

## AFRICA RISK CONSULTING

### Zimbabwe Monthly Briefing January 2020

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#### Zimbabwe Summary 20 January 2020

*President Emmerson Mnangagwa (2017-present) continues to conduct official duties during his presidential leave, increasing speculation about power struggles with Zimbabwe's vice president, Constantino Chiwenga. The United Kingdom (UK) government excludes Mnangagwa's government from the UK-Africa Investment Summit and issues travel warnings for Zimbabwe. The African Development bank (AfDB) reveals that Zimbabwe has fallen behind on its \$700m debt arrears to the continental financial institution. Parliament launches an investigation into violence that machete-wielding gangs have committed throughout the country, especially in the gold-rich Midlands province from which President Mnangagwa hails. Government attempts to implicate the opposition Movement for Democratic Change (MDC) in the machete gangs and raids the party's offices.*

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#### Mnangagwa's working holiday raises eyebrows

President **Emmerson Mnangagwa** (2017-present) has continued to carry out official duties during his official leave, despite vice-president **Constantino Chiwenga** being the acting president.<sup>1</sup> This has given rise to speculation that Mnangagwa's avoidance of international travel for his annual leave, and since Chiwenga's return from **China** in November, emanates from a power struggle between the leaders that may culminate in a coup.<sup>2</sup> The office of the president issued a statement that Mnangagwa would embark on the traditional three-week annual presidential leave on 8 January, and that Chiwenga and second vice-president **Kembo Mohadi** would act as president on a rotational basis.<sup>3</sup> The statement also noted that Mnangagwa would remain in the country throughout the duration of his leave, contrary to his usual leave plans.<sup>4</sup>

Mnangagwa has continued to perform some of his presidential duties despite vice-president Chiwenga being the acting president.<sup>5</sup> Mnangagwa attended the inauguration of **Mozambique's** president, **Filipe Nyusi** (2015-present), on 17 January.<sup>6</sup> Mnangagwa also toured a computer and tablet assembly plant in **Harare** that state-owned telecommunications company **TelOne** owns, accompanied by Chiwenga, finance minister **Mthuli Ncube** and other government officials.<sup>7</sup> Mnangagwa also convened a **Presidential Advisory Committee** meeting and met with visiting Chinese foreign minister **Wang Yi** on 13 January, together with Chiwenga.<sup>8</sup> Prominent Harare-based lawyer **Thabani Mpofo** described President Mnangagwa's conduct as unconstitutional:

*"It is not open to the President, during the period in which an acting President is in office, to exercise on a random basis, the already delegated functions of his office. Executive authority cannot, at any level, be shared once delegated. Constitutional authority cannot thereafter be exercised once delegated."*<sup>9</sup>

President Mnangagwa dismissed concerns about his continued execution of duties, saying that he was

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<sup>1</sup> NewsDay, 17 Jan 2020.

<sup>2</sup> NewsDay, 17 Jan 2020.

<sup>3</sup> NewsDay, 17 Jan 2020.

<sup>4</sup> ZimEye, 9 Jan 2020.

<sup>5</sup> New Zimbabwe, 8 Jan 2020.

<sup>6</sup> New Zimbabwe, 14 Jan 2020.

<sup>7</sup> Nehandaradio, 17 Jan 2020.

<sup>8</sup> Nehandaradio, 17 Jan 2020.

<sup>9</sup> Nehandaradio, 17 Jan 2020.

still on leave and vice-president Chiwenga was still acting president.<sup>10</sup> Mnangagwa's relationship with vice president Chiwenga is under continuous scrutiny, mainly because of Chiwenga's presidential ambitions since he led the coup that ousted former president, the late **Robert Mugabe** (1980-2017) in November 2017 when he was commander of the **Zimbabwe Defence Forces**.<sup>11</sup> Chiwenga has maintained influence in the armed offices despite his retirement and appointment as vice president.<sup>12</sup> Mnangagwa lacks an independent political base and owes his entry into office to support from the military.<sup>13</sup> Speculation remains rife that continuing power struggles between the two leaders may culminate in another coup, this time against Mnangagwa.<sup>14</sup>

### UK government snubs Zimbabwe ...

The **United Kingdom (UK)** government has not invited **Zimbabwe** to the **United Kingdom-Africa Investment summit** that began on 20 January in **London**.<sup>15</sup> This becomes a new low in the Mnangagwa administration's efforts to re-engage with the international community.<sup>16</sup> The summit brings together various governments, private institutions and businesses from the continent.<sup>17</sup> The acting secretary to the president and cabinet, **George Charamba**, denied that the snub had political significance:

*"Is it a must that Zimbabwe must attend that summit? [The] UK is a sovereign country and they invited countries that they like to attend that summit. As for the **Commonwealth**, it is not decided by one country."*<sup>18</sup>

President Mnangagwa's administration initially received goodwill from the UK government after the army ousted former president Mugabe in a military coup in November 2017.<sup>19</sup> However, the army's subsequent violent attacks on unarmed civilians resulted in the UK withdrawing its support for Mnangagwa's government. The army killed civilians protesting delays in the release of election results in August 2018, and in January 2019 during mass action that the opposition **Movement for Democratic Change (MDC)** organised against economic deterioration in Zimbabwe.<sup>20</sup>

The UK government also issued a travel advisory to its citizens on 18 January, warning against travel to Zimbabwe because of possible political instability and flight disruptions.<sup>21</sup> The **British Foreign Office** posted the advisory on its website, which read, in part:

*"You should avoid any political gatherings or demonstrations and protests is not permitted. You should avoid political activity, or activities which could be considered political, including political discussions in public spaces. Ensure you carry identification, so that you can produce it if required to do so by the security forces."*<sup>22</sup>

The advisory also cites Zimbabwe's economic woes, such as currency, electricity, water, and fuel shortages.<sup>23</sup> By losing the UK's and **European Union's** support, President Mnangagwa and his government have also lost access to multilateral aid and international legitimacy that he had hoped to regain when the military removed Mugabe, who was believed to be the cause of Zimbabwe's political and economic woes.<sup>24</sup> However, the armed forces' heavy-handed and violent responses to civilian

<sup>10</sup> Nehandaradio, 17 Jan 2020.

<sup>11</sup> Source, analyst, London

<sup>12</sup> Source, analyst, London

<sup>13</sup> Source, analyst, London

<sup>14</sup> Source, analyst, London

<sup>15</sup> NewsDay, 15 Jan 2020.

<sup>16</sup> NewsDay, 15 Jan 2020.

<sup>17</sup> NewsDay, 15 Jan 2020.

<sup>18</sup> Acting secretary to the president and cabinet, George Charamba, quoted by NewsDay, 15 Jan 2020.

<sup>19</sup> Source, analyst, London

<sup>20</sup> NewsDay, 15 Jan 2020.

<sup>21</sup> Bulawayo24, 18 Jan 2020.

<sup>22</sup> Excerpt from the British Foreign Office advisory on its website, quoted by NewsDay, 15 Jan 2020.

<sup>23</sup> NewsDay, 15 Jan 2020.

<sup>24</sup> Source, analyst, London

protests, and rapid economic decline that followed Mnangagwa's controversial electoral win in August 2018 further eroded his credibility.<sup>25</sup> This leaves Zimbabwe with China and **Russia** as its major international supporters, although they have ceased to extend bilateral aid because of Zimbabwe's failure to service existing debt.<sup>26</sup>

### ... and Zimbabwe falls behind on AfDB debt repayment

The **African Development Bank (AfDB)** revealed on 12 January that Zimbabwe has fallen behind in clearing its debt arrears to the continental financial institution, currently at \$700m.<sup>27</sup> This delays the country's prospects of obtaining more financial assistance from the AfDB and other international financial institutions (IFIs), since this is conditional on Zimbabwe servicing its existing debt.<sup>28</sup> Finance minister **Mthuli Ncube** had pledged to clear the debt to the AfDB and **World Bank** before the end of 2019 to qualify for new loans, but has failed to do so.<sup>29</sup> AfDB country manager for Zimbabwe **Damoni Kitabire** said that Zimbabwe's arrears had increased from \$650m in 2018, to \$700m as of January 2020 due to missed payments.<sup>30</sup> Kitabire attributed this to the government's slow progress on economic and political reforms, and natural causes:

*"Admittedly, we still have a way to go, because they are way behind. Maybe this is something the government needs to improve on... We expected them to do more, and we expected them to do it faster in terms of the economic reforms. But you must understand that they also faced challenges such as drought, which has affected the whole of southern Africa. They have also faced **Cyclone Idai**, which affected their performance."<sup>31</sup>*

Zimbabwe experienced acute economic decline in 2019, seeing inflation rise to over 400%. This resulted in Mthuli suspending the publication of official inflation statistics in August 2019.<sup>32</sup> Zimbabwe-based economist **Gift Mugano** said that Zimbabwe's government has failed to raise enough foreign currency to successfully service its external debt but has failed to do so because of corruption and wasteful spending.

*"The country has been running on the two deficits, which are the current account deficit and the budget deficit, and as a result has been failing to balance its books to have extra money to service its arrears. However, there is also the third factor of corruption. Zimbabwe relatively has a large pool of foreign currencies but the money goes into the hands of a corrupt few. This is because the interbank market where foreign currency is supposed to be traded is virtually defunct, with most of the forex going to the parallel market."<sup>33</sup>*

Zimbabwe's economic woes are largely a result of political factors and they will persist as long as political reforms remain outstanding.<sup>34</sup> Mthuli Ncube's appointment as finance minister in 2018 gave rise to hope that as a technocrat, he would steer the country's economy from ruin.<sup>35</sup> However, all the attempts at reform, including austerity and the reintroduction of the Zimbabwe dollar, have failed to make lasting economic impact.<sup>36</sup> This means Zimbabwe faces another year of economic decline, which is likely to include ongoing inflation, fuel, water and electricity shortages, and unavailability of basic consumer goods.<sup>37</sup>

<sup>25</sup> Source, analyst, London

<sup>26</sup> Source, analyst, London

<sup>27</sup> Business Day, 12 Jan 2020.

<sup>28</sup> Business Day, 12 Jan 2020.

<sup>29</sup> Business Day, 12 Jan 2020.

<sup>30</sup> Business Day, 12 Jan 2020.

<sup>31</sup> AfDB's country manager for Zimbabwe, Damoni Kitabire, quoted by Business Day, 12 Jan 2020.

<sup>32</sup> Business Day, 12 Jan 2020.

<sup>33</sup> Business Day, 12 Jan 2020.

<sup>34</sup> Source, analyst, London

<sup>35</sup> Source, analyst, London

<sup>36</sup> Source, analyst, London

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

## Parliament launches probe into gold sector violence

Zimbabwe's parliament has begun an investigation into machete-wielding armed gangs that have unleashed a wave of violence in the informal gold sector, attacking and robbing other miners.<sup>38</sup> The violence has threatened the country's gold sector, which is already facing collapse after international investors pulled out because of political and economic woes.<sup>39</sup> Lack of investors prompted the government to decriminalise informal gold mining in 2017, but this led to informal gold miners getting into gangs that are now engaged in violent struggles against each other, leading to hundreds of deaths in 2019 alone.<sup>40</sup> The chairman of the parliamentary portfolio committee on mines, **Edmund Mukaratigwa** said that,

*"The committee deliberated on this issue today and resolved to hold an inquiry to identify and trace the foundations and development of the gold panning gangs. This is to find out the socio-economic impact of the disturbances on gold production in line with the \$12 billion revenue target of 2023 set by the mines and mining development ministry. These gangs are a danger to the mining industry."*<sup>41</sup>

The violence has implicated senior government officials, including security minister **Owen Ncube**, who have alleged connections to the machete wielding gangs.<sup>42</sup> Zimbabwe-based non-governmental organisation, the **Zimbabwe Peace Project (ZPP)**, reported that the majority of the machete-wielding gangs come from President Mnangagwa's home region of **Midlands**.<sup>43</sup> The NGO also reported that there were 105 deaths between August and October 2019 alone, with several others sustaining injury from the attacks.<sup>44</sup> The government accuses the opposition **Movement of Democratic Change (MDC)** of being involved and raided the party's office on 17 January, ostensibly to look for the machetes.<sup>45</sup> MDC spokesman **Luke Tamborinyoka** accused the government of attempting to plant machetes in the party's offices to falsely implicate its leaders in the gold sector-related violence.<sup>46</sup>

The violence in Zimbabwe's gold sector and the breakdown of law and order that it represents are symptomatic of the entrenched corruption in Zimbabwe's government.<sup>47</sup> Informal miners largely operate under the patronage of senior officials in the ruling **Zimbabwe African National Union (ZANU-PF)** party. The government's attempt to implicate the opposition MDC in the violence is unlikely to succeed, given that the impunity with which the gangs have been operating reflects the high-level patronage that they enjoy. The violence is likely to result in a sharp decline in gold revenue in Zimbabwe, which is already facing challenges from the lack of external capital and informalisation that limits the government's ability to collect taxes.

<sup>38</sup> Business Day, 8 Jan 2020.

<sup>39</sup> Business Day, 8 Jan 2020.

<sup>40</sup> Business Day, 8 Jan 2020.

<sup>41</sup> The chairman of the parliamentary portfolio committee on mines, Edmund Mukaratigwa, quoted by Business Day, 8 Jan 2020.

<sup>42</sup> Business Day, 2 Jan 2020.

<sup>43</sup> Business Day, 2 Jan 2020.

<sup>44</sup> Business Day, 2 Jan 2020.

<sup>45</sup> Associated Press, 17 Jan 2020.

<sup>46</sup> Associated Press, 17 Jan 2020.

<sup>47</sup> Source, analyst, London

## Planner

21 Feb 2020 **(Zimbabwe)** Robert Mugabe National Youth Day (holiday);

18 Apr 2020 **(Zimbabwe)** Independence Day (holiday);

21 Apr 2020 **Bulawayo (Zimbabwe)** Zimbabwe International Trade Fair Business Days;

1 May 2020 **(Zimbabwe)** Workers' Day (holiday);

10 Aug 2020 **(Zimbabwe)** Heroes' Day (holiday);

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

## Chronology

18 Jan 2020 **Harare (Zimbabwe)** *Bulawayo24*. The **British** government issues a travel warning to **Zimbabwe**, citing likelihood of political unrest and flight disruptions;

17 Jan 2020 **Harare (Zimbabwe)** *Associated Press*. The **Zimbabwe Republic Police (ZRP)** raids offices of the opposition **Movement for Democratic Change (MDC)**, ostensibly looking for dangerous weapons ahead of MDC leader **Nelson Chamisa's** speech;

16 Jan 2020 **Harare (Zimbabwe)** *New Zimbabwe*. President **Emmerson Mnangagwa** arouses suspicion of distrust with vice president **Constantino Chiwenga** as he attends **Mozambique** President **Filipe Nyusi's** inauguration during his official leave;

15 Jan 2020 **Harare (Zimbabwe)** *Business Day*. **Zimbabwe** and **China** sign currency swap deal to incentivise increased trade between the two countries;

13 Jan 2020 **Harare (Zimbabwe)** *Business Day*. The **African Export-Import Bank (Afreximbank)** reveals plans to help the **Zimbabwe Electricity Supply Authority (ZESA)** to clear its \$70m debt to **South Africa** and **Mozambique** national power utilities;

12 Jan 2020 **Harare (Zimbabwe)** *BusinessDay*. The **African Development Bank (AfDB)** reports that the government of **Zimbabwe** has fallen behind on servicing its \$700m external debt arrears to the continental financial institution

11 Jan 2020 **Harare (Zimbabwe)** *The Washington Post*. **China's** foreign minister arrives in **Zimbabwe** as part of a multi-country tour to promote Chinese political and economic interests in **Africa**;

10 Jan 2020 **Harare (Zimbabwe)** *Bulawayo24*. The **World Bank** forecasts that **Zimbabwe's** economy will grow by 2,7% in the 2020/2021 financial year, driven by mining, agriculture, tourism and other productive sectors;

10 Jan 2020 **Harare (Zimbabwe)** *The Independent*. **Zimbabwe's** government enters into an arms deal with **Russia** in exchange for Russia securing a \$3 billion platinum project in Zimbabwe;

8 Jan 2020 **Harare (Zimbabwe)** *Business Day*. The parliament of **Zimbabwe** launches inquiry into violent clashes between gangs in Zimbabwe's gold mining sector;

5 Jan 2020 **Harare (Zimbabwe)** *Business Day*. President **Emmerson Mnangagwa's** **Constitutional Amendment Bill**, which would remove the running mate clause from the constitution, is gazetted and set to be debated in parliament in April;

4 Jan 2020 **Harare (Zimbabwe)** *Africanews*. President **Emmerson Mnangagwa** announces plans to import corn from **Mexico, Ukraine** and **South Africa** after drought withered crops last year and threatens to do the same in 2020;

30 Dec 2019 **Harare (Zimbabwe)** *UN News*. **United Nations World Food Programme** calls on countries to step up support to **Zimbabwe**, where half the population faces hunger brought on by

prolonged drought and economic meltdown;

13 Dec 2019 **Harare (Zimbabwe) Herald**. President **Emmerson Mnangagwa** vows not to revert to using the **United States** dollar after a new local currency, the **Zimbabwe** dollar, has lost 61% of its value against the greenback since its re-introduction in June;

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