



WEEKLY REVIEW

7 June 2022

Weekly Dashboard



Forex Auction Weighted Rate

Week	24. 05. 2022	31.05.2022
Per USD1	ZWL 290 8876	ZWL 308 5201



Consumer Price Index

Month	April	May
	5.507.11	6.662.17
Blended	160.13	174.03



Inflation

Month	April	May
M.O.M.	15.5%	21.0%
Y.O.Y.	96.4%	131.7%

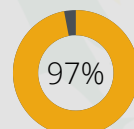


COVID-19 Cases

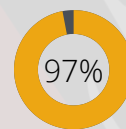
Week	30.05.22	6.06.22
Positive	252 398	253 508
Recovered	244 231	245 375
Deaths	5 503	5 513

National Recovery Rate

30.05.22



06.06.22



CONTENTS

1. US dollar or Zimbabwe dollar salaries?	2
2. A Call To Prudent Public Resource Management in Zimbabwe.....	2
3. Power To the People! Access to Electricity As A Human Right.....	4
4. Progress Tracking: Major Dam Construction in Zimbabwe.....	6

1. US dollar or Zimbabwe dollar salaries?

In the recent two (2) weeks, Zimbabweans have witnessed a massive increase in the prices of basic goods like bread and maize meal. While the majority of citizens are earning in local currency (ZWL), some businesses are reportedly rejecting payments denominated in ZWL for some products like cooking oil. In the instances where local currency is accepted, the citizen has to face punitive shelf prices as businesses are charging ZWL prices benchmarked at the parallel market rate. If one is to check the differences between the official market rate (US\$1: ZWL308) and the average parallel market rate (US\$1: ZWL520), it shows that the greenback is over 65% more expensive in the alternative markets relative to the RBZ market. As such, the continued depreciation of the ZWL every week shows the magnitude of suffering being borne by the common man through wage erosion. This raises a crucial question: What is the basis of keeping a currency that is piling more misery on the average citizen? It is the public's view that government policies should bring inclusive and sustainable social and economic development with increased standards of living.

More so, it will be a tall order for the Reserve Bank of Zimbabwe (RBZ) to stabilize the local currency given the mounting internal and external headwinds. The war in Ukraine, the Western sanctions against Russia and supply bottlenecks are pushing headline inflation across many countries globally. The globe is also facing massive public debt growth, the results of the COVID-19 virus, a pandemic that forced governments into massive borrowing to shield their economies and people and all this has a bearing on the cost of borrowing. High indebtedness subdues economic activity as it constrains the countercyclical effects of fiscal policies and affects capital accumulation through heightened long-term interest rates and inflation. Domestically, the country has faced a poor agriculture season with staple maize harvest projected at 43% less than the 2021 harvest. The country is now forced to import maize abroad and this exerts further pressure on the exchange rate and prices. While the recent suspension of duty on basics is a welcome development, it brings more pressure on the local currency as those using free funds to import goods will sell them in forex. Those with ZWL will be forced to source forex on the expensive parallel market to be able to buy imported goods. As the nation gears for next year's general elections, there is a possibility of policy slippages with the country witnessing more policies inclined to populism –fiscal indiscipline as government spending on current consumption balloons.

The foregoing briefly articulates some of the hurdles that continue to threaten the existence of the ZWL. From the look of things, all odds are against the local currency because even the government is showing an increased fondness for foreign currency. For instance, the local ZIMSEC examination fees have been pegged against the US dollar which is a mere admission that ZWL is significantly losing its value. If this is the case, then ZWL salaries being paid to workers should also be pegged against the US dollar in order to cushion them. Government policies should be applied uniformly and not selectively as is the current scenario. Therefore, it is this piece's view that if plans of re-dollarizing the economy are off the table, the government should at least index the ZWL salaries to exchange rate movements.

2. A Call to Prudent Public Resource Management in Zimbabwe

ZIMCODD recently published its monthly [Public Resources Management Situational Report \(PRM SitRep\)](#) which seeks to determine if the government is judiciously using the resources at its disposal for the benefit of all citizens. In a quest to establish horizontal accountability in the utilisation of public resources in Zimbabwe; the SitRep is an analysis of public resource monitoring survey results gathered from 57 districts in Zimbabwe covering urban, peri-urban and rural categories across Zimbabwe's 10 provinces.

The PRM SitRep found out that mismanagement of public finances and lack of prudent value for money has become the new norm in the public sector. The crippled and dilapidating National Railways of Zimbabwe (NRZ) has become cash-strapped spending approximately US\$ 3.5 million annually¹. NRZ has successfully-failed to reignite viable operations so as to attain optimum efficiency which is critical for effective public transport and the reinvigoration of industries across the country. The Auditor-General, has discovered that the parastatal's liabilities exceed its assets by nearly ZW\$875 million (US\$5,8 million), which is a testament to weak prudent financial management and organisational mismanagement. NRZ is the principal transporter of heavy cargo, a role which it has failed to execute due to organisational incapacity and infrastructural gaps attributed to maladministration, economic meltdown and rent-seeking. The cost of poor governance has serious detrimental effects on public resources.

Moreover, the growth of tenderpreneurship by political elites in the government has undermined viable national transformation. This development has been coupled with robust tender processes that include advertising, competitive bidding and value for money. For instance, Satewave Technologies, a prominent Chinese company was awarded multi-million-dollar contracts by the government including a recent Census tender to the tune of US\$ 6 million. This is just but one of the projects that the company is undertaking as it is concurrently running various projects in government departments and ministries including the Health and Child Care Ministry, Zimbabwe National Water Authority (ZINWA), Zimbabwe National Road Administration (ZINARA), Zimbabwe Power Company (ZPC) and the Grain Marketing Board (GMB).²

1. <https://www.theindependent.co.zw/2022/04/22/broke-nrz-coughs-up-us35m-on-locomotives-and-wagon-hire/>

2. <https://www.theindependent.co.zw/2022/04/14/chinese-firm-pockets-huge-govt-contracts/>

This is a clear reflection of tender monopoly and the disenfranchisement of the majority of Zimbabwean businesses that are grappling in the informal sector and distorts the narrative of local content and empowerment by the government. The SitRep established that Zimbabwe's public resource management remains bleak as characterised by macro-economic insecurity, high and unsustainable debt levels at national and sub-national levels, a haemorrhage of weak implementation of domestic legislation aimed at safeguarding public resources and a disregard of oversight and accountability institutions and frameworks. As such, the government struggles with combating poverty, reducing inequalities and enhancing the living conditions of all Zimbabweans. The report also notes that poor Public Resource Management, debt distress, resource leakages and Illicit Financial Flows (IFF) have militated against effective Domestic Resource Mobilisation (DRM) which is integral in mobilising funds for social spending. The impact of weak DRM has been adverse on the cost of living for the ordinary Zimbabwean and social spending as it has widened the inequality gap.

Social service delivery in Zimbabwe is plummeting at an alarming pace. Granular analysis indicates that it is massive leakages of public resources through rampant corruption by public officials and illicit financial flows coupled with a declining economy that is subduing service delivery. A faltering economy shrinks the fiscal space while broadening the percentage of the population in need of assistance. For instance, the massive decline of the ZWL against the greenback is leading to severe wage erosion and significant increases in the prices of necessities at a time the country has experienced a poor 2021/22 agricultural season. This means households have to make huge compromises when making economic decisions in instances when they have to pay for school fees and the dollarized examination fees or when buying food for the entire household. According to the International Monetary Fund (IMF), about a third of the population is faced with food insecurity in 2022. This calls for substantial government interventions in the social sector to cushion the vulnerable and marginalized communities. Below are some of the findings from the situational report on the state of social service delivery in Zimbabwe:

- While home health care providers are of better quality, the majority of citizens cannot afford their services. The unaffordability is highly attributed to the economy which is re-dollarizing yet the majority continue to earn in a fragile Zimbabwe dollar (ZWL).
- The quality of health care in Zimbabwe has significantly dilapidated largely due to the lack of sufficient government support for this sector. The survey established that about 75% of public healthcare facilities are poor, a month-on-month downward trend since ZIMCODD started the PRM Situational Report in April 2021. Only 10% of the facilities have been reported as good while 15% were fairly maintained.
- The survey found that only 25% of the 57 districts surveyed have fair maternal health care services while 70% are facing bigger challenges in accessing the same. This finding is disheartening because prenatal and postpartum maternal health is critical to a mother's physical and mental well-being and contributes to her ability to render loving, proper care to her new-born child at birth and years thereafter.

- Other survey findings were that 78% and 80% of the districts surveyed had poor health care services for the elderly and ambulance services respectively.
- The survey found that 75% of the districts surveyed had a poor record on the collection of refuse with only 20% rated as fair and 5% as good. This is attributable to poor management of public resources with the Auditor-General presenting findings that some municipalities paid for refuse trucks in 2019 which are yet to be delivered to date.
- The survey established that 78% of the districts surveyed receive clean and safe water irregularly. Only 16% of the districts are accessing uninterrupted water supply while 6% have no access to clean water at all times. It means that this 6% is exposed to deadly water-borne diseases such as cholera.
- The survey also confirms the torrid times being faced by the commuting public. For instance, 75% of the districts surveyed are without properly maintained public vehicles which are safe for the public while in 85% of the districts, public transport is not time conscious. This highlights the threats to life being experienced by the public in Zimbabwe daily: a combination of poorly maintained roads and poorly maintained public vehicles. ZIMCODD also established that unaffordability of transport is highly linked to rising fuel prices exacerbated by the conflict in Eastern Europe which forced ZUPCO to review its tariffs upwards.

The SitRep concludes that Public Resource Management cannot be understood outside the delivery of important social services such as public health, affordable housing, provision of clean water and road maintenance. Yet, in today's Zimbabwe, these services have been heavily compromised resulting in a culture of disengagement and growing public mistrust in the government of the day. Citizen agency must therefore remain central in developmental processes to ensure prudent, transparent, accountable and responsible Public Resources Management. The full report is can be accessed on our website:

https://zimcodd.org/wp-content/uploads/2022/06/Public-Resources-Management-Situational-Report_April-2022-1.pdf

3. Power to the People! Access to Electricity as a Human Right

Access to power catalyses economic development and creates more jobs and new industries. Using energy to support economic growth and development assists in alleviating poverty and promotes self-reliance. The right to electricity can be construed as a second generation right. It is also an enabler for the enjoyment of other first generation rights and part of government's fiduciary obligations. From a rights perspective, access to electricity is a condition for the exercise of other rights including human dignity and access to adequate housing, water and health care. As a result, the deprivation of electricity through load shedding and other interruptions by ZESA, landlords and body corporates are violations of the right to accessing electricity.

Access to electricity as a right is evidenced by South African case law, which having persuasive value, indicates that violations can be remedied through spoliation and constitutional remedies. Outside of South African case law there is also SADC Protocol on Energy which was adopted in 1996. The Protocol, however, is out-dated since it does not capture some of the changing dynamics in the energy sector at regional, continental and global levels. These changes dynamics include the push towards greater uptake of renewable energy sources and technologies as well as the impact of climate change. Another challenge with the existing protocol is that its provisions are not legally binding, making it difficult to enforce and implement it. A revised Protocol is in the works and is expected to have clear, practical and more manageable targets to enable the region to strengthen its energy security and ensure that power supply meets demand.

At the Chamber of Mines of Zimbabwe annual conference held in Victoria Falls, it was indicated that ZESA Holdings has a backlog of 305 000 domestic customers who need to have electricity connected to their homes and ZESA requires a staggering US\$300 million to connect them all.³ The power utility is facing many challenges including its inability to supply adequate, uninterrupted power to existing customers. It remains to be seen how ZESA will come up with the amount required to address these backlog issues given that Zimbabwe is in debt distress owing to unsustainable public guarantees. As at December 2021, Zimbabwe's public debt stood at US\$14 billion⁴ as debt remains a major challenge to the economy. Almost all the debt owed to multilateral development financial institutions is in arrears.

In areas where electricity is available to households, there are fewer respiratory ailments and accidents and women feel safer, especially at night.⁵ Insufficient energy access manifests itself in hundreds of thousands of deaths annually due to the use of wood-burning stoves for cooking; handicaps the operations of hospitals and emergency services; compromises educational attainment and drives up the cost of doing business. In regions with insufficient access to electricity, the standard of living is poor, particularly with regard to adequate healthcare and education. Access to electricity is not only crucial for household use but is also critical for the attainment of health and education outcomes. With access to electricity, children's exposure to internet sources, education material, documentaries, scientific experiments etc. increases which in turn improves their interest and performance in school.

Access to electricity can increase household per capita income by 39 per cent.⁶ Outside of household use, access to electricity allows for businesses to operate at higher levels of productivity, farmers can run cleaner irrigation systems and processing machines that improve their yields and thus, their income. For the farmer in rural communities who once lost half of their produce due to inadequate climate-controlled storage solutions, reliable access to electricity and refrigeration reduces their losses while increasing their income significantly.

3. <https://www.herald.co.zw/zesa-needs-us300m-to-address-backlog/>

4. <file:///C:/Users/Eve/Downloads/Arrears%20Clearance%20Debt%20Relief%20and%20Restructuring%20Strategy%20-ZWE.pdf>

5. <https://www.rockefellerfoundation.org/blog/access-to-electricity-is-critical-to-africas-growth/>

6. <https://www.rockefellerfoundation.org/blog/access-to-electricity-is-critical-to-africas-growth/>

Farmers can then have better nutrition from their subsistence farming, invest more in education, health and the general well-being of their families and communities. 80% of Africa's economy relies on agriculture, therefore, access to electricity, impacts positively on their yields and translates to greater economic growth.⁷ When the cost of doing business is reduced, economic potential is unlocked, and jobs are created. Energy access for all is therefore one of the key drivers of inclusive growth as it creates opportunities for women, youths, children both in urban and rural areas.⁸

As Zimbabwe struggles under surging economic and population growth rates, it faces the challenge of ensuring that everyone benefits optimally from the gains of development. Utilities are therefore key to growth. Their provision, or the lack thereof, can make the difference between life and death, between a prosperous society with expanding opportunity and one where people struggle with poverty and vulnerability. It is critical that Zimbabwe produces sufficient energy for all without increasing the already existing debt burden. ZESA must therefore provide adequate and reliable electricity supplies to Zimbabweans and ensure just administrative action when taking actions that result in the deprivation of electricity.

4. Progress Tracking: Major Dam Construction in Zimbabwe

Major Dam construction is part of the government's broader ambition of rejuvenating the economy so as to attain the Upper Middle Income Economy status by 2030. Dams are critical in supporting agriculture which is an integral sector of the Zimbabwean economy. However, the benefits which emanate from dam construction surpass the agriculture sector as they do not only help in irrigation but also in a number of activities such as flood control, recreation (picnic, fishing, camping), water harvesting, navigation, river water quality or pollution control and management, hydropower generation as well as stream flow regulation. As part of government's commitment to reviving the economy and investing in infrastructural development, in 2021 it announced that it has set aside ZWL 10 billion for the construction of 10 major dams. The primary objective of the project is to support small-holder farmers through irrigation, harness water for domestic and industrial purpose, boost food and agriculture production. To this end, it is critical to track the progress that has been made so far.

7. <https://www.rockefellerfoundation.org/blog/access-to-electricity-is-critical-to-africas-growth/>

8. <https://www.afdb.org/en/the-high-5/light-up-and-power-africa-%E2%80%93-a-new-deal-on-energy-for-africa>

Name	District	Cost	Capacity	Start of Construction	Progress Status	Promised Completion Date	Contractor
Tuli-Manyange	Gwanda District	US\$38 million	35 million cubic meters	Mooted 1960s, project only started in 2006, works suspended for several years due to financial constraints, resumed again in 2019	80%	2022	China International Water and Electric Corporation (CWE)
Semwa Dam	Mt Darwin District	Allocated ZLW\$750 million in 2021 & total estimated cost is ZLW\$3.4 Billion)	260 million cubic meters	Tender awarded in 2006 to China Nanchang, construction work halted during the hyperinflationary period. Work Resumed 2019	40%	2023	China Nanchang
Kunzvi Dam	Goromonzi district	US\$109 million)	158,4 million cubic meters	Planned since the mid-1990s, construction only started in 2021. Dam completion was initially set for 1996 and it was expected to start supplying water by 2000.	8%	(39 months) 3-years three months	China Nanchang Engineering
Silverstroom (Mbada) Dam	Centenary	US\$171 million	140 million cubic metre	2019	9%	2022	Nancheng Engineering
Gwayi-Shangani Dam	Lubimbi, Hwange District,	The dam was allocated US\$600 million in 2004, US\$20 million in 2017 for initial works, as at May 2020 –	635 million cubic meters	Identified in 1912 as solution to Bulawayo water woes, abandoned several times due to the high costs. Started 2004 by China International Water Electrical, but abandoned due to lack of funding.	59%	2019 deadline missed, pushed to December 2022	China International Water and Electric Corporation, subsidiary of the giant China

		US\$122 million used under the Public Sector Investment Programme (PSIP). Cost estimate US\$600m – US\$1,2 billion excluding pipeline.					
Bindura Dam	Bindura District	US\$84 million	100 million cubic metres	Mooted years ago, 2004, suspended due financial constraints, works resumed 2018.	38%	2023	
Ziminya Dam	Nkayi District	US\$132 million	98 million cubic metre	Initially proposed in 1912, Tender awarded January 2022	-	2023	Fossil Contracting (Private) Limited
Dande	Guruve District		160 million cubic metres	project started in 2000, stopped for years due to funding constraints, resumed briefly around 2016 and stopped, further works commenced in 2019.	38%	2023	China International Water and Electricity (CIWE)
Chivhu Dam	Chikomba District	US\$192 million	26 million cubic meters	2019	83%	2021 but rolled over to 2022	ZINWA
Vungu Dam		US\$87 million	118 million cubic meters	2022, Tender awarded in January 2022	-	2023	Grindale Engineering (Private) Limited

Although there has been some progress made in the construction of major dams, only 3 out of the 10 dams are above 50% of the completion status with two dams now above 80% and the other one at 59% completion. Seven of the dams are below 50% completion status with two below 10%. It is critical that the government expedite the construction process as Zimbabwe's economic performance largely depends on developments in its agricultural sector. Zimbabwe has 4, 130,000 hectares of arable land, with 25% being cultivated using manual draught power and animal² with majority of the population relying on rainfall as they do not have the irrigating capacity. However, of major concern is with the contractors who were awarded tenders for the dam construction in the various districts. This is because, 6 out of 10 contractors are Chinese based on the assumption that the Bindura Dam is not being built by the Chinese as well. The other three are being built by ZINWA, Grindale Engineering (Private) and Fossil Contracting which is at the epicentre of the Mbudzi roundabout construction. Fossil Contracting is allegedly owned by Kuda Tagwirei, who is the President's close ally and a member of the Presidential Advisory Council. The awarding of the dam construction tenders therefore, attests to the economies of affection and hegemony in the political economy of the country which is detrimental to the development of Zimbabwe as a nation.