

ZIMCODD

ZIMBABWE COALITION ON DEBT AND DEVELOPMENT

WEEKLY REVIEW

15 JUNE 2021

ABOUT ZIMCODD:

The Zimbabwe Coalition on Debt and Development (ZIMCODD) is a socio – economic justice coalition established in February 2000 to facilitate citizens` involvement in making pro–people public policy. ZIMCODD views indebtedness, the unfair global trade regime and lack of democratic people–centred economic governance as root causes of the socio – economic crises in Zimbabwe and the world at large.

“Celebrating 20 years of People driven Social and Economic Justice in Zimbabwe”

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Weekly Dashboard

Forex Auction Weighted Rate

Week (01.06.2021)	Week (08.06.2021)
ZWL84.7653 per USD1	ZWL85.0724 per USD1

Covid-19 Cases

Week (08.06.2021)	Week (13.06.2021)
Positive cases 39 321	Positive cases 39 959
Recovered 36 756	Recovered 37 004
Deaths 1 617	Deaths 1 632

COVID -19 Vaccinations

First & Second Vaccination

13/06/2021

1,107,058

National Recovery Rate 93%

COVID-19 Hotspot

- Kwekwe
- Hurungwe
- Kariba
- Karoi

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I. COVID-19 Resource Tracker Issue NO.60

Overview

The COVID-19 Resource tracker is a ZIMCODD initiative to keep track of all resources pledged, received and expended by the Government of Zimbabwe in response to the COVID-19 pandemic from March 2020 to date. The aim of the COVID-19 Resources Tracker is to strengthen transparency and accountability by the government on COVID-19 resources while empowering citizens with information to hold the government to account for the allocation and utilisation of COVID-19 resources. The tracker is updated on a weekly.

Overall

Total Pledges = US\$849,195,684; Honoured Pledges = \$635,724,503; Amount Spent = \$519,555,028

For the week ending 8 June 2021:

Total Pledges = US\$-; Honoured Pledges =; Amount Spent =

For more information on the COVID-19 resource tracker visit www.zimcodd.org/covid-resource-tracker/

2. The Curse of Resources Rich Communities

Resource rich communities continues to languish in poverty while their resources benefit the minority. The government has systematically marginalised resource rich communities not only in economic governance but in the distribution of their resources. This is because the government enters into opaque “mega-deals” with multinational corporations and foreign governments without engaging the citizens. The worst part is that some of these mega deals are as a result of resource backed loans which do not even benefit the citizens. To this end, this is against the principle of devolution which is established by a plethora of policies and legislative pieces. These include the: Constitution of Zimbabwe (2013), Provincial Councils and Administration Act (29:11), Urban Councils Act (29:15), Rural District Councils Act (29:13), 2021 National Budget Statement, National Development Strategy I (NDSI) (2021-2025) and Devolution and Decentralisation Policy.

This whole scenario upsets the balance of the modern government (developed or developing) as it is premised on the principle of social contract between citizens and the state in which rights and duties are agreed to by all to further the common interest. Thus citizens offer their support to a government through

taxes and efforts to a country's good; in return, governments attain legitimacy by protecting the people's rights through public policies and social protection policies that are inclusive.

Nonetheless, this has not been the case in Mutoko and Chiadzwa communities. Mutoko is known for vast granite deposits. Chinese and other foreign national companies have been mining granite in Mutoko for too long but their mining activities have not translated to community development. In an interview with the News Hawks, Chief Mutoko lamented that:

"We are not benefitting anything from these miners, they are just taking away our precious stones. We want them to develop the community. We have clinics and schools which are under-developed and they have to look after those developments!"

The above assertion by Chief Mutoko points to the exploitative nature of mining companies that are operating in Mutoko. The situation is further aggravated by the fact that the mining companies are not only destroying the ecosystem of Mutoko by their unsustainable mining activities in which they are just taking down trees and leaving mining pits without filling them which puts humans and livestock at risk. There are also not even *"taking care of roads they used to transport black granite"*. Mutoko has 43 schools which includes 25 primary schools and 18 secondary school. Among the 25 primary schools, 19 do not have clean water thus making basic education difficult for the children in Mutoko.

Like Mutoko, Chiadzwa faces the same predicament as mining companies are simply extracting diamond without giving back to the community. Chiadzwa is famous for the missing US\$ 15 billion. In 2016 the then president R.G Mugabe noted that Zimbabwe lost approximately US\$ 15 billion in revenue due to corruption and foreign exploitation in the diamond sector². Since then nothing was done to guarantee transparency and accountability in the mining sector and Zimbabwe has lost approximately US\$ 32.179 billion to illicit financial flows in the last two decades³. This has huge ramifications not only on mining communities but on national development and growth. Interviews conducted by one of ZIMCODD Community Research Agent (CORA) revealed that Chiadzwa is in ward 30 under Mutare rural and there are 25 villages all which depend on one clinic which is in Chiadzwa village. For example those from Zikani and Rombe will have to walk for approximately 8 kilometers to access healthcare. According to the key informant some of the villages in Chiadzwa no longer practice farming as the land was given to mining companies and also the fear by the government that they might find diamonds while farming. Chiadzwa is among the most vulnerable communities in Mutare rural. It is ironic that it relies on donations yet it has vast deposits of diamond. This is propelled by the exploitative nature of the mining companies that are mining there.

The above narrative resonates with an article carried out by Newsday on the 11th of June titled *"Chiadzwa Villagers Turns to Fishery"*⁴. The reliance on fishery by villagers in Chiadzwa after they have failed to benefit from diamond and the lamentation being made by Mutoko villagers points to the absence of robust social protection and mining legal frameworks that safe guards the interest of mining communities. This can be further projected by the fact that the government had to intervene in Dinde, Hwange district after residence protested against a Chinese mining company⁵. The same happened in Chiredzi when villagers

¹ <https://thenewshawks.com/granite-miners-anger-mutoko-communities/>

² www.news24.com/amp/news24/africa/zimbabwe/missing-15bn-diamond-revenue-fears-mugabe-might-spill-the-beans-20180604

³ Chikono, M. (2020) *Zimbabwe losses US\$ 32bn due to illicit financial flows*. [Online]. Available at <http://www.thezimbabwenewsline.com/zimbabwe-loses-us32bn-due-to-illicit-financial-flows/#:~:text=ZIMBABWE%20has%20lost%20in%20excess%20of%20US%2432%2C179%20billion.for%20the%20whole%20of%20the%20southern%20African%20region.> [accessed on 13 June 2021].

⁴ <https://www.newsday.co.zw/2021/06/chiadzwa-villagers-turn-to-fishery/>

⁵ <https://www.newsday.co.zw/2021/04/govt-defends-disputed-dinde-mining-project/>

denounced a coal mining company⁶. This is because the villagers have learnt from other villages and communities about the exploitative nature of foreign owned mining companies and the non-intervention stance that the government will take. As challenges in the mining sector runs deep into the structural system of the country. A report by Southern African Resource Watch (SARW) titled “Decrypting illicit Gold Trade in Zimbabwe” attest to the above fact as it states that the Zimbabwean mining challenges have been made complex and perplex by the involvement of the security sector which is partly responsible for facilitating illicit financial flows and mining under dealing⁷.

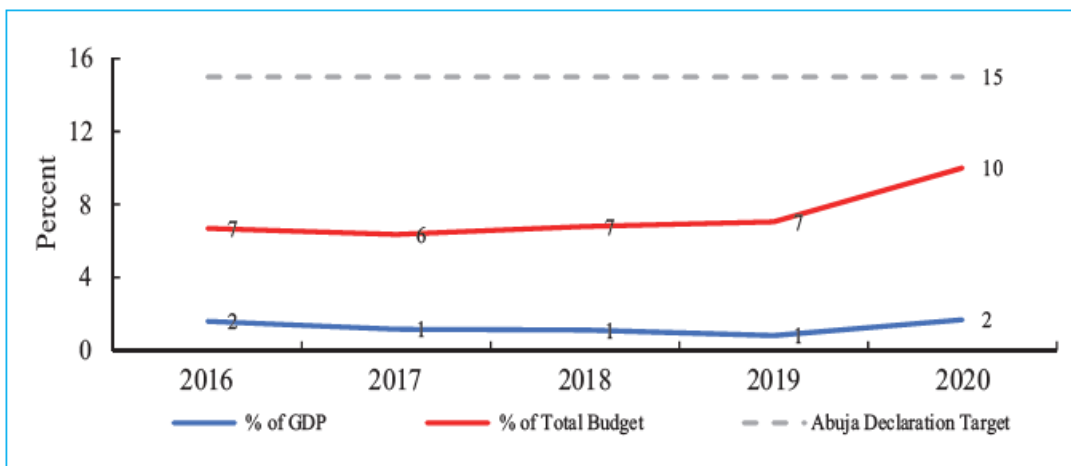
To this end, ZIMCODD recommends that, the government should put in place social protection policies in the mining sector that compels mining companies to reinvest in the mining communities. This should be complemented by a fast-track devolution process that gives full autonomy to provincial and local governments in managing their resources as stipulated by the preamble to Chapter 14 of the constitution which states that;

“...the equitable allocation of national resources and the participation of local communities in the determination of development priorities within their areas; there must be devolution of power and responsibilities to lower tiers of government in Zimbabwe”.

3. Government Admits Incapacitation

The Vice President who also doubles as the Minister of Health, admitted that the Zimbabwean Health Sector was in ramshackle due to dilapidation of equipment which has aggravated infrastructural gaps. The Organisational capacity of the Zimbabwe Health Sector has for a long time been found wanting but the government never admitted to incapacitation until now. This is because of the undeniable continuous exposure of incapacitation by the pandemic. Zimbabwe health expenditure has also been wanting as it has been failing to meet the 15% Abuja Declaration Target. The Abuja Declaration noted that governments must allocate at least 15% of their budgets to the health sector. This can be evidenced by Figure 1 below which shows percentage of GDP and percentage of total budget against the Abuja declaration target.

Fig 1 Zimbabwe Health Budget: Percentage of GDP and total budget against the Abuja declaration target



Source: UNICEF (2020)

⁶ www.thenewshawks.com/chiredzi-villagers-denounces-coal-mining-firm/

⁷ <https://www.theindependent.co.zw/2021/06/11/security-forces-deep-in-gold-smuggling-report/>

Health expenditure in Zimbabwe dropped significantly from an average of US\$745 million over the period 2016 – 2018, to below US\$500 million in 2020⁸. Thus innovative financing is needed to rejuvenate the Health Sector and close infrastructural gaps so as to achieve robust health care system that attain equity. To this end, it is government`s reduction in spending in the health sector coupled with maladministration, corruption and nepotism that has incapacitated the health sector. Thus, there is need for a refocus in the health sector that will culminate in increasing the budgetary allocation and flashing out of all maladministration and corruption tendencies within the sector if the government is to successfully restore confidence and sanity in the sector.

4. Zimbabwe Education System under Threat

The 2020 Auditor-General Report exposed scintillating revelations on the Ministry of Primary and Secondary Education`s inefficiency. The Auditor-General, Mildred Chiri noted that unregistered schools were mushrooming and operating in hazardous environment which are not only inimical to the health of the children but uncondusive for learning. The report noted that students were using disused beer halls and backyards garages for classes. This is but a reflection of the anomalies in the social protection policy which are emanating through the inefficient of the Ministry of Primary and Secondary Education. This can be substantiated by the Auditor-General`s remarks;

“From the findings which came out through this audit, I concluded that the ministry is inefficient and ineffective as regards to registration, monitoring and inspection of schools...As a result of these delays, there was sprouting of unregistered schools and colleges operating from unsuitable premises such as backyards and garages.”

The registration and regulating capacity of the Ministry of Primary and Secondary Education is wanting and posing a great threat not only to the Zimbabwean education system but to the livelihoods of the learners as they are learning in unhealthy and unsustainable environment. The incapacitation is emanating from the absence of deterring regulation, bureaucracy and corruption.

Zimbabwe has 9625 schools of which 6671 are primary schools and 2954 are secondary schools⁹ for a population of about 15, 062,998 population as of 12 June 2021¹⁰. It is worrisome that the number of schools in the country is not increasing with the growing of the population. This exposes lack of robust inclusive social policy framework that foster social and economic justice through equal redistribution of resources. The fact that students have resorted to beerhall¹¹, backyard and garage schools` points either to their inability to afford better schools or shortages of schools in the country¹². Whichever way, there is need to reinvest in the Zimbabwean educational sector as Zimbabwe is no longer the most educated African country after her literacy rate dropped to 86.50% putting her on the 8th place¹³.

The government`s attitude towards the educational sector is projected by its budgetary allocations. To this end, it is safe to say the government has neglected the educational sector as projected by its spending which has significantly shrunk from an average of US\$832 million over the period 2013 - 2016 to US\$397 million in 2020. This spending level is relatively lower than its regional comparators and the Dakar

⁸ UNICEF 2020 Zimbabwe Health Budget

⁹ www.twitter.com/OpenParlyZw/status/1403321670132244488?r=19

¹⁰ www.wolrdometers.info/wolrd-population/Zimbabwe-population/

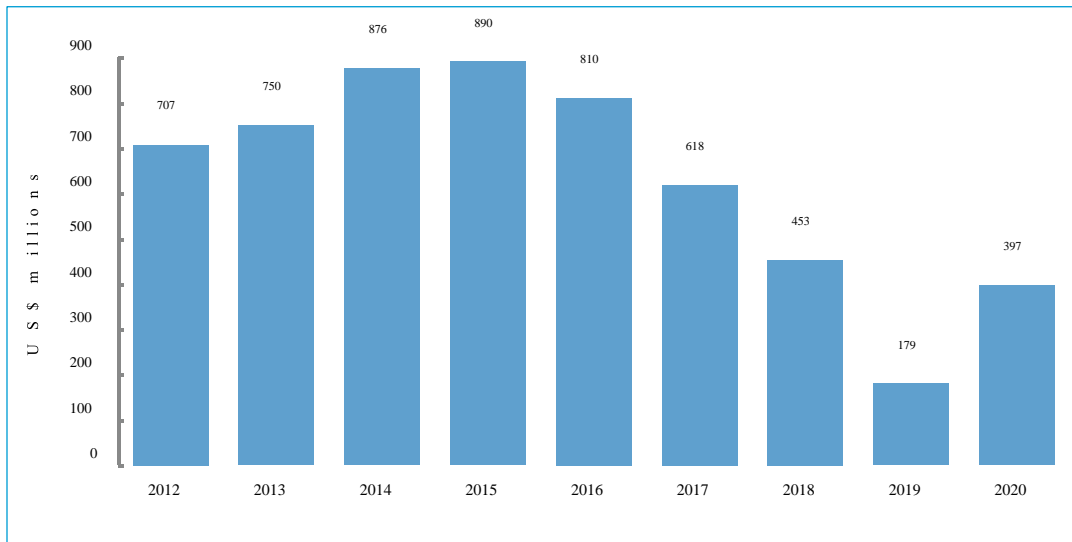
¹¹ “One disused beerhall at Chiwaridzo Extension suburb (in Bindura) had 11 classes with a total of 454 pupils, while the other one at cocktail bar had three early child development classes with a total of 177 pupils”.

¹² <https://www.newsday.co.zw/2021/06/schools-shocker-students-use-garages-beerhalls-for-class-govt-inefficient-says-auditor-general-chiri/>

¹³ www.google.com/amp/s/delusionalbubble.com/most-educated-countries-in-africa/espv=1

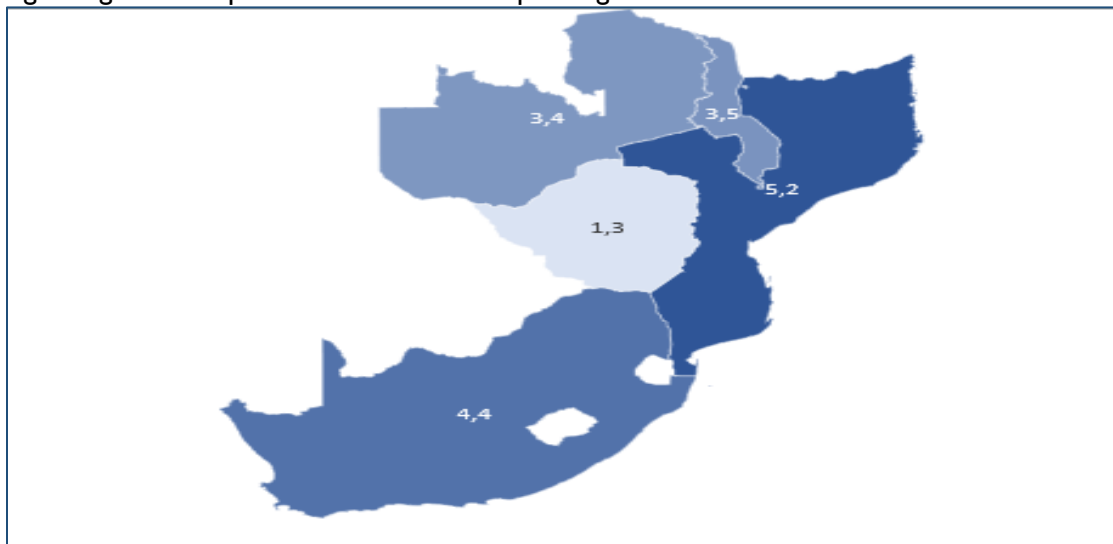
Education for All target¹⁴. This can be reinforced by Figure 1 and 2 and below which shows education spending since 2012-2020 and a regional comparison on educational spending as of GDP respectively.

Fig 1 Education spending since 2012-2020



Source: UNICEF (2020)

Fig 2 Regional comparison on educational spending as % of GDP



Source: World Bank (2021)

To this end, ZIMCODD recommends that to attain an inclusive and transformative educational sector, Zimbabwe must upscale education spending to recommended global thresholds. At the same time, there is need for a complete overhaul of the Ministry of Primary and Secondary Education to address all anomalies that create inefficiency and ineffectiveness.

¹⁴ UNICEF (2020) 2020 Education Budget Brief

5. New Dispensation, Same Story: Back to Operation Murambatsvina

In recent months, Zimbabweans have witnessed demolitions of housing structures on wetlands and other sites that have led to the housing being deemed “illegal structures”. This past week, there has been a crackdown on structures along road servitudes. Many traders in Harare have mushroomed on road sides, selling building materials, sand, furniture, garden supplies and cars among their goods. All informal traders including car dealerships operating along road servitudes in Harare Metropolitan province were given three days to vacate their premises and destroy any developments on said premises. The Regional, Town and Country Planning Act stipulates under section 32 that an enforcement order for evictions shall not be operative until the expiry of the period stipulated which gives occupants one month to vacate the premises. It also stipulates that an appeal against the order automatically suspends it, while the Urban Council Act requires twenty-eight days’ notice during which time those issued with an eviction order can appeal to the courts. Under this Act, no action can be taken until the court issues its determination.

City Council officials have justified the demolitions by stating they were merely enforcing municipal by-laws and getting rid of criminal activity. According to government officials the evictions and demolitions were aimed at restoring order and sanity throughout the capital. The government has not put in place adequate infrastructure or sufficient support plans to provide assistance to these informal traders who make up over 80% of the Zimbabwean economy. These demolitions come at a time where there is deepening food insecurity and worsening economic conditions which has been exacerbated by the COVID-19 pandemic.

ZIMCODD Social and Economic Justice Ambassador, Alice Kuvheya as well as Chitungwiza Residents Trust and Harare Residence Trust represented by Zimbabwe Lawyers for Human Rights, obtained a provisional order from the High Court stopping local and central government from carrying out unprocedural demolitions of homes, durawalls and informal traders’ structures as the exercise is not in compliance with section 32 of The Regional, Town and Country Planning Act (Chapter 29:12) and section 3 of the Administrative Justice Act (Chapter 10:28).

6. Use the Budget Surplus to Finance Social and Economic Rights

ZIMCODD noted that the government, through Finance and Economic Development Minister Mthuli said the country recorded a budget surplus amounting to \$9.8 billion in the first quarter of 2021. Whereas this is welcome news, ZIMCODD is calling on the Minister of Finance and Economic Development to channel revenue from the budget surplus towards the progressive realisation of social and economic rights that are codified in chapter 4 of the constitution of Zimbabwe.

We are calling on the Minister of Finance and Economic Development to finance the following:

1. **Healthcare.** A great deal of hospitals, clinics and polyclinics that are publicly owned are in dire need of infrastructural revamping, protective clothing for health care professionals as well as modern equipment that can make access to healthcare easy. Cognizant of the fact that section 76 of the Zimbabwean Constitution obliges the State to take reasonable measures to ensure that all citizens have access to decent and quality public healthcare it is logic to say that part of the surplus be channelled towards the public healthcare sector.
2. **Education.** With the COVID-19 pandemic came a disruption of the schooling calendar which equally affected children or learners from low-income families who could not afford and still cannot afford online learning. Section 75 of the constitution of Zimbabwe mandates the State to finance quality education to all citizens. From the budget surplus funds, the Minister is implored

to channel financial resources toward improving internet connectivity and purchasing computers for all public schools in rural areas. Currently, Zimbabwe has 9625 schools which includes secondary and primary school. Only 3014 are connected to the internet and 6611 are not. This should also be accompanied with the electrification through solar and ZESA of these schools so that learners can have the opportunity to learn using modern day technology. And in line with the theme of the SDGs of leaving no one behind, rural and urban-poor learners should not be left behind as their peers in private schools embrace the opportunities presented by well-funded education that makes good use of the internet and the virtual spaces.

3. **Right to Food.** Statistics from the ZimSTATS show that the greater majority of Zimbabweans are living in poverty as the cost of living has risen. Consumer Price Index increased from ZWL 2,803.57 in April to ZWL 2,874.85 in May while food poverty line for one person rose from ZWL 4,099.95 in April to ZWL 4,139.10 in May. According to the World Bank, the coronavirus pandemic added 1.3 million to the extreme poor and estimates suggest that the number of extreme poor reached 7.9 million Zimbabweans in 2020—almost 49% of the population.¹⁵ The World Data Lab estimates that 27.1% of Zimbabwe’s population which translate to about 5 million people are living in extreme poverty¹⁶. A World Bank survey also indicates that nearly 500,000 households in Zimbabwe have at least one member who lost their job in 2020, causing many to fall into poverty and worsening the plight of the existing poor. This directly means that most people have limited access to food. Section 77 of the Constitution of the Republic of Zimbabwe explicitly guarantees the right to adequate food. The Minister of Finance must finance, from surplus the department of social welfare, so that it can cushion through food packs to the vulnerable in particular child and elderly headed livelihoods. This will go a long way in sustaining the lives of these citizens who are finding it difficult to buy food to eat.

If the Minister can transparently finance the above three mentioned social and economic rights using funds from the budget surplus indeed the people of Zimbabwe can then relate with the said surplus.

7. Talking Points from a public hearing on the reform of the Public Financial Management Act.

Amid rampant corruption, ballooning illicit financial flows, unsustainable debt, and degrading basic service delivery – health and education, for instance, public consultations for reforming the Public Finance Management Act (PFMA) and aligning it to the National Constitution has long been overdue. The Zimbabwe Coalition on Debt and Development (ZIMCODD) has since the inception of the Constitution of Zimbabwe in 2013, been calling for the alignment of the PFM Act with the Constitution of Zimbabwe particularly section 298. Thus, the gazetting of the PFM Amendment Bill is a welcome development. The PFMA’s main thrust is to ensure that government revenue is optimally generated and managed to steer the country towards sustainable development, transparency, citizen participation and accountability being the cornerstones. Against this background, ZIMCODD mobilised citizens to robustly give their input to the Public Financial Management Bill (PFMB). Citizens have a constitutional duty to participate in policy formulation and implementation as they are impacted heavily by policy designs and execution. This article shares some key talking points deduced from the public hearing on the PFMB that took place in Mutare, Monday, 07 June 2021, at Queens Hall. A bonus assessment is given using the Global Initiative for Fiscal Transparency (GIFT) principles for public participation in fiscal policies. The GIFT High Level Principles are principles that were endorsed at the United Nations General Assembly where member states made commitments towards enhancing transparency, participation and accountability in public policy making. Some of the principles include accessibility, openness, inclusiveness, and respect for self-expression.

¹⁵ <https://www.worldbank.org/en/country/zimbabwe/overview>

¹⁶ <https://worldpoverty.io/map>

Broadening the objectives

The principles of public financial management are clearly laid out under Section 298 of the Constitution. Among others, the principles call for equitable sharing of the tax burden, allocation of revenue for the benefit of marginalised people and areas, and that expenditure must be directed towards national development. Accordingly, the scope of the objectives under the PFMA must be extended to cater for the principles of public financial management as enshrined by the Constitution.

Citizen Participation

COVID-19, without doubt, has reshaped public participation in governance processes. A public gathering must not exceed 50 as stipulated by government and World Health Organisation. Ordinarily, the physical gathering should have been complemented by other spaces like community radios for inclusivity. Altogether, the public consultation was attended by 48 participants (Females:16 Males:32, comprising of Youth:18, PWD:2). Out of the total 26 submissions that were made during the consultation, about 10 came from young men who confidently contributed their views. This was sharply contrasted by poor participation of women, with one contribution made towards the end. A snapshot survey conducted by ZIMCODD revealed that women were afraid to speak on the same platform with men due to patriarchal and gender disparities that exist between men and women.

Communities must benefit from natural resources in their areas.

In the quest to open Zimbabwe for business, government reversed the indigenisation drive. Community Share Ownership Trusts (CSOTs), vehicles of community development hinged on mining suffered a setback, the legal backing was removed. This development was contract to the Constitution which obligates the State to put mechanisms for communities to benefit from resources in their localities. As [demanded](#) by the Publish What You Pay Coalition, a grouping of civil society organisations pushing for transparency and accountability in the governance of mining, oil and gas sector, government should plough back a portion of royalties in communities where resources are extracted. Such a measure will bring redress to the harm that was brought by the reversal of the indigenisation framework. Therefore, reform of the PFMA must redistribute at least 30% of mining royalties to areas where the resources are extracted. Countries like Rwanda, Kenya, and Ghana are some of the examples that are implementing the measures being requested here.

Prevent fiscal diabetes, do not give too much fiscal sugar to investors!

To woo investors, government is on the overdrive using tax incentives as a tool. It is widely acknowledged, especially in the mining sector, that tax incentives are not necessary. This is so because the resource is location specific, and the quality of the mineral potential is the main pull factor. Of course, other factors like infrastructure, policy predictability, peace and security are also in the mix. Even when pressed with huge fiscal pressure induced by COVID-19, government continues to freely give away its taxing rights to a sector that is notoriously behind main drainage of resources from Africa, Zimbabwe included. Recently government gave a raft of tax incentives to Great Dyke Investments that are linked to income. It is critical to raise a red flag here. Income based tax incentives are redundant compared to cost-based tax incentives. We therefore demand that the reform of the PFMA must provide for transparency and accountability in the management of tax incentives. The budget must include the cost of revenue forgone via tax incentives in a given fiscal year. Further, a forecast on future costs of tax incentives is needed. Fundamentally, a cost benefit analysis is always required to avoid giving too much fiscal sugar to investors which cause fiscal diabetes – weak fiscal support to basic services.

Revenue sharing arrangements must be part of the reforms.

The Constitution requires revenue sharing arrangements between national, provincial, and local government. Under Section 301 (3) of the Constitution, at least 5% of national generated revenue must be shared with provincial and local government. This constitutional requirement must be provided for in the new PFMA. It is also important to point out that the new Constitution was enacted in 2013, and the Treasury started complying with this requirement in 2019. There are still gaps that are plaguing this scheme. Mutare RDC, for instance, lamented that the revenue share is based on the initial approved budget. However, government always collects more revenue than the initial forecast and adjustments are not made accordingly. Another challenge is that the disbursements are not transparent. Some districts are prioritised at the expense of others without any open and clear rationale.

Using the GIFT principles to access the effectiveness

The committee made some significant efforts towards promoting citizen participation in the PFMA Bill public consultations. Openness and respect to self-inclusion are important principles in public participation. The committee was open about its mission and citizens were invited to air out their concerns using language of their own choice. The email address clerk@parlzim.gov.zw for citizens to make written submissions was also shared. Ample time for citizens to raise their concerns was also allocated. However, some gaps and opportunities for improvement were noted in terms of accessibility. The joint committee failed to adequately unpack the content of the Bill so that citizens and other non-state actors fully understand before interrogating. Going forward the committee and other civil society organisations could make use of sharing fact sheets in simplified versions explaining the major highlights of the Bill prior to the consultations. One of the important GIFT principles in public consultation is inclusiveness which engages multiple mechanisms to target specific marginalised groups. With this in mind, specific deliberate efforts to target women to participate and make contributions could have been made.