



WEEKLY REVIEW

4 October 2022

Weekly Dashboard



Forex Auction Weighted Rate

Week	23.09.2022	30.09.2022
Per USD1	ZWL 614.2677	ZWL 621.8929



Consumer Price Index

Month	August	September
	12 286.26	12.713.12



Inflation

Month	August	September
M.O.M.	12.4%	3.5%
Y.O.Y.	285.0%	280.4%



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1. The Plight of Motorist in Harare Central Business District

Harare motorists have for a long time been lodging complaints against some of Harare City Council (HCC) parking authorities who are now operating as misguided missiles defrauding both motorists and the HCC. According to one motorist, "Every time I park my vehicle in town I am told that I owe HCC parking fees despite having been paying all my fees every time I park. This has not happened once but almost every time, I am not the only one lodging the complaint but almost everyone. Radio programs have been done to this effect but to no avail". The submission of the motorist was discovered to be watertight after ZIMCODD carried out a rapid survey response from Friday the 30th of September to the 1st of October. The rapid survey response discovered that majority of the complaints are lodged either Friday or Saturday. It is alleged that the majority of motorists do not check their receipts upon paying or they just give the parking officials money and walk away while they finalize the transaction. It is at that time, that the parking official will then put credit on the car rather than a payment. To the motorist, once they see the receipt everything is perfect little to their knowledge they have been defrauded. The money that was supposed to go to the HCC will now be taken by the parking officials as there is no record of the money being cashed into the HCC system.

The interviews with some parking officials have established that "this is not something new, but the degree, scale, and magnitude of the practice has now been amplified by the harsh economic challenges we are encountering coupled with the poor wages we are receiving". For one parking official, "it is rather better for me to put credit on peoples' cars than going home empty-handed, I am a father, I have a family that depends on me and the salaries we are getting are too meagre to cater for basics, not even talking about school fees". It is rather surprising that some parking officials are not denying the allegations but rather find justification to defraud motorists, "mbudzi inodyira payakasungirirwa" (a goat will eat where it's tied) was the popular phrase used by parking officials jokingly. Parking officials who are engaging in this practice are going home with an average of US\$ 30-40 per day. All of this points to the porousness of HCC financial systems and the lack of robust follow-up systems on motorist complaints. HCC is losing a lot of revenue for the much-needed service delivery, at the same time motorists are being made to pay twice for the same service. There is, therefore, a need for an urgent intervention by HCC authorities to stamp out this rot and come up with ways in which parking officials can be monitored strictly. The use of random checks by supervisors will also help in redressing the challenge.

2. Diaspora Bond: Does the government care about the poor's lived realities?

The Minister of Finance and Economic Development (MoFED), Prof. Mthuli Ncube, revealed last week that the government of Zimbabwe is in the process of setting up a diaspora bond to attract increased investment. A Diaspora bond (Db) is a bond issued by a country to its expatriates particularly those in wealthy countries to tap into their accumulated savings.¹ It is considered an alternative to borrowing from international financial institutions (IFIs), bilateral partners, or capital markets. The proposed Db will carry an interest rate of 9% and will be structured such that rather than letting diasporas send money monthly to their relatives back home, the Db interest yield will be used for that purpose. The cash-strapped Zimbabwean government seeks to tap into the diasporas who have fled the country in droves searching for greener pastures due to the severe tightening of the domestic economy and deepening abject poverty. According to the latest Zimbabwe National Statistics Agency's (ZimStat) 2022 census results,² about 85% of 908 913 Zimbabwean emigrants are living in South Africa, 47 928 are in Botswana, 23 166 are in the United Kingdom and the balance scattered across the rest of the world. Independent estimates, however, show that over five (5) million Zimbabweans are living abroad.³

Although Db gives diasporas a chance to contribute to the economic growth and development of their country, it is showing that Zimbabwean authorities are out of touch with lived realities of poor citizens who are being choked by burgeoning public debt. Available official statistics already show public and publicly guaranteed (PPG) debt at US\$16.78 billion as of June 2022 comprised of US\$3.58 billion in domestic debt and US\$13.2 billion in external debt. This PPG debt is unsustainable as evidenced by rising external arrears now standing at US\$6.41 billion (48.6% of external debt stock). To show the gravity of debt unsustainability, a granular analysis of the 2021 national budget shows that Treasury had spent more resources on debt servicing than it had earmarked for social welfare. Ironically, 7.9 million citizens -about half of the total population- were estimated to be wallowing in extreme poverty in 2021 amid chronic inflation and high unemployment.

Now, instead of intensifying domestic resource mobilization to arrest debt distress, the government is forging ahead to pile more debt which disproportionately benefits the few elites who have unlimited access to the corridors of power. Overreliance on borrowing is perpetrating intergenerational inequities and constraining countercyclical effects of fiscal policies. More importantly, unsustainable debt has heightened prevailing interest, tax, and inflation rates thereby affecting the competitiveness of domestic manufacturing firms. As a result, Zimbabwe is now a perennial importer, struggling with high unemployment, particularly among the youth and women, and is experiencing rising income disparities. More so, unsustainable debt has depleted national reserves thus inhibiting national response to unforeseen contingencies like El-Nino-induced droughts and responding to impacts of climate change and climate variability.

1. www.investopedia.com/articles/investing/012815/how-diaspora-bonds-work.asp

2. <https://www.thesouthafrican.com/news/zimbabwe-census-773-246-emigrants-in-south-africa-2022-zimstats-how-many-zimbabweans-in-south-africa-breaking-7-september-diaspora/>

3. <https://startupbiz.co.zw/businesses-targeting-zimbabweans-in-the-diaspora/>

Last but not least, resorting to collateralized borrowing due to limited access to concessionary loans from IFIs is fuelling unsustainable resource extraction in the mining sector leading to environmental degradation, and pollution of air & water sources, as well as causing forced displacements of locals from their ancestral lands without compensation.

Apart from the negative impacts of public debt on the economy and citizens, there is limited data for the Treasury to have a complete mapping of the diasporas given that most of them have fled political polarization and are still being denied their constitutional right to vote. There is also a huge public confidence deficit being depicted through the prevailing toxic political climate, weak institutional capacity, elevated public corruption & impunity, and lack of effective oversight. Furthermore, if one is to undertake an objective evaluation of Zimbabwe's sovereign credit and assign a debt rating, they would find it to be too risky (junk bond) as briefly highlighted below:

- **Institutional Assessment:** Without comprehensive reforms, existing institutions are not able to deliver sound public finances as well as effective and predictable policies. Also, these institutions are not transparent and accountable as they have a high perceived level of corruption. Statistical offices like the Public Debt Management Office are not fully independent.
- **Economic Assessment:** Zimbabwe has a low income per capita and increased informality which generally means a shallow tax base to guarantee loan repayment. The overall economy is too concentrated thus being vulnerable to higher volatility in growth which in turn may adversely affect the government's balance sheet.
- **Fiscal Assessment:** Typically, the government should be fiscally flexible with a declining government debt to GDP ratio and a lower interest expense to total expenditure ratio to show strong creditworthiness. However, the opposite is true for Zimbabwe.
- **Monetary Assessment:** The Reserve Bank of Zimbabwe (RBZ) is not operationally independent as the government influences its monetary policy. As such, the monetary policy is not highly credible as measured by a track record of high and unstable inflation.

From the foregoing discussion, it is the public's view that the government should abolish reliance on borrowing by resorting to increased domestic resource mobilization as the nation is endowed with many mineral resources on global demand. As for already unsustainable debt, it is high time now for authorities to uphold constitutionalism to reduce unending fiscal condonations. There is also a need to undertake an independent debt audit to ascertain exact legitimate debt stock and regularize debt auditing. A clear debt management strategy is needed so that public financing needs and payment obligations are met at the lowest possible cost and consistent with a prudent degree of risk. In addition, authorities should strengthen oversight mechanisms informing debt and PFM processes on loan contraction, uses, and repayments as well as swiftly implement reforms such as institutional, structural, and public sector reforms.

3. Zimbabwe's Continued Water Woes

The observance of human rights, including socio-economic rights, participation rights, and non-discrimination rights, is critical to good water governance. International human rights norms demand that priority be given to water and sanitation for vulnerable groups such as the poor, displaced, disabled, the elderly, women and children within all these groups.⁴ Section 77 of the Constitution provides that every person has the right to safe, clean and potable water. The human right to water and sanitation reflects the growing recognition of the significance of social and economic rights in addressing poor urban and rural women's basic concerns as providers of food and care for young, sick and elderly family members.

The water situation in Zimbabwe continues to worsen. Numerous factors have contributed to the country's water problems, including the economic decline, droughts affecting water sources, the lack of maintenance of the old water infrastructure, the inability to procure the necessary chemicals to treat water sources, political struggles between the central government and opposition-controlled city councils and corruption.⁵ Zimbabwe is plagued by diseases such as bilharzia, cholera, typhoid, and dysentery that are prone in poverty-stricken areas, diseases that have no place in the 21st century.

The water crisis has affected Zimbabwean's rights to water and sanitation as well as other rights interlinked to this, such as the right to life, food and health. While the entire country is largely affected, high-density areas such as Epworth, Kambuzuma, Glenview, and Chitungwiza are gravely affected given the population size and the lack of adequate water sources. These areas are usually the epicentres of waterborne disease outbreaks. Many water sources become congested, some community boreholes charge exorbitant amounts or are politicized and community members resort to sourcing water from unsafe channels. Not only is access to potable water a challenge, but there are no adequate waste and wastewater disposal services, which leads to further contamination of water sources, especially during the rainy season when waste gets washed away into rivers and dams.

The full realization of the right to water has the potential to combat poverty, promote health and food security, and ease the caring and household burdens that hamper African women's enjoyment of a wide range of social and economic rights. The response to water crisis must respond adequately to the concerns and experiences of socially and economically marginalized women in different social, cultural, and economic contexts as they primarily seek water and are the primary end users of water. It is therefore imperative that government undertakes to ensure effective water management systems that result in green, sustainable, and efficient water reclamation to ensure that water remains available to households.

4. <http://www.searawl.ac.zw/downloads/water-is-life.pdf>

5. <https://www.hrw.org/world-report/2022/country-chapters/zimbabwe>

6. <https://www.zambeziara.org/hydrology/lake-levels>

4. Will the 2023 National Budget be a People's Budget?

It is plausible that the Government of Zimbabwe attained third⁶(3rd) position in Africa in the 2021 Open Budget Survey (OBS) conducted by the International Budget Partnership (IBP). The country has significantly improved on the Open Budget Index where it has moved from a score of 12 out of 100 in 2012; 49 out of 100 in 2019 to 57 out of 100 in the 2021 survey. The higher the score, the higher the degree of transparency however, the score is still below 61 out of 100, a benchmark score for the provision of sufficient budgetary information to the public. The country has registered a marked transition towards greater fiscal transparency through publicizing more budget documents, producing a citizen version of the budget, and timely releasing the 2021 and 2022 Budget Strategy Paper for two years in a row in a bid to enable citizens to make informed input in the budget formulation process. On the contrary, the budget strategy paper which sets priorities for the government's expenditure in the forthcoming year and facilitates public, stakeholder, parliamentary consultations and engagements on the policy priorities of 2023 is largely not known by the citizens as it is not well publicized. While on paper the country is registering progress, in practice the budgeting process is still far from being open, transparent, and inclusive. This begs the question of whether the 2023 national budget will be a people's budget or like all the other years, it remains an elitist process, divorced from the people but only meant for politicians and technocrats.

A people's budget puts its people at the centre of development priorities. It is a budget that makes a deliberate effort to reduce poverty and inequalities. Exclusion weakens democracy, the social contract between the governed and those who govern. It aggravates public mistrust in the government and the nation's budget processes. A people's budget is therefore one that citizens own. Budget ownership and credibility are achieved when there is greater participation by affected social groups. As such, spending and revenue generation(budgeting) should be pro-poor. A people's budget takes up views, concerns, and aspirations of the people, it is one that genuinely considers the voice of its people, and ensures that budget consultative meetings are not window-dressing exercises by adopting people's priorities in the final budget. A people's budget is one that gives life to the devolution agenda as defined in section 264 of the 2013 constitution, a budget that devolves economic power, authority, and autonomy to provincial and local councils. It is also a budget that eliminates gender-based inequalities, empowers women, youth, and people with disabilities. Will the 2023 budget formulation process live up to these expectations?

The national budget in Zimbabwe is initiated and managed by the Ministry of Finance and Economic Development in compliance with Section 305 of the Constitution and Section 28(1) read together with Section 7(2)(a) of the Public Finance Management Act (PFMA). The PFMA also mandates the Minister of Finance and Economic Development through the Parliament of Zimbabwe to solicit citizens' input into the budget.

6. <https://www.businessweekly.co.zw/zim-scores-high-on-budget-transparency-rankings-2/>

Section 28 (5) of the Public Finance Management Act provides that; The Minister may, through the appropriate portfolio committee of Parliament, seek the views of Parliament in the preparation and formulation of the national annual budget, for which purpose the appropriate portfolio committee shall conduct public hearings to elicit the opinions of as many stakeholders in the national annual budget as possible. The PFM Act advances Section 13 (2) of the Constitution of Zimbabwe which provides that citizens must be involved in developing plans and programmes that affect them. However, the provision of the PFM Act does not only ensure citizen participation in governance processes but also ensures that the national budget responds to the needs and aspirations of the general populace.

To this end, the Parliament of Zimbabwe has religiously conducted pre-budget consultations throughout the country soliciting citizens' views concerning the upcoming budget however, the uptake of people's recommendations and priorities in the final budget is still an issue of concern for citizens. According to the Zimbabwe Open Budget Survey⁷(2021), 61% of respondents felt that their views are not considered in the preparation of the final budget. For the 2023 national budget, the parliament released a notice for the pre-budget consultative meetings just two weeks before the hearings which are taking place during week 3 to 7 October 2022. However, this is not unique to the 2023 budget process but a tradition meant to keep citizens unaware so that they do not meaningfully participate or not participate at all. While the 2023 pre-budget consultations have been decentralized to 23 venues across the 10 provinces of Zimbabwe, lack of knowledge about the national budget process as a whole and lack of information about the pre-budget consultations by residents in the selected areas will result in poor turnout and poor quality of budget submissions. Does the discussion beg another set of questions: How sincere is the government in soliciting people's views? And did the government conduct mass public awareness and capacity-building processes to enhance budget literacy skills among its people?

While Zimbabwe has a well-coordinated, structured, and legislated national budget consultation process, with established institutions involved in the process, there are still a lot of challenges with respect to making the budget a people's budget through effective citizen participation and engagement. These challenges exist across all the stages of the budget process i.e. pre-budget, budget implementation, and post-budget phases. Citizens are ill-prepared to participate, with little knowledge about what is involved and how they are expected to contribute to the budget formulation process. The Zimbabwe Open Budget Survey (2021) further notes that awareness and access to the Budget strategy paper to prepare the citizens for effective participation during the budget consultation process is limited. While attempts have been made to conduct consultations throughout the country, only a few people can be accommodated at the meetings.

7. <https://zimcodd.org/wp-content/uploads/2021/11/Open-Budget-Survey-2021-5.pdf>

Approximately two consultation meetings are held per province, thereby leaving many citizens without an opportunity to participate based on distance. While the deliberate move to target hard-to-reach and marginalized communities in the 2022 and 2023 national budget consultative meetings is commendable, it shouldn't be a deliberate ploy to make the venues more inaccessible. Venues should remain within the reach of many for them to be inclusive and representative.

Based on the foregoing discussion, Zimbabwe still has a long way to go as far as enhancing citizen participation and national budget ownership is concerned. Towards a people's budget, citizen participation and uptake of people's submissions in the final budget remains critical. To this end, the following is recommended:

- The government should improve on public participation in the budget-making process as this is one of the tenets of democratic governance as enshrined in section 141(b) of the Constitution of Zimbabwe.
- The Ministry of Finance and Economic Development should unpack and popularise the Budget Strategy Paper (BSP) to empower citizens for active engagement with the budget-making process. Produce the BSP in a simplified and palatable manner, if possible in the 16 constitutionally recognized languages.
- This should include building citizens' capacity on the national budget cycle, the national budget time frames as well as the necessary preparations citizens should do to improve the quality of their participation.
- Parliament should publicize and expand its consultations by conducting hearings for the national budget in venues that are more accessible to the public.
- Further decentralize venues for public consultations, increase the time allocated per venue and ensure accessibility by different social groupings such as the women, youth, the elderly, and people with disabilities.
- The Ministry of Finance should adopt the people's views and inputs from the pre-budget submissions into the final budget.

5. Quality maternal health care remains a pipeline dream

The significance of quality maternal healthcare in Zimbabwe cannot be overemphasized. Despite renewed concern over maternal healthcare in Zimbabwe, evidence indicates that the sector remains inundated with challenges. According to the Multiple Indicator Cluster Survey (2019), Zimbabwe has a maternal mortality ratio of 462 deaths per 100,000 live births, and a neonatal mortality rate of 32 deaths per 1000 live births. These statistics are worrying and indicate that Zimbabwe is unlikely to meet the Sustainable Development Goals (SDG) (2015) target of reducing maternal mortality. While maternal healthcare challenges are attributed to several challenges, chronic underfunding remains the leading factor (Amnesty International, 2021).

The national budget is the main instrument through which the government makes a touchable commitment toward advancing gender equality and the realization of women's rights that it had made at international, regional, and domestic levels for example the Beijing Platform for Action, SADC Protocol on Gender and Development and the Gender National Policy respectively. However, over the last few years, budget funds earmarked for maternal healthcare in Zimbabwe have remained tightly limited notwithstanding the sustained challenges within the sector which have been exacerbated by the advent of the COVID-19 pandemic.

A trend analysis of the national budget for healthcare over the years indicates that the government has constantly failed to allocate at least 15% of the total budget to the healthcare sector as per the Abuja declaration minimum threshold. Government inadequate spending on the sector means that the costs of healthcare are disproportionately borne by women who constitute the majority of the working poor. Pregnant women and girls are at risk of life-changing childbirth-related injuries including obstetric fistula as many shun away from public hospitals in favour of home-based deliveries due to inadequate infrastructure as evidenced by the emergency of midwives in high-density suburbs. They also shun away from delivering in hospitals due to high hospital-related costs (Amnesty International,2021). Local authority clinics have continued to charge fees, citing chronic funding shortfalls from the national budgets. For example, the Harare City Council on June 20 was reported to have raised maternal health fees to US\$22.00 and consultation fees to US\$9.20).

Zimbabwe has one of the highest maternal mortality rates in the world and pregnant women have to gamble with their lives by opting for home births due to incapacitated public institutions. Evidence from a Briefing Paper on Gender Responsive Public Service Delivery in Zimbabwe by ZIMCODD indicates that gender-responsive health care is still a pipeline dream, particularly in rural and peri-urban areas. It was rated 43% in Gokwe, 40% in Chipinge,37% in Goromonzi, 30% in Binga, and 33% in Matobo. In a recent but sad development, Zimbabwe Peace Project reported that a woman gave birth to her baby in a toilet after she was neglected by healthcare workers at Glenview polyclinic. The woman was dismissed from the maternity ward by a nurse because she was giving birth for the 5th time. This reveals the degree to which giving birth has become a burden in the country. Against such a crisis, there is a need for government to ensure that there is adequate funding for maternal healthcare and establish primary healthcare services that are gender sensitive with functional maternal healthcare systems.