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ZIMCODD

ZIMBABWE COALITION ON DEBT AND DEVELOPMENT

WEEKLY REVIEW

08 FEBRUARY 2022

Weekly Dashboard

Forex Auction Weighted Rate

Week 25.01.2022	Week (01.02.2022)
ZWL115.4223 per USD1	ZWL 116.6500 Per USD1

Consumer Price Index

December	January
3,977.46	4,189.97

Blended Consumer Price Index

December	January
134.35	138.02

Month on Month Inflation

December	January
5.76%	5.34%

Year on Year Inflation

December	January
60.74%	60.61%

Covid-19 Cases

	Week (30.01.2022)	Week 05.02.22
Positive cases	229 460	230 402
Recovered	218 325	221 027
Deaths	5337	5362

National Recovery Rate

Week (30.01. 22)	Week (05.02.22)
95%	96%

ABOUT ZIMCODD:

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

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

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Contents

1. Mthuli's new policy measures fall short of expectations

In the week under review, the Minister of Finance Prof. Ncube, announced new policy measures to increase the demand for local currency, stem illegal foreign currency trading and the indexation of prices of goods and services at the black-market rate. These policy measures complement measures to stabilize the macroeconomy including fiscal consolidation, elimination of unsustainable fiscal deficits, and the re-introduction of the Zimbabwe dollar which according to authorities stabilized the current account. Broadly, a current account is one of the three (3) components of the Balance of Payments which records the value of a country's exports and imports of goods and services together with international transfers of capital. So, to promote Zim dollar use, the Treasury announced the following measures to take effect immediately:

- 50% of all mining royalties are now payable in local currency;
- 50% of all duty on imports of designated motor vehicles now payable in ZWL$;
- All domestic taxes due from exporters on their export earnings are now payable in both ZWL$ and forex. The tax levied will be in direct proportion to prevailing export retention levels.

The promotion of Zim dollar use by the government is a step in the right direction in the quest for currency stability. Generally, the first line of support of a local currency is the government. By law, the government levies taxes and in turn promotes economic activity through various development programmes, and remuneration of its workers and contractors. So, the government should leverage its strength as the largest single procurement entity in Zimbabwe to create demand for the local currency.

Lack of confidence in the ZWL$ by the government itself through the levying of taxes in the US dollar has been decoded by market actors as proof of the unviability of doing business in the local currency. As such, the announcement by the government that some taxes are to be paid partly in ZWL$ will help to increase demand for the local currency when taxpayers pay their dues. In an ideal economy with deep and efficient financial markets, the news by the government would have incidentally caused the US$ to weaken in value against the ZWL$.

While the foregoing policy measures are commendable, they fell short of public and market expectations. We opine that since it is the government's view that the ZWL$ is stable, all its domestic transactions should be in local currency to create demand and use, hence gaining value. Nevertheless, the areas that have been sacrificed by the government to portray a picture of a policy shift to economic agents will have little impact on its US$ fishing expedition. For instance, mining royalties contributed only 2.87% to 2021 total ZIMRA revenue collections of ZWL$469.21 billion (US$4.32 billion at the official rate and US$2.35 billion at the parallel rate as of December 2021). Also, duty collection on motor vehicles has declined since the introduction of a draconian law in 2020 which only allows for the importation of vehicles that are not more than 10years from the date of manufacturing. The poor salaries paid to workers have been decimated by exchange rate depreciation and rampant inflation hence blotting their ability to import. In short, motor vehicles are now luxurious goods for most citizens.

For government, to back its assertion of ZWL$ stability as well as efforts to increase use of the local currency by the public, the government should allow payment of all domestic tax obligations in the local unit as is the case in other countries. Also, the minister should eliminate and/or suspend the clause in the 2022 Finance Act that calls for the conversion of all ZWL$ taxes to US$ if the employee is earning partly in both currencies. Further, the government should spend within its means by eliminating quasi-fiscal activities by RBZ that are fueling liquidity growth and exchange rate depreciation.

2. Looming Strike in the Education Sector as Schools Open

For a country once touted as the most literate in Africa, education is a treasured sector. Sound policies that support not only cutting-edge and modern learning methods, but the welfare of educators is urgently required to halt and reverse the decline of Zimbabwe's prized education sector.

Industrial action has remained a fissure in the education sector threatening human capital development and further accelerating the decline of the education sector over time. This coupled with the long redundancy periods during COVID-19 induced lockdowns has disproportionately affected learners from rural areas and resource poor backgrounds. Teachers Unions also point to the corrosive impact of unstable macroeconomic fundamentals on teachers' salaries rapidly losing purchasing power and reducing them to paupers.

The government has not been paying a living wage and instead, it has continued to increase taxes on teachers' incomes although the salaries fall below the poverty datum line. The regressive tax regime favoring corporates instead of workers has led to a growing 'poor working' social class characterized by indigent workers who are not motivated to execute their duties. Teachers have continuously raised their plight against a defiant government bent on presenting balanced budgets whilst disregarding the welfare of the workers.

From 2021, teachers reduced their working days from 5 per week to only 2 as they tried to align their effort to the meagre monthly emoluments. Whereas parents and schoolchildren are ecstatic that schools are opening and hopefully learning will suffice, teachers are not incentivized enough to stand before classes as mooted by the media headline captured here.

Headmasters join teachers' strike

BY MIRIAM MANGWAYA

SCHOOL heads yesterday declared incapacitation, joining teachers in pressing the government to pay them in United States dollars, a development that could plunge the first term into chaos.

The first term starts today, but several teachers unions last week declared that their members would not be able to attend classes as they were "incapacitated".

Teachers are demanding that their earnings be restored to the pre-October 2018 level of US$520.

Yesterday, headmasters joined the chorus, saying they had been engaging government since October last year to revert to US dollar salaries, but have been ignored.

"Our members are not on strike, but we are simply saying we have no capacity to report to work tomorrow (today), and are not capacitated to work. It is unfortunate that after declaring incapacitation we have received threats. Teachers cannot afford bus fare to work, and as school heads and teachers, we have no capacity to even send our children to school," Zimbabwe National Union of School Heads (Zinush) secretary-general Munyaradzi Majoni told NewsDay yesterday.

He said Zinush last week wrote to Public Service minister Paul Mavima notifying him that school heads and teachers were incapacitated.

School heads in the country reportedly earn around $30 000 per month, which was recently cushioned by the US$75 COVID-19 allowance extended to all civil servants.

"Our first letter was in October 2021, followed by another letter on January 27, 2022, where we asked the government to consider restoring the salaries of the education sector because we knew that

• TO PAGE 2

Pic: Hilary Maradzika

BACK TO SCHOOL… St Oswald's High School pupils board a bus at an open space next to Harare Magistrates Court yesterday

If Headmasters join the strike, then schools are left without seers to govern and run schools. This presents a tumultuous school term ahead. Parents despite paying the hiked fees might have to seek remedial classes and remote learning solutions for their children at further costs. These supplementary actions outprice many parents as they are lowly paid. It is time government steps in to quell this anomaly and bring sanity to the education sector. This can be done by paying a living salary to the teachers, providing meaningful incentives to better the welfare of teachers as well as investing in online learning infrastructure to allow learning to continue during lockdowns. Zimbabwean learners and students deserve a well-functioning educational system.

3. Zimbabwe Desperately need the Mines and Minerals Bill Fast-tracked

The attainment of the US$ 12 billion mining vision remains a pie in a sky if bold steps are not taken to fast-track the Mines and Minerals Bill (MMB). The MMB was introduced to amend the Mines and Minerals Act (MMA) (Chapter 21:05) which is now an outdated legislation, increasingly unsuited to the demands of rapidly changing and complex natural resource governance sphere.

The MMA was enacted in 1961 during the colonial administration, in pursuit of the repressive objectives of a settler dominated, racist capitalist economy which perpetuated the repression of the black majority and the repatriation of Zimbabwe's natural resource wealth with little benefit to local communities. In this regard the MMA legitimated and set the stage for the systematic channeling of wealth into the hands of the elite and the dispossession of mining host communities. The MMA was crafted in a manner that safeguards the interests of the ruling class and elite. Thus, it has many loopholes that enable powerful local elites and international corporates to manipulate weak natural resource governance mechanisms for their own benefit.

Recent allegations of a mining grab implicating the Minister of Mines and Mining Development Winston Chitando are a cause of concern and a reflection of abuse of power. Chitando is said to have grabbed eight gold mining claims that belonged to Yakub Ibrahim Mohamed and re-issued them under a special grant to Golden Reef Mining (Pvt) where he is a director. Vested interests are projected in Chitando`s decision as it is embedded with rent-seeking and economies of affection given his history with Yakub Ibrahim Mohamed who at one point engaged Chitando for a partnership before he was appointed minister of mines. However, the minister might claim ignorance of the grab arguing that he was not aware. This practice is a common feature in mine allocation within the ministry which has led to double allocations and confusion among investors. Nevertheless, if the MMB is adopted the confusion and double allocation is likely to go away as it has provisions that are meant to promote transparency and accountability in the allocation of claims through cadastre system.

According to section 14-18 of the MMB, there shall be a cadastre system. A cadastre system is a comprehensive electronic record management and keeping process that accounts for all mining rights and titles. The cadastre is headed by the cadastre registrar who is the Permanent Secretary of mines. The cadastre system will allow the government to track and examine the utilisation of all mining claims, it will complement the 'use it or lose it policy'. The system will be viable ensuring transparency and accountability by providing the list of all those who would have been allocated mines. The profiling of all beneficiaries will infuse compliance to operational standards by title holders. It will also be expedient in preventing double allocations. Mining corporates are obligated to be registered with the Zimbabwe Stock Exchange (ZSE), a positive stride with respect to transparency and accountability. It will also help in curtailing illicit financial flows as proceeds from the mining will be accounted to local development. Nonetheless, the cadastre clause overlooks the principle of good governance which calls for separation of powers as it is essential in conflict management. The Permanent Secretary of Mines is the chairperson of the Mining Affair Board (MAB) as well as the registrar of the mining cadastre. Thus, wielding a lot of power in the hands of an individual. Addressing this governance anomaly through the MMB can no longer be delayed if the country is to achieve its multi-billion-dollar mining vision.

4. How Far have we gone towards implementing the National E-learning Strategy? Reflections on COVID-19 and Online Learning

The advent of the COVID-19 pandemic has exacerbated already existing inequalities in the education sector, with disproportionate effects being felt by children particularly in the rural areas and other historically disadvantaged areas.

The unpredictable environment and continued lock downs, saw several children failing to access education. In response to these challenges online learning was widely adopted to ensure that children continued learning. However, in the Zimbabwean context, the adopted "new normal" has seen most underprivileged school children, being left behind with low chances of catching up with children in private schools who were able to access better equipped and well-resourced for new ways of learning.

Since the onset of the pandemic, online learning has not been accessible to children in rural areas, as they have no access to internet, electricity, and other relevant digital platforms. To add on to the challenges, internet data prices have continued to soar, placing it beyond the reach of many.

With such challenges in mind, it is clear that little effort has been made to ensure that children in the rural areas are not left behind. It is worrisome that while government in March 2021 clearly stated that it will fast track the implementation of the e-learning strategy which was approved in 2021[1], little has been done to remedy the situation on the ground. The National E-Learning Strategy for schools in Zimbabwe is a joint initiative of the Ministries of Information Communication, Technology, Postal and Courier Services and Primary and Secondary Education and is part of the SMART Zimbabwe 2030 Master plan, which is programme 15 of the Cabinet approved Government Priority Programmes on Innovation, Science and Technology Development.[2] The National e-learning strategy would result in 1500 schools being connected with broadband and 3000 teachers receiving information technology training by 2021. However, little efforts have been made to ensure the smooth implementation of the e-learning strategy particularly in the rural areas where internet access remains a pipe dream for most.

While government stated that it will focus on ensuring that all children have access to education, including the most under privileged from rural areas. The promotion of technology in schools continues to move at a snail pace, due to lack of financial resources and infrastructure to support online learning and therefore school children in the rural areas continue to be left behind with most schools not having basic facilities such as computers and internet. The COVID-19 pandemic has presented an opportunity for the government to go back to the drawing board and rethink how best it can close the widening inequality gap in the education sector in Zimbabwe to ensure that no child is left behind. While the introduction of radio and television education programmes is commendable, now that children are back at school, there is need for the government to fully implement the approved national e-learning strategy with a major focus on schools in rural areas and historically marginalized areas. Rural electrification, internet connectivity, data support and infrastructure for online learning must be prioritized in all rural areas in Zimbabwe.

5. National Development Strategy NDS 1-Commitments Towards Fulfilling Women's Rights vs Reality

The Government of Zimbabwe through the National Development Strategy (NDS1) which borrows the thrust of Sustainable Development Goals (SDGs) of "leaving no one behind" as key to inclusive growth commits to the achievement of gender equality and women's rights. This is to be done through visible initiatives and strategies that confer equal opportunities in the developmental processes of the country. This is vital to align with a number of regional and international commitments such as the SADC Protocol on Gender and Development, the Protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa, Sustainable Development Goal 5 which seeks to "Achieve Gender Equality and Empower all Women and Girls just to mention a few. The National Constitution adopted in 2013 Section 17 further mandates the state to promote the full participation of women in all spheres of the Zimbabwean society on the basis of equality with men.

[1] Govt approves National e-Learning Strategy for Schools | The Chronicle

[2] Cabinet approves National E-Learning Strategy for schools (hararepost.co.zw)

According to World Bank collection of development indicators, women constitute 52.32% of the Zimbabwean population in 2019. Thus, their inclusion in political, economic, and social programmes is critical for the attainment of NDS1 and Vision 2030.

Although there is some notable progress with regards to gender mainstreaming, government through the economic blueprint and 5-year development plan acknowledges the fact that women's participation in political and economic governance issues is still very low. This negatively impacts the socio-economic wellbeing of women. Most women still face limited access to finance, opportunities among other structural and patriarchal challenges that impede them from equally enjoying their fundamental rights as men. Some of the key strategies that the blueprint highlights include prioritization of gender issues in resource allocation, implementation and disbursement, gender responsive budgeting, equal opportunity for all programs promoting women into positions of influence as well as enhancing access to financing for women in business. To this end, it is important to do a comparative assessment looking at **#How Far** the government has gone to ensure that gender equality becomes a living reality in the three critical sectors of social protection, health as well as water and sanitation:

a) Health Sector

The COVID-19 pandemic has exposed the rot that characterises the health sector as public health institutions are currently incapacitated with critical shortages of specialised professionals and health-care staff, dilapidated hospital infrastructure, lack of essential medicines and commodities, inadequate emergency services for delivery which the blueprint all acknowledges. This has contributed to the rapid deterioration in health outcomes in general and specifically in maternal, new-born, child, and adolescent. All these health indicators are in a dire state for example the NDS1 reported that Neonatal mortality rate has increased from 29 to 32 deaths per 1,000 live births. Given that the situation was worsened by the outbreak of the COVID-19 pandemic, government was expected to increase the resource allocation to the health sector in line with the Abuja Declaration. The Declaration states that governments should spend at least 15% of their budget funds on health delivery. The 2021 and 2022 budgets have set aside 13% and 14.9% (ZW$117 billion) respectively of the total votes towards the provision of health care which still fall short of the declaration. However, there is no specific breakdown as to how much resources are set aside towards addressing challenges within the maternal health care which has gone beyond the reach of many women who are living in abject poverty and below the poverty datum line. It is also disheartening to find out during the 2021 National budget there was underutilization of allocated resources within the health sector as it only managed to spend 46%, and 31% of their 2021 allocation respectively for the first nine (9) months ending September 2021.This shows there is no genuine commitment and government is not in tune with the reality on ground that characterise this critical sector thus violating citizens' right to health particularly women.

b) Social Protection Mechanisms

The emergence of the COVID-19 pandemic has brought tragedy for the world and in Zimbabwe with COVID-19 induced lockdown leading to a cascade of worsening economic conditions for households countrywide. Notably, women in the informal sector were and continue to be disproportionately impacted by the impacts of the pandemic as their sources of income and livelihoods have been eroded. As a result of these negative impacts, social protection mechanisms and financing activities that contribute to the empowerment and socio-economic advancement of women and girls need to be accelerated even more to meet the goal of gender equality by 2030. Section 30 of Zimbabwe's Constitution provides for the right to social protection which states that: "… the State must take all practical measures, within the limits of the resources available to it, to provide social security and social care to those who are in need. The NDS1 provides for 4 key areas under social protection which are improving livelihoods for the poor and vulnerable, improving care and protection of vulnerable group, improve access to basic social services. In the 2021 budgetary allocation, the ministry responsible for the provision of social protection received ZWL$6,9 billion which falls way short from the ZWL$23,8 billion allocated to the security sector revealing that the allocation was not informed by the socio-economic status in the country which is in a dire state. According to the 2022 national budget between January to September 2021 social benefits outlays amounted to ZWL 20.1 billion, and looking at the level of poverty, inequality, and vulnerability points out to poor management of funds resulting in corruption as well as politicization of aid benefiting a few who are politically connected.

c) Water and Sanitation

Access to clean, safe water and adequate sanitation facilities, is a basic human right and crucial towards the attainment of gender equality. The availability of water and sanitation services, however, remains a huge challenge in the country. Due to economic challenges among others, the water supply and sanitation systems and services in many urban and rural areas have deteriorated, adversely affecting water-dependent businesses and households. According to the NDS 1 only 29.7% of households in the country have access to improved water sources and sanitation. Most of the sewerage systems have experienced blockages, water treatment plants are dysfunctional and lack chemicals while many distribution systems that have fallen into disrepair. The target of the strategy is to increase access to potable water through the development of the National Dam Safety Plan and its implementation, strengthening existing capacities for water resources, rehabilitation, development of basic water storage and transport infrastructure facilities such as canals, pipelines, treatment plants and construction works on ongoing dam. The government is in the second year of implementation of the NDS1 yet water woes across the county particularly in high density suburbs persist unabated. According to ZIMCODD Situational report for the month of April, residents have not been getting tap water for 23 years comprising their right to access water. The Harare City Council acknowledges the fact that it is facing challenges in water purification and supply, only producing an average of 272 megalitres per day against a normal daily average of 450 megalitres. It is women who continue to bear the brunt as they spend a significant amount of productive time in search for alternative sources of water jeopardizing the time that they need to participate in developmental and economic governance processes .Despite the NDS1 outlining sound steps that may result in the realisation of gender equality and women's rights, there is still a lack of genuine commitment in terms of resource allocation towards critical sectors that advance and foster the rights of this special group. For the sake of justice and gender equality government must urgently prioritise resource allocation and disbursement to sectors like health, social protection, water and sanitation and women empowerment programmes.