

# WEEKLY REVIEW

23 NOVEMBER 2021

## WEEKLY DASHBOARD



### FOREX AUCTION WEIGHTED RATE

WEEK	09.11.2021	16.11.2021
RATES PER US\$1	ZWL99.9301	ZWL105.6965



### CONSUMER PRICE INDEX

MONTH	SEPTEMBER	OCTOBER
	3,342.02	3,555.90
BLENDED	-	-

### INFLATION:

MONTH	SEPTEMBER	OCTOBER
M.O.M.	4.7%	6.4%
Y.O.Y.	51.55%	54.49%



### COVID-19 CASES

WEEK	14.11.2021	22.11.2021
POSITIVE	133 438	133 647
RECOVERED	128 287	128 465
DEATHS	4 697	4 699



### NATIONAL RECOVERY RATE

WEEK (14.11.21) (14.11. 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

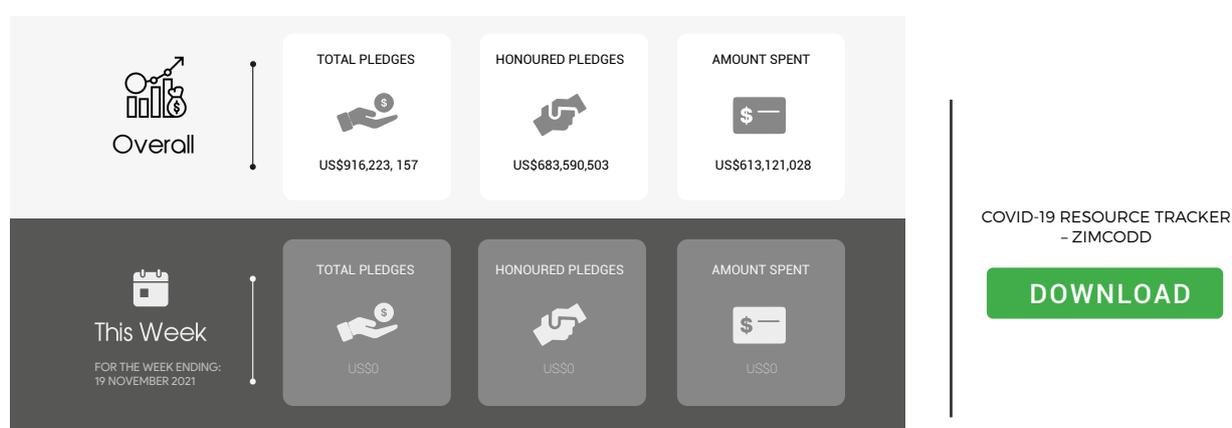
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## 1. COVID-19 RESOURCE TRACKER ISSUE NO. 81

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.



## 2. GOVERNMENT COMMISSIONS ASPINDALE ASPIRE HEIGHTS FLATS

The Minister for National Housing and Social Amenities recently commissioned the first block of flats at Aspire Heights, in Aspindale. According to the Minister, the housing development advances the Government of Zimbabwe's Vision 2030 aim to develop modern, sustainable, and affordable housing. Government's commitment to a market-based approach to housing is insufficient to address the prevailing housing crisis and is ill suited to a context of a youthful population, high unemployment, and low incomes. At the heart of market-based approaches to housing is the commodification of public goods and services to profit those with access to capital and productive resources such as land. This will more likely widen inequalities and contribute to a speculative housing market.

Zimbabwe is in urgent need of a broad-based social housing programme to avail housing to millions of Zimbabweans.

The prohibitive pricing structure for flats at Aspire Heights is beyond the reach of most Zimbabwean workers who are paid in the local currency. To access a single flat requires an initial deposit of US\$20 000 followed by 12 monthly payments of US\$4 000, amounting to US\$68 000. Yet, the average salary in Zimbabwe is around ZWL 30 000 per month, translating into US\$285 at the going auction market rate and US\$150 at the parallel market rate. Deductively, one would take 239 months (20 years) to pay-off a unit of the flats if they were to allocate all their monthly income towards buying a unit of the flats.

In essence, Government is missing a crucial opportunity at this point to leverage housing and infrastructural development to stimulate growth in the housing market and create meaningful employment whilst at the same time addressing severe housing shortages affecting millions of Zimbabwean families. More critically, the disproportionate support to a narrow range of private sector interests marginalises the prospects of increased public support, subsidies, and incentives to help Zimbabwean families to undertake and complete own-funded housing projects.

### 3. CONCLUSION OF IMF ARTICLE IV MISSION LAYS BARE THE COST OF UNSUSTAINABLE BORROWING

The IMF Staff recently concluded its Article IV Mission to Zimbabwe on the 16th of November 2021<sup>1</sup>. Under Article 14, the IMF holds bilateral discussions with its members, usually, every year where a Staff Team visits a country to collect economic and financial information and discuss with relevant officials about a country's economic developments and policies. These missions precede the IMF Board meetings and inform decisions determining the quantum of financial aid, lending decisions, and provision of technical advice among other factors.

Outcomes of IMF Article 14 meetings have many implications for Zimbabwe's efforts to re-engage International Financial Institutions (IFIs) to restructure debt repayment conditions and to attract fresh lending. The conclusion of the latest mission, however, laid bare the cost of debt distress as the Fund vividly indicated that it is not providing financial support to Zimbabwe due to the country's unsustainable debt. According to a statement released by the Fund: "...the IMF is precluded from providing financial support to Zimbabwe due to an unsustainable debt and official external arrears".

Because of a debt default of the early 2000s, Zimbabwe has lost its creditworthiness and the subsequent massive accumulation of interest arrears has locked the country in a cycle of debt distress. According to the latest official statistics, Zimbabwe's total Public and Publicly Guaranteed (PPG) debt, internal and external combined, stood at US\$10.7 billion as of December 31, 2020. This debt stock is equivalent to 72.6% of national output (GDP) and of this total, disbursed outstanding debt (DOD) constitutes only 37.8% with the balance being arrears. The country's debt level is unsustainable as it breaches the 70% legal threshold set in the Public Debt Management Act as well as the 60% cut-off point enshrined in the SADC's Macroeconomic Convergence Target. Further, there are fears that the country's actual debt is way above 90% of GDP as they are non-guaranteed facilities totaling at least US\$376 million, blocked funds at US\$2.9 billion, and the unsettled US\$3.5 billion compensation deal with former commercial farmers who lost their agricultural land during the Land Reform Programme of the early 2000s.

Consequently, there is an elevated likelihood that Zimbabwe will continue struggling to honor its financial obligations when they fall due, hence the position by the IMF not to extend fresh lending to Harare until the existing staggering arrears are settled. This is a huge blow to the Second Republic which is direly in need of sustainable financing to meet pressing post-COVID recovery and economic growth objectives. The pandemic has disturbed economic activity, blotted out the fiscal space, and exacerbated underlying conditions of poverty and inequality. At the same time the imposition of harsh austerity measures has severely reduced Government's commitment and capacity to provide strong social safety nets to cushion vulnerable groups. This explains why Zimbabwe was rated by the United Nations Sustainable Development Solutions Network in its 2021 World Happiness Report as one of the unhappiest nations globally<sup>2</sup>.

Generally, a debt default has a contagion effect where default on one (1) obligation may scare

away all creditors both current and potential ones. In the end, this will increase the cost of borrowing. To counteract this, developing countries are forced to look for expensive and secretive alternatives like collateralized borrowing (resource-backed loans, RBLs) as is the case with Zimbabwe. However, the increased resort to RBLs raises a concern about the country's capacity for repayment because the lack of transparency hardens the ability to assess the level of associated risks<sup>3</sup>. RBLs also heighten corruption risks particularly in the extractive sector where for example rampant corruption by public officials and executives in the mining sector prejudices the fiscus of significant amount of revenues<sup>4</sup> that would otherwise be invested in development programmes like road infrastructure, public health, education, housing, water, and sanitation to support and maintain a stable, all-inclusive, and sustainable growth trajectory. More so, RBLs may raise hidden debt caused by the race to seniority<sup>5</sup> they generate, since debt backed by collateral are generally prioritized over other debts.

Ongoing debt distress has contracted Government's capacity to efficiently mobilize resources domestically without widening income, wealth, tax, innovation, and intergenerational inequalities. At the same time, it has also led to the imposition of heavy tax burdens on citizens and poor households. For instance, the public is experiencing a cocktail of regressive taxes such as the 2% tax where the poor are paying relatively more than the rich. This is the case despite a challenging macro environment characterized by falling purchasing power -trapping millions especially young people and women into a vicious cycle of poverty. The imposition of huge tax burdens on the poor arising from heavy indebtedness is an injustice whose resolution merits urgent efforts for debtors to cancel Zimbabwe's odious debts and for authorities to strengthen debt management processes. As such, there is a need for the Government and International Financial Institutions to transition away from mere rhetoric into real action when it comes to resolving Zimbabwe's debt crisis.

#### 4. LESSONS LEARNT FROM ZIMCODD'S 2021 OPEN BUDGET SURVEY

The Zimbabwe Coalition on Debt and Development (ZIMCODD) launched the third edition of the Open Budget Survey (OBS) on the 18th of November 2021. The launch was well attended by the Parliament through the Parliamentary Portfolio Committee on Budget and Finance, Government officials, academia, Civil Society Organizations (CSOs), and Community Based Organizations (CBOs) among other stakeholders. The OBS initiative contributes to increased budget transparency in Zimbabwe by objectively analyzing citizens and stakeholders' thoughts and perspectives on the levels of openness and transparency within the various national budget processes.

According to the OECD, budget transparency pertains to the full disclosure of all relevant fiscal information in a timely and systematic manner. It addresses the clarity, reliability, competitiveness, accessibility, and usability of public reporting on public finances as well as citizen engagement in the budget process. As such, budget transparency is critical to ensure accountability, integrity, inclusiveness, budget quality as well as boosting public trust in the Government. The 2021 OBS Survey was conducted in Zimbabwe's 10 provinces, tracking key best practice indicators of budget transparency in line with the International Budget Partnership (IBP) - a global partnership of budget analysts, community organizers, and advocates working together to advance public budget systems that work for the people.

3. [https://www.afdb.org/sites/default/files/2021/03/09/aeo\\_2021\\_-\\_chap2\\_-\\_en.pdf](https://www.afdb.org/sites/default/files/2021/03/09/aeo_2021_-_chap2_-_en.pdf)

4. <https://www.chronicle.co.zw/us100-million-gold-smuggled-out-of-zimbabwe/>

5. In debt negotiations, if there are creditors with collateralized strategic assets of a country, they can claim seniority based on that collateralization thereby increasing the country's debt vulnerabilities when disclosed.

Zimbabwe has maintained a positive trajectory in terms of IBP budget transparency ranking as it was last ranked third in Africa in 2019 with a transparency score of 49 out of 100 -slightly higher than the global average of 45. Hence, depicting a higher margin of transparency relative to other countries may earn the country a comparative and competitive position. Nevertheless, the results of the 2021 OBS are suggesting otherwise, thus raising questions around the qualitative aspects of the IBP process. Due to this contrary perspective, one can learn that certain findings and ratings of the IBP may not correctly represent actual issues in the practice of budgeting in Zimbabwe. The public's knowledge of budget processes and access to budget and audit-related documents is near-zero while budget oversight institutions are very weak.

### **Key findings of the 2021 OBS:**

#### **1. Public Knowledge and Access to Budget Strategy Paper (BSP):**

A Budget Strategy Paper (BSP) is a crucial document that forms part of the budget process as it seeks to enhance understanding among stakeholders of the broader macro-fiscal issues that guide the prioritization of budget allocations. The 2021 OBS report found that a nadir 5.19% of respondents have knowledge of the BSP while 5.58% have accessed it. This is a worrisome observation because it indicates that many Zimbabweans do not understand the macro framework that forms the basis of the final budget, hence impeding their participation.

#### **2. Public Knowledge of National and Local Government budgeting process:**

The 2021 OBS Survey found that about 87% and 70.2% of respondents lacked knowledge of national and local Government budgeting processes respectively. Consequently, public participation in the budget-making process will remain low. Congruent to this, the Survey established that only 14.9% and 31.73% of respondents have participated in national and local Government budgeting processes respectively. This lack of citizen participation entails that public officials are preparing budgets disregarding public preferences and the public will not be able to review the accountability of officials in resource allocation.

Further, ZIMCODD's 2021 OBS report showed that there is a lack of genuine willingness to provide an avenue for public participation as the process is being window-dressed by officials just to gain legitimacy of the budgets as opposite to seeking real public input into the process. Buttressing this argument are the Survey findings that about 60.92% and 69.84% of respondents felt that their views were not being considered in the preparation of final national and local Government budgets respectively. Further, the Survey found that 87.79% (46.2% female and 41.59% male) were unaware of national budget presentation time. This is emanating largely from rising inflation (and data costs) as these budget timeframes are usually communicated via media -print, online and social media.

#### **3. Access to the executive budget and in-year budget reports:**

The study found that about 72.45% and 64.09% of respondents failed to access the national and local Government executive budget respectively. As for the access to documents that highlight national and local Government progress in implementing budgets (in-year reports), the Survey revealed that 88.31% and 78.78% of respondents have not accessed them respectively. Also, 82.2% reported that they had never participated in a budget review process. Most of the budgets prepared are too technical for the public thus impeding participation in reviews.

#### **4. Transparency in the management of debt:**

For a long time now, public policy experts, economists, and CSOs like ZIMCODD and AFRODAD have been making clarion calls to the Government to bring transparency in the management of public debt. This is essential to ensure that the Government's financing needs, as well as its payment obligations, are fulfilled at the lowest possible cost, consistent with prudent degrees of risk. However, the 2021 OBS results showed that about 88.02% of respondents were not satisfied with the national debt management systems currently in place. This is in line with the popular view that Zimbabwe's debt management is opaque giving traction to the narrative of illegitimacy and odiousness of contracted debts.

## 5. The role and impact of CSOs in monitoring budget implementation:

The results of the Survey showed that the majority (67.5%) were of the view that CSOs are playing a vital role in promoting budget transparency and accountability of public institutions. However, the increased constraints on the ability of CSOs to play their civic role by politicians is a cause for concern. For instance, there is public debate over the recently gazetted Private Voluntary Organizations (PVO) Amendment Bill with a controversial clause which many analysts consider it to be a thorn in the flesh for CSOs<sup>6</sup>. There are also other reasons constraining CSOs operations such as lack of (financial) resources hence the limited capacity for research and evidence-based policy lobbying and advocacy.

In conclusion, ZIMCODD's 2021 OBS Survey findings outline significant progress towards strengthening budget transparency in Zimbabwe and the many opportunities available to improve public participation and input into the budget and its oversight processes around fiscal transparency in public institutions.

To access the full OBS report, click: <https://zimcodd.org/wp-content/uploads/2021/11/Open-Budget-Survey-2021-5.pdf>

## 5. ROBUST MATERNAL AND NEW-BORN CARE SERVICES MUST BE STRENGTHENED TO BENEFIT WOMEN IN RURAL AND RESOURCE POOR AREAS

The Zimbabwean Government in partnership with development funders in the health sector conducted the Quarter 3 Vital medicine availability and health services Survey. Quarterly Surveys are part of a broader organisational learning capacity calibrated to unearth operational anomalies in health service delivery. The Survey focused on: Maternal and new-born care services' User fees; Human resources for health, adolescent, and family planning services; Availability of medicines and health commodities; Cold chain for immunization; Equipment and utilities and infrastructure.

### This weekly review focuses on Maternal and new-born care services

- 92.80% of primary care facilities are offering full maternity services Ante-natal care (ANC), Delivery and Post Natal Care (PNC).
- 93.33% of hospitals have capacity to perform Caesarean sections.
- Among the sixty (60) district hospitals, 80% (n=48) had a functional theatre.

Antenatal care (ANC) can be defined as the care provided by skilled health-care professionals to pregnant women and adolescent girls to ensure the best health conditions for both mother and baby during pregnancy. ANC is quintessential as it encompasses: risk identification; prevention and management of pregnancy-related or concurrent diseases; and health education and health promotion. The World Health Organization (WHO) envisions a world where "every pregnant woman and new-born receives quality care throughout pregnancy, childbirth and the postnatal period"<sup>7</sup>. ZIMCODD concurs with the 92.80% rating about primary care facilities offering maternity services. This is because Zimbabwe has 1634 primary health care facilities aimed at increasing health service coverage across the country. These primary health facilities encompass clinics (1122), Polyclinics (15), Private clinics (69), Mission clinics (25), Council/FHS clinics (96) and Rural health centre (305).

There are complimenting and complex dynamics militating against the accessibility of ANC and PNC. Distance being the major impediment, a good example is that of Chiadzwa Ward 30, Rombe and Chiadzwa village who travels all the way to Kurauone village to access primary health care. On the other hand, the Combined Harare Residents Association condemned the behaviour by health personnel at Harare City Councils` Mabvuku, High fields and Mufakose

6. <https://kubatana.net/2021/11/09/the-proposed-pvo-amendment-bill-in-zimbabwe-a-significant-threat-to-civic-space/>

7. World Health Organization; 2014 ([http://www.who.int/maternal\\_child\\_adolescent/documents/community-mobilization-maternal-newborn/en/](http://www.who.int/maternal_child_adolescent/documents/community-mobilization-maternal-newborn/en/))

polyclinics who are demanding kickbacks for optimum maternity services. Failure to pay the US\$ 25 “chebasa” extra personal fees culminates in the transferring of the patient to Harare Hospital and Sally Mugabe Hospital<sup>8</sup>. Corrupt practices have made it difficult for Harare women to access maternity health services. To this end, ZIMCODD recommends that, the Government should intervene and address growing instances of corruption amongst health personnel, as they are posing a great risk to the mother and child. The Government should also seek to increase accessibility of health facilities by ensuring that there are two or three health facilities in every 10 km radius.

Although the Survey noted that, 93.33% of hospitals in the country have the capacity to perform Caesarean sections. The report does not give disaggregated data on the number of hospitals with Caesarean sections in cities, towns, and rural areas. The unavailability of this data has sugar-coated the report as the desegregation of this data will help in ameliorating inequality and inaccessibility of health service delivery. A Public Resource Management Situational Report published by ZIMCODD noted that approximately 73% of women in rural areas struggle to have Caesarean section, as primary health cares within their jurisdiction do not have the capacity to undertake them.

The availability of this data in the Quarter 3 Vital Medicines Availability and Health Services Survey would have helped in reducing health inequality among rural women who are at the mercy of poor maternal health service delivery. A recent study by Women`s Coalition of Zimbabwe (WCoZ) in association with Genderlinks reveals that SADC countries, Zimbabwe included are lagging with respect to women health including maternal care in the rural areas. This can also be attested by poor accessibility of functional health facilities with Caesarean section for example in Mahenye, Chipinge Ward 30, Mashubi (Chisuma), Chipenge Ward 29 where women have to travel long distances to access Chiredzi General hospital or St Peters Mission Hospital in Checheche.

The report further noted that, among the sixty (60) district hospitals, 80% (n=48) had a functional theatre. Whilst this might be true, the report overlooks the state of the theatres as they are wanting. A baseline Survey conducted by ZIMCODD in Manicaland indicated that, Hauna District Hospital and Birchenough Hospital was in a dilapidating state. According to one key informant who works at Birchenough Hospital “although the Hospital now has Solar Power, our theatre equipment is now old, and this makes it difficult for health personnel to carry out their duties effectively”. The same sentiments were shared by community members at Hauna. All this is substantiated by the Auditor-General Report which noted that the Health Sector is in a dilapidating state due to infrastructure gaps and backlog.

8. CHRA Condemns Extortion on Maternal Health Services Care in Council Clinics | Kubatana



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Tel/Fax:  
**+263-4-776830**