

WEEKLY REVIEW

26 OCTOBER 2021

WEEKLY DASHBOARD



FOREX AUCTION WEIGHTED RATE

WEEK	12.10.2021	19.10.2021
RATES PER US\$1	ZWL90.0792	ZWL93.0810



CONSUMER PRICE INDEX

MONTH	AUGUST	SEPTEMBER
	3,191.05	3,342.02
BLENDED	123.21	125.60

YEAR ON YEAR INFLATION:

MONTH	AUGUST	SEPTEMBER
%	50.24%	51.55%



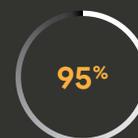
COVID-19 CASES

WEEK	18.10.2021	25.10.2021
POSITIVE	132 405	132 688
RECOVERED	126 487	127 433
DEATHS	4 659	4 673



NATIONAL RECOVERY RATE

WEEK (18.10.21) (25.10.21)



ABOUT ZIMCodd

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

1.	COVID-19 RESOURCE TRACKER ISSUE NO. 79	1
2.	VIC FALLS BUDGET CONSULTATIONS	1
3.	2022 NATIONAL BUDGET EXPECTATIONS	2
4.	ELECTRICITY LOAD-SHEDDING IS CONSTRAINING HOUSEHOLD BUDGETS	3
5.	WILL THE RISE IN GOLD PRICES IMPROVE THE STANDARD OF LIVING FOR ZIMBABWEANS?	4
6.	HARMONISE CROSS-BORDER TRADE SYSTEMS TO REDUCE TRADE COSTS AND TIME SPENT AT BEITBRIDGE BORDER	5

1. COVID-19 RESOURCE TRACKER ISSUE NO. 79

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.

TOTALS

PLEDGES	HONOURED PLEDGES	AMOUNT SPENT
		
US\$916,223, 157	US\$683,590,503	US\$613,121,028

THIS WEEK FOR THE WEEK ENDING: 22 OCTOBER 2021

PLEDGES	HONOURED PLEDGES	AMOUNT SPENT
		
US\$4,716,000	US\$-	US\$ -

TO VIEW THE FULL TRACKER

[CLICK HERE](#)

OR VISIT

https://zimcodd.org/sdm_downloads/resource-tracker-79/

2. VIC FALLS BUDGET CONSULTATIONS

Members of Parliament chartered a plane to attend the 2022 pre-budget seminar at the opulent Elephant Hills Hotel in Victoria Falls – raising concerns about the selective application of austerity measures. Whilst at the same time prompting the question of ‘whether the quality of the deliberations changes with the location?’ At any rate expensive flights and hotels are in stark contradiction to the severe austerity or belt-tightening measures imposed upon citizens including as witnessed during the National Budget Consultations when many citizens failed to participate due to factors such as long distances to venues and inadequate access to information.

During the Parliamentary Budget Consultation held at Hauna in Manicaland, citizens put on record a request for Parliament to consider the provision of water and refreshments for citizens who travel many kilometers in order to participate in budget processes. Austerity measures have been the standard justification for declining public services and amenities. Declining public services and cutbacks to social service delivery have had a disproportionate impact on low income households. In the case of national budget consultations, austerity measures have significantly weakened citizen participation in democratic processes. Many

Zimbabwean families now find themselves in the middle of a cost of living crises as public funds and social services are either cut or diverted to other priorities. Although Zimbabweans want to see the reversal of austerity measures – such reversals should be in aid of citizens’ priority needs and not Parliamentarians’ luxury.

3. 2022 NATIONAL BUDGET EXPECTATIONS

During the past month ZIMCodd has contributed towards the possibility of a pro-poor national budget by raising citizens awareness of budget issues and facilitating robust participation in Parliament’s National Budget Consultative Meetings held throughout the country.

Balancing the complex and intersecting expectations of the various stakeholders to the national cake in the context of heavy indebtedness, economic slowdown, pandemic recovery poses a huge challenge for policy makers. Citizens’ broad expectations for a people centered 2022 National Budget reflects the primacy of education, health, agriculture, economic stimulus and democratic reform in citizens’ considerations. Key expectations are summarised here-under:

1. Stimulate structural transformation and spark massive job creation through the inclusion of the informal sector, agriculture, and small-scale and artisanal mining in the mainstream economy.
2. Provide meaningful economic stimulus packages and financial inclusion targeting the informal sector, smallholder agriculture and small-scale and artisanal mining sectors where the majority of Zimbabweans currently earn their livelihoods.
3. Address extreme poverty and inequality through the provision of universal social safety nets and improved service delivery in the education and health sectors, funded through a redistributive Wealth Tax and contributions to the Sovereign Wealth Fund.
4. Support State driven infrastructure development to address the gaps in low cost housing; schools and clinics construction; small dam constructions as a means to create new jobs and provide quality and accessible public infrastructure.
5. Stabilize macro-economic fundamentals by: Strengthening Public Finance Management (PFM) and extinguishing corruption; reforming the auction foreign exchange market; extinguishing or promoting sustainability of public debt and stemming Illicit financial flows in the mining sector and unjust tax incentives in the mining sector.

Whereas this is not the totality of all budget expectations, it is vital for government to limit the acquisition of debt to finance the growth aspirations of the economy. It is imperative for government to cooperate with development partners to expedite the support of vital services such as health, education and food relief programmes. Also, being accountable remains a key role for government to garner policy support and enable wider stakeholder engagement.

4. ELECTRICITY LOAD-SHEDDING IS CONSTRAINING HOUSEHOLD BUDGETS

The shortage of electricity remains a challenge for Zimbabwe and the toll this is having on the economy and the general populace cannot be overemphasized. Some areas have recently experienced power cuts stretching for more than a day. Electricity shortages are widely attributed to weak domestic electricity generation. The 920-Megawatt Hwange Thermal Power Station is Zimbabwe's top-line contributor.

However it is widely reported that there are frequent breakdowns at the aging thermal station coupled with low imports from regional power production giants like Eskom of South Africa. Electricity production at Zimbabwe's Kariba South Hydro Power Station was also affected in recent weeks by scheduled maintenance. The situation is getting out of hand and there is a strong need for alternatives. The government and ZESA are engaging Zambia and Mozambique for new power deals which could see the nation importing about 280MW to reduce the pressure on the masses. In the meantime, citizens and the business community should devise strategies that provide the least-cost alternatives.

The prolonged load shedding schedules have increased industrial production costs by 150% as businesses go for alternatives like generators. However, rising prices of diesel and petrol in Zimbabwe continue to impact negatively on the profitability of many companies. Early this month, the maximum fuel pump prices were reviewed upwards by ZERA. A liter of diesel now costs US\$1.38 from US\$1.34 while that of petrol has gone up to US\$1.40 from US\$1.38 last month. The market for fuel priced in local currency is now non-existent and the exchange rates in the parallel markets have significantly deteriorated. Companies are likely to cushion themselves, by hiking shelf prices, effectively transferring the burden onto the consumer (citizen).

Electricity shortages have also done injustice to household budgets. People are going for energy alternatives like liquified petroleum gas (LPG) for cooking and the same is largely sold in forex with punitive prices for the Bond or electronic transactions. The majority of the population is paid in local currency and are forced to resort to a volatile parallel market to obtain foreign currency. ZimStat recently recorded the growth in annual prices of necessities at 51.55% for September 2021.

Power outages are also affecting winter wheat farmers. The government targets a wheat output of 298,961 metric tonnes, a target that could be missed by significant margins if power issues continue unabated. This will then increase imports, spending of hard-earned foreign currency that should otherwise be used to import medicines and medical equipment for public hospitals or invested in inclusive infrastructure.

If the status quo of acute electricity shortages continues, the economic growth projection of 7.8% by end of 2021 will be largely missed, as will also the realization of Vision 2030 - of becoming an upper-middle-income country by the end of the year 2030. Also, the number of those facing abject poverty will increase as poor households become locked in more expensive and unsustainable energy alternatives.

5. WILL THE RISE IN GOLD PRICES IMPROVE THE STANDARD OF LIVING FOR ZIMBABWEANS?

The latest available official statistics indicate that gold delivery to Fidelity Printers and Refiners (FPR), has increased by 29% for the first three (3) quarters ending September 2021. Cumulative deliveries for the period stood at 18.9 tonnes, up from 14.65 tonnes recorded during the same period last year. For the full year, Zimbabwe achieved about 19.05 tonnes in 2020, a paltry output when compared to a record output of 33.2 tonnes attained in 2018.

Last year the gold sector performed dismally. This was partly as a result of payment challenges faced by FPR for gold deliveries. Rampant and systemic gold smuggling as evidenced by the Rushwaya and Masinire cases also contributed to the low levels gold remittances through taxable avenues. In some areas, gold production in 2020 was significantly affected by heavy rains leading to flooding of shafts and rivers. Output from Artisanal and Small-scale Miners (ASM) were disproportionately affected by poor weather conditions given the low levels of investment in technology, safety equipment and working conditions.

The uptick in gold deliveries to official centers is partly responding to the action by the government to improve the FPR payments mechanism and this is commendable. The informal gold mining sector is a key sector as it supports the youths -a group that constitutes over 60% of the population. All the odds are against young people, they are facing high unemployment, high cost of public education and health. Also, the output is increasing thanks to heightened investment in the formal sector, where old mines are getting investors aiding their resuscitation. This is largely attributable to the formation of Kuvimba Mining House, a mining giant whose existence is however baptized in controversy and secrecy.

Nevertheless, it remains a challenge to expect improvement in citizens' living standards. This is in large part because of Illicit Financial Flows (IFFs). The government estimates that the country is losing about US\$100 million of gold revenue per month to IFFs. The livelihoods in many gold mining host communities are not in sync with gold revenues or profits earned by mining companies -the natural resource curse.

This is a challenge that runs through the entire mining sector. Hence, there is a need to accommodate the doctrine of transparency and accountability in the mining sector through joining initiatives like the Extractive Industries Transparency Initiative (EITI) or developing a domestic version of the same. The EITI standard is a global initiative for the good governance of oil, gas, and mineral resources by ensuring transparency and accountability on how natural resources are governed. Without such bold moves, mineral revenue will continue to be diverted to offshore private individual accounts instead of being invested in social programs that benefit all people.

The government should also be technologically sensitive. It is past time now the

country adopts an electronic cadastre system to avoid conflicts and corruption, particularly in the gold sector. This will reduce cases of double allocation of mining claims and rights. The government should also level the field to afford historically segregated groups like young people and women equal opportunities to participate in the sector.

6. HARMONISE CROSS-BORDER TRADE SYSTEMS TO REDUCE TRADE COSTS AND TIME SPENT AT BEITBRIDGE BORDER

The South African government has blamed Zimbabwe for the logistical nightmare experienced by truck drivers at the Beitbridge Border Post recently. The border is heavily congested. Truckers are spending several days at the border owing to delays caused by new processing procedures introduced by Zimbabwean authorities on Wednesday.

Zimborders was awarded a contract by the Zimbabwean Government to upgrade the border post. The company began collecting toll fees from trucks causing truck drivers to spend weeks at the border post. They expect to collect at least \$1bn over 17 years from toll fees before it hands over the upgraded border facility to the Zimbabwean government through a “build, operate and transfer” deal. The toll fees are pegged at US\$200 and US\$340, respectively, for small trucks and abnormal trucks.

Earlier this year, the Southern African Development Community (SADC) Parliamentary Forum’s standing committee on trade, industry, finance and investment called for the harmonisation of cross-border trade systems to reduce “trade costs and time spent at borders”. This echoed calls that were made by the governments of South Africa and Zimbabwe earlier after thousands of people and vehicles were stuck at the Beitbridge border post for days following the Christmas and New Year holidays.

The delays at the border are affecting the movement of goods not only between the two countries but between South Africa and other African countries such as Zambia and Malawi. These challenges have serious implications on the livelihoods of cross-border traders especially among smaller traders who are agents of poverty alleviation. South African Home Affairs Minister noted that Zimbabwe’s unilateral decision to “charge people \$200 and demanding the money in cash” has complicated matters. He described Zimbabwe’s new measures as unreasonable.

“Zimbabwe’s decision to charge people US\$200 and demanding the money in cash has complicated matters. It’s not only a logistical nightmare, but it makes a mockery of the African Continental Free Trade Area¹ (AfCFTA) agreement,” he said. Failure to address the chaos and nightmare at the Beitbridge boarder will inevitably prompt other nations to bypass Zimbabwe and advantage alternative ports such as Kazungula Bridge. Beitbridge used to be the hub and gateway of South Africa and the rest of the continent. Corruption and disorganisation is fast making it an impediment to continental development and trade.

1. The AfCFTA eliminate tariffs on intra-Africa trade, making it easier for businesses to trade within Africa and benefit from their own growing market; introduce regulatory measures such as sanitary standards and eliminating non-tariff barriers to trade; establish, in the future, a Common Continental Market.



ZIMCODD
ZIMBABWE COALITION ON DEBT & DEVELOPMENT

 [zimcodd1](https://www.instagram.com/zimcodd1)

 [Zimcodd](https://www.facebook.com/Zimcodd)

 [@zimcodd1](https://twitter.com/@zimcodd1)

www.zimcodd.org

Tel/Fax:
+263-4-776830