

## Weekly Dashboard

### Forex Auction Weighted Rate

Week	07.06.2022	14.06.2022
Per USD1	ZWL 308 5201	ZWL 325 3314

## **Consumer Price Index**

Month	April	May
	5.507.11	6.662.17
Blended	160.13	174.03

## <u> Inflation</u>

Month	April	May
M.O.M.	15.5%	<mark>21.0%</mark>
Y.O.Y.	96.4%	<b>131.7%</b>

# WEEKLY REVIEW

## 15 June 2022



Week	6.06.22	12.06.22
Positive	253 508	254 155
Recovered	245 375	246 556
Deaths	5 513	5 521

## **National Recovery Rate**







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## 1. Have the OAG reports become much ado about nothing in Zimbabwe?

The abuse of public funds in Zimbabwe persists in spite of a wealth of legal, regulatory and institutional frameworks established to foster prudent Public Finance Management. In May 2021 the Auditor General in Zimbabwe, Mildred Chiri, released the 2020 Special Audit Report on COVID-19<sup>1</sup> which unearthed gross mismanagement and abuse of COVID-19 earmarked resources by government ministries, departments and agencies. What action has been taken by the government to prosecute those implicated in the exposed scandals? What action has been taken to ensure that those implicated pay back? Are those implicated immune to the governance frameworks of the day? This begs the ensuing bigger questions: is the role of the Auditor General reduced to a ritual? Have the OAG reports degenerated into a much ado about nothing scenario when those who squandered COVID-19 resources are scot-free a year later after the special audit report was released? Have the OAG's reports become much ado about nothing when the livelihoods of Zimbabweans who were ravaged by the pandemic are sinking deeper into absolute poverty?

Pandemics such as COVID-19 have wrecked social and economic havoc world over. Not only did the pandemic exacerbate poverty and inequalities, COVID-19 has further exposed Zimbabwe and other African countries to corruption and inefficient management of public resources resulting in dwindling revenue and poor service delivery.<sup>2</sup> The pandemic exposed underfunding and magnified the dilapidated health, education and social safety nets thereby undermining the right to health, education and food for the majority of Zimbabweans. The Auditor General of South Africa (2013 to 2020), Kimi Makwetu once said, "even in the midst of a crisis, transparency and accountability for government spending for the benefit of citizens cannot take a backseat." However, in Zimbabwe, the COVID-19 pandemic like other disasters has been used by public officials and political elites as an opportunity to unlawfully enrich themselves at the expense of the deserving vulnerable masses.

Corruption and mismanagement of COVID-19 funds brings reminiscence of scandals that made the headlines in the past 2 years such as the acquittal of the Former Health Minister Dr Obadiah Moyo on 7th of October 2021.

1. Special Audit Report Of The Auditor-General On The Covid19 Pandemic Financial Management And Utilisation Of Public Resources In The Country's Provinces by Ministries, Departments and Agencies (May 31, 2021)

Dr Moyo was facing criminal abuse of office and corruption charges for illegally awarding a US\$60 million contract for COVID-19 medical supplies to Drax International<sup>\*</sup> without going through a competitive tender process and at inflated prices. In another incident one of the top officials in the fight against COVID-19, Health Director Dr Portia Manangazira, was charged with nepotism and 4 counts of criminal abuse of office but however did not face trial after the state prosecutor failed twice to turn up for court. Charges against her included misappropriating US\$796,675 that was availed by the Africa Centers for Disease Control and Prevention for training of 800 community health personnel, unlawfully authorizing the procurement of goods and services amounting to US\$280,529 without following due process and sanctioning the payment of facilitation fees amounting to US\$8,835 to undeserving ministry of health employees among other issues. These are just but examples of "purported" catch and release cases which have amplified public mistrust and eroded public confidence in the country's judicial system. One therefore wonders the real value of the resources prejudiced, misappropriated and/or abused given (i) that the 2020 Special Audit Report on COVID-19 covered 6 provinces which excluded Harare and Bulawayo and (ii) the delayed release of the 2021 COVID-19 Audit report. While the delayed release is an issue as it violates the legal and constitutional provisions, lack of political power on the part of the executive to act upon the OAG's findings and recommendations is another. Is the publishing of OAG findings much ado about nothing?

In all this uncertainty, Zimbabweans continue to pin their hopes on the oversight and accountability institutions to restore sanity and fiscal hygiene in Zimbabwe's Public Finance Management as underpinned by section 298 of the supreme constitution. Thus, oversight institutions such as Parliament, ZRP Special Investigations Unit, ZACC and its Special Anti-Corruption Unit must act on corruption in earnest and with commitment considering the gravity of the situation. Accordingly, Parliament through its Portfolio Committee on Public Accounts (PAC) examined the Special Audit Report on COVID-19 by the OAG as part of its oversight to the Executive and produced a report which was presented to Parliament in May 2022. It is worrisome to note that the PAC report further buttresses and exposes the rot in Zimbabwe's PFM system.

The two ministries from which oral evidence on the COVID-19 funds management was sought did not provide comprehensive feedback to Parliament. The report notes that, "Sadly, the Ministries could not provide ready answers to the Committee's questions. Equally disturbing is the fact that despite the Ministry officials' undertakings to submit the required information within mutually agreed timeframes, this was not complied with leaving the Committee with no option but to finalize this Report without the information sought."

The above is a clear disregard for oversight and regulatory frameworks governing PFM. A recent survey by ZIMCODD shows a low appetite by the executive (from national to local authority level) to implement the OAG recommendations.

The report notes that, local authorities tend to be reluctant when it comes to implementing OAG recommendations because of lack of consequences for not implementing the AG's recommendations and the same applies to ministries, departments and agencies. The report by the PAC confirms the greed associated with corrupt activities and prompts the much-needed action against corruption as alluded to in annual OAG reports. In an effort to ensure that Zimbabwe's COVID-19 response was rooted in social justice principles, civil society organizations such as ZIMCODD, Transparency International Zimbabwe and Open Parly have been outspoken and relentless in their quest for transparency and accountability in PFM. These organizations called for more efficient use and stricter oversight around use of COVID-19 earmarked resources. However, COVID-19 resources were still plundered by a few while millions were suffering. The OAG and PAC report among other issues revealed that ZWL\$89 million disbursed by Treasury through the Social Welfare Ministry as COVID-19 cushion allowances for the poor did not reach intended beneficiaries, signalling massive plunder of the public resource by corrupt officials tasked with the responsibility of protecting the vulnerable masses in society.

To rectify the above scenario, there is need for a mindset shift in public officials towards prudent use of public finances for national development rather than self-aggrandizement. ZIMCODD therefore recommends:

- That law enforcement is critical in deterring the misappropriation and abuse of public resources. The 'catch and release' gimmick must be abandoned and all perpetrators must be brought to book and they need to repay the lost funds for the benefit of the vulnerable masses.
- Parliament and ZACC must spearhead the oversight and scrutiny of resources earmarked for COVID-19 and any other disasters so as to plug resource leakages, abuse and misuse of public resources.
- Government ministries, departments and agencies must demonstrate political will and commitment to implement PAC recommendations and OAG recommendations.

#### 2. Financial Adjustment Act, 2022 and Social Justice

The Minister of Finance and Economic Development through the Financial Adjustment Act, 2022 is seeking condonation for un-authorized expenditure incurred by the same ministry amounting to Z\$100 690 788 418 for the year 2020 and Z\$ 6 783 930 028 for the year 2019. The condonation being sought is in line with Section 307 of the Zimbabwean Constitution mandating the Minister of Finance and Economic Development to cause a Bill that shall be tabled to Parliament and the President of Zimbabwe condoning the unsanctioned expenditure, at most 60 days after establishing the authorized expenditure.

Taking from the foregoing, the condonation bill comes 2 years after the 'expenditure' was made and this distorts the authenticity and sincerity of budgetary processes same as the ideologies underpinning the budgets.

In 2019, the total budget expenditure was US\$8.2 billion against bid proposals of US\$15 billion by line ministries and the restrained spending seemed to match with the 'Austerity for Prosperity' dictum paraded by the government. The unauthorized spending of Z\$6 783 930 028 increased the 2019 total budget expenditure to almost the US\$15 billion proposal by line ministries. The condonation of the Z\$6 783 930 028 according to the bill is not accompanied by a breakdown of the uses of the money. This reflects government's double standards in routing for stability of fundamentals whilst secretly printing money to sponsor the insatiable quest to spend. Whereas the constitution directs the Minister to raise the bill within 60 days of establishing the excessive expenditure, it is not believable that the excess expenses for 2019 and 2020 were established at the same time.

This definitely is a punishable breach of the constitution. The 2020 National Budget running under the theme 'Gearing for Higher Productivity, Growth and Job Creation' was worth Z\$63 billion and the unsanctioned expenditure declared through the Financial Adjustment Act is Z\$100 690788 418 - implying that the total expenditure for 2020 was Z\$163.7 billion. The excess expenditure does not tally with the financing means defined in the budget document thus the government printed money to meet the brazen expenditure. The excess expenditure is not explained with respect to the use of the resources and worryingly, the time frame in which these excess expenditures happened was associated with meagre civil servant salaries and protracted industrial action which led to the crippling of the health and education sectors. For the same period (2019-2020) the Minister declared budget surpluses which now do not make sense given the condonation bill. The US\$100 million surplus from 2020 allocated to the purchase of vaccines in 2021 is guestionable and this shows that national resources are not being managed with the requisite diligence and conformance with statutory provisions. The excess expenditures, likely sponsored by money printing negates the rhetoric of strictly managing money supply growth, hence the galloping inflation hitting the economy. With such a precedence, it is likely that 2021 and 2022 will also have their own condonation bills given superfluous expenditure by government. It is imperative for government to adhere to constitutionalism regarding the management of state resources thus stringent penalties must be put in place to deter individuals from taking unitary decisions that affect the lives of many Zimbabweans. In addition, reforms should be enacted to grant parliament the powers to sanction government expenditure before such expenditures are executed.

#### 3. When Basic Becomes Luxury

The politics of command and economics of sophisticated algorithms has ushered many Zimbabweans into misery and unhappiness. Extreme poverty has reached astronomic levels with more than half of the population failing to afford basic commodities. While the government continues to attribute some of the increases in basic commodities to the Russian-Ukraine War, the justification of this assertion remains questionable given the fact that prior the war basic commodities were already a luxury. Thus becoming a privileged of the minority (elite).

Access to basic service delivery such as health care, education and water has remained the biggest challenge that Zimbabweans continue to face. This can be evidenced by Hauna District Hospital which is in Mutasa North. The hospital has one doctor and one ambulance which is not in a perfect condition serving a catchment area of approximately 40 000- 50 000 people. The demand for healthcare in the district clearly shows a great imbalance between demand and service provision. Efforts by satellite clinics such as Gatsi and Hauna continue to fail to meet demand. The same plight is encountered in the marginalised communities of Chimanimani. A good example is that of Ngangu community which only has the services of Chimanimani Rural Hospital and no ambulance as the Rural Council claims to have no capacity to provide one. The hospital does not have a doctor as it relies on a doctor who occasionally visits from Rusitu Mission Hospital. This situation serves as a testament to the lack of human resources in the health sector as the doctor has to cover patients transferred from various sub clinics such as Martin Clinic Ward 11, Charlsehood clinic ward 12, Chikukwa clinic ward 10, Nyahonde clinic ward 10 and Machongwe clinic ward 13 to mention but a few.

The inflation hitting the nation has not made things easy for many as education is out of reach for many children. The failure by over 30 000<sup>2</sup> students to register for ZIMSEC last year attests to the verdict that education has become a privilege reserved for the elite. An example of the unaffordability of education is the notification released by Hartzell High on the 12th of June in which the school claims that the ZWL 55 000 fees which had been paid has lost its value due to inflation. At the same time, the flagship Basic Education Module Assistance (BEAM) has failed to carter for the most vulnerable and marginalised communities. As of August 2021, the government had paid for ZWL 432 834 468 for 160 782 children. A total of 2022 primary schools and 722 secondary schools received BEAM. From the 160 782 children, the government paid for approximately 51 221 boys and 51 390 girls from primary school at a total cost of ZWL 290 773 596 as well as 30 540 boys and 81 761 girls from secondary schools at a total cost of ZWL 142 060 872. Although government's efforts are commendable, it is sad to note that approximately 4 million children are in need of BEAM but only 160 782 managed to receive government assistance.

Moreover, the price of bread and cooking oil has also gone up both in US\$ and ZWL with bread now pegged between US\$ 1.20-1.50 while cooking oil is pegged at US\$ 6. This is despite the fact that the salaries of civil servants (who compose a formidable percentage of the working class) have not gone up. At the same time, the Mass Urban Transport System has failed culminating in the partial re-introduction of private players which has brought negligible change to the transport crisis; a crisis which is worsened by the increase in fuel price. All in all, the Zimbabwean crisis continues to grow while the government gives a blind eye under the guise of "stable fundamentals" and economics of algorithms which entrenches inequality and poverty. Instead of adopting a comprehensive social and economic justice policy model that caters for all the marginalised and vulnerable groups, the need for strong fundamentals has left many Zimbabweans with no cushioning.

7. https://kubatana.net/2021/12/07/over-30-000-students-failed-to-register-forzimsec/#:~:text=Over%2030%20000%20Students%20Failed%20to%20Register%20for,of%20the%2020%25%20Dakar%20Education%20for%20All%20commit ment

## 4. A New Condonation Bill: Do the more things change the more they remain the same?

Zimbabwe witnessed a change in leadership in November 2017, a first in almost 40 years. At the time, the incoming Second Republic promised a significant shift from the modus operandi of the First Republic which was characterized by disrespect for human and property rights and a lack of transparency, and accountability in the utilization of public resources. With a full 5-year term granted by Zimbabweans in 2018, Prof. Mthuli Ncube was installed as the new Treasury Chief around September 2018. The new Chief also promised a huge breakaway from fiscal indiscipline experienced during former Finance Minister Chinamasa's tenure where government spending and borrowing were left unchecked. This unchecked spending led to a request for Parliamentary condonation for about US\$10 billion that was spent by line ministries outside their budgets without authorization from the Parliament in 2019: US\$25,305,741 (2015), US\$1,530,890,050 (2016), US\$4,562,064,123 (2017), and US\$3,560,343,130 (2018)<sup>8</sup>. It is the monetization of these huge deficits that became the genesis of Zimbabwe's current crisis.

As if the situation had stabilized, the Treasury under the Second Republic announced a budget surplus of about ZWL400 million in 2019. In the first quarter of 2020, another surplus of about ZWL9.8 billion was announced.<sup>2</sup> Generally, a surplus indicates that the budgeted expenditures are lagging behind revenue collections, a key result of fiscal consolidation and a growing economy. However, for the Zimbabwean case, the burgeoning revenue collections were a result of skyrocketing inflation driven by ZWL exchange rate depreciation while salaries for civil servants were kept constant. For the 2020 financial year, the government announced the smallest budget deficit of about -0.47% which was a record when compared for instance to 2018's -5.99%.

Despite the surplus rhetoric in 2019 and 2020, the Ministry of Finance and Economic Development is again seeking condonation from Parliament for unauthorized expenditure amounting to ZWL107.5 billion split as follows: ZW\$6.8 billion for 2019 and ZW\$100.7 billion for 2020. At face value, it means that statistics that were provided by Treasury are misleading. For instance, official records showed 2019 total expenditure at ZWL22.5 billion when in fact it was ZWL29.4 billion (ZWL22.5b + ZWL6.8b) against revenues of about ZWL23 billion giving a deficit of ZWL6.4 billion. Again, in 2020, total expenditures were recorded at ZWL178 billion instead of ZWL278.7 billion (ZWL178b + ZWL100.7b) against revenue of ZWL173 billion giving a mouth-watering deficit of ZWL105.6 billion. This shows that the government was spending more than it was earning making fiscal consolidation a pipe dream. This essentially means that there is no difference between the First and Second Republic when it comes to reckless spending and violation of the constitution.

While seeking condonation is provided for by the Constitution, the government is in deliberate contravention of the same supreme law.

<sup>9.</sup> https://www.herald.co.zw/zim-records-98bn-budget-surplus/

This is because if the government spends money in any financial year above the amount appropriated, or for a purpose for which nothing was appropriated, Treasury is required in terms of section 307 of the Constitution to cause a Bill condoning the unauthorized expenditure to be introduced in Parliament seeking condonation of the unauthorized expenditure, no later than sixty days after the extent of the unauthorized expenditure has been established. So, it is not clear why the Treasury took so long to seek condonation for say 2019 when it had presented two (2) successive budgets together with their reviews in 2020 and 2021. Does this mean that the government is so bad with financial record-keeping that no one should take its pronouncements or statistics seriously? This entrenchment of impunity is going to widen the deficit of public trust in government thus exacerbating the current currency and inflation crisis.

On the 7th of May 2022, the government issued a vast number of measures to stabilize the economy. To no surprise, the government blamed the instability entirely on the Russia-Ukraine war and behavioural economics (rent-seeking). However, if one evaluates monetary aggregates during the time, one can be satisfied that the over expenditures experienced in 2019 and 2020 were likely financed largely through money printing which is a highly inflationary move. For instance, in 2019 alone, reserve money (the base level of money supply in the economy comprising currency in circulation plus commercial banks reserves held at RBZ) ballooned by a staggering 193% from ZWL3 billion in January 2019 to ZWL8.8 billion in December 2019. During the same period, ZWL slid by 85% in the official market from US\$1: ZWL2.5 in February to US\$1: ZWL16.77 by December forcing prices to upscale and close 2019 at 521% from 42.1% recorded in December 2018. Money supply growth remained elevated for the most parts of 2020 and 2021 forcing prices to also remain elevated. Granular analysis of available statistics shows that the broad money supply continues to burgeon in 2022, growing at an unsustainable rate above 100% (year-on-year). Consequent to this, the ZWL is on a free fall, and prices of basics are mounting beyond the reach of the poor majority. All of this shows that it is the government's actions that helped trigger and continue to significantly fuel currency and price instability in Zimbabwe.

More so, if the culture of reckless spending is not tamed, Zimbabwe will continue in debt distress. The government's latest Arrears Clearance, Debt Relief, and Restructuring Strategy have shown external public debt at US\$14.4 billion as of December 2021 with arrears constituting US\$6.6 billion of the total. This strategy has 2 options; joining Highly Indebted Poor Country (HIPC) Initiative and a non-HIPC Initiative route involving debt restructuring and arrears clearance via bridge financing and own resources. However, these options highly depend on the strengthening of and continuing with the Reform Program, stepping up re-engagement with all creditors and continuing with creditors. As such, the lack of fiscal discipline displayed by the government is an indication of its reluctance to implement reforms espoused in the National Development Strategy.

Hence, this will act as a stumbling block to resolving Zimbabwe's unsustainable debt that continues to spike. High indebtedness retards growth since it constrains the countercyclical effects of fiscal policies and affects both public and private investment through heightened long-term interest rates, high tax rates, and inflation. It also dwarfs a country's reserves which are crucial for currency management (fighting speculative attacks) as well as response to unforeseen contingencies like climate change-induced natural disasters. The latest revelations of unchecked Treasury spending show that budget surpluses were a hoax and fiscal consolidation talk by the Finance Minister is mere propaganda. Therefore, it is the public's view that there is a need for political will in Zimbabwe to undertake necessary economic reforms if fruitful engagement and reengagement with creditors and the international community are to be realized. Political will also help to curb impunity thus entrenching constitutionalism in Zimbabwe. The oversight institutions like the Parliament should be capacitated to play an active role in the public finance management processes. More so, before condonations are granted, Treasury should furnish the public through Parliament with all the granular details on the uses of these unauthorized expenditures to reduce gross abuse, misuse, misappropriation, and diversion of public funds into private hands.

#### 5. Menstrual Hygiene Management is a Human Right. Period!

During a recent assessment visit in Zaka district by the Portfolio Committee on Primary and Secondary Education it was noted that most young girls did not have access to sanitary wear and this resulted in absenteeism from school for a few days every month. This in turn means losing out on valuable learning that has already been negatively affected by the COVID-19 pandemic. As a result, government embarked on a free sanitary wear distribution programme which is reportedly gaining momentum. According to the Zimbabwe Broadcasting Corporation (ZBC), most schools in the area have received their consignments of the disposable and reusable sanitary wear for disadvantaged female learners.

Menstruation, although a normal bodily function, is still met with silence, taboos and stigma. Women and girls face numerous challenges in managing their menstrual cycle as pads and other supplies may be unavailable or unaffordable. They may also lack access to safe toilet facilities with clean water where they can clean themselves in privacy and they face discriminatory cultural norms or practices that make it difficult to maintain good menstrual hygiene. Many women without access to menstrual products improvise with old blankets, toilet paper, rags, newspapers, mud and even cow dung.2 Odours and leakages become a challenge and these negative experiences of menstruating can lead to discomfort, distraction, absenteeism and even dropping out of school. Access to menstrual products is one component but the importance of water and sanitation cannot be over-emphasized. Intersectoral collaboration in gender issues is paramount if period poverty is to be overcome<sup>10</sup>. Such issues pertaining to period poverty are intrinsically linked to a number of human rights which are explained below:

•The right to human dignity - When people cannot access safe, sanitary facilities for the effective management of their menstrual hygiene, they are not able to manage their menstruation with dignity. Gender inequality, extreme poverty, humanitarian crises and harmful traditions can all turn menstruation into a time of deprivation and stigma, which can undermine their enjoyment of fundamental human rights.

- The right to education Lack of a safe place or ability to manage menstrual hygiene as well as lack of medication to treat menstruation-related pain can all contribute to higher rates of school absenteeism and poor educational outcomes. Studies have confirmed that when girls are unable to adequately manage menstruation in school, their school attendance and performance suffer.
- The right to non-discrimination and gender equality Stigmas and norms related to menstruation can reinforce discriminatory practices. Menstruation-related barriers to school, work, health services and public activities perpetuate gender inequalities.
- The right to healthcare Women and girls may experience negative health consequences when they lack the supplies and facilities to manage their menstrual health. Stigma associated with menstruation can also prevent women and girls from seeking treatment for menstruation-related disorders or pain, adversely affecting their enjoyment of the highest attainable standard of health and well-being.<sup>11</sup>
- The right to water and sanitation Poverty and humanitarian crises can limit women's and girls' access to culturally appropriate, high quality menstrual supplies and safe, private washing facilities. Often women and girls face poor access to safe bathing facilities and menstrual supplies – including those in impoverished school systems, prisons and homeless shelters.
- The right to work- Poor access to safe means of managing menstrual hygiene and lack of medication to treat menstruation-related disorders or pain limits job opportunities for women and girls. They may refrain from taking certain jobs, or they may be forced to forgo working hours and wages. Menstruation-related needs, such as bathroom breaks, may be penalized, leading to unequal working conditions.<sup>12</sup>

Women and girls are economically disadvantaged and while it is commendable that sanitary wear products are imported into Zimbabwe duty free, they are not exempt from Value Added Tax (VAT). Sanitary products are expensive for many and have not been spared by Zimbabwe's hyperinflation which has brought massive price hikes. Although there have been innovative measures taken to create durable and sustainable sanitary hygiene products such as reusable pads and menstrual cups, these are still beyond the reach of many.

Apart from affordability, many schools and public facilities in Zimbabwe have insufficient toilets and inadequate privacy measures, as well as poor water, sanitation and hygiene infrastructure, making it difficult to safely manage menstrual cycles. Women are the majority of citizens in the country as well as informal traders and at most marketplaces, bus termini and city centres in the country, there are no reliable ablution facilities. Menstrual hygiene management during crises is gravely affected as road networks are disrupted during natural disasters such as cyclones or lockdown regulations during the COVID-19 pandemic where operating hours were affected and this hinders access to menstrual products. It is important that in ensuring non- discrimination and promoting gender equality, safe, hygienic spaces for women are created in order to allow them to manage menstruation without shame or stigma.

With the above in mind, ZIMCODD proffers the following recommendations in promoting menstrual health management as well as the abovementioned Constitutional rights:

- There is need to support girls' rooms in schools, which provide a safe, private space and access to products, helping girls manage their periods freely and without shame.
- Government must continue to support initiatives that promote access to menstruation products and information about menstruation, changes, and hygiene practices such as the current distribution program in Zaka.
- There is need to provide facilities that enable menstruating people to care for themselves during menstruation by ensuring access to water, sanitation, and waste services.