



## THE WEEKEND READER

"Your Weekly Read on Debt, Development & Socio-Economic Justice"

### REFLECTIONS ON THE 2023 BUDGET PRESENTATION & STATE OF THE NATION ADDRESS

The year 2022 has been characterized mainly by runaway inflation, deepening poverty, inequalities widening between the rich and the poor; public debt soaring and the climate change crisis all felt especially by the poor in Zimbabwe. As a result, expectations from the Minister of Finance, Prof Mthuli Ncube's 2023 budget presentation and President Emmerson Mnangagwa's State of the Nation Address (SONA) were directed towards measures that ease the suffering of the poor mass. Such measures include tax relief, fiscal policy discipline controls, increased social protection systems amongst others. After the fact, we note the positives in both addresses but it seems that both fail to adequately satisfy the expectations of the poor, raising concerns for the coming year.

#### A Preview of the 2023 National Budget

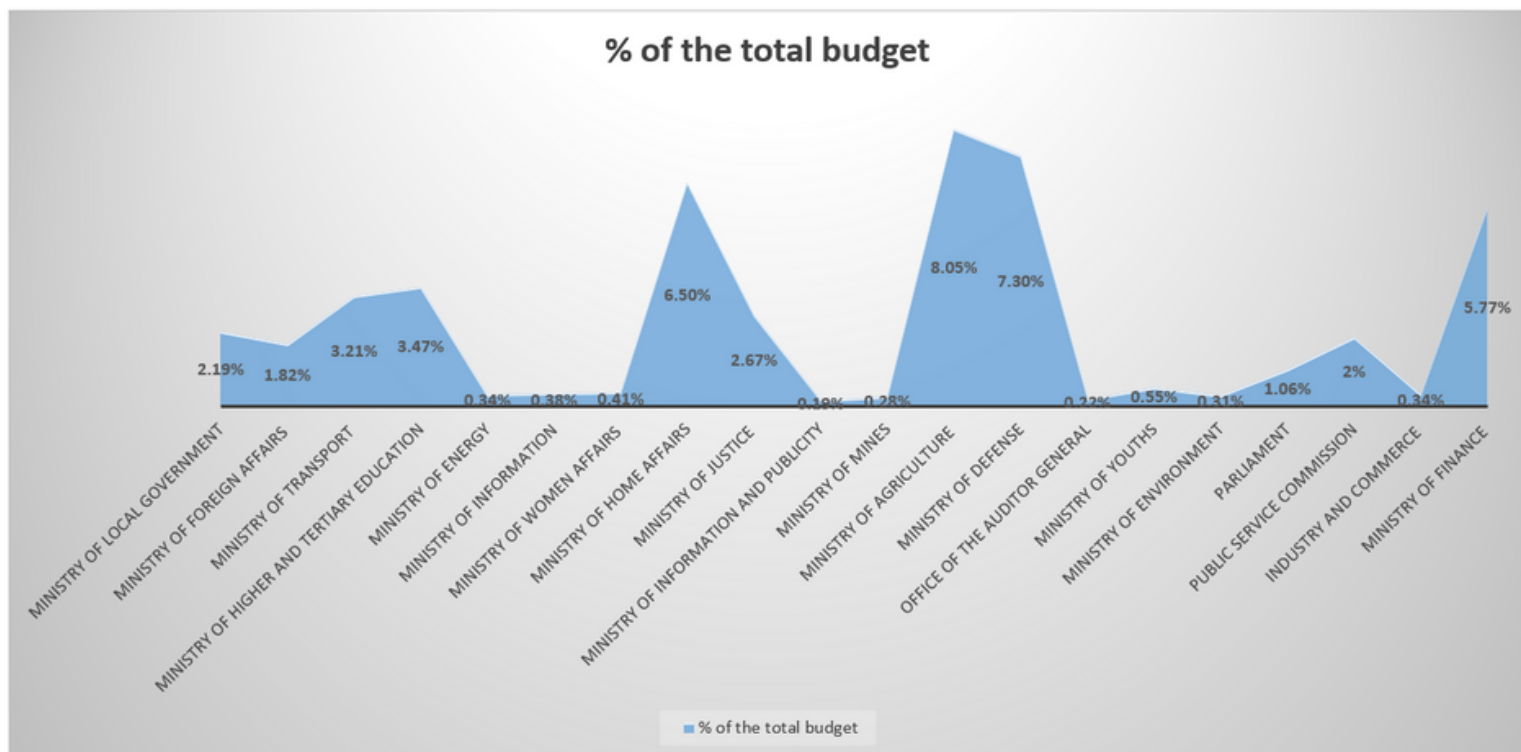
On the 24th of November 2022, the Minister of Finance and Economic Development Mthuli Ncube announced the 2023 National budget. The 2023 National Budget has a total expenditure of ZWL 4.5 trillion which is US\$ 5.6 billion using the parallel market rate of US\$ 1: ZWL 800 and US\$ 6.9 billion using the official ruling exchange rate of US\$ 1: ZWL 646. This was against a national anticipation of a US\$ 9 billion national budget if Zimbabwe is to attain an upper middle class economy by 2030. An evaluation of the 2023 National Budget shows deep public policy politics and how wholesome populist policies have undermined optimum resource distribution according to national challenges.

As the government's` tradition, the security sector has been given a huge allocation despite the fact that Zimbabwe is experiencing both negative and positive peace. It is rather worrying that the number of war veterans continues to increase from 34 000 in 1997 to 142 000 in 2022. Despite such increase, what boggles the mind of the citizens is that 142 000 war veterans have been given ZWL 46 000 000 000 (US\$ 57.5 million) which is 1% of the total budget while social protection has been given ZWL 50 400 000 000 (US\$ 63 million) which is 1.12% of the total budget. This is despite fact that Zimbabwe`s social protection is in a dire situation with 3.8 million rural people facing food starvation and 1.6 million urban starvations, 4.6 million children living with Severe Acute Malnutrition and 4.8 million children in need of Basic Education Module Assistance (BEAM). Therefore, if one is to take into account these allocations, it is justifiable to argue the budget is anti-poor, is not inclusive and it disregards the plight of the marginalized and vulnerable citizens.

## Of Key Concern

**Public Debt:** Minister Ncube declared a Public and Publicly Guaranteed (PPG) debt estimated at ZWL\$2.2 trillion for domestic debt and US\$14 billion for external debt as at end September 2022. While this figure may be contested, what is concerning is the absence of resolution on how to reduce borrowing and rationalize the existing burden. It is currently unknown where this money went and a debt audit remains the necessary step.

A glimpse of the 2023 National Budget Allocations is presented hereunder:



Source: Compiled by ZIMCODD from The 2023 National Budget Statement

### Independent Commissions % Allocation

<b>Judicial Service Commission</b>	<b>0.84%</b>
<b>Human Rights Commission</b>	<b>0.10%</b>
<b>Zimbabwe Anti-Corruption Commission</b>	<b>0.14%</b>
<b>Zimbabwe Electoral Commission</b>	<b>2.26%</b>
<b>Gender Commission</b>	<b>0.07%</b>
<b>Land Commission</b>	<b>0.23%</b>
<b>Media Commission</b>	<b>0.05%</b>
<b>National Prosecuting Authority</b>	<b>0.25%</b>
<b>National Peace and Reconciliation</b>	<b>0.06%</b>
<b>Council of Chiefs</b>	<b>0.09%</b>

Source: Compiled by ZIMCODD from The 2023 National Budget

A comprehensive analysis of the 2023 National Budget from a social and economic justice perspective will be released on 29 November 2022. Follow us on: [www.zimcodd.org](http://www.zimcodd.org) for updates.

## **The State of the Nation Address**

Many expected recourse from the SONA indicating how the hardening economic conditions, inequality and poverty would be addressed. We acknowledge the efforts of the Government first and foremost in the delivery of the New Parliament building which in itself is an indicator of the commitment to realization of meaningful infrastructure development. Furthermore, strides made in Health, International Re-engagement, Service provision, Education amongst other sectors have improved indicators but however, we note the gaps below which have a bearing on ensuring wider gains in socioeconomic development and justice for all citizens.

### **Health**

The presidency committed (in 2018) to creating an affordable Health care system and constructing 78 new hospitals. This indicator has not been achieved and more so, access to health care is becoming more expensive while user fees are now being pegged in USD & incomes remain in the local ZWL which increasingly loses value to the greenback. This has left the poor exposed and unable to access healthcare.

### **Infrastructure Development**

Acknowledging projects delivered and ongoing (e.g. the Robert Gabriel Mugabe Airport renovation, Beitbridge Border Post & Harare- Masvingo road), the national road network is still poor especially in rural areas with some sections going unrepaired for over 25 years. As a result, lives are still being lost in road traffic accidents especially in the rainy season. Further, infrastructure goes beyond the prioritized roads as construction of schools, hospitals etc. lags behind.

### **State Owned Enterprises (SOE)**

President Mnangagwa stated the importance of SOE's to economic development which is true. However, SOE's remain conduits of corruption and impunity as they continue to impose losses on the fiscus. There is need for rationalization of SOE's and political will to prosecute the elite in key offices that are benefitting from graft at the expense of the nation.

### **E-Governance**

Through the Electronic Transactions and Electronic Commerce Bill, Government seeks to establish a legal framework that facilitates fair, accessible, responsible and sustainable online transacting. In this regard, we implore the government to also review the cost of transacting online especially in view of the Intermediate Money Transfer Tax or 2% tax which is burdening the poor and informal traders alike.

## **Recommendations**

- Address the ballooning debt burden currently estimated at approximately 17 billion through a debt audit.
- Put in place measures to maintain monetary and fiscal discipline which includes curbing resource leakages, corruption & illicit financial flows (IFFs).
- Promote access to water, health, and education to poor and vulnerable citizens.
- Raise budgetary allocation towards climate adaptation and green projects.
- Create decent jobs and increase access to finance for youth and women-led businesses.
- Revitalize infrastructure in critical sectors such as health, energy, transport, education, agriculture and ICT.
- Broaden and strengthen social protection systems. Set up a disability fund that is aimed at empowering persons with disabilities.
- Promote localization of economic development, investment and growth in the spirit of devolution.
- Promote sustainable domestic resource mobilization.