare (Zimbabwe)** President **Emmerson Mnangagwa** fails to secure \$2 billion from the government of **China**, which it needs to ease the country's cash shortages;

29 Aug 2018. **Harare (Zimbabwe)**. *Timeslive*. President **Emmerson Mnangagwa** appoints former **South African** president **Kgalema Motlanthe** to lead a commission of inquiry into post-election violence on 1 August;

26 Aug 2018. **Harare (Zimbabwe)**. *The Guardian*. **Emmerson Mnangagwa** takes oath as **Zimbabwe's** second elected president, succeeding former president **Robert Mugabe**;

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