

## AFRICA RISK CONSULTING

### Zimbabwe Monthly Briefing January 2019

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#### Zimbabwe Summary 21 January 2019

*Violent protests erupt in Zimbabwe, especially in the capital Harare and second-largest city Bulawayo, after President Emmerson Mnangagwa (2017-present) announces fuel price increases. The Zimbabwe Defence Forces (ZDF) and Zimbabwe Republic Police (ZRP) conduct a joint press conference denying involvement in violent attacks on civilians. Government imposes an internet shutdown throughout the country, as it battles global condemnation of security agents' crackdown on protesters. Police arrest prominent pastor and political activist Evan Mawarire on charges of inciting political violence. President Mnangagwa cuts short his foreign trip following political unrest in Zimbabwe. Finance minister Mthuli Ncube reveals plans to reintroduce local currency in the near future, as inflation rises to 42%.*

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#### Protests erupt after Mnangagwa announces fuel price increase

Political violence broke out in **Zimbabwe** after President **Emmerson Mnangagwa** (2017-present) announced that fuel prices would increase by 150% on 12 January.<sup>1</sup> The violence will undermine the Mnangagwa government's efforts to re-engage with the international community and portray itself as different from that of former president **Robert Mugabe** (1980-2017).<sup>2</sup> Mnangagwa announced that petrol prices would increase from \$1.24 to \$3.31 per litre, while the price of diesel increased from \$1.36 to \$3.11.<sup>3</sup> The largest union body, the **Zimbabwe Congress of Trade Unions (ZCTU)**, called for a stay-away from 14-16 January in response to the price hikes. Protests broke out in the capital city, **Harare**, and Zimbabwe's second-largest city, **Bulawayo**, on 15 January as members of the public expressed anger at economic hardship that the sharp increase in fuel prices will worsen.<sup>4</sup> Some protesters barricaded roads and destroyed property, including burning police stations, and looted shops.<sup>5</sup> Unidentified arsonists driving unmarked vehicles broke into the headquarters of the opposition **Movement for Democratic Change (MDC)**, petrol-bombed the reception area, and seized the party's public address system.<sup>6</sup>

The **Zimbabwe Defence Forces (ZDF)** and **Zimbabwe Republic Police (ZRP)** deployed officers to maintain peace and order.<sup>7</sup> However, the security forces clashed with protesters, and reportedly shot and killed approximately 12 civilians and arrested over 600, while over 20 others sustained gunshot wounds and other injuries from assaults by security agents.<sup>8</sup> Some security agents have reportedly been conducting raids and attacks door-to-door in the urban areas, beating up unarmed civilians:

*"They are going from door to door looking for protesters, especially young men whom*

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<sup>1</sup> BBC, 14 Jan 2019.

<sup>2</sup> BBC, 14 Jan 2019.

<sup>3</sup> BBC, 14 Jan 2019

<sup>4</sup> BBC, 14 Jan 2019

<sup>5</sup> CNN, 15 Jan 2019.

<sup>6</sup> The Citizen, 14 Jan 2019.

<sup>7</sup> CNN, 15 Jan 2019.

<sup>8</sup> CNN, 15 Jan 2019.

*they are dragging out of their homes, assaulting, then taking them away for detention. They are also asking for looted goods, and if they find any groceries in large quantities they are accusing those people of looting. We have some groceries, and will have to keep our receipts lest the army and police accuse us of having looted them.”<sup>9</sup>*

The violent actions of security agents against civilians has resulted in considerable condemnation and criticism from local and international organisations, including the **United Kingdom (UK)** minister for **Africa, Harriet Baldwin**, the **European Union**, and the **United Nations** human rights office in **Geneva (Switzerland)**.<sup>10</sup> The government has denied responsibility for any violence. The ZDF and ZRP held a joint press conference on 19 January, denying that army and police officers were involved in killing unarmed civilians.<sup>11</sup> Instead, they blamed the attacks on unidentified civilians, saying they had stolen army and police uniforms and posed as security agents during the protests.<sup>12</sup> Neither the ZDF nor the ZRP explained how this would have been possible, given the high security provided for army and police equipment, refusing to answer questions after the press conference.<sup>13</sup> The state minister for national security, **Owen Ncube**, also accused non-governmental organisations, youth groups, and other individuals collaborating with the MDC of being behind the violence, which escalated as the week progressed.<sup>14</sup> Ncube accused local umbrella organisation **Crisis Coalition**, made up of over 80 civil society organisations, of holding a meeting on 11 January and planning to create unrest in the country.<sup>15</sup> Information minister **Monica Mutsvangwa** accused the MDC of orchestrating the demonstrations, which she likened to terrorism.<sup>16</sup> Local sources allude to the possibility of a hidden agenda behind some aspects of the protests:

*“Some groups of young men are going around the neighbourhoods, forcibly opening shops, then inviting youths to loot the goods. They themselves do not take anything, but ask onlookers to do so. There is a rumour that the groups have been paid, with the funding coming from a foreign source.”<sup>17</sup>*

The government imposed an internet blackout throughout the country on 16 January, ordering all telecommunications companies to disconnect internet access, likely in an attempt to prevent people from sharing evidence of its attacks on social media.<sup>18</sup> The government particularly targeted social media applications such as **Whatsapp**, **Facebook**, **Twitter**, and **YouTube**.<sup>19</sup> Zimbabwe’s largest telecommunications company, **Econet Wireless**, issued a statement indicating that the government had ordered the company to shut down all internet connectivity until further notice.<sup>20</sup> The internet shut-down also attracted considerable condemnation, with over 20 organisations, including the **Committee to Protect Journalists**, **Human Rights Foundation**, **Internet Sans Frontières**, **Reporters Without Borders**, and the **Right2Know Campaign** issuing a letter to the government of Zimbabwe to cease stifling the right to a free media and freedom of speech by shutting down

<sup>9</sup> Source, Bulawayo, Zimbabwe

<sup>10</sup> Business Recorder, 18 Jan 2019.

<sup>11</sup> The South African, 20 Jan 2019.

<sup>12</sup> The South African, 20 Jan 2019.

<sup>13</sup> The South African, 20 Jan 2019.

<sup>14</sup> CNN, 15 Jan 2019.

<sup>15</sup> CNN, 15 Jan 2019.

<sup>16</sup> AP News, 17 Jan 2019.

<sup>17</sup> Source, Bulawayo, Zimbabwe

<sup>18</sup> Reuters, 16 Jan 2019.

<sup>19</sup> Reuters, 16 Jan 2019.

<sup>20</sup> Reuters, 16 Jan 2019.

the internet.<sup>21</sup>

Police arrested local cleric and political activist **Pastor Evan Mawarire** on 16 January, and charged him with subversion and encouraging civil disobedience for allegedly inciting the political unrest that followed President Mnangagwa's announcement of fuel price increases.<sup>22</sup> Mawarire was a leading proponent of the stay-away, which he promoted using social media before the government shut down the internet.<sup>23</sup> Mawarire came to national prominence in 2016 when he led the "**This Flag**" social movement that campaigned against former President Mugabe's rule.<sup>24</sup> Police arrested Mawarire then, charging him with subversion and desecrating the Zimbabwean flag.<sup>25</sup> However, the prosecutor's office withdrew the charges in 2017, shortly after Mugabe's presidency ended in November 2017.<sup>26</sup>

The wave of political violence has exposed the underlying realities of President Mnangagwa's "*new dispensation*".<sup>27</sup> Mnangagwa has promoted a mantra that "*Zimbabwe is open for business*" in an attempt to attract investment to the country's weak economy. Mnangagwa has also sought to portray himself and his government as radically different from Mugabe's government, of which he was a part from 1980. Although Mnangagwa's rise to power elicited hope and optimism for change, there have been enduring concerns that his government would not be different from Mugabe's.<sup>28</sup> The army has always underwritten the ruling **Zimbabwe African National Union Patriotic Front (Zanu-PF)**'s political power, instead of institutions and processes of democracy and the rule of law:<sup>29</sup>

*"When confronted with challenges to its power, Zanu-PF resorts to violence."*<sup>30</sup>

The recent violence will make it less likely that Mnangagwa's government will attract the investment needed to generate economic growth.<sup>31</sup> This will in turn prolong the political and economic challenges that the country is experiencing.

### **Mnangagwa cuts short international trip as political unrest escalates**

Political unrest in Zimbabwe forced President Mnangagwa to cut short an international trip on 20 January.<sup>32</sup> His itinerary included visits to **Russia, Belarus, Azerbaijan, and Kazakhstan**, and **Davos (Switzerland)** where he was scheduled to attend the **World Economic Forum (WEF)**.<sup>33</sup> Mnangagwa had intended to use the trip to secure new investment and bilateral assistance for his government.<sup>34</sup> However, the political unrest has revealed the deficiencies in Mnangagwa's administration, after his attempts to portray himself as different from his predecessor, former president Robert Mugabe.<sup>35</sup> In a social media post, Mnangagwa announced that,

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<sup>21</sup> IOL, 16 Jan 2019.

<sup>22</sup> AP News, 17 Jan 2019.

<sup>23</sup> Time, 18 Jan 2019.

<sup>24</sup> Time, 18 Jan 2019.

<sup>25</sup> Time, 18 Jan 2019.

<sup>26</sup> Time, 18 Jan 2019.

<sup>27</sup> Source, analyst, London

<sup>28</sup> Source, analyst, London

<sup>29</sup> Source, analyst, London

<sup>30</sup> Source, analyst, London

<sup>31</sup> Source, analyst, London

<sup>32</sup> Mail & Guardian, 20 Jan 2019.

<sup>33</sup> Mail & Guardian, 20 Jan 2019.

<sup>34</sup> Mail & Guardian, 20 Jan 2019.

<sup>35</sup> Mail & Guardian, 20 Jan 2019.

*“In light of the economic situation, I will be returning home after a highly productive week of bilateral trade and investment meetings. We will be ably represented in Davos by minister of finance **Mthuli Ncube**. The first priority is to get Zimbabwe calm, stable and working again.”<sup>36</sup>*

Although the political unrest that occurred after his announcement of high fuel prices was a political embarrassment for Mnangagwa, his cancellation of the foreign trip is largely a result of expected protests against his presence in Davos.<sup>37</sup> Political activists set up an online petition on the **Change.Org** website, that sought to have Mnangagwa barred from attending the WEF meetings while the ZDF and ZRP officers committed human rights abuses in Zimbabwe.<sup>38</sup> Mnangagwa also reportedly decided to skip attending the WEF meetings because intelligence reports had indicated that several media organisations planned to ambush him with questions regarding the political unrest in Zimbabwe.<sup>39</sup>

The army and police’s violent crackdown on protesters in Zimbabwe considerably undermines Mnangagwa’s credibility in the international community.<sup>40</sup> Mnangagwa and his government had attracted some goodwill, as hopes for change were high following former president Mugabe’s removal from power.<sup>41</sup> This episode of political violence is likely to prolong the political and economic challenges in Zimbabwe, as it becomes less likely that large numbers of new investors will begin conducting operations in Zimbabwe any time soon.<sup>42</sup>

### Finance minister reveals plans to reintroduce local currency

Finance minister Mthuli Ncube revealed on 11 January that the government plans to reintroduce a new local currency in less than a year.<sup>43</sup> Although this could ease current cash shortages, it will not substantially contribute to resolving Zimbabwe’s economic challenges, which emanate mainly from political factors.<sup>44</sup> Zimbabwe does not have sufficient local public or private capital to invest in the economy and drive growth and job creation.<sup>45</sup> Cash shortages, especially of foreign currency, have contributed to shortages of fuel and basic consumer goods.<sup>46</sup>

Zimbabwe currently has a surrogate currency, bond notes, which the **Reserve Bank of Zimbabwe (RBZ)** (central bank) introduced in 2016 to ease cash shortages.<sup>47</sup> Although bond notes were theoretically equal in value to the **United States (US)** dollar when first introduced, they have since lost value because of inflation and growth of the parallel market.<sup>48</sup> This has become reminiscent of the hyperinflation that occurred in Zimbabwe in 2008, which reached 500 billion percent.<sup>49</sup>

<sup>36</sup> President Mnangagwa’s post on Twitter, quoted by Mail & Guardian, 20 Jan 2019.

<sup>37</sup> Source, analyst, London

<sup>38</sup> VOA, 19 Jan 2019.

<sup>39</sup> NewsDay, 21 Jan 2019.

<sup>40</sup> Source, analyst, London

<sup>41</sup> Source, analyst, London

<sup>42</sup> Source, analyst, London

<sup>43</sup> IOL, 14 Jan 2019.

<sup>44</sup> IOL, 14 Jan 2019.

<sup>45</sup> IOL, 14 Jan 2019.

<sup>46</sup> IOL, 14 Jan 2019.

<sup>47</sup> IOL, 14 Jan 2019.

<sup>48</sup> IOL, 14 Jan 2019.

<sup>49</sup> IOL, 14 Jan 2019.

Ncube's announcement comes as data from the RBZ shows that there is less than \$400m in actual cash.<sup>50</sup> This makes it difficult for companies to import raw materials and other supplies that they need to operate.<sup>51</sup> As a result, some of them source foreign currency, especially the US dollar, on the parallel market at a rate of 370%.<sup>52</sup> This contributes to inflation as companies have to increase the prices of their goods and services to earn some profit, given the high input costs that result from buying foreign currency on the black market.<sup>53</sup> Zimbabwe's national statistics agency, **Zimstats**, also revealed on 17 January that inflation has increased to 42% in January, up from 31% in December 2018.<sup>54</sup> Increases in the price of basic consumer goods largely account for the increased rate of inflation.<sup>55</sup> Zimstats indicated that prices have been increasing by 9% between December and January, compared to 9.20% in November 2018.<sup>56</sup>

The introduction of a new currency will only temporarily resolve Zimbabwe's cash shortages.<sup>57</sup> Zimbabwe's economic woes emanate from political inefficiencies, which affect economic fundamentals.<sup>58</sup> Zimbabwe needs a fresh injection of capital into multiple sectors of the economy, which would stimulate economic growth through increasing demand for goods and services and increasing incomes, and in turn influence the rate of spending on consumer goods and services.<sup>59</sup> However, investors are reluctant to conduct business in Zimbabwe because of chronic political instability and policy uncertainty.<sup>60</sup> The new currency is likely to meet the same fate as that of the bond notes.<sup>61</sup>

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<sup>50</sup> IOL, 14 Jan 2019.

<sup>51</sup> IOL, 14 Jan 2019

<sup>52</sup> IOL, 11 Jan 2019.

<sup>53</sup> IOL, 11 Jan 2019.

<sup>54</sup> Reuters, 17 Jan 2019.

<sup>55</sup> Reuters, 17 Jan 2019.

<sup>56</sup> Reuters, 17 Jan 2019.

<sup>57</sup> Source, analyst, London

<sup>58</sup> Source, analyst, London

<sup>59</sup> Source, analyst, London

<sup>60</sup> Source, analyst, London

<sup>61</sup> Source, analyst, London

## Planner

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

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

17 Jul 2019 **Bulawayo (Zimbabwe) Mining Engineering and Transport Expo (MINENTRA)**

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

## Chronology

20 Jan 2019. **Harare (Zimbabwe) Mail and Guardian.** President **Emmerson Mnangagwa** cuts short foreign tour after protests erupt in Zimbabwe because of high fuel prices;

20 Jan 2019. **Harare (Zimbabwe) New Zimbabwe.** Global online activism organisation, **Anonymous** takes down several government websites following the government's countrywide internet shut down;

19 Jan 2019. **Harare (Zimbabwe) Quartz.** The government orders all telecommunications services providers to cut off internet access throughout the country;

19 Jan 2019. **Harare (Zimbabwe) CNN.** The **Zimbabwe Defence Forces (ZDF)** and **Zimbabwe Republic Police (ZRP)** hold a joint press conference accusing impostors of stealing security agents' uniforms and attacking civilians who conducted peaceful demonstrations;

17 Jan 2019. **Harare (Zimbabwe) Sunday Times.** Zimbabwe's sports minister and popular **Olympic** swimmer **Kirsty Coventry** indicates she will not resign as pressure grows for her to dissociate herself from President **Emmerson Mnangagwa's** government;

17 Jan 2019. **Harare (Zimbabwe) Associated Press.** Police arrest prominent cleric and political activist **Evan Mawarire** on charges of inciting political violence;

16 Jan 2019 **Harare (Zimbabwe) eNCA.** The government restores internet access after a 24-hour shutdown due to protests over increased petrol prices;

15 Jan 2019. **Harare (Zimbabwe) The Citizen.** Suspected state agents set fire to the opposition **Movement for Democratic Change Alliance's** headquarters in Harare;

14 Jan 2019. **Harare (Zimbabwe) BBC.** Violent protests erupt in **Zimbabwe** after President **Emmerson Mnangagwa** announces that the prices of petrol will increase from \$1.24 a litre to \$3.31, while diesel will increase from \$1.36 to \$3.31;

14 Jan 2019. **Harare (Zimbabwe) IOL.** The **Zimbabwe Defence Forces (ZDF)** deploys officers to urban areas largely affected by violent protests;

14 Jan 2019 **Harare (Zimbabwe) Al Jazeera.** Demonstrators block roads and loot shops after the government doubles the price of petrol;

13 Jan 2019 **Harare (Zimbabwe) FT.** Petrol doubles to \$3 per litre due to a currency crisis;

12 Jan 2019 **Harare (Zimbabwe) Reuters.** Finance minister **Mthuli Ncube** plans to introduce a new currency in the next 12 months;

10 Jan 2019 **Harare (Zimbabwe)** *The Herald*. Civil servants reject a 10% salary increase and instead demand a 419% increase;

9 Jan 2019 **Harare (Zimbabwe)** *Times Live*. President **Emmerson Mnangagwa** plans to visit **Russia, Belarus, Azerbaijan, Kazakhstan** and the **World Economic Forum** in January to attract foreign investment;

9 Jan 2019 **Harare (Zimbabwe)** *Bulawayo24*. The **World Bank** forecasts the economy to grow 3.7% in 2019, down from the 3.8% forecast made in June;

8 Jan 2019 **Harare (Zimbabwe)** *EWN*. **Delta Corporation**, a subsidiary of **Belgium**-based brewery **Anheuser-Busch Inbev**, increases the beer price by 25% due to high local costs;

7 Jan 2019 **Harare (Zimbabwe)** *Times Live*. Teachers plan to strike to press for salaries to be paid in **United States (US)** dollars; 31 Dec 2018 **Harare (Zimbabwe)** *Bulawayo24*. Finance and economic minister **Mthuli Ncube** states that inflation dropped 7% month-to-month in November to 9.2%;

20 Dec 2018 **Harare (Zimbabwe)** *News24*. Deputy information minister **Energy Mutodi** states that **Zimbabwe** will not extradite **Grace Mugabe** to **South Africa** on assault charges;

18 Dec 2018 **Harare (Zimbabwe)** *Reuters*. An inquiry led by former **South African** President **Kgalema Motlanthe** reports that the use of live bullets to stop post-electoral violence was disproportionate and unjustified;

18 Dec 2018 **Harare (Zimbabwe)** *New Zimbabwe*. President **Emmerson Mnangagwa** promotes **Anselem Sanyatwe**, who commanded the military unit that allegedly shot unarmed protesters in August, to major-general;

17 Dec 2018 **Harare (Zimbabwe)** *Bulawayo24*. **Zimbabwe National Statistical Agency (Zimstat)** states that annual inflation reached 31% in November, up 10.16% from October;

15 Dec 2018 **Harare (Zimbabwe)** *Reuters*. The ruling **Zanu-PF** party accepts President **Emmerson Mnangagwa** as its candidate for the 2023 elections;

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