

# Weekly Economic Review

11 July 2023

## RBZ Interbank Rate

WEEK 04.07.23	WEEK 11.07.23
ZWL 5812.14 per USD1	ZWL 5297.50 Per USD1

## Consumer Price Index

MAY	JUN
324.63	566.36

## Blended Inflation

MAY M.O.M.	JUN M.O.M.
15.7%	74.5%
APR Y.O.Y	MAY Y.O.Y
75.2%	86.5%

## avg. Parallel Market Rate

WEEK 04.07.23	WEEK 11.07.23
ZWL 8000	ZWL 7500

## Consumption Poverty Line

MAY	JUN
ZWL 39 927	ZWL 91 172

## Trade

Exports	Imports
APR US555.5m	US708.1m
MAY US654.2m	US850.9m

# Contents

<b>1. Summary</b>	<b>2</b>
<b>2. Weekly Economic Review &amp; Analysis</b>	<b>2</b>
Economic Stabilization Measures Brought Sanity in the Markets	
2022 Gross Domestic Product (GDP) Revised Upwards	
External Trade	
Public Sector Borrowing	
Electricity	
Fuel	
<b>3. Articles for further reading</b>	<b>8</b>
Has The National Development Strategy (NDS1) Failed?	
The Crucial Role of an Inclusive and User-Friendly Voter's Roll	
Community Participation Key as Zimbabwe Focuses on Lithium Mining: A Case of Chisambiro Village, Mutoko District.	
Domestic Resource Mobilization and Mineral Resource Governance	
The Dire Impacts of Climate Change on Humans	
The Social and Economic Injustice Face Behind Loadshedding	

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## 1. Summary

This week's issue of the Weekly Economic Review (WER) comments on the ongoing ZWL and price stability in the market and provides our readership with some snippets of the economic developments that occurred in June 2023 as they await the finalization of the June Monthly Economic Review. It also contains detailed articles covering inter alia the analysis of NDS1, the vitality of a user-friendly voters' roll, domestic resource mobilization (DRM), and the impacts of climate change.

## 2. Weekly Economic Review and Analysis

### 2.1 Economic Stabilization Measures Brought Sanity in the Markets

In recent weeks, the nation witnessed a continued pause in the depreciation of the local currency (ZWL) against the US dollar (USD) in both official and alternative (parallel) foreign exchange markets. In fact, the ZWL is now gaining some of its lost value in both markets. Between 3 July 2023 and 10 July 2023, the ZWL mid-rate gained about 9.1% in the official willing-buyer willing-seller (WBWS) interbank market from ZWL/USD 5769.13 to ZWL/USD 5286.73 while gaining about 6.7% in parallel markets from a maximum quote of ZWL8000 to ZWL/USD 7500. The immediate impact of this development was a stabilizing effect, though at high levels beyond the reach of many, on the general prices which are largely benchmarked at or above volatile parallel rates.

As the ZWL stability continues, we expect to start witnessing some huge price drops. Already, some prices of certain products have fallen, though marginally, a trend that will likely continue as long as authorities are confined to monetary and fiscal discipline. The sanity being experienced in the market is largely attributable to stability measures instituted by Treasury and RBZ in May 2023 and early June 2023. These economic stability measures have managed to mop excess ZWL liquidity which emanated from elevated quasi-fiscal operations (QFOs) by the Reserve Bank of Zimbabwe (RBZ) as well as spiking Treasury spending as it faces political pressures ahead of the August 2023 election, it has increased ZWL salary component for civil servants by 100% in the first quarter, it is supporting the agricultural sector, and funding for ongoing infrastructure projects, among many initiatives. Analyzing these measures on 9 June 2023, ZIMCODD concluded that,

*"If prudently implemented in full, these actions will go a long way in suppressing ZWL decline, ceteris paribus. Nevertheless, it remains to be seen if there is adequate political will to allow the Treasury to thwart mounting spending pressure emanating from the upcoming harmonized elections."*<sup>1</sup>

1. <https://zimcodd.org/wp-content/uploads/2023/06/The-Weekend-Reader-9-June-2023.pdf>

We still maintain the foregoing view that as long as authorities adhere to both monetary and fiscal discipline, durable price stability will be achieved in Zimbabwe. This discipline must be buttressed by swift and full implementation of political, institutional, structural, and economic reforms to strengthen democracy, curb public resource leakages from corruption & illicit dealings, improve natural resource governance & domestic revenue mobilization, efficiently provide affordable & quality public services, and increase market efficiency, competition & innovation among others benefits.

However, we don't expect the government to undertake significant reforms before a crucial election, trying to do so will face immense resistance from the deep state. Also, Treasury will have to pay its contractors and suppliers of goods and services, award salary increments to civil servants, service RBZ external obligations it recently assumed, and settle forex surrender requirements at a time exports are highly elevated. All these have a bearing on ZWL liquidity if not prudently resolved. As such, the ongoing ZWL stability will likely be short-lived just as was the case in the prior years like in 2020 when the foreign currency auction system was introduced. More so, the high likelihood of contested election results will lower public trust and investor confidence thereby increasing investment premiums. Be that as it may, we always wish the best for Zimbabwe because increased macroeconomic volatility exerts grave repercussions on the welfare of the poor majority.

## **2.2 June 2023 Economic Review Snippets**

Since January 2022, ZIMCODD is publishing Monthly Economic Reviews (MERs) to help gauge the health of the general economy and its impact on the welfare of citizens. As we finalize the June 2023 MER report, here we provide a summary of some key developments in the month:

### **2.2.1 2022 Gross Domestic Product (GDP) Revised Upwards**

The Zimbabwe National Statistics Agency (ZimStat) estimated the 2022 national output (GDP) at current prices (unadjusted for inflation) at ZWL12.4 trillion, up from ZWL3.2 trillion in 2021. After adjusting for inflation (constant prices), GDP was estimated at ZWL225.99 billion representing a growth rate of 6.5% from the 2021 estimate of 212.1 billion. This 2022 real GDP growth rate is a revision of Treasury's earlier forecasts of 4% and was largely driven by accommodation & food services (23.7%), finance & insurance (15.6%), information & communication (14.1%), mining (10.5%), transport & storage (6.6%), and agriculture (6.2%).



**Table 1: 2022 Constant Prices Industry Growth Rates (%)**

Industry	2019	2020	2021	2022
Agriculture	-10.4%	4.1%	17.5%	6.2%
Mining	-1.8%	0.2%	5.9%	10.5%
Manufacturing	-10.8%	-18.5%	1.2%	1.6%
Electricity supply	-26.7%	-6.3%	33.9%	3.5%
Water Supply	-5.5%	1.9%	12.7%	1.7%
Construction	-1.3%	4.9%	3.5%	2%
Wholesale & Retail Trade	-6.1%	-10.1%	8.1%	4.6%
Transportation & Food Service	-25.5%	-30.2%	8.5%	6.6%
Accommodation & Food Service	-6.3%	-61%	38.5%	23.7%
Information & Communication	-9.2%	8.9%	9.8%	14.1%
Finance & Insurance	-1.5%	11.9%	3%	15.6%
<b>GDP at Market Prices</b>	<b>-6.3%</b>	<b>-7.8%</b>	<b>8.5%</b>	<b>6.5%</b>

Source: ZimStat

The mining sector output's significant growth in 2022 is largely attributable to elevated global mineral commodity prices throughout the year. The mineral prices were largely driven by the Russia-Ukraine war which has increased global mineral supply uncertainties and fuelled global inflation. Also, the prices for green energy minerals like nickel, lithium, and platinum group minerals (PGMs) were supported by increased global demand for clean technologies particularly in advanced nations as the world seeks to avert existential threats posed by increasing climate change and variability. As for the agriculture sector, realized positive growth was largely driven by crop production mainly soybeans (15.5%) and wheat (11.3%). The value-added in agriculture is also partly linked to overvalued domestic commodity prices which are not in sync with both regional and international grain prices. Furthermore, a big recovery of the tourism sector was supported by the easing of COVID-19 restrictions reflecting a successful domestic vaccination campaign as well as widespread vaccinations globally. The information and communication sector benefited from the embrace of internet & digital technology use initially necessitated by COVID-19 lockdowns.

Nevertheless, ZimStat statistics show a very low gross capital formation (gross domestic investment). This was caused by prolonged load shedding, elevated borrowing costs, and chronically high price inflation which wreaked havoc in markets thereby affecting aggregate demand and business predictability – and in turn, subdued new private sector investment. Again, even though GDP registered positive growth in 2022, the growth is misleading as it lacked a human face. In 2022, ZWL's decline in the parallel market and annual price growth averaged 10.4% and 184.1% per month respectively. This significantly reduced purchasing power thereby widening societal inequalities and trapping the many citizens into abject poverty. As such, authorities must do more to stabilize the economy and reform the current business model to deliver economic growth that is robust, inclusive, and sustainable – growth that leaves no one and no-place behind!

## 2.2.2 External Trade

The latest ZimStat data show that Zimbabwe imported merchandise worth US\$851 million in May 2023, up 20.2% from US\$708.12 million reported in April 2023. Merchandise exports for the same month came in at US\$654.21 million, up from US\$555.55 million in April 2023. This gives May 2023 external trade deficit (imports exceeding exports) of about -US\$196.8 million, up 29% from the April 2023 trade deficit of about -US\$152.57 million.

**Table 2: May 2023 Top Exports and Imports (%)**

<b>Top Exports</b>	<b>%</b>	<b>Top Imports</b>	<b>%</b>
Semi-manufactured gold	24	Mineral fuels & oil products	23.3
Nickel mattes	18.3	Machinery & mechanical appliances	15.8
Tobacco	12.4	Vehicles	8.8
Industrial diamonds	10.1	Electrical machinery & equipment	6.1
Nickel ores & concentrates	8.8	Iron & steel	4.7
Ferro-chromium	6.4	Cereals	4.6
Other mineral substances	4.2	Plastics	3.5
Coke & semi-coke of coal	2.7	Animal/vegetable fats & oils	3.1
Chromium ores & concentrates	2	Fertilizers	2.4

**Source:** ZimStat

Cumulatively, Zimbabwe's exports for the first 5 months of 2023 totaled US\$2.59 billion (US\$2.65 billion in 2022) while imports were US\$3.56 billion (US\$3.32 billion in 2022). Overall, the January-May 2023 period witnessed a staggering trade deficit of about -US\$0.97 billion which is 42.6% higher than a deficit of about -US\$0.68 billion realized for the same comparable period (Jan-May) in 2022.

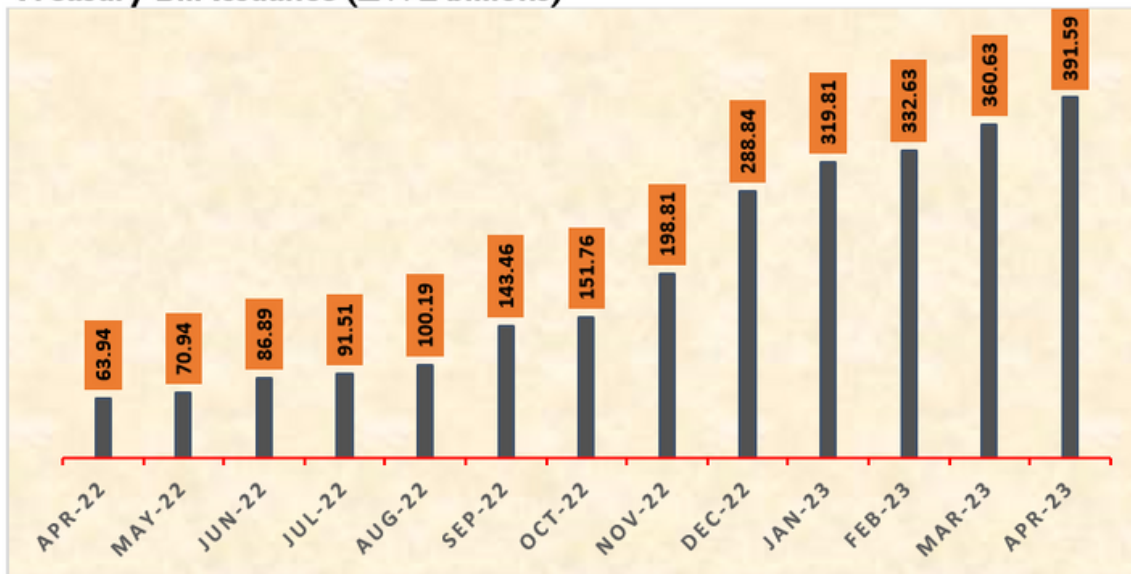
The widening trade deficit in the first half of 2023 (1HY23) is linked to relatively high global crude oil prices at a time Zimbabwe (a net oil importer and oil price taker) was facing increased fuel demand due to prolonged electricity load shedding hours averaging 15 hours per day. Also, the increased use of the USD in the economy is fuelling the deficit as the stronger USD makes Zimbabwean-made goods expensive for regional counterparts using their weak currencies while making foreign-made products cheap for Zimbabweans. In the outlook, we expect the recent suspension of import duty on basics, deepening dollarization, threats of oil production cuts by the global oil cartel (OPEC+), Russia-Ukraine war spillovers, fragility of the local currency, erratic domestic electricity generation, and chronic price inflation to worsen the external trade balance. Unsustainably high trade deficits harm developing nations like Zimbabwe as more imports lead to deflation, increase the fiscal deficit, and collapse local manufacturing leading to the shipment of jobs overseas.

## 2.2.3 Public Sector Borrowing

The approved 2023 national budget has an expenditure ceiling of ZWL4.5 trillion with a financing gap of ZWL575.5 billion that is expected to be covered through borrowing.

To cover the 2023 spending gap, Treasury announced plans to source an external loan facility (US\$400 million), issue a domestic bond (US\$100 million), issue Treasury Bills (TBs) (ZWL82.8 billion), and changes in bank balances (ZWL10 billion). However, Treasury will likely borrow more in 2HY23 than was initially anticipated. It is currently facing enormous spending pressures due to severe ZWL and price instability experienced in the 1HY23 which has significantly reduced the real value of the approved national budget. Statistics show the ZWL losing over 88% of its value in both foreign exchange markets in 1HY23.

**Treasury Bill Issuance (ZWL billions)**



Source: RBZ

Domestically, the available statistics are showing a significant jump in TBs issuance. In monthly terms, issued TBs were up 9% in April 2023 to ZWL391.59 billion while in annual terms, they were up 512% from ZWL63.94 billion issued in April 2022. From the external front, Treasury recently secured the US\$400 million external loan facility extended by the Abuja-based African Export-Import Bank (Afreximbank) in June 2023. While borrowing to finance the budget gap is inevitable, Treasury must ensure that new borrowing is carefully set to keep the level of public debt on a sustainable path lest it fails to meet all its obligations without exceptional financial assistance or going into default.

### 2.2.4 Electricity

The ZETDC, a subsidiary of Zimbabwe Electricity Supply Authority (ZESA) hiked electricity tariffs by more than 145% in June 2023. This was in line with poorly performing ZWL which had lost 55.1% of its value against the USD in the official interbank market in that respective month. Earlier in May 2023, ZESA had also hiked electricity tariffs by more than 22% as ZWL erased 59.4% of its value. While these hikes were inevitable as ZESA had to charge economic tariffs for it to be able to at least break even, the deep tariff hikes have exerted enormous shocks on household budgets because salaries have remained largely constant despite raging price inflation.

### June 2023 Electricity Tariffs Changes (ZWL/kWh)

CONSUMPTION BAND			Charge per kWh		Total Amount		Monthly Change
			May	June	May	June	
First 50	0-50kWh	50kWh	30.50	75.08	1525	3754	+2229
Next 50	51-100kWh	50kWh	61.20	150	3060	7500	+4440
Next 100	101-200kWh	100kWh	107.4	263.73	10740	26373	+15633
Next 100	201-300kWh	100kWh	152.9	376.5	15290	37650	+22360
Next 100	301-400kWh	100kWh	175.64	432.4	17564	43240	+25676
Above 400			183.6	451.6	-	-	-

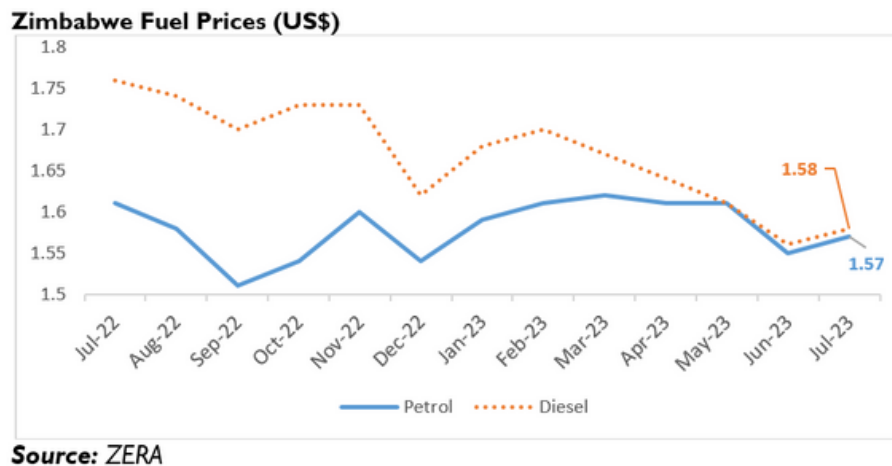
Source: ZESA

However, an electricity tariff hike is not expected in July 2023 as the rate of ZWL depreciation in parallel markets has started to show signs of slowing down while largely gaining in the official market. Also, a pause in tariff hikes is likely since domestic generation by Zimbabwe Power Company (ZPC) has significantly improved as Hwange Units 7&8 with a combined installed capacity of 600MW have joined the national grid. More so, power output from the 1050MW Kariba South Hydro plant has improved significantly after production was affected in early 2023 by critically low “live water” dam levels. The improved domestic generation has largely dwarfed both load-shedding hours and electricity import bills. For example, the latest May 2023 statistics from ZimStat show electrical energy imports down 65.5% in May 2023 to settle at US\$9.1 million. For the outlook period, we anticipate near-zero daily power rationing hours. But, be that as it may, scaled-down load shedding will likely persist throughout winter because of the increased electricity demand for household heating and irrigation by winter wheat farmers.

### 2.2.5 Fuel

In June 2023, Zimbabwe Energy Regulatory Authority (ZERA) reduced the price of a liter of diesel by 3.1% from US\$1.61 in May 2023 to US\$1.56 while that of petrol was reduced by 3.7% to US\$1.56 from US\$1.61 in May 2023. Although ZERA has also hiked ZWL fuel prices in June 2023, reporting of ZWL prices is now an official ritual just meant to conform with a dual currency regime. The ZWL fuel market for the public is now non-existent since the dollarization of the fuel market by RBZ through the Direct Fuel Import (DFI) scheme in the second half of 2019 (2HY19).





On the 5th of July 2023, ZERA reviewed fuel prices per liter upwards to US\$1.57 (petrol) and US\$1.58 (diesel). The regulator attributed this price increase to the blended price inflation rates which have been increasing in both foreign and local currency. In year-to-date terms (YTD), petrol price is up 0.6% per liter while that of diesel is down 2.5% per liter. In annual terms, petrol price is down 11.3% per liter from a peak of US\$1.77 in June 2022 while that of diesel is down 16% from a peak of US\$1.88 in June 2022. Despite Saudi Arabia’s recent decision to slash its output, and a pledge by other OPEC+ members to extend a policy of supply restraint into next year, global oil prices are expected to fall in 2HY23 largely due to weak demand in China and a glut of supply from sanctioned countries, including Russia. The disappointing economic data from China has dampened the global demand outlook. Also, weaknesses in China’s property market would put a multi-year growth drag on the world’s second-largest economy.

### 3. Articles for Further Reading

#### 3.1 Has The National Development Strategy (NDS1) Failed?

In 2020 the government introduced the NDS1 which was to run from 2020–2025 setting a foundation for the NDS2 which was to propel Zimbabwe into an upper-middle income economy by 2030. The NDS1 was a success of the Transitional Stabilisation Policy (TSP) which successfully failed to stabilize the country from all facets of governance such as social, economic, and political. This is despite praises and claims without proof by the government that the TSP is a success. A factor that makes citizens and policy analysts wonder if the government had its own evaluation benchmarks different from the ones prescribed in the TSP document. The same is already happening with respect to the NDS1, the government has already started claiming policy success without satisfying all the demands specified in the policy document Key Results Areas (KRS).

It is now three years since the government started implementing the NDSI which is expected to end in two years yet not even half of the targets set have been achieved. The NDSI has fourteen priority areas namely: Economic Growth and Stability of National Development, Food, and Nutrition Security, Moving the Economy up the Value Chain, Transport, Infrastructure and Utilities, Digital Economy, Housing Delivery, Human Capital Development and Innovation, Health and Well-being, Image Building, Engagement and Re-engagement, Devolution and Decentralization, Youth, Sport and Culture, Social Protection, Environmental Protection, Climate Resilience, and Natural Resource Management and Governance. To understand government implementation progress, it is critical to give a glimpse of each key priority area performance as presented hereunder:

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- **Economic Growth and Stability of National Development:** Economic growth and stability remain a fairytale as inflation, exchange rates, and currency distortion continue to worsen. Although the government claims that Zimbabwe's economy has registered growth and stabilized. This is not a true reflection of what is on the ground. Conflicting and confusing economic interventions from the authorities have undermined market confidence and stimulated public panic. For more information on Zimbabwe's economic performance read our [May Monthly Economic Review](#).
- **Food and Nutrition Security:** Zimbabwe's ambition to attain food sovereignty remains wanting with the government failing to stimulate policies to create an optimum environment for food and nutrition security. The number of those in need of food assistance is clear testimony to the food and nutrition insecurity in Zimbabwe. According to the [Zimbabwe Vulnerability Assessment Committee \(ZimVAC\), 2022 Rural Livelihoods Assessment Report](#) about 3.8 million rural households which translates to approximately 38% are food insecure a number that is greatly disputable if one is to considered that more than half of the entire country is in extreme poverty.<sup>2</sup>

2. 7.9 million Zimbabweans are in extreme poverty.

- For the [World Food Programme Zimbabwe](#), 42% of the country's population lives in extreme poverty and 1.5 million urban population is food insecure in 2023. Approximately 4.8 million children are suffering from Severe Acute Malnutrition. For more information read our [2022 April Policy Digest](#).
- **Moving the Economy up the Value Chain:** On this cluster, the government has successfully failed to move the economy up the value chain. This is because monopoly and monopsony are proliferating in Zimbabwe. Small-scale farmers and artisanal miners are being relegated in the value chain. For more information read our [January 2023 Policy Digest](#), [March 2023 Policy Digest](#), [April 2023 Policy Digest](#), and [May 2023 Policy Digest](#).
- **Transport, Infrastructure, and Utilities:** One cluster that is over-celebrated with little to show. Notwithstanding renovations witnessed on the Harare–Beitbridge Road, Mbudzi interchange, Robert Mugabe International Airport, and a few dams. Public transport remains wanting, the Emergency Road Rehabilitation Programs in local authorities have proven to be insufficient to comprehensively refurbish roads, hospitals, and social amenities are in shambles. Importantly, on the digital infrastructure front, Zimbabwe is lagging with weak and poor networks struggling to even sustain 4G at a time when the race to 6G has already begun.
- **Digital Economy:** The attainment of a digital economy has proven to be problematic. The government remains skeptical about introducing digital currency. This is understandable considering how it is failing to stabilize the economy.
- **Housing Delivery:** On this cluster, the government has successfully failed. The national housing backlog stands at two million, Bulawayo City Council's waiting list is at 130 000 while Harare City Council is between 180 000–200 000. For more information read our [October 2022 Policy Digest](#)
- **Human Capital Development and Innovation:** It remains wanting as the government is failing to create a conducive environment for its attainability. Skills flight and brain drain have become the order of the day. The youth are now engaged in drugs and excluded from key decision-making positions, and school dropouts have increased. For more information read the [2022 April Policy Digest](#).
- **Health and Well-being:** National health and citizens' well-being remain problematic as public hospitals are ramshackle. Drugs, ambulances, cancer machines, and other critical health infrastructure are some of the variables that need immediate intervention. Primary health care across the country although strategic is incapacitated.
- **Image Building, Engagement, and Re-engagement:** Zimbabwe is failing to meet all the targets set under this cluster. Variables such as Good Country Index, Country Brand Ranking, Global Travel and Tourism, Competitiveness Ranking, and Global Happiness Index were used. However, none of these set targets were met. Political violence and intimidation were also cited by the Commonwealth as a major stumbling block against Zimbabwe's re-engagement.

- **Devolution and Decentralization:** The government is not sincere in attaining devolution and decentralization.
- **Youth, Sport, and Culture:** The youth have been relegated in key economic decision making, approximately 80% are unemployed 57% are victims of drug abuse, 34% of girls are forced into child marriage, child labor, and school dropouts are some of the issues affecting the youth. For more information read out [PRESS STATEMENT](#).
- **Social Protection:** On the sporting front, Zimbabwe Football was banned from international matches due to substandard stadiums although the ban was lifted recently. Social protection is in the doldrums with the government failing adequately fund social protection systems.
- **Environmental Protection Climate Resilience and Natural Resource Management:** A lot still needs to be done, mining host communities as they have become havens of environmental degradation and deforestation. The Department of Climate Change and Civil Protection is not adequately equipped to handle or facilitate climate resilience. Natural resources such as minerals are being smuggled out of the country at an alarming level.
- **Governance:** The governance pillar is in jeopardy as every principle of good governance has been violated. Transparency, accountability, responsibility, democracy, separation of powers, prudent public finance management and effective public procurement are all wanting. The implication of those connected to the highest echelons of power in gold smuggling as presented in the Aljazeera Gold Mafia documentary cast a negative spell on the state of governance in Zimbabwe.

All in all, the ecstasy and expectations associated with the NDS1 as an ambitious blueprint are deflated by the unavailability of granular and disaggregated data consistent with the NDS1 Key Result Areas (KRAs) indicators and measures. The Zimbabwe National Statistical Agency (ZIMSTAT) is yet to start producing statistics linked to the aspirations of the NDS1. However, this does not restrict citizens from noting that the NDS1 has already derailed although there are some patchy progresses. Such patchy progress is due to policy inertia, a collective term for the combined effects of inadequate political leadership and governance to enact policies to respond to social and economic dynamics that undermine the NDS1.

### **3.2 The Crucial Role of an Inclusive and User-Friendly Voter's Roll**

The foundation of any robust and thriving democracy lies in the inclusion and active participation of its citizens in the electoral process. One of the essential components of this process is the provision of a comprehensive and user-friendly voter's roll. Elections have been slated for 23 August 2023 and up until yesterday, 10 July 2023, the voter's roll had not been made available by the Zimbabwe Electoral Commission (ZEC).

This came after some civil society organizations such as Project Vote 263 and the main opposition Citizens Coalition for Change (CCC) had been pressing for the release of the voter's roll and took legal action against ZEC. Section 21 of the Electoral Act states that voters' rolls are public documents and are open to inspection by the public. It proceeds to state that persons inspecting rolls are entitled to make written notes of anything contained in them.

**Importance of a Voter's Roll:** A voter's roll is a fundamental tool that ensures the integrity and fairness of an electoral system. It serves as the authoritative register of eligible voters, allowing individuals to exercise their democratic right to vote. A comprehensive and well-maintained voter's roll contributes to transparency, prevents fraud and manipulation, and fosters public trust in the electoral process. By providing accurate and up-to-date information about voters, it enables electoral authorities to plan and administer elections effectively.

**Inclusivity and Accessibility:** A crucial aspect of a voter's roll is its accessibility to all citizens. The electoral system must guarantee equal participation and representation for all eligible voters, irrespective of their gender, age, socio-economic status, or geographical location. By ensuring the inclusion of marginalized communities, a comprehensive voter's roll helps foster social cohesion, mitigate the risk of voter suppression, and promote democratic values.

**User-Friendly Design:** To encourage broad participation, a voter's roll must be designed with user-friendliness in mind. This implies that the information contained within should be easy to understand and access, enabling voters to locate their details quickly. A well-structured and intuitive interface, both online and offline, can enhance the usability of the voter's roll, particularly for citizens with limited digital literacy. Additionally, clear guidelines and support mechanisms should be in place to assist individuals who encounter difficulties while navigating the system.

Zimbabwe's electoral history provides a compelling case of the importance of a transparent and user-friendly voter's roll. In the past, the country has faced challenges related to voter registration and manipulation of the electoral process. The lack of a comprehensive and inclusive voter's roll has previously led to allegations of voter disenfranchisement and electoral irregularities, undermining public trust and compromising the legitimacy of election outcomes. The provision of a comprehensive, user-friendly, and inclusive voter's roll is a vital component of a thriving democracy. Zimbabwe's experiences with its electoral system highlight the significance of ensuring transparent, accessible, and well-maintained voter registration mechanisms. By embracing these principles, Zimbabwe can strengthen its democratic process, empower citizens, and reinforce the foundations of a just and representative society.



### **3.3 Community Participation Key as Zimbabwe Focuses on Lithium Mining: A Case of Chisambiro Village, Mutoko District.**

On the 27th of June 2023, the Zimbabwe Coalition on Debt and Development (ZIMCODD), the Zimbabwe Environmental Law Association (ZELA), and the Zimbabwe Council of Churches convened a Ward Alternative Mining Indaba (WAMI) in Ward 18, Mutoko. The Indabas provide a platform for the community to explore and interrogate dynamics surrounding the exploitation of natural resources within their local communities. It is also a space for locals to express their voices and influence policies and practices for equitable and sustainable use of local resources.

Chisambiro village which is located northeast of Mutoko Center remains a great example of communities that have not benefited from extraction of natural resources taking place in the area as there is no development to show. The village boast of vast deposits of lithium ore, a resource that has since been in high demand as Zimbabwe and the world over braces for a just energy transition. The women and youth in Chisambiro still lack job opportunities despite being surrounded by lithium mining companies. The state of the roads remains a cause for concern. Amongst the Mining companies in the area includes Pulserate Investments and Barrington Mining Company.

During the indaba, it was revealed that Pulserate Investment, which is a lithium mining company recently acquired 84 Blocks and has been exploring potential lithium deposits since 2022 with its Chinese partner. However, what is most worrying about this is that in the intervening period, the companies have not advanced past this initial stage in their operations while in the process failing to honor agreements that they had struck with the local communities and residents around their areas of exploration. Landowners in the community have thus not been compensated despite promises made to that effect.

Of grave concern was the environmental degradation that has come as a result of the exploration taking place in the area. As they advance in their search for fresh lithium deposits, the process has left open pits that are an eyesore and pose hazards to both humans and livestock. Furthermore, some of the claims have led to the displacement of people, who have not been adequately relocated or compensated for their discomfort.

Furthermore, it was also revealed that while mining companies continue their work in Mutoko, they were still not remitting taxes to the Rural District Council, in direct contravention of the country's laws. As part of Corporate Social Responsibility, the companies had promised that they would also construct clinics to improve the provision of health services in the area, but thus far this had also not been followed.

## Recommendations

- During the Indaba, it was evident that there is still a knowledge gap when it comes to lithium mining, with many grey areas that need to be brought into the light for the betterment of local communities.
- There is a need to develop a Corporate Social Responsibility Plan.
- There is a need to strengthen opportunities for women in a sector where gender inequality still reigns supreme.
- There should be policies put in place to protect farmers from the excesses of powerful mining companies.
- Mining companies were urged to pay their dues to the council while there was an acknowledgment of the need to amend the Mining Act to cater to community needs.

### 3.4 Domestic Resource Mobilization and Mineral Resource Governance

Mineral resource governance is very key in ensuring that residents gain as much as possible from natural resources. Africa's natural resources offer a special chance to promote both economic and human development. Africa, however, is plagued by the paradox of plenty, which states that despite having an abundance of natural resources, the continent has not seen the same levels of affluence widespread development, or resource-based industrialization. This is evidenced by the marginalization of communities where mining activities occur due to poor governance framework.

The role of mineral resources in national economies is revenue generation through local or international revenues to generate significant income for nations to finance public services like healthcare, education, and road infrastructure as well as promoting local economic growth in the communities where mining is taking place. Furthermore, the mining and exploitation of mineral resources frequently demand a huge workforce, which opens employment prospects for both skilled and unskilled employees. This promotes the expansion of regional economies and lowers unemployment rates.

Before the agricultural sector's collapse, Zimbabwe was an agro-based economy. Currently, whether directly or indirectly, mining is the primary source of income for most Zimbabwean communities. Mining contributes 70% of Zimbabwe's forex earnings. It is crucial to think strategically about how to strike a balance that will satisfy the needs of the government, mining companies, and local populations, particularly artisanal and small-scale miners (ASM). The discovery of several minerals in Zimbabwe since the beginning of land reform in 2000 has created several issues for the communities where mining takes place.

Residents in Penhalonga and Chiadzwa are only left with degraded land and environment, and roads have been destroyed by underground mining activities, as mining activities are primarily controlled by politically exposed people from other provinces and international companies.

Since the Odzi River in Penhalonga has been polluted by mercury, which significantly impacts women's maternal health, ZINWA has stopped pumping water from it. This is evidence to illustrate that no one is concerned about the lives of ordinary people in these mining communities.

To put its citizens at the center of development, the government of Zimbabwe has given mining titles to Chief Marange in the Chiadzwa region, Chief Rusike's Goromonzi Mining Trust, Chief Chinamora and Chief Chikwaka in Mashonaland East, the Chinamora Mining Syndicate, the Chiwara Mining Syndicate, the Bere SP Mining Syndicate, and the Chief Marange and Chief Budiro Mining Syndicates. Considering that it is not a political gimmick given that it is election season, this is a measure that will help communities.

This is in accordance with section 264 of the constitution which grants provincial councils authority over devolved matters. This will give traditional leaders control over their resources, allowing them to build their communities and reap legal, sustainable advantages from natural resources. This needs to represent a turning point for the mining industry because it must be ensured that communities can manage their mining operations successfully and sustainably. This requires several factors, including good governance, regulatory frameworks, capacity building, accountability issues being addressed, and the provision of support and infrastructure. Considering this, the following benefits associated with allowing communities mining rights should be noted:

- **Empowerment and local development:** Giving local communities the freedom to mine independently gives them greater economic and social influence. They could participate part in mining activities directly and profit from the earnings made by doing so. This could result in more local development, higher living standards, and poverty reduction.
- **Inclusive Growth:** By involving the local population in mining, it is possible to ensure that the advantages of mineral resources are distributed more fairly. By spreading the economic gains throughout a larger segment of the population, it encourages inclusive growth by reducing the concentration of wealth in the hands of a small number of people or businesses.

- **Environmental Stewardship:** Local communities owning mining rights have a stake in using environmentally friendly mining techniques. They are more inclined to put environmental preservation first and use ethical mining practices. This may result in less environmental deterioration, ecosystem preservation, and encouraging sustainable development.
- **Cultural Preservation:** Mining activities often have cultural implications for local communities. Granting mining rights allows communities to preserve their cultural heritage, indigenous knowledge, and traditional practices associated with mining. It helps maintain their identity and strengthens their connection to the land.
- **Social Stability and Conflict Prevention:** Involving communities in mining helps to promote social stability and lowers the likelihood of conflicts. Communities are less likely to get into arguments about who owns the property, who has access to resources, or who gets the money when they have a share in the mining business. This might lead to a society that is more tranquil and harmonious.

### **3.5 The Dire Impacts of Climate Change on Humans**

Climate change is a natural phenomenon that has occurred over millennia, leading to climates like those of global glaciation. However, human activities since the beginning of the Industrial Revolution have had a growing influence on the pace and extent of present-day climate change. Human activities such as the burning of fossil fuels, deforestation, mining, and waste disposal just to mention a few have led to global warming which intern caused present-day climate change. One can't talk about present-day climate change without mentioning the role played by the Global North in its being as they owe their wealth to the industrial revolution.

According to Jason Hickel, the Global North is responsible for 92% of excess emissions. This article is going to discuss how the causes of present-day climate change have led to the crossing of five of the nine planetary boundaries which have been identified by scientists, although the main focus will be on the climate change boundary. The article is also going to showcase how our planet is our responsibility and stress the need for the world to focus on not crossing the other four planetary boundaries.

Planetary boundaries are thresholds within which humanity can survive, develop and thrive for generations to come. The consequences of crossing planetary boundaries are dire not only for the survival of humans but also for the survival of any species on the planet. The Global North's excess emissions had led to the crossing of the first planetary boundary which is climate change. The crossing of the climate change boundary has had a grave impact on Africa as Africa is being hit the hardest by extreme weather conditions.

Climate change has caused drought in Africa which undermines human health and safety, food and water security. Countries in the Horn of Africa and sub-Saharan Africa are the ones that are mostly affected by drought. For instance, Somalia according to a commentary by Vanda Felbab-Brown has almost half of its 17.1 million population facing acute food insecurity, with 300 000 expected to experience famine this spring. The commentary also states that more than half a million Somali children suffer severe malnutrition. According to World Food Programme (WFP), more than 23 million people across parts of Ethiopia, Kenya, and Somalia face severe hunger. In addition, 13 countries in Africa are facing water scarcity and most of these are situated in the Horn of Africa. According to a report by UNICEF, protracted drought has led to a water crisis, with more than 8.5 million people, including 4.2 million children, facing dire water shortages across the region.

Apart from extreme or hot temperatures African countries have also been facing heavy floods which have damaged infrastructure, killed people and livestock, destroyed vegetation, and eroded soils. In 2023 alone more than 20 floods have occurred in Africa and in sub-Saharan Africa the deadliest to occur this year is cyclone Freddy which killed about 180 people in Malawi alone. According to a report by Save the Children, flash floods have occurred in Ethiopia and Somalia, and as a result, more than 30,000 families were forced to move from their homes, 10,000 livestock and 21,000 hectares of crops were wiped out across both countries and 50 people were killed. This shows how the effects of climate change are fatal for Africa's development as most African economies are mainly anchored on agro-pastoralism and are incapacitated in terms of repairing the damages caused by climate change.

Apart from Africa, the effects of climate change are also felt in all other continents as glaciers are melting. In Europe the Greenland ice sheet, Arctic Sea ice, and many glaciers are melting, snow cover has decreased and most permafrost soils have warmed. These global effects of climate change continue to be a posing threat to biosphere integrity (biodiversity loss and extinctions) planetary boundary. It is believed that the biosphere integrity boundary has been as the rate of extinction of species has increased due to human activities.

In addition, other planetary boundaries have also been crossed and these are land-system change (related to forests), biochemical flows (previously termed nitrogen/phosphorus cycles), and Novel entities' planetary boundary which is related to chemical pollution. In all this, one cannot help but wonder to what extent the causes of climate change and climate change itself contribute to the crossing of the other four planetary boundaries, and can the extinction of species be attributed to industrialization?



Based on the above discussion one can conclude that our world as we know it is drastically changing for the worst due to human activities and billions of people in developing and less developed countries are suffering due to the role played by the Global North in present-day climate change. This brings about the question: Is the US\$100 billion promised to be paid every year from 2020-2025 to climate finance by countries of the Global North enough to compensate for the deaths, displacements, loss of infrastructure, and economic decline caused by climate change in these countries and can the failure to deliver by these countries be considered a crime against humanity?

### **3.6 The Social and Economic Injustice Face Behind Loadshedding**

In 2019, different parts of the country awoke to a daily eighteen-hour load-shedding timetable. In 2022, though this time it didn't last as long as it did in 2019, citizens of Zimbabwe awoke to the same reality sometimes the power cuts lasting more than 20 hours on end. The reasons for these blackouts ranged from depleted water levels to corruption to incompetency. Whatever reason one might believe, one thing is clear that the poor and middle class suffer the most during times of extreme power cuts.

Electricity load-shedding which is defined as the deliberate shutdown of electric power in a part or parts of a power-distribution system, generally to prevent the failure of the entire system when the demand strains the capacity of the system has been experienced in Zimbabwe since 2006. When load-shedding initially began, officials from ZESA said it would only last a week but now almost twenty years later as it has become a way of life. Growing up particularly in the high-density suburbs of Zimbabwe in Mpopoma, Bulawayo meant that households would spend at least three nights every week without electricity, doing homework using candlelight and spending hours raving through small bushes and parks for firewood.

Often, this meant that young girls would go unsupervised into these thorny bushes leaving them vulnerable to attacks from snakes and the ever-present sexual assault. This is a reality that a lot of young girls from poor backgrounds must contend with whenever there are prolonged power cuts as they are unable to afford other sources of energy like gas, paraffin, or solar energy. In fact, this is an African reality as there have been similar cases reported in Nigeria, South Sudan, and the Democratic Republic of Congo. For most women hailing from poor backgrounds, it is either they face whatever danger might be lurking in isolated bushes and parks or they starve.

Zimbabweans have over the years shown more ingenuity in confronting the daily harsh economic conditions characterized by hyperinflation and the ever-rising cost of living. This has led many to the informal sector with it being no secret that the majority of the employed population (88%) is found in that sector.

These small, micro, and medium enterprises (SMMEs) have had to turn their backyards into small industries, salons, restaurants, and shops. This group of people depends on electricity to store their products, to ready their goods for sale such as those in welding, and to make financial transactions. All of which has been largely disrupted by load-shedding making experts approximate this loss to be in the millions of dollars.

A study in 2015 conducted in Chinhoyi Urban showed that 15% of the surveyed population had reported losing production time for their backyard industries and subsequently losing money. This was almost eight years ago before the informal sector had boomed as much as it has now and with way fewer people depending on it. This was also before the country had known 18-hour load-shedding schedules and now one can only imagine the true impact load-shedding has on the informal sector has doubled or tripled since then. If businesses like Econet Wireless and Chicken Inn reported that they were being affected by the massive power cuts, how many SMMEs suffered as a result, and how many closed? But these are not just businesses, they are the main source of livelihood for the majority of the people in this sector, most of which are women. Consequently, one can conclude that the face of poverty is indeed affecting African women as they continue to bear the brunt of deepening inequalities.

Fibre, or the internet is also affected by long power cuts like the ones we experience in Zimbabwe. This is because cellular towers that allow for electronic communication and equipment antennae to be mounted on them, ultimately allowing for network coverage and for people to use radio are also reliant on power. When power cuts occur, the cellular towers are then powered by backup batteries or a generator that enables connectivity to continue. Over long periods, the power from the battery depletes and they would need to be recharged after about four hours. If this is not done in time, network connectivity is largely affected and becomes slow.

Long back, school children didn't have or need online lessons or education. But with the demands of the new curriculum that introduced the Continuous Assessment Learning Activity (CALA) and the growth of online platforms, online learning has become an option utilized by many learning institutions. The growth of the online platform has meant that some courses or programs can be solely done through online teaching, and for the poor and middle class who often have to work and study at the same time to afford either fees or living expenses, this is a welcome alternative to traditional educational institutions. Power cuts affect the rights of the poor and middle class to acquire an education as they interrupt their rights to access this education or the research that makes it possible for them to do the same.

What is also clear in Zimbabwe is that not everyone is affected by power cuts. The wealthy can afford different sources of energy including renewable gas, diesel-powered generators, and the favorite solar panels. This group of Zimbabweans own most of the properties they live on hence they have the option to stay off the grid permanently by installing their homes and offices on solar. They can afford to. As for the poor and middle-class, prolonged power cuts mean more money spent trying to get more sources of energy, which means more food lost as it rots in their fridges and therefore more expenses for them. It also means the malfunction and destruction of electric appliances like stoves and television sets. They are forced to spend money they do not have and therefore perpetuate the cycle of poverty.

A 2019 African Development Bank (AfDB) [report](#) said electricity shortages in Zimbabwe remained one of the major structural constraints facing the mining sector, despite its potential to change the country's economic fortunes. Load shedding affects the ability of a country to develop itself economically as it affects industries such as mining and agriculture which for a country like Zimbabwe, is too much of a loss. While load-shedding affects everyone, because of the nature of our society where domestic chores are mostly reserved for women and girls, it disproportionately affects them.

Women and girls must make their way into dangerous forests, they have to spend longer time cooking and taking valuable time when they could be developing themselves through education. This also limits the amount of time they can be in decision-making bodies. Loadshedding, therefore, perpetuates existing class and gender inequalities and if Zimbabwe is serious about the constitutionally guaranteed right to equality, the country leaders need to realize that electricity is a right too!