

ZIMCODD

ZIMBABWE COALITION ON DEBT AND DEVELOPMENT

WEEKLY REVIEW

13 JULY 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”

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Weekly Dashboard

Forex Auction Weighted Rate

Week (29.06.2021)	Week (06.07.2021)
ZWL85.4234 per USD1	ZWL85.5097 per USD1

Covid-19 Cases

Week (06.07.2021)	Week (12.07.2021)
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Positive cases 57 963	Positive cases 70 426
Recovered 41 624	Recovered 46 932
Deaths 1 939	Deaths 2 236

COVID -19 Vaccinations

First & Second Vaccination
12/07/2021
1,531,868

National Recovery Rate

Week (06.06.21)	Week (12.07.21)
72%	67%

COVID-19 Hotspot

- Sanyati (109)
- Emakhandeni (65)
- Mwenezi (65)
- Chiredzi (113)
- Harare (330)

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I. COVID-19 Resource Tracker Issue NO. 64

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 basis.

The full tracker is found on: <http://zimcodd.org/wp-content/uploads/2021/07/Tracker-Issue-64.pdf>

Overall:

Total Pledges = US\$850,895,684
Honoured Pledges = \$633,674,503
Amount Spent = \$517,505,028

For the week ending 6 July 2021:

Total Pledges = US\$-
Honoured Pledges = US\$5,000,000
Amount Spent = US\$5,000,000

2. The intrinsic value of the \$50 note

Amongst the notable qualities of money the world over is the 'store of value' function attached to a currency. The RBZ introduced the highest local currency denomination of Z\$50 at a time the US\$ is pegged at approximately Z\$85 in the auction market, implying that the new note equates to US\$0.59. The new note tumbles to a mere US\$0.36 when the parallel market rate is assumed. The highest notes in Zambia, Botswana and South Africa are worth US\$4.50, US\$18.35 and US\$ 14 respectively – denoting the decimated purchasing power of the local currency. The concern to the ordinary citizen is how many groceries can you buy with the Z\$50? One requires two new Z\$50 notes to buy a loaf of bread whilst the full complement of all the notes (\$50, \$20, \$10, \$5 and \$2) when added together cannot buy a loaf of bread. This is just but a replay of the well-known inflation experiences of 2008/2009 which led to the abandonment of the Z\$ as the US\$ took center stage in supporting transactions in Zimbabwe. In an inflationary environment, the introduction of new notes is unpopular as the same notes lose value instantly

igniting the need to introduce higher denominations reminiscent of the 2008 era where the RBZ printed a quintillion dollar note incapable of paying a loaf of bread. The value loss of the local currency scuttles confidence building by the public thereby discouraging savings as interest earned is lower than the inflation rate (negative return). Notably, the government demands payment for its services in the US\$ - pointing to government's loss of confidence in its very own currency. Efforts must be channelled towards stabilizing the value of the Z\$ before further notes are introduced otherwise the printing of money becomes a worthless exercise. The introduction of the new Z\$50 advances government's motive of acquiring the US\$ through profit made by issuing the new notes.

3. Misplaced Priorities: A governance ghost that haunts Zimbabwe

Zimbabwean public officials seems to be out of touch with reality. Their governance decision-making attests to this verdict. One month ago, ZIMCODD published an article in the Weekly Review on the 1st of June titled "Who Gets What, When and How: Understanding the Politics of Public Resource Management in Zimbabwe"¹. The article exposed governance epidemics propelled by misplaced priorities. This weekly review covers another case of misplaced priorities, Chiredzi West MP Farai Musikavanhu intends to use ZWL 1 million which is half of the Constituency Development Funds (CDF) to refurbish Tshovani Stadium at the expense of the welfare of the people within the constituency². United Chiredzi Residents and Ratepayers Association Advocacy Officer Constance Chikumbo noted that the move to upgrade the stadium was anchored on the MP's ambitions as he is the patron of Chiredzi Stars FC. Chiredzi is currently at the apex of COVID-19 hotspot areas with 113 active cases as of 13th July 2021. Therefore, rather than channelling the ZWL2 million CDF towards pandemic management and infrastructure that helps reduce COVID-19 fatality rate the MP saw it fit to refurbish the stadium. It is critical to note that teams in lower divisions have not played games for almost two years now³.

Chiredzi District only has one referral hospital that is Chiredzi General Hospital. Currently the hospital is in a dilapidated state with infrastructural gaps propelled by population increase and poor service capacity of the government. According to one key informant, "Chiredzi General Hospital has a bedding capacity of 150 and this is not in tandem with the current population. This is evidenced by the fact that, cases of women giving birth alone outside the maternity ward are increasing, thus further disregarding the right to good health for women. At the same time Chiredzi Polyclinic which is operated by Chiredzi Town Council is in doldrums as it is failing to provide basic health care. It is the same clinic that Musikavanhu visited in 2019nd threw-out thousands of donations simply because they had been donated by an opposition member⁴ thereby denying citizens the right to health. If Zimbabwe is to develop there is need to re-orient public officials so that they get to understand the plight of the citizens and embrace it in decision-making. Public officials' decisions should be people-centered, reflecting a hybrid approach with both the top-down and bottom-up approaches. That is the only way the state can be able to fulfil its fiduciary duties and uphold the concept of social contract which gives it power to govern. Alternatively, the government could establish a strong meta-governance system that makes it difficult for MPs to decide how CDFs can be used without citizens' approval and input.

4. Zimbabwe could do with a vaccine roll-out paradigm shift

With the goal of inoculating 10 million Zimbabweans (60% of the population) to attain herd immunity, Zimbabwe launched its national vaccination program on February 18th, 2021. This followed Zimbabwe's approval of four vaccines namely Sinopharm and Sinovac from China, Covaxin from India and Sputnik V from Russia⁵ and the receipt of the donation of 200 000 doses of the Sinopharm vaccine from China.

¹ www.zimcodd.org/sdm_downloads/zimcodd-weekly-review-and-update/

² <https://bulawayo24.com/index-id-news-sc-national-byo-205744.html>

³ <https://bulawayo24.com/index-id-news-sc-national-byo-205744.html>

⁴ <https://www.zimbabwesituation.com/news/zanu-pf-mp-rejects-mdc-officials-medical-donations/>

⁵ www.xinhuanet.com/english/africa/2021-03/30/c_139847575.htm

Despite being ranked 7th position in Africa⁶ and 3rd position in Southern Africa in terms of COVID-19 management, the Zimbabwean vaccination programme has been marred by a number of structural, systemic, administrative and operational challenges. These challenges range from low uptake due to limited vaccine awareness; poor storage capacity; poor vaccine redistribution to restock vaccination points across the country; vaccine stampedes as the demand shot up; lack of transparency and accountability on the procurement and distribution of the vaccines. This weekly review reflects on the major constraints to an effective vaccination programme and proffers recommendations on how the Zimbabwean government can espouse a paradigm shift to provide all Zimbabweans with a just and equitable vaccination program.

Deterrents to effective national COVID-19 vaccination programme in Zimbabwe:

Misinformation - Misinformation continues to be one of the biggest obstacles affecting the uptake of the national vaccination programme particularly around the safety and efficacy of the vaccines. This is because of the many conspiracy theories spread via social media. The challenge has not only affected ordinary citizens but also the medical personnel who in spite of being given the first preference as front liners implored the government to assure the nation of the percentage of protection against the mutating COVID-19 variants⁷ before they could be tested.

Social acceptability and mistrust in vaccinations - Demand and uptake of the vaccine depend on transparency, access to reliable and timely information, trust in those providing the vaccines, and understanding the benefits of vaccines. This has not been the case in Zimbabwe resulting in vaccine hesitancy which is among the top 10 global health threats according to WHO⁸.

Acute vaccine shortages across the country - the country registered acute vaccine shortages in the period May to July as the increased demand for COVID-19 vaccines outweighed the vaccine supply as reported in the [ZIMCODD weekend reader](#) of 9th July 2021 on the situation analysis of COVID-19 vaccination program.

Zimbabwe's access to vaccines – the question for many Zimbabweans is whether or not the government has fiscal leeway to procure 20 million doses to vaccinate 10 million people amidst the sharp rise in COVID-19 infections and deaths? The government recently reported that of the US\$100million announced by treasury on 31 January, it has expended US\$40million⁹ on vaccine acquisition leaving a balance of US\$60 million. However, if the country has spent US\$40million on barely 5million doses of vaccines (approximately 25% of target), then the country needs resources to the tune of US\$120 million to procure 20 million vaccines so as to attain herd immunity. Already, there is a gap since what the government budgeted for is US\$100 million which constrains the capacity of the county to provide the vaccines to all willing citizens let alone the most vulnerable citizens.

Storage and distribution challenges – the country has also been experiencing infrastructural challenges particularly in relation to storage, logistics and distribution of the vaccines in order to reach the vulnerable citizens in the marginalised and hard-to-reach areas. This has disadvantaged the rural folks and all those who reside in areas far away from towns or local health centres. Such inequalities in access to vaccines have been the major challenges to a just and equitable vaccination programme although the recent introduction of mobile vaccination centres in some parts of the country will attempt to partly address this issue.

⁶ <https://www.newsday.co.zw/2021/05/zim-gets-top-ranking-for-managing-covid-19-vaccination/>

⁷ <https://www.newzimbabwe.com/nurses-reluctant-to-take-covid-vaccine-union/>

⁸ <https://www.mercycorps.org/blog/getting-vaccines-everyone-everywhere>

⁹ <https://twitter.com/MoHCCZim/status/1413440950559338496>

The preceding factors are among the many challenges that have been key in restraining Zimbabwe from having a just and equitable national vaccination. This underscores the need for a paradigm shift in the vaccine roll-out plan to ensure **ALL** citizens have access to COVID-19 vaccines. We recommend:

- **Provision of tailor-made vaccination roll-out** - Vaccination campaigns need to be context specific. This calls for well-planned and executed campaigns anchored by functional health system and infrastructure, and sound information systems to raise awareness, to schedule, track and report on the vaccinations.
- **Strengthening vaccination support through co-operation with civil society on the vaccination agenda** - civil society is critical in enabling the country to achieve equitable access to COVID-19 vaccines. Civil society will strengthen vaccine rollout through advocacy efforts to draw attention to the benefits of equitable access, break down social and cultural barriers to vaccines thereby building trust in vaccination programmes. CSO will also provide support by providing oversight on vaccine roll-out to ensure accountability on key issues such as policies, budgets and expenditure with the aim of making COVID-19 vaccines available to and affordable. Persuading people to trust the vaccines will require humanitarian groups, government and public health experts to work together to dispel the myths and provide reliable information.
- **Rebuilding public mistrust through information dissemination** - The success of the COVID-19 vaccination program is hinged on timely, consistent, reliable information dissemination on progress, challenges, and successes. This is critical for an inclusive and participatory vaccination program. Information dissemination should be decentralized to the very local and traditional community structures, this will restore public trust in its leadership and ultimately trust in the vaccination program.
- **Putting people at the centre of the vaccination program** – as enshrined in the Zimbabwean Constitution, other regional and international protocols which Zimbabwe has ratified, access to health is a basic human right and one of the government’s fiduciary duties. In order to fulfil this fundamental right, the government must be guided by its public health policies and the supreme constitution to deliver an equitable and just vaccination program for all citizens. Priority should be given to the vulnerable and marginalized members of the society. While prioritizing frontline workers and informal traders among other groups, the **leaving no one behind** principle should be adopted. People, from whom the power to govern is derived, should be placed at the center of the vaccination program for it to be a success.
- **Monitoring, evaluation and data management** – monitoring, tracking, evaluation and data management of the national vaccination program remains critical for success. Regular and systematic monitoring and evaluation is key to achieving a just and equitable national vaccination program. A well-defined and decentralized monitoring and reporting system coupled with infrastructure and capacity building of all key elements in the health-delivery system is required now more than ever to inculcate transparency and accountability in the management of the vaccination program. It is also critical for the ongoing learning and improvement of the COVID-19 national vaccination program through timely addressing of identified gaps, barriers and risks.

5. Importance of public sector auditing in the context of devolution in Zimbabwe

Public sector auditing remains a cornerstone 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 in the case of Zimbabwe) assist public entities, constitutional entities and local authorities to promote good governance anchored on 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. Public sector auditing thus remains imperative for promoting efficiency and effectiveness both at local and national levels.

The capacity of both the central government and local authorities to redeem the country's public service delivery sector has always been questionable. Hopes are however pinned on the country's devolution agenda which is gathering momentum and is considered a vehicle for economic growth and a means towards the attainment of Vision 2030. Devolution refers to a situation where central government transfers legislative, executive, administrative and financial decision-making authority to local governments that have clear and legally recognised jurisdictions within which they provide public services to constituents to whom they are accountable. The Devolution and Decentralisation Policy recently promulgated sets the foundation for the devolution of powers. Devolution is basically defined by three key aspects which are fiscal, political and administrative autonomy. Zimbabwe's devolution program is largely founded on the principle of empowering provincial government councils to spearhead economic and social development projects in their areas by leveraging on local resources.

Devolution is not however an end in itself and as such are key necessary conditions that need to be in place for the successful implementation of devolution, chief among them being strengthened governance systems in local governments. There is an urgent need for fiscal sector reforms at local tiers of government to guarantee improved efficiency and effectiveness. It is worrying to note that, perennially, the Office of the Auditor General exposes gross public financial misconduct and malpractice in local authorities and the recommendations have either been ignored or partially implemented. Without governance reforms in local governments, the set objectives of devolution in Zimbabwe will not be achieved.

Despite devolution presenting potential to unlock the much needed social and economic transformation in Zimbabwe, it presents a moral hazard in as far as public resources management at local level is concerned. Public auditing therefore remains key in assessing the extent of preparedness of local authorities to autonomously run their affairs when the country fully devolves governance. It is important for the local authorities to take the Auditor General's reports seriously for them to work on anomalies and address the governance challenges currently bedeviling them.

6. Debt Watch

Focus on Domestic Public Debt

Zimbabwe is in debt distress mainly due to the continued accumulation of external debt arrears which are estimated at over US\$6.6 billion translating to 62% of total external debt. This makes it difficult for the country to access financing from International financial institutions. For as long as the debt arrears are in place, the country will not have access to concessional financing from both multilateral and bilateral development partners. As such domestic financial and capital markets remain the major source of budget financing for Treasury. This has contributed to the rising domestic public debt. According to the 2020 Annual Debt Bulletin, Domestic debt as at end December 2020 amounted to ZWL\$16.7 billion that is 1.4 per cent of GDP as shown in table I below.

Domestic Debt 2019-2020 (ZWL\$ Million)

Category	2019	2020
Treasury Bills	1,211	3,126
Treasury Bonds	7,672	11,085
Domestic arrears	.*	2,490
Total Domestic Debt	8,884	16,702

SOURCE: 2020 Annual Public Debt Bulletin

*Arrears to domestic suppliers were not reported in 2019 as there was an ongoing consolidation exercise of these arrears. The 2020 figures are preliminary.

In order to manage domestic debt throughout 2020; the government continued to rely on the Treasury Bill auction system among other measures. According to the 2020 Annual Public Debt Bulletin, in 2020, Treasury raised a total of ZW\$7.85 billion through the issuance of Treasury Bills via the auction system and private placements. Of the ZW\$7.85 billion raised through Treasury Bills issuances, ZW\$4.03 billion was for health related COVID-19 pandemic expenditures, while ZW\$3.4 billion was for restructuring existing debt, which was converted into Treasury Bills. A total of ZW\$327 million was issued to mobilise resources for grain importation and ZW\$8.95 million was for cash flow management, including maturing Treasury Bills resulting in the ZWL\$16.7 billion domestic debt stock as of 31 December 2020.

Given the limited or no access to official foreign finance, the government must intensify its re-engagement efforts with the international community with the view of formulating a comprehensive debt strategy in consultation with all creditors. In addition, Zimbabwe must leverage on its mineral resource base for domestic resource mobilisation.

7. Weekly Advocacy Message

Government Must Support the Poor and Vulnerable During Lockdown.

Zimbabwe is experiencing a spike in COVID-19 cases with the government indicating that the country is experiencing the 3rd wave of this deadly virus. To this end, the government introduced level 4 lockdown measures that have led to business hours being reduced and citizens having to stay indoors. Though these measures to curb the spread of the virus are welcome, we reiterate that the government must not forget to cushion and support the poor, vulnerable, the elderly and low-income earning households as well as child headed households.

We are cognizant of the fact that there have been demolitions of vending sites in places like Mbare, Mupedzanhamo and Chitungwiza, areas where the poor, youth and women have been irking out a living from. The lockdown that subsequently followed the demolitions did not put in place measures at central government level to support and take care of these affected people.

As a social and economic justice movement that is there to defend the interests of the poor and economically marginalized ZIMCODD calls on the government of Zimbabwe to do the following:

1. Provide cash funds to the Department of Social Welfare so that this department can support low income earning households, the unemployed and the poor with at least ZWL3000 per week;
2. That the government of Zimbabwe uses part of the ZWL8 billion surplus to construct new and user-friendly vending sites in places like Mbare, Chitungwiza and Mupedzanhamo so that affected informal sector traders and unemployed youth can have access to decent working conditions in line with Zimbabwe's labour laws and International Labour Organization decent work standards;
3. That the government provides food hampers with adequate basic food stuffs for a household of 5 on a monthly basis to 2 million food insecure households in Zimbabwe so as to enable citizens to enjoy their constitutionally guaranteed right to food;
4. That the government of Zimbabwe as envisioned in the NDSI starts to construct the 260 000 decent housing units to fulfil the right to shelter that is provided for by the constitution. If citizens are expected to stay indoors or at home so that the country can defeat COVID-19 then government must with immediate effect construct at least 3 bedroomed houses for those households/citizens that live in squalid conditions in places like the inhumane and inhabitable Mbare, Makokoba, Sakubva flats among other indecent shelter that Zimbabweans live in throughout the country.

8. From Regional Desk: Pro-democracy protests in Eswatini. Pro Zuma protests in South Africa

Pro-democracy protests in the Kingdom of Eswatini have entered a second week. Almost hundred (100) people have so far lost their lives. Many more have been injured. Hundreds others, are either in hiding or have fled the country for fear of persecution as a violent pushback against citizen led pro-democracy protests continue to further destabilise the Kingdom. An emerging 5-point platform promoted by progressive groups and pro-democracy movements calls for the immediate cessation of violence and accountability for human rights abuses; the urgent establishment of a Transitional National Authority; the unbanning of political parties; a national dialogue process and establishment of a multi-party democratic system in the Kingdom. These demands have so far been resisted by the ruling elites. A first Fact Finding Mission of the SADC Troika has given rise to hopes of an inclusive SADC support national dialogue process for the people of Eswatini to resolve their difference. SAPSN has written to the Chairman of the SADC Troika His Excellency Felipe Nyusi urging SADC to 'press for genuine and lasting constitutional and democratic reforms and to put in place credible measures to ensure Eswatini's compliance with SADC's own regional norms and standards of democratic governance.'

Pro-Zuma protests in South Africa during the weekend of the 10th and 11th of July brought n worrisome images of violent looting and destruction of property to the world's attention. These images all but lay bare the reality of an under-current of unrest and political instability in South Africa. The violence and looting are reprehensible and must be condemned particularly for the collective damage imposed on an already struggling economy. It is however no coincidence that the vast majority of images depict mostly young disgruntled black South Africans, whose motivations will naturally range from person to person, but whose role and position at the bottom of a vastly unequal society will not change without transformative changes to the way power and wealth are distributed and collective problems resolved. The complex and incendiary interplay between tribal, political and economic factors in South Africa can neither be predicted nor easily resolved. That these factors have erupted in such a public violent outburst mean that they can no longer be ignored. The risks of further violence and instability compel an honest reckoning, especially through inclusive national dialogue. The South African National Defence Force announced the deployment of soldiers to Gauteng and KwaZulu Natal Provinces on the 12th of July. The soldiers carry a mandate to assist the Police and other law enforcement agencies whilst they carry out law and order duties. Many have justifiably spoken out against the presence of soldiers on the streets. However just as the deployment may help restore law and order, the prospects of lasting success lie in the South African government's ability to facilitate dialogue and find solutions to the class and structural contradictions that leave many young South Africans open to the opportunities for violent looting and accumulation.