

2022 NATIONAL BUDGET IMPLEMENTATION FACTSHEET



DID YOU KNOW???

A budget is more than just a series of numbers on a page; it is an embodiment of our values.”

Introduction

The 2022 national budget being the second national budget into the first five- year National Development Strategy (NDS1) (2021-2025) is naturally expected to sustainably support the aspirations of NDS1 – and subsequently prop Vision 2030. The priorities of the budget are supposedly informed by the overall motive of attaining an upper middle income economy by 2030 whilst at the same time dribbling the unforeseen and emerging challenges such as COVID-19 induced vulnerabilities, climate change, macro-fiscal challenges and buttress Sustainable Development Goals (SDGs) amongst many shared aspirations. The 2022 national budget thus is a quintessential tool in the implementation of public policy and an evaluation instrument of government`s priorities as indicated by the budgetary allocations and adjustments/re-allocations thereof. This factsheet makes use of the 2022 Mid-Term Budget and Economic Review and the Supplementary Budget Statement to ascertain if the government is on the right path with respect to the National Development Strategy 1 (NDS1). The factsheet strengthens the capacity of citizens to demand transparency and accountability from duty bearers on public policy choices.

Budget context

The 2022 national budget falls into the NDS1 tenure (2021-2025) and is logically expected to buttress the 14 Priority Areas covered by NDS1.¹ The NDS1 succeeds the Transitional Stabilisation Programme (TSP) (2018-2020) which was designed to reform and prepare the environment for a protracted growth period culminating in the attainment of Vision 2030. The 2021 Budget Fact sheet acknowledges that the TSP mostly missed its targets and the year 2021 despite recording 7.4% growth (backed by a good agriculture season) yielded to wild-inflation, increasing vulnerability, infrastructure gaps (electricity, water and transport), failing social sector and COVID-19 induced economic turbulence. Getting into 2022, the economy is expected to expand by 5% given increasing industry capacity utilization last recorded at 65% as of December 2021 and a normal rainfall season. However, despite the implied stable macro-economic fundamentals gauged by receding inflation in 2021 and steady exchange rate backed by the auction market, the parallel market premium seem to maintain a 100% margin above the auction market rates – translating into run-away inflation. Debt overhang continue to limit access to credit as the engagement and re-engagement mantra fails to make impact. On a positive note, the budget was announced at a time the pandemic (COVID-19) was receding and the limitations with respect to movement are slowly losing effect thereby boosting post-COVID-19 recovery.

¹ The 14 NDS1 priority areas are as follows: Economic growth and stability of national development; Food and Nutrition Security; Moving the economy up the value chain and structural transformation; Digital Economy; Transport, infrastructure and utilities; Housing Delivery; Human capital development and innovation; Health and Well-being; Image building, engagement and re-engagement; Devolution and de-centralization; Youth, sport and Culture; Social Protection; Environmental protection, climate resilience and natural resource management; and governance.

The 2022 budget adopts the 'cluster' approach congruent to the 14 NDS1 priority areas although budget performance from 2021 has not reflected how each priority area performed. Going forward, budget and fiscal review should align with the clustering strategy. The assumed retreat of COVID-19 is a likely possibility given receding COVID-19 cases and fatalities.

Budget theme and assumptions

Whereas the theme of the 2021 National Budget was premised on 'Building Resilience and Sustainable Economic Recovery,' the theme for the 2022 National Budget is bound to 'Reinforcing Sustainable Economic Recovery and Resilience.' As much as the economy rebounded in 2021 after recording negative growth progressively from 2019 and 2020, the growth was not inclusive hence the unabated vulnerability across urban and rural areas. Also, the growth from 2021 was premised on un-replicable fundamentals (good rains and firming metal prices) – thereby wounding the sustainability of the economic recovery. Given the faulty recovery trajectory of 2021, the 'reinforcing' of the economic recovery is premised on brittle and non-sustainable fundamentals. The 2022 theme tend to assume that planned budget objectives for 2021 were met and there is a straight-line progression towards attainment of NDS1 objectives. This fallacy explains the failure of most budgets as their basis is wrongly touted.

The expectation that growth shall be 5.5% in 2022 is pinned on increased output in mining, manufacturing, agriculture, construction and tourism. The budget assumes normal rainfall, receding COVID-19, stable fundamentals (inflation and exchange rates) as well as a sustenance of a metal price rally. The expectation of normal rainfall is an eventuality that government cannot predict with precision thus climate-smart agriculture methods ought to be adopted. Lower COVID-19 cases are a positive and budget strategy must edify the recovery of key economic sectors affected by the pandemic. On the other hand, the stability of fundamentals is questionable as fiscal authorities have failed to tame the parallel market culminating in wide parallel market premiums and unabated inflation. These realities are likely to scuttle the success of the 2022 budget. Whilst metal prices are expected to remain high, eliminating gross illicit movement of minerals and finalization of the mining cadastre system could scale economic recovery.

Budget Objectives

Based on the said assumptions, the ZWL 927.6 billion 2022 budget seeks to:

- Strengthen macro-fiscal stability and guarantee food security;
- Advance value addition for purposes of sustainable jobs creation and growth;
- Enhance social protection and infrastructure development;
- Strengthen governance and anti-corruption measures;
- Accelerate the reengagement process; and
- Enhance climate change mitigation and energy security

Generally, the budget's objectives tally with the socio-economic needs in the economy and what matters is whether the allocations edify the implementation and performance of the budget.



Budget Allocations and Performance

This section presents the allocation and the performance of the ZWL968,268.50 billion 2022 budget as well as the subsequent ZWL929,253.50 trillion Supplementary Budget allocations thereof.



Cost Centre	Allocation (Z\$ million)	Utilization (Jan-June)	Comment
Office of President and Cabinet (OPC)	32,391.2	110%	<ul style="list-style-type: none"> -The initial approved 2022 national budget allocated ZWL32.4 billion to the OPC. -By mid-year, the OPC had overspent its allocated budget votes by 10%. Consequently, the OPC was allocated an additional ZWL47.2 billion for the second half of the year. -The current political administration is focusing on international engagement and re-engagement. However, there is little progress on that front as investors continue to shun Zimbabwe and sanctions are yet to be uplifted. -As such, the OPC is spending on international trips with little dividends for the ordinary citizens.
Parliament of Zimbabwe	14,615.1	34%	<ul style="list-style-type: none"> -The Parliament of Zimbabwe utilized only 34% of its allocated budget votes by mid-year. -This shows that the Parliament might be faltering in performing its oversight role as many statutes remain unaligned with the constitution. -Instead the Parliament has already amended the 2013 Constitution without finalizing the realignment of all legislation to ensure a strong rule of law in Zimbabwe. -Also, there were limited constituency visits by parliamentarians to advance national development. Parliamentary business is concentrated in urban areas, particularly Harare.
Public Service, Labour, and Social Welfare	19,477.3	50%	<ul style="list-style-type: none"> -Ministry of Public Service, Labour, and Social Welfare spent about 50% of its approved budget votes as of 30 June 2022. -In July 2022, the Treasury awarded it additional spending of ZWL34.9 billion representing 4% of the ZWL929 billion 2022 Supplementary Budget. -However, this is a paltry allocation given the status quo. The massively depreciating ZWL has plunged 60% of the population into extreme poverty and is widening income inequality. -There are inadequate social safety nets for vulnerable groups, particularly the elderly, vulnerable kids who deserve education support under the Basic Education Assistance Module (BEAM), and food support to deficit food-producing regions.
Defence and War Veterans	61,553.3	75%	<ul style="list-style-type: none"> -Despite not being at war, Zimbabwe which is characterized by high poverty and inequalities continues to spend large amounts on the military. -By mid-year, the defence had utilized 75% of its approved budget. It has also been allocated an additional ZWL71.5 billion which is 16% more than the initially approved budget vote. -Recently, the government announced intentions to pay gratuities to over 160 000 war veterans, a statistic that is more than the 40 000 war vets who were paid Z\$50 000 each back in 1997. -This is questionable given that the liberation war ended in 1979. The funds being splashed on the military should be channelled towards the upliftment of marginalized communities.
Finance and Economic Development	64,573.6	75%	<ul style="list-style-type: none"> -The Ministry of Finance had spent 75% of its initial approved budget by June 2022. In addition, the Ministry allocated itself an additional ZWL127.7 billion in the 2022 Supplementary Budget. -This ministry is using public funds on conferences and workshops that are not producing inclusive economic policies to uplift citizens out of the vicious poverty trap. -Despite high spending, the ministry is failing to manage the economy. Inflation maintained an upward trend of double-digit monthly growth rate since January 2022 with the local currency losing at least 75% of its value in year-to-date terms. -The ministry is also failing to maintain fiscal discipline by other government ministries, departments, and agencies (MDAs). On Treasury's watch, in 2019 and 2020, the MDAs overspent the fiscal budget by a staggering ZWL107 billion after another cumulative US\$10 billion of over expenditures between 2015 and 2018.

Industry and Commerce	3,879.5	46%	<p>-These over expenditures are fuelling public debt which is now independently estimated at US\$22 billion.</p> <p>-This cost centre received ZWL3.9 billion and utilized 46% as of the end of June 2022. Also, it received additional funds of ZWL1.7 billion in the 2022 Supplementary Budget.</p> <p>-The ministry is failing to craft import substitution policy measures to reduce the country's dependence on imports.</p> <p>-Also, there is a suppressed investment in value chains as shown by the exportation of unprocessed products which is tantamount to the export of employment abroad as well as lower export earnings.</p> <p>-Also, excessive company registration procedures and corruption in awarding of company licenses are increasing the cost of doing business thus impeding both domestic and foreign investment.</p>
Lands, Agriculture, Fisheries, Water and Rural Development	124,049.1	80%	<p>-Agriculture Ministry had utilized 80% of its initial approved budget by mid-2022. In addition, Treasury appropriated the ministry an additional ZWL100.7 billion in its supplementary budget.</p> <p>-Despite huge budgets annually, the country continues to suffer severely from the impacts of climate change like El-Nino-induced droughts which are affecting crop yields across many parts of the country.</p> <p>-For instance, the 2021/22 staple maize harvest was 43% below the previous harvest due to erratic rainfall patterns. Zimbabwe performed poorly relative to most countries in the region.</p> <p>-Corruption is rife in this sector, especially in Command Agriculture. In 2016, it was reported that Treasury was prejudiced over US\$3.5 billion, an amount that could have transformed this sector for good -investing in climate-smart agriculture techniques like irrigation and short crop varieties.</p> <p>-Also, the partisan nature of the distribution and allocation of the Presidential Input Scheme to support small-holder farmers is not yielding desired outcomes.</p>
Mines & Mining Development	3,020.9	57%	<p>-Mines Ministry utilized about 57% of its budget in the first 6 months of 2022 and was allocated an additional ZWL1.6 billion.</p> <p>-The extractive sector is outperforming its 10-year average largely benefiting from rising global mineral commodity prices.</p> <p>-Between the Jan-June period, merchandise exports witnessed a massive growth largely spurred by increases in mineral commodities which contributed 82.8% (US\$2.899 billion) of total export earnings for the period.</p> <p>-However, it is still a long way to go to attain sustainability in the extractive sector as it continues to experience elevated illicit financial flows like the smuggling of precious metals such as gold.</p> <p>-Also, the ministry is yet to undertake a nationwide roll-out of an electronic cadastre system to improve the management of mining rights and claims.</p>
Environment, Tourism and Hospitality Industry	3,711.4	46%	<p>-This cost centre used 46% of its initial approved budget as of June 2022 and has been allocated an additional ZWL3.6 billion to put the 2022 expenditure ceiling at ZWL7.3 billion.</p> <p>-A successful national vaccination campaign relative to other regional counterparts coupled with financial incentives from Treasury has put the sector on a recovery trajectory.</p> <p>-However, the ministry is failing to ensure environmental sustainability. For instance, in the mining sector, miners continue to degrade the environment and pollute the air without stiff penalties as per the existing environmental legislation.</p>
Transport and Infrastructural Development	60,802.5	49%	<p>-The sector utilized 49% of its 2022 approved budget votes and has been allocated an additional ZWL46.5 billion, about 5% of the total 2022 supplementary budget.</p> <p>-Although 2 000 buses are required to ease public transport shortages, the country is reported to have commissioned only 115 new ZUPCO buses according to the Herald of 11 Feb 2022.</p> <p>-This is affecting commuters who in addition to a shortage of public transport have been exposed to exorbitant bus fares as ZERA continued to hike the prices of fuel for most of the Jan-June period.</p>

			<p>-It is reported that about 5 people die every day on average because road accidents in Zimbabwe are caused by poor infrastructure (Economic Commission for Africa, 2022).</p> <p>-Although there is still a huge room for progress, the Ministry is undertaking road rehabilitation initiatives across the country under the Emergence Road Rehabilitation Programme (ERRP), and also notable progress had been registered in the resuscitation of the Harare-Beitbridge Highway.</p>
Foreign Affairs	14,877.3	21%	<p>-Foreign Affairs ministry had spent a paltry 21% of its 2022 initial allocation. With 79% of the initial budget yet to be utilized, Treasury allocated an additional ZWL3.8 billion to this ministry.</p> <p>-The low spending by this ministry is seemingly opposes reports in the media of poor maintenance and remuneration of Zimbabwe's foreign missions (News Day of 11 Dec 2020).</p> <p>-A Parliamentary Portfolio Committee noted that the diplomatic missions and those manning them risk being kicked out of rented premises and accommodation due to inadequate funds.</p> <p>-Also, the government failed to meet the prescribed NDS1 target (Grade CC Low Risk) and secured a place in the Grade E realm which is the highest-risk political economy situation usually associated with failed states.</p> <p>-On sanction removal, no sanctions have been removed, a clear indication of the Ministry's failure to meet the intended target culminating in unrealized goals.</p>
Local Government and Public Works	24,315.3	54%	<p>-Local government has utilized 54% of the 2022 initial approved budget and allocated an additional ZWL12.7 billion in the 2022 Supplementary Budget.</p> <p>-The Ministry however is failing to monitor the operations of local authorities as the Auditor-General yearly unearths gross negligence in the management of public funds by these LAs.</p> <p>-The Ministry is also undertaking corrupt activities through LAs. For instance, it interfered with Harare City Council to impose the Pomona deal and has also forced all LAs to acquire fire tenders from Belarus at inflated prices. Both these deals did not go to tender as required by law.</p>
Health and Child Care	117,714.2	27%	<p>-The Health Ministry utilized a paltry 27% in the first half of the year and Treasury had since increased the health budget by ZWL6.2 billion through the 2022 supplementary budget.</p> <p>-It is appalling that the health ministry continues to utilize its budget votes slowly despite a raging COVID-19 pandemic, acute shortages of medical equipment & drugs, and poor remuneration of health workers leading to a mass exodus of skilled health personnel.</p> <p>-Also, there is an underutilization of budget funds when the maternal mortality rate has increased from 462 to 470 deaths per 100 000 live births, which is a huge gap from the 2022 target.</p>
Primary and Secondary Education	124,070.0	44%	<p>-The Ministry spent 44% of its allocated budget funds, and received an additional ZWL103.9 billion to total ZWL229 billion for the entire 2022 fiscal year.</p> <p>-The education sector was greatly affected by the COVID-19 pandemic. Amid this pandemic, the ministry was expected to have greatly utilized its budget to purchase masks, sanitizers, and drilling boreholes in schools among other initiatives to protect kids from exposure to the virus.</p> <p>-The ministry is also underutilizing its allocated budget and is exporting teaching services abroad to countries like Rwanda yet the ministry was targeting to recruit about 10 000 to reduce domestic teacher shortages which were later reviewed downwards by half.</p> <p>-The foregoing raises questions about the preparedness of the education ministry ahead of the rolling out of free education starting next year.</p> <p>- There has been a sharp increase in child vending driven by a declining economy pushing underage children out of school. It is reported that there are 188,356 child vendors operating in towns, cities, and rural areas in Zimbabwe.</p>

Higher & Tertiary Education,	35,774.2	45%	<ul style="list-style-type: none"> -Tertiary education ministry spent only 45% of its 2022 approved budget and was allocated an additional ZWL\$35 billion through the supplementary budget. -Just like primary and secondary education, this ministry is slowly utilizing set budgets despite deteriorating service delivery and the rising cost of education for tertiary students. - According to uniRank University Ranking, Zim's premier university, the University of Zimbabwe, was ranked 69/100 in Africa in 2021 down from 50/100. -The quality of universities is declining owing to the COVID-19 pandemic, ripple effects of protracted economic crisis causing under-funding, and brain drain. A joint report by the Zimbabwe government and World Bank showed that the nation is facing a critical skills deficit, including digital skills.
Women Affairs, Community, Small and Medium Enterprises Development	4,734.5	51%	<ul style="list-style-type: none"> -This cost centre received ZWL4.7 billion for 2022 and managed to utilize 51% by mid-year. It also got an additional ZWL3.1 billion in the supplementary budget presented in July 2022. -However, the funds for small businesses allocated through the national budget are only accessed by the politically connected and the rich who have assets to use as loan collateral. -Also, the ministry is not supporting informal businesses especially those in rural areas which face difficulties in accessing markets.
Home Affairs and Cultural Heritage	49,417.6	65%	<ul style="list-style-type: none"> -Home affairs utilized 65% of its approved budget by mid-year and received additional funds to spend to the tune of ZWL61.1 billion. -The ministry is using taxpayers' money to entrench police brutality and harassment of human rights and political activists. -The ministry is also selectively applying the law by not arresting high-profile corrupt individuals thereby creating a class justice system.
Justice, Legal and Parliamentary Affairs	22,705.1	49%	<ul style="list-style-type: none"> -The ministry utilized 49% of its allocated funds, and got an additional ZWL18.2 billion in the supplementary budget. -However, the ministry is failing to deliver equal justice before the law as there is increasingly selective application of the law. -For instance, connected corrupt rich individuals and ruling elites are granted bail and are acquitted easily of their high-profile cases by courts while opposition party members are denied bail and incarcerated in prisons – a clear miscarriage of justice.
Information, Publicity, and Broadcasting Services	2,652.7	27%	<ul style="list-style-type: none"> -The ministry spent a paltry 27% of its allocated budget by mid-year. Despite having huge resources yet to be expended, the ministry got a ZWL1 billion supplementary budget. -While some progress has been reported in opening the media space (new radio and television licenses issued to private players), the ministry continues to disregard the constitution. -The state media remain biased as it only covers events/activities of the ruling party activities when the law requires it to be non-partisan.
Youth, Sport, Arts, and Recreation	7,844.1	47%	<ul style="list-style-type: none"> -About 47% of the approved budget was utilized by June 2022. The ministry got ZWL3.8 billion in additional budget votes. -There are no inclusive youth programs implemented since the beginning of 2022. The youths continue to face high unemployment and extreme poverty which is forcing them into early child marriages, drug abuse, and other criminal activities. -The sporting infrastructure continues to dilapidate. For instance, all soccer stadia in Zimbabwe have been condemned as unfit to host competitive international matches. Zimbabwe was banned from international football owing to the intervention of government in the management of the sport. No remedial action has been taken to enable the lifting of the ban on Zimbabwe's participation in international football by FIFA.

			-Also, many public recreational facilities have massively deteriorated. This is unacceptable given the importance of these facilities in ensuring the social cohesion of communities.
Energy and Power Development	3,553.9	78%	-Energy ministry spent 78% of its budget – making it the third most spending centre. Resultantly, it was awarded an additional ZWL2.4 billion. -The ministry is failing to greatly diversify the nation’s energy mix and ensure the attainment of energy self-sufficiency. -Low domestic production of electricity has resulted in prolonged load-shedding schedules which are affecting industrial production and households who are forced to look for expensive energy alternatives. -However, there are ongoing projects like the Hwange Unit 7&8 with the potential of adding 600MW into the national grid that will significantly help in reducing costly power outages.
ICT	3,294.6	39%	-The ministry had utilized only 39% of its allocated budget and got a supplementary budget to the tune of ZWL4.8 billion. -Zimbabwe continues to lag the region in terms of mobile smartphone and internet penetration rates. The rising broadband data costs are crowding out the greater part of the population despite the COVID-19 pandemic turning most of the daily activities online.
National Housing and Social Amenities	10,061.5	24%	-National housing received additional ZWL6.9 billion despite spending a nadir 24% of its initial budget allocation. -The country continues to face a housing backlog of an estimated 2.2 million housing units.
Devolution Funds	42,539.0	17%	-Treasury has disbursed only 17% of earmarked funds to local authorities (LAs). -This is shocking given the grave challenges being faced by many LAs especially those with poor revenue streams to deliver quality public services.

Source: ZIMCODD Compilation from MOFED Financials, 2020

Conclusion

The 2022 budget seemingly is off the rail as fundamentals continue to fail with respect to inflation and exchange rates. Whereas the budget is ceremonially structured to prop NDS1, Vision 2030 and SDGs, the budget’s performance up to June 2022 does not tally with the intended objectives. The initial 2022 budget was pegged at ZWL 968,268.50 billion and weak macro-fiscal fundamentals triggering inflation and depreciation of the ZWL prompted a supplementary budget of ZWL 929 billion – an amount slightly higher than the initial budget amount. The Mid-Term Budget review noted under-utilization of resources by innumerable ministries despite the evident financing needs in most of these ministries. This discounts the progress towards demarcated targets for NDS1, Vision 2030 as well as SDGs. The conduct of the national budget remains questionable as the allocation of resources seem to favour certain ministries (defence, agriculture and finance) despite ill-performance of such ministries. At the same time, it is not clear whether ministries that are underutilizing their allocations do have such allocations in their coffers or the treasury has not disbursed such allocations as is expected. Notable is that, in 2021 treasury did not disburse the amounts that it allocated to a number of ministries and it is possible that underutilization in 2022 might be a sign that treasury is still to arm the ministries with the resources.

In an economy where poverty and inequality are worsening, unemployment is uncontrolled and fundamentals (inflation and exchange rates) are unstable, whilst infrastructure gaps are evident, the budget framework must be directed towards resuscitating the economy, create jobs, reduce poverty, and chart a course for sustainable development. On top of the list is the stabilization of fundamentals if confidence in the economy is to be sustainable.

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