



WEEKLY REVIEW

12 JULY 2022

Weekly Dashboard



Forex Auction Weighted Rate

Week	28.06.2022	05.07.2022
Per USD1	ZWL 366 2687	ZWL 379 2280



Consumer Price Index

Month	May	June
	6.662.17	8.707.35
Blended	174.03	205.39



Inflation

Month	May	June
M.O.M.	21.0%	18%
Y.O.Y.	131.7%	191.6%

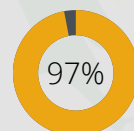


COVID-19 Cases

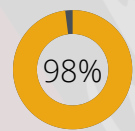
Week	04.06.22	11.07.22
Positive	255 755	255 981
Recovered	249 078	249 723
Deaths	5 558	5 565

National Recovery Rate

04.07.22



11.07.22



CONTENTS

1. Free Education in 2023? The Realization of the Right to Education in Zimbabwe.....	1
2. Manufacturers Dump the Zimbabwean Dollar.....	2
3. Can The Zimbabwean Electoral Commission Be Reformed?.....	3
4. Extractive Sector Rare moments: Zimbabwe Bans Exportation of Unprocessed Granite Rocks.....	4
5. Is Budget Transparency in Zimbabwe a Reality or Myth?.....	6

1. Free Education in 2023? The Realization of the Right to Education in Zimbabwe

In 1980, Robert Mugabe declared education a basic human right, and further recognized primary and secondary public education as free and compulsory. Despite the strides taken after independence to ensure education for all through its recognition of education as a basic human right, the right has not been fully realised. At the start of the new millennium in 2000, one of Zimbabwe's Millennium Development Goals was to achieve universal education for all students but the country continued to fall short. In 2013, the right to education was enshrined in the Constitution with one of the National Objectives, stipulating that, "The State must take all practical measures to promote free and compulsory basic education for children", complimentary with sections 75, which guarantees the right to education and 81(f) of the Constitution, which guarantees every child's right to education. Almost 10 years on, the State has not been providing free basic education despite various legal instruments compelling it to do so as well as repeated promises made by government.

While 'every citizen', 'permanent resident' and 'every child' is granted a right to a basic education in terms of the Constitution, everyone is not guaranteed equal access to all basic education programmes or all institutions which offer such programmes. From the wording of the Constitutional provisions, the right of both children and adults to 'basic education,' however defined, is dependent on the availability of resources. Financing remains one of the most significant obstacles to achieving the right to education for all globally. Furthermore, the right to education in emergencies, disasters or pandemics is often neglected as financing is almost non-existent. In the wake of the COVID-19 pandemic the collapse of the education system in Zimbabwe, including the high number of dropouts, has become more apparent. Other existing challenges include those arising from the country's economic performance, socio-economic inequality and the burden of unpaid care work on women and girls.

After a 3-year study covering each province in the country, government has now declared that learners from underprivileged communities will be the first beneficiaries of free education starting 2023 under a State-funded basic education programme. The study sought to establish the cost implications of such a programme which is reported to be funded through State grants to learning institutions.¹

1. <https://www.sundaymail.co.zw/free-education-roll-out-next-year>

Such a programme will go a long way in ensuring educational advancement, bridging the digital divide and transforming communities by ensuring that girls are afforded the same learning opportunities as boys, in line with the Constitution and international human rights standards. The right to education has been affirmed in many international covenants and treaties. It is enumerated in Article 26 of the Universal Declaration of Human Rights (UDHR)². Article 26 emphasizes the importance of free education in at least the foundational and elementary stages and that it should be compulsory. Additionally, the UDHR makes clear the potential of education to strengthen respect for human rights and freedoms, including peace and tolerance between nationalities, races, and religions.³ Article 11 of the African Charter on the Rights and Welfare of the Child provides that “every child shall have the right to education.”⁴ Other international covenants affirming the right to education include the United Nations Educational, Scientific and Cultural Organization (UNESCO) Convention against Discrimination in Education, the International Covenant on the Elimination of All Forms of Racial Discrimination, the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), and the Convention on the Rights of Persons with Disabilities.

The realization of the right to basic education, in the current Zimbabwean context, places urgent demand on the state to address the existing inequality and inadequacy of access to education. It is without doubt that there is a deplorable gap between education needs and available resources. Available resources include functioning and well-funded educational institutions and programs in sufficient quantity for the students, while functional elements include buildings, equipment such as chairs and desks, sanitation facilities for both sexes, trained teachers receiving domestically competitive salaries, teaching and library materials, and information technologies. The resources channeled towards the programme must go a long way in ensuring availability, accessibility, acceptability and adaptability of education in Zimbabwe, through prudent finance management. Education in Zimbabwe can no longer remain a privilege reserved for those who have but must be a clear distinction of an inalienable right guaranteed to every Zimbabwean.

2. Manufacturers Dump the Zimbabwean Dollar

Media coverage of the retail sector in the past few days shows that producers of basic commodities are charging in USD – thereby forcing retailers to charge in USD too. The basic commodities being charged exclusively in USD include sugar, laundry soap, flour, milk, cooking oil, Mazoe orange crush and mealie-meal amongst many products. This comes after the pronouncement by the monetary authorities that the USD and the ZWL shall be legal tender whilst observing the interbank rate plus 10% margin for all ZWL prices. The interbank rate is slightly above the state-controlled auction market rate which is used to fund the importation of ‘priority-listed’ goods. The auction market is mired in controversy related to in-efficiency, corruption, price distortion and the unsustainability of the financing of the market. The setting of the 10% margin on the interbank rate sets the USD/ZWL rate below the ruling parallel market rate defines imminent losses to producers and retailers.

2. Universal Declaration of Human Rights (10 December 1948).

3. <https://www.openbookpublishers.com/shopimages/The-UDHR-21st-C-AppendixE5.pdf>

4. African Charter on the Rights and Welfare of the Child, 1979.

As the adage goes, 'necessity is the mother of invention,' producers and retailers have resorted to exclusive USD pricing to limit imminent losses related to the pricing directive. Technically, exclusive USD prices protect producers and retailers from having to adopt parallel market-rated ZWL prices in defiance of the interbank + 10% margin directive. Alternatively, producers are using the 'commodity parallel market' to maximize on USD takings, hence the empty shelves in supermarkets. At the same time, most workers are not only underpaid, but are paid in ZWL currency whose value has never been stable. Most people have lost confidence in the ZWL, hence its side-lining by the major players in the country's economy. Sound currency reforms are required if the ZWL is to retain value and be a currency of choice for Zimbabweans. This means that dollarizing the economy at the moment is more viable as more people are falling into extreme poverty owing to unstable macroeconomic fundamentals laced by a broken currency. The ever-worsening fundamentals account for the 'working poor' social class, increasing vulnerability for the poor, the old, the disabled, women and the youth. The potency of policy should be to better the livelihoods of the common man, and bolster the potential of businesses in serving the economy.

3. Can The Zimbabwean Electoral Commission Be Reformed?

The question "can the Zimbabwean Electoral Commission (ZEC) be reformed?" might be best answered by first year political science students. As the question itself forms the basic elementary understanding of politics and its nature. Politics is defined as the struggle for power, a definition which captures every aspect of politics and the reality on the ground. This definition which was also given breathe by the remarks of Professor Jonathan Moyo, a former ZANU PF member and Minister who noted that; "*ZANU PF will never reform itself out of power*"⁵. The definition of politics and remarks by Professor Jonathan Moyo fits squarely under the prism of the realist school of thought. The realistic school of thought is of the view that, human nature is a starting point for classical political realism. Realists view human beings as inherently egoistic and self-interested to the extent that self-interest overcomes moral principles. The appointment of Abigail Millicent Ambrose as ZEC Commissioner makes Zimbabweans sceptical about ZEC's impartiality and independence. It also disregards good governance and morality. This is because, Abigail is the daughter of ZANU PF second secretary and former Vice President of Zimbabwe which brings to light vested interests.

The appointment makes ZEC appendage of ZANU PF and testifies to allegation of partisan affiliation of ZEC. The current pseudo electoral reforms reaffirm the priority of self-interest over morality. Thus considerations of right and wrong have never turned politicians aside from the opportunities of aggrandizement offered by superior strength. Reflections from a realistic perspective shows that, the ruling part try to increase its power and engage in power-balancing for the purpose of deterring opposition parties to participate in a free and fair election.

5. <https://www.newsday.co.zw/2019/05/zims-dilemma-on-corruption-reforms-and-dialogues/#:~:text=As%20has%20been%20said%2C%20Zanu%20PF%20will%20not,recovering%20and%20becoming%20the%20best%20it%20can%20be>

Realists are generally sceptical about the relevance of morality in politics culminating in the assertion that there is no place for morality in politics, or that there is a tension between demands of morality and requirements of successful political action, or that states have its own morality that is different from customary morality, or that morality, if employed at all, is merely used instrumentally to justify states' conduct. A clear case of the rejection of ethical norms in politics and the limitation of the realist school of thought in accounting for the interest of citizens.

Thus, the continued entrenchment of power and failure to reform ZEC has undermined human rights, a critical governance component that defines the modern-day state. The disregard of the principle of independent institution when it comes to ZEC creates a fecund ground of disputable electoral result. To redress this, there is need for the government to know that, the realist school of thought is a bad prescription when it comes to national development and growth as it facilitates national divisions and polarisation which undermines human capital development and national competitive advantage. Rather than being realist, the government must be guided by the principle of "Ubuntu" which identifies political difference and political parties as an ideological advantage that; if harnessed; can propel national development. This is because, free and fair elections create room for various ideologies to compete and this bring about innovation and evolution of ideologies.

4. Extractive Sector Rare moments: Zimbabwe Bans Exportation of Unprocessed Granite Rocks

Unsustainable extraction and exportation of raw granite rocks from Mutoko has been at the center stage of Civil Society Organizations' discourse for the past decades without a positive response from the government. However, in a commendable turn of events, the government this week has banned the exportation of unprocessed granite through Statutory Instrument (SI) 127 of 2022. "The export of unprocessed granite is hereby banned with immediate effect, except with the authorization of the Minister in writing" reads part of the SI127. SI127 also posits that all pre-existing valid contracts for the export of unprocessed granite will be allowed to continue until they expire. All those that will contravene or fail to comply with SI127 shall be guilty of an offense and liable to a hefty fine not exceeding level 9 (or twice the value of the base mineral) or a term of imprisonment not exceeding two (2) years or to both such fine and such imprisonment.

The new law comes at a time the country is trapped in a 'Natural Resource Curse'. The curse theory maintains that generally, the proximity of abundant natural resources to a community has detrimental impacts on the economic and social wellbeing of that group.⁶ Hence, communities are frequently 'cursed' by the presence of resources. This is a far cry from the assumption that resources will see communities being enriched, developed, or blessed.

6. https://www.researchgate.net/publication/331207116_Africa_and_the_Resource_Curse_Idea/

This has been the case in Mutoko where foreign companies were massively extracting granite rocks causing deforestation and environmental degradation, a clear violation of Section 73 of the Zimbabwe Constitution that guarantees environmental rights to citizens. The mining companies are not investing in community development through their social corporate responsibility budgets. For instance, in 2020 Mutoko North had 43 schools comprising of 25 Primary schools and 18 secondary schools. Of these 25 primary schools, 19 did not have access to water and eight (8) did not have electricity while three (3) clinics in the constituency did not have running water.⁷ Despite engaging in environmentally unfriendly extraction, granite rock miners have also been subjected to unfair displacements from their ancestral land in order to pave for granite mining projects. In July 2021, the government's mouthpiece – the Herald- reported that 1 500 households faced eviction as some council officials from Mutoko Rural District were allegedly used as front liners for granite mining investors.⁸

Apart from unsustainable mining, the Zimbabwe Treasury is losing hundreds of millions of direly needed foreign currency as it is not value-adding and beneficiating most of the exported granite rocks. In 2019, the government revealed that a raw block of granite rock (at least 2.5 tonnes) is exported for US\$4.5 million when it could fetch about US\$12.9 million with value addition and beneficiation⁹ -a loss of revenue of about 187% (US\$8.4 million) per rock. This is the case even though Zimbabwe is facing an acute forex shortage which is exacerbating the current currency woes. A closer look at the statistics shows that the local currency is down by 72% in year-to-date (YTD) terms against the US dollar in both the official market (US\$1: ZWL108.67 to ZWL385.41) and alternative markets (US\$1: ZWL210 to US\$1: ZWL750).

The perpetual depreciation of the ZWL is sending prices of goods and services on an erratic wave, plunging the majority poor into extreme poverty. Official figures indicate that prices have mounted by a staggering 191% in the past 12 months through June 2022. According to the latest 2022 World Bank report,¹⁰ the tightening macroeconomic environment has pushed about 40% of the population into extreme poverty (living on less than US\$1.90 per day). Also, the report revealed that income inequality has widened in the last decade as shown by an increase in the Gini coefficient from 42 in 2011 to 50,3 in 2019 -among the highest in the world. It is also crucial to note that exporting raw minerals is tantamount to the export of employment abroad. The importers of Zimbabwe's raw granite rocks are creating thousands of jobs for their citizens as they expand the granite value chain. As such, it is irrational for Zimbabwe to keep on exporting jobs when the local population particularly women (52%) and youth (67%) -the majority of the population- are facing a shortage of decent and secure jobs. Due to high unemployment, the young ones are now indulging in career-shattering activities like drug abuse, crime, and early marriages.

7. <https://www.miningindex.co.zw/2020/06/30/black-granite-mining-mutoko-demands-development-share/>

8. <https://www.herald.co.zw/1-500-mutoko-households-face-displacement/>

9. <https://www.zimbabwesituation.com/news/govt-mulls-raw-granite-export-ban/>

10. <https://www.africa-press.net/zimbabwe/all-news/40-of-zimbabweans-living-in-extreme-poverty-world-bank>

While it is a welcome and progressive development that the government of the Second Republic has banned the export of raw granite rocks, it is worrisome that SI127 still gives the Minister of Mines and Mining Development powers to award exemptions to the same. This exemption clause is unwelcoming as it provides ground for abuse of the clause for political and private gains. Allowing existing contracts to continue also defies the reason the government had awarded an ultimatum to miners in the first place. In June 2021, the government ordered all granite rock miners to come up with a beneficiation plan or risk losing their licenses.¹¹ It is the public's view that the existence of these two (2) clauses in SI127 increases the likelihood that the status quo of unsustainable granite extraction and raw exportation of the same could continue unchecked. After all, the country is under siege of excessive leakages caused by institutionalized corruption, political patronage, nepotism, and illicit financial flows. Nevertheless, there are signs that the ban on raw exports could transform the granite sector as a Chinese-owned company, Richbasin Minerals, is reportedly set to invest about US\$5 million into a cutting and polishing plant in Mutoko, a move that embraces the government's calls for value addition and beneficiation.¹²

Therefore, the public submits that to achieve the 2023 Mining Vision -a US\$12 billion mining sector economy by 2023- the government should completely ban the export of all unprocessed granite rocks from Zimbabwe to recoup all the revenues that were lost in the past five (5) decades. To buttress this, government can also offer miners 'sustainable' mineral value addition and beneficiation sweeteners such as rebates of duty on all mining capital investments. In order to attain stable, inclusive, and sustainable economic growth in line with Vision 2030 which is however gradually becoming an elusive economic blueprint, the government through Environmental Management Authority (EMA) should ensure that all miners undertake and enforce environmental impact assessments (EIAs). Furthermore, there is a need for innovative ways such as Community Share Ownership Schemes to ensure corporates contribute to their host communities.

5. Is Budget Transparency in Zimbabwe a Reality or Myth?

According to the recently published 2021 Open Budget Survey by International Budget Partnership, Zimbabwe is ranked number 3 in Africa on Budget Transparency. This comes after Zimbabwe scored 57 out of 100 on Budget Transparency. The good news has also been announced in a Press Statement¹³ by the Minister of Finance and Economic Development, Honourable Mthuli Ncube on 6th July 2022. While this portrays a positive trajectory in the country's level of budget openness, it is rather ironic and out of sync with the reality of the prevailing macroeconomic climate in general and budget processes in particular. This article seeks to interrogate budget transparency in Zimbabwe based on contradicting factors militating against prudent Public Finance Management in the country.

11. <https://miningzimbabwe.com/government-issues-six-month-ultimatum-to-granite-miners/>

12. <https://theexchange.africa/industry-and-trade/zimbabwes-black-granite-value-addition-beneficiation-record-major-milestone/>

13. http://www.zimtreasury.gov.zw/index.php?option=com_content&view=article&id=249:zimbabwe-ranked-number-3-in-africa-on-budget-transparency&catid=83&Itemid=613

Budget Transparency in the context of Condonation

The Minister of Finance and Economic Development is requesting for condonation of government overspending through the Financial Adjustment Bill of 2022. The condonation being sought is for the period 2019-2020. The Finance Ministry is requesting Parliament to pardon unauthorized spending of ZWL 107 billion for the 2-year period 2019-2020 i.e. (ZWL 100,690,788,418 in 2020 and ZWL 6,783,930,028 in 2019). While Section 307 of the Constitution of Zimbabwe allows the Minister to do so within 60 days after the unauthorized spending is proven, this proposal only came 2 years later suggesting not only a lack of budget expenditure transparency but also lack of respect for the rule of law. Such a Condonation Bill attests to the Government's poor Public Finance Management characterized by impunity and lawlessness as there is another ZWL \$10 billion condonation sought in 2019 and awaiting approval.

Budget Transparency versus Increasing Corruption

An overall assessment of the Auditor General reports in the past 10 years shows a continued culture of the flouting of key accounting, governance ideals and public finance regulations at various levels and across governance entities, State Enterprises, Parastatals and local authorities. It is therefore ironic that while the country is improving on budget transparency (with a 12 out of 100 score in 2012 and 49 out of 100 in 2019), corruption is on the increase as revealed by Transparency International where Zimbabwe has scored 23 out of 100 on the Corruption Perception Index. This has put Zimbabwe on number 157 out of 180 countries surveyed, signifying a perception of high corruption in the public sector.

In its response to COVID-19; a response aimed at lessening the socio-economic burden on citizens; the government implemented a number of fiscal measures which include the ZWL 18 billion Economic Recovery and Stimulus Package so as to provide liquidity support to agriculture, mining, tourism, SMEs, and arts; expanding social safety nets and food grants; and scaling up investments in social and economic infrastructure in Cyclone Idai affected communities. The stimulus package was also used to support agriculture projects such as the Pfumvudza Program and COVID-19 cash transfers for the vulnerable and poor households. However, these measures remained a pie in the sky as most vulnerable people did not benefit from them due to politicization of aid, corruption and abuse of office by public officials, among other factors. The impact of the ZWL 18 billion stimulus package did not achieve its intended goal due to poor targeting, corruption and inadequacy. The COVID-19 special audit report also bear testimony to abuse of COVID-19 earmarked resources which prejudiced citizens of the much-needed social safety cushioning.

Corruption and lack of transparency in the use of devolution funds are a cause for concern for Zimbabweans as these impact on effective public service delivery. High levels of corruption have resulted in the suspension and/or dismissal of senior public officials in local authorities, attesting to weak monitoring and accountability on the use of devolution funds.

Another major concern is that of weak governance in local authorities which water down gains made on the transparency score. For instance, the 2020 Auditor General's report revealed that Harare City Council had unverifiable expenditure amounting to USD 105 542 322 and ill-documented pre-payments or overpaid expenditures amounting to USD 83 712 713, further buttressing the lack of transparency in management of public finances in local authorities.

Budget Transparency versus Independent Budget Oversight

Accountability is the very essence of the Constitution of Zimbabwe (Act No. 20 of 2013). In this regard, the Auditor-General of Zimbabwe as the supreme audit institution plays an important oversight role of promoting financial accountability in government. Financial accountability is the means to ensure that finances are managed in an efficient, effective and economic manner and that those responsible for the use of funds are held answerable. For this reason, the Auditor General must be afforded maximum statutory independence from the Executive as well as unlimited access to relevant information, adequate resources to fulfil their audit functions and publicly report on the use of taxpayers' money. Public Finance Management in Zimbabwe has however, remained poor as the AG has been consistently unearthing violations of PFM principles.

While sound PFM should have strong internal control systems that foster accountability, transparency and effective and responsible leadership, poor PFM in the country has become a recipe disaster incorporating corruption, fiscal indiscipline and poor corporate governance. While section 305 (5) of the Constitution states that the treasury as the controller of the national purse must get approval from Parliament to sanction excess expenditure to ministries beyond their budget allocations. Further, not seeking approval of excess expenditure from the Parliament violates sections 299(1) on the need for parliamentary oversight and section 298(1) on sound principles of PFM management. On the contrary, the 2019 AG report show a total amount of of ZWL 6 806 340 654 in excess expenditure as a result of Unallocated Reserve transfers made to line ministries amounting to ZWL 7 386 995 654. This amount exceeded the budget by \$580 655 000 and yet parliamentary approval was not sought for the excess expenditure. The parliament has not been afforded a chance to publicly scrutinize the executive budgets and offer amendments in an objective manner, primarily due to the whipping system.

Budget Transparency versus Civic Participation and Genuine Engagement

An important point of departure in constructing democratic institutions is that the citizens of a country should be able to hold their representatives accountable. Astute Public Finance Management should result in the attainment of social and economic justice which entails the creation of institutions aimed at achieving common good and an established social order punctuated by an apt economic system that allows all people to engage in economic endeavour. The Constitution stipulates that all citizens have a right to participate directly in public debate and discussion over the design and implementation of fiscal policies. This should ordinarily be achieved through budget consultations, the broad national governance structure which falls under participatory governance.

Effective budget consultations constitute the bedrock for sound public finance management and also promotes inclusive and people driven socio-economic development. However, in Zimbabwe budget consultations have remained symbolic, a form of public grandstanding and a tick-box exercise without any intention to genuinely engage the people as people's inputs never alters the government's position. To this end, Zimbabwe is yet to come up with a people's budget as the current and previous budgets portray a disregard of citizen voice.

To conclude, while Zimbabwe has made significant strides in budget transparency, the country still has a long way to attain high levels of fiscal transparency, public participation in fiscal policy, accessibility, inclusiveness and accountability which are critical in budget transparency. As such, budget transparency must entail comprehensive, relevant, timely and reliable reporting of the government's financial position and performance. To enhance budget transparency, the following is recommended:

- The government should ensure that corruption-related findings are immediately brought to the attention of anti-corruption and law enforcement agencies.
- Political will to deal with all corruption offences reported by the OAG increases transparency and induces confidence in the general public in the government practical actions to weed out corruption.
- The cardinal principles of PFM enunciated in section 298 of the constitution have remained unaligned with the Public Finance Management Act. The Parliament of Zimbabwe must ensure that the two legislations are aligned.
- Rather than waiting to comment and act on the Auditor General's Report, Parliament should be innovative and proactive in its oversight role on the public expenditure tracking given also the background that the Auditor's report is historical and not futuristic.
- CSOs to play a watchdog role of monitoring budget formulation, disbursements of funds and budget implementation.