

ZIMCODD

ZIMBABWE COALITION ON DEBT AND DEVELOPMENT

WEEKLY REVIEW

25 May 2021

ABOUT ZIMCODD:

The Zimbabwe Coalition on Debt and Development (ZIMCODD) is a socio – economic justice coalition established in February 2000 to facilitate citizens` involvement in making pro–people public policy. ZIMCODD views indebtedness, the unfair global trade regime and lack of democratic people–centred economic governance as root causes of the socio – economic crises in Zimbabwe and the world at large.

“Celebrating 20 years of People driven Social and Economic Justice in Zimbabwe”

Please Connect with us, visit: <http://www.zimcodd.org> or follow us on [Twitter](#), [Facebook](#)

Website: www.zimcodd.org | Twitter: [@zimcodd1](#) | Facebook: [zimcodd](#)

Weekly Dashboard

Forex Auction Weighted Rate

Week (11.05.2021)	Week (18.05.2021)
ZWL84.6140 per USD1	ZWL84.6494 per USD1

Covid-19 Cases

Week (15.05.2021)	Week (15.05.2021)
----------------------	----------------------

Positive cases 38 554	Positive cases 38 664
Recovered 36 318	Recovered 36 435
Deaths 1 582	Deaths 1 586

COVID -19 Vaccinations

First Vaccination
21/05/21
624 665

National Recovery Rate 94.3%

I. Contents

- 1. COVID-19 RESOURCE TRACKER ISSUE NO.57..... 1
- 2. KWEKWE UNDER ATTACK: IS ZIMBABWE READY FOR THE THIRD WAVE 1
- 3. WICKED PROBLEMS AND POLITICAL CRISIS: AN IMPEDIMENT TO NATIONAL DEVELOPMENT AND GROWTH 2
- 4. PUBLIC RESOURCE MANAGEMENT REMAINS A THORN TO NATIONAL DEVELOPMENT AND FISCAL MANAGEMENT 3
- 5. THE GOVERNMENT AND THE POLITICS OF FOOD. 4
- 6. COUNTDOWN TO THE RELEASE OF THE 2019 AUDIT REPORT 5
- 7. OBSERVATIONS ON ZIMBABWE SINCE THE ADOPTION OF THE CONSTITUTION..... 5
- 8. PEOPLES DEMANDS ON DEBT 6

I. COVID-19 Resource Tracker Issue NO.57

Overview

The COVID-19 Resource tracker is a ZIMCODD initiative to keep track of all resources pledged, received and expended by the Government of Zimbabwe in response to the COVID-19 pandemic from March 2020 to date. The aim of the COVID-19 Resources Tracker is to strengthen transparency and accountability by the government on COVID-19 resources while empowering citizens with information to hold the government to account for the allocation and utilisation of COVID-19 resources. The tracker is updated on a weekly.

Zimbabwe continues to mobilise resources internally and externally to respond to the devastating socioeconomic effects of COVID-19. Among other efforts, the government in the 2021 national budget has set aside ZWL7 billion to recruit more health personnel, procure PPEs, testing kits and sundries required in fighting COVID-19. The government has also budgeted ZWL3.5billion to cushion 500 000 vulnerable households whose beneficiaries comprise the informal sector, returning residents and children living in the streets. On 18 February 2021, the Government through the Ministry of Health and Child Care launched the vaccination program. To date a total of 632 496 Zimbabweans have been inoculated.

Overall

Total Pledges = US\$841,971,689; Honoured Pledges = \$635,474,503; Amount Spent = \$519,305,028

For the week ending 20 May 2021:

Total Pledges = US\$1,000,000; Honoured Pledges =US\$-; Amount Spent = US\$-

For more information on the COVID-19 resource trucker on major concerns can be found on the following website www.zimcodd.org/covid-resource-tracker/

2. Kwekwe Under Attack: Is Zimbabwe Ready for The Third Wave

Just after 1 day the weekly review carried out an article titled “ZUPCO monopoly a fecund ground for COVID-19 third wave” the government through the Ministry of Health noted that Kwekwe has been hit by the third wave which is believed to be more lethal than the first and second wave. “The B.1.617.2 variant is now in Zimbabwe” an official statement from the Ministry of Health signed by the Vice President and Minister of Health reads. The B.1.617.2 was first discovered in India and is responsible for the majority of cases in pockets of England, Kenya and South Africa. It is one of the three subtypes of the virus identified in Zimbabwe, it is thought to spread more easily hence the need for the weekly review to explain a glimpse of what citizens might want to know.

How is it spreading? The B.1.617.2 strain of the virus seemed to behave differently in different countries but growing much more slowly in Zimbabwe. This entails people’s movement and contact patterns are at least partly driving the rise. In Zimbabwe it started after the return of certain residents who had travelled from India.

Is it more transmissible? The WHO reported that it appears to be spreading more easily than the Kent variant B.1.1.7 which was behind the UK’s huge winter spike in infections. WHO scientist’s advisers attempts to predict the course of the pandemic using different algorithms models. They are of the view that the B.1.617.2 is more transmissible than B.1.1.7 and there is a great possibility that the world might again come under siege if proper preventive measures are not put in place.

Does the vaccine work on it? The Scientific Pandemic Influenza Group on Modelling (SPI-M) noted that it is still too early to determine whether the existing vaccines works on it. However, on different issue of variants the vaccines seem to be working very well on the South African variant.

3. Wicked Problems and Political Crisis: An impediment to National Development and Growth

The Deputy Governor of the Reserve Bank of Zimbabwe, Kuphukile Mlambo has urged the country to sort out its “political problems which he said played an important role in informing investment decisions”¹. The fact that a senior official from the Central Bank, clearly stated that political problems, which in other words points to political instability or political crisis shows how deep the Zimbabwean political question has gone. This verdict resonates with the view of a number of Civil Society Organisations and citizens. It is against this backdrop that the weekly review takes pride in interrogating the effects of political problems in hindering national development and growth under the prism of wicked problems. The term wicked problem was propounded by Rittle and Webber in 1973 in their article titled “Dilemma in a General Theory of Planning”. Rittle and Webber noted that wicked problems do not have an enumerable or an exhaustively describable set of potential solutions, nor is there a well-described set of permissible operations that may be incorporated into the plan. An orthographic projection of the Zimbabwean political crisis attest to the existence of the wicked problem not just because of how long it has existed but because of lack of permanent solution. The Zimbabwean political problem is configured with conflicting stakeholders with entrenched opposing positions culminating in the establishment of great complexity coupled with substantial uncertainties and shifting dynamics. The weakness of addressing wicked problems emanates mathematically in game theory. Thus wicked problems elude clean technical policy solutions.

The failure by the ruling and opposition parties to solve the Zimbabwean crisis has led to a myriad of allegations which all have a political bearing. These challenges include but not limited to: revert to authoritarianism through amending the constitution to create an executive president, shrinking of the civil society space, militarization of state institutions to mention but a few. Although these quagmires might

¹ <https://www.newsday.co.zw/2021/05/sort-out-political-mess-rbz-boss/>

sound simple and of less impact to national growth and development to the layman. They have huge economic ramifications as they inform investors where to put their money. This can be attested by the deputy governor of RBZ Mr Mlambo who postulated that, “*Political risks send a negative signal to potential investors into the country and discourage foreign direct investment (FDI)*”. This is because economic growth and political stability are deeply interconnected. On the one hand, the uncertainty associated with an unstable political environment may reduce investment and the speed of economic development. On the other hand, poor economic performance may lead to government collapse and political unrest.

In a bid to solve its political question and strengthen International Corporation, the Zimbabwean government adopted the look east policy after a fall out with the western powers. To solidify Zimbabwe’s relations with the east a number of bilateral agreements were entered into, some of them which culminated in the opening of lines of credit by the Chinese government to Zimbabwe. This led to a number of opaque loans and deals which have entrenched Zimbabwe into debt diplomacy. According to the 2021 National Budget Statement, Zimbabwe is saddled with domestic debt hovering at around ZWL\$12.5 billion, and external debt estimated at US\$8.2 billion as at 30 September 2020.² The national debt stock (public and publicly guaranteed) is estimated to be 78.8% of the country’s Gross Domestic Product³ which is above the 70% threshold stipulated in the Public Debt Management Act and above the SADC threshold of 60%.

In addition, the RBZ boss noted that although inflation has declined tremendously from a peak level of 837, 5% in July 2020 to 194% in April 2021, and was expected to fall below 55% by July 2021. There is need for the government to re-engage not only with the international community but first with the Zimbabwean community in search of organic political remedies that propel corporation, collaboration, nationalization and putting Zimbabwe first. To this end, the political economy tone has to be re-oriented by eliminating rent-seeking and self-aggrandizement in search of political solutions as they create a leeway for game theory.

4. Public Resource Management Remains a Thorn to National Development and Fiscal Management

Public resource management remains a thorn in fiscal management and public governance creating a fecund ground which breeds inequality, increases public debt and propels food inefficiency. This can be substantiated by the article carried out by Masvingo Mirror which noted that “US\$100 000 irrigation equipment rots at Mahofa farm”⁴. Investigations by the Mirror found out that:

“a US\$100 000 centre pivot brought in under the Government-run Brazil More Food for Africa Scheme and Pedstock Farm Mechanisation Scheme in 2015 is wasting away at the late Minister of State for Masvingo, Shuvai Mahofa’s Louder Farm in Gutu, The Mirror has established. Agricultural experts said there are only 11 such centre pivots in Masvingo Province. Although the scheme was meant for communal farmers, the equipment ended up benefitting powerful Zanu PF politicians and the military leadership”

The Mahofa case should not be treated in isolation as it is not the first of its kind and definitely not the last, if proper governance structures which promote meta-governance⁵, transparency accountability and

² http://www.zimtreasury.gov.zw/index.php?option=com_phocadownload&view=category&download=343:2021-national-budget-statement&id=65:2021-budget&Itemid=790

³ *ibid*

⁴ <https://masvingomirror.com/us100-000-irrigation-equipment-rots-at-mahofa-farm/>

⁵ Meta-governance – or governance of governance – is a concept that raises questions regarding how values, norms and principles underpin governance systems and governing approaches. Values, norms and principles pertain both

responsibility are not put in place. This can be attested by the institutionalized plundering and grand corruption under the prism of Politically Exposed Persons (PEP), rent-seeking and economies of affection which has taken center-stage in all government farm mechanization schemes since 2000 and has transcended not only on every government project but to humanitarian assistance⁶ in national disasters⁷.

To this end, the government has created sophisticated systematic exclusion mechanisms which only take into consideration of the needs and aspirations of the elite and those who have deep patronage link. The assertion by the Mirror that, “*Although the scheme was meant for communal farmers, the equipment ended up benefitting powerful Zanu PF politicians and the military leadership*” shows that the distribution of the agriculture equipment was based on patronage and economies of affection rather than on one’s ability and capacity to farm. What is more worrisome is the fact that, there is a greater possibility that the other 10 center pivot in Masvingo Province might be rotting in the farms of the elite and not bringing any benefit to the nation. Apart from the question of whether they are being used or not. It is imperative again to point out that the center pivots for the government-run Brazil More Food for Africa Scheme and Pedstock Farm Mechanisation Scheme of 2015 in Masvingo alone are worth US\$ 1.1 million. What about those in other provinces, if we are to use Masvingo as a yardstick and assume that every province received 11 centered pivots that means the government used approximately US\$ 11 million to purchase 110 center pivots. Nonetheless, of this US\$ 11 million only the elite benefited and yet it is the general populace that pays that debt in form of taxes. The degree of mass exclusion in government projects exposes the elite governing-phenomena in public resource management which entrenches social and economic injustices. It is against this backdrop that ZIMCODD as a social and economic justice coalition condemns the elitisation of government programs and shifting the debt on the poor, vulnerable and marginalised communities.

5. The government and the politics of food

A study conducted by the Zimbabwe Peace Project exposed scintillating revelations on how the government has continued to perambulate on the path of partisan politics and the politics of food. In the past the government has used food distributions as a way to pacify their supporters and attain electoral competitive advantage. It should be noted that, this sophisticated exclusionary system disregard the right to food enshrined in the constitution and it is boarders between governance miscarriage and misuse of public resources for political expediency. For the government, politics of the food knows no boundary even in times of national disaster and pandemics the government has continued to exclude people based on political affiliation⁸⁹. This has grave impact on the livelihoods of the poor and vulnerable citizens who are supposed to be benefiting from government food programs.

ZIMCODD as a social and economic justice coalition which seeks to entrench social and economic justice urges the government to uphold good principles of governance which fosters mass inclusion. Government projects and programs should benefit all citizens despite of their political affiliations. The government should put in place structures that promote transparency and accountability as well as robust oversight of all government projects.

to substantive governance issues, for instance, related to sustainable resource use, and to governance system issues in themselves, for instance, regarding their institutional design.

⁶⁶ <https://www.newzimbabwe.com/zpp-confirms-zanu-pf-cyclone-aid-favouritism/>

⁷ <https://www.newsday.co.zw/2020/03/chikomba-villagers-bemoan-partisan-distribution-of-food/>

⁸⁸ <https://www.newzimbabwe.com/zpp-confirms-zanu-pf-cyclone-aid-favouritism/>

⁹ <https://www.newsday.co.zw/2020/03/chikomba-villagers-bemoan-partisan-distribution-of-food/>

6. Countdown to the release of the 2019 Audit Report

The Office of the Auditor General promised to release the 2019 Audit Report by end of May 2021. The Auditor General, Mrs Mildred Chiri, should have submitted the 2019 Audit Report to the Minister of Finance and Economic Development, Professor Mthuli Ncube before 30 June 2020. According to the Auditor General's Office, the delayed release is largely attributed to the COVID-19 induced lockdown which posed operational challenges in the collation and assessments of financial statements. According to Section 32 (3) (b) of the Public Finance Management Act, the Annual Auditor General's Report must present the state of affairs of every Ministry, public entity or constitutional entity, as the case may be. Citizens are already anticipating the report for them to ascertain the state of public finance management in public entities and constitutional entities for the year 2019.

Key takeaways

Public sector auditing remains a foundation for the realisation of sound public sector governance. Through conducting factual and unbiased assessment of the public sector financial statements, public auditors especially Supreme Audit Institutions (Office of the Auditor General) assist public entities and other constitutional entities to promote good governance, public accountability, transparency, integrity, efficiency and effectiveness in all matters and decisions involving public funds. Above all, public sector auditing plays a crucial role in ascertaining whether public funds are being utilised for the attainment of set goals and objectives.

The Auditor General's Report remains an important public accountability tool that should be accorded the value it deserves. The timing of the report is as important as the report itself. The delayed release of the 2019 Audit Report undermines its essence because by 30 June 2021 the nation expects the Auditor General to submit the 2020 financial audit report to the Finance Minister. This clearly implies that the 2020 Audit Report will overtake and overshadow the 2019 Report findings. This has a negative bearing on the implementation of the Audit Findings by the responsible ministries, government departments and local authorities.

Zimbabwe's public finance management is characterised by perennial challenges including misappropriation of public funds, financial irregularities, unreconciled and unaccounted expenditure and lack of value for money in general. There is high likelihood that the financial irregularities and malpractices which occurred in 2019 have been repeated in the 2020 financial year and probably also in the current 2021 financial year. One of the major aims of the public audit is to detect cases of public finance mismanagement and proffer recommendations of addressing those anomalies. The anomalies in the 2019 financial year are not yet publicised and this is breeding ground for repeated cases of public financial misconduct. We are therefore calling upon the Auditor General to immediately publish the 2019 Audit findings by end of May as promised.

7. Observations on Zimbabwe since the Adoption of the Constitution

On 22 May 2021, the Constitution of Zimbabwe turned 8 years old. The Constitution came into effect in 2013 and brought about with it hope for a better Zimbabwe, legally, socially and politically. Since its adoption, we have seen 2 Amendment Bills being assented to by the President of Zimbabwe. The Constitution is known as a living document, this means that it is continually edited and updated. These edits and updates are known as amendments. Amendments allow laws and policies to be refined over time, such amendments should be made to improve the Constitution. Constitutional Amendments are normal and encouraged in order to improve the Constitution, however they must be made in light of the founding values and principles of the Constitution in the manner prescribed, which has not been the case in Zimbabwe.

Section 2 of the Constitution stipulates that the Constitution is the supreme law of Zimbabwe, any law, practice, custom or conduct inconsistent with it is invalid to the extent of the inconsistency. The obligations imposed by the Constitution are binding on every person, natural or juristic, including the State and all executive, legislative and judicial institutions and agencies of government at every level, and must be fulfilled. Section 3 of the Constitution provides the founding values and principles, being the supremacy of the Constitution, the rule of law and fundamental human rights and freedoms amongst others. When the Constitution came into effect, it was expected that existing laws would be amended or repealed resulting in an alignment to the Constitution. However, in Zimbabwe, many laws are still inconsistent with the Constitution. The Constitution must be defended, protected and promoted. It is important that citizens, civil society and human rights defenders defend the Constitution, even with the continuous violations of the Constitution. Cases should be looked at with a Constitutional lens so that the Constitutional mandate is fulfilled as well as expanding Constitutional jurisprudence.

Over the years, we have witnessed economic decline, a clampdown on the role of civil society, militarization, poverty, draconian laws, unemployment and human rights abuses become the order of the day. Zimbabwe has an infamous politically troubled environment. There is deep polarization across all sectors of society, particularly among the youths, business, students, even church leaders. There remains unresolved constitutional challenges and an erosion of basic freedoms through laws that seriously impede democracy and undermines basic rights. In a paper published by Muchena, D in 2006, he describes one of the key features of Zimbabwe's troubled political landscape as the "criminalization of expression of freedoms" through crushed demonstrations, the banning of public meetings, activist abductions, arrests, harassments and beatings.¹⁰ Fifteen years later, a new Constitution and a so called "new dispensation" in place, nothing has changed. Human rights and freedoms remain heavily curtailed.

Zimbabwe's political crisis is a result of disputed elections and the 2017 military coup. It must be stressed that free and fair elections are central to the restoration of government legitimacy. The militarization of the state and state institutions has been the result of military aligned personnel taking over key national and strategic institutions by leading and managing them. The exercise of power under this kind of environment generates abuses and excesses on the part of the executive. The demand for political reforms, transparency and accountability often generates a forceful or violent response from government. The government often reacts with brutal force to demonstrations, marches, and gatherings of groups and people considered and perceived to be opponents of the government, although such freedoms are protected in the Constitution. There has been growing hopelessness and desperation from the youth leading to youths being victims or perpetrators of politically motivated violence. Severe youth unemployment and lack of job opportunities has become prominent in Zimbabwe. Those with degrees are finding themselves joining the bracket of the poor, as there are little to no job opportunities.

8. Peoples Demands on DEBT

Demands to the Government and Parliament of Zimbabwe:

1. A Sustainable and Inclusive Debt Management Framework must follow a comprehensive debt audit in order to ascertain the extent of the debt, how it was used and/or misused: it must evaluate the terms of the specific loans and how the loans benefitted Zimbabwe. The audit is important for addressing the legitimacy and moral question on Zimbabwe's debt whilst strengthening a social contract between the government and citizens.
2. Citizens also propose that a socio-economic audit on the public debt crisis in Zimbabwe be done. An analysis of the social and economic impacts of debt is an important component of the national

¹⁰ D, Muchena. "Continuity and Change": Some observations and perspectives on national developments in Zimbabwe since 2000" 28 July 2006 page 4.

debt audit. The analysis will help understand the implications of debt on poverty, inequality, social development, human rights and gender.

3. The government should negotiate for the unconditional debt cancellation for illegitimate and odious debts and apportion the debt burden to the beneficiaries of such debts (individuals and institutions). Any saved funds (as a result of debt write-offs) should go into an account managed by the United Nations, for spending on Zimbabwe's efforts to meet the SDGs and its human rights obligations. This should be done as a measure to ring fence such funds from misallocations and to promote and protect basic human rights such as health, education, provision of safe and portable water among other basic provisions.
4. A strong and autonomous debt management office and a transparent, accountable and inclusive loan contraction process are key prerequisite for sustainable debt management that the people of Zimbabwe are proposing to their government.
5. The continuous violation of the legal provisions on Limits of State Borrowings (as provided for by the national constitution), Public Debt and State Guarantees does not only pose a threat to the country's debt position but the broader macroeconomic performance of the country.