

# ZIMCODD

ZIMBABWE COALITION ON DEBT AND DEVELOPMENT

## WEEKLY REVIEW 20 JULY 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 (06.07.2021)	Week (13.07.2021)
ZWL85.5097 per USD1	ZWL85.5099 per USD1

#### Covid-19 Cases

Week (12.07.2021)	Week (18.07.2021)
Positive cases 70 426	Positive cases 83 619

Recovered 46 932	Recovered 53 453
Deaths 2 236	Deaths 2 622

#### COVID -19 Vaccinations

First & Second Vaccination  
18/07/2021  
1,785,533

#### National Recovery Rate

Week (12.06.21)	Week (18.07.21)
67%	63%

#### COVID-19 Hotspot

- Hurungwe (53)
- Marondera (43)
- Zvimba (69)
- Bindura (24)
- Harare (330)
- Northern Surburbs (57)

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## 1. COVID-19 Resource Tracker Issue NO. 65

### 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 basis.

#### Overall:

Total Pledges = US\$850,895,684  
Honoured Pledges = \$643,724,503  
Amount Spent = \$527,505,028

#### For the week ending 13 July 2021:

Total Pledges = US\$-  
Honoured Pledges = US\$10,050,000  
Amount Spent = US\$10,000,000

The full tracker is found on: <http://zimcodd.org/wp-content/uploads/2021/07/Tracker-Issue-65.pdf>

## 2. Crippled service delivery in Gweru as Debt soars to ZW\$759 million

Over the years, service delivery in Zimbabwe has been plummeting owing to lack of sound and prudent public finance management. At the core of poor public finance management is high and unsustainable public debt which has bedevilled the country with public service delivery at national and local level bearing the brunt. This is because public debt undermines the capacity of the government to deliver social services. At national level, public service delivery is crumbling as evidenced by an overwhelmed and incapacitated public healthcare system; perennial water woes; dilapidated infrastructure; potholed roads; power cuts; deteriorating education system and weak social protection mechanisms among other issues. The same is replicated at local government level which is mandated to deliver basic public service delivery which encompasses provision of water and sanitation, refuse collection, access to healthcare, education and housing. Urban local authorities currently have their service delivery choked as a result of unsustainable debt burden. Although the debt issue cuts across all the 32 urban local authorities, this weekly review focuses its reflection on the Gweru City Council debt from a socio-economic justice perspective.

On 25 May 2021 the media reported that Kwekwe City Council was failing to effectively discharge its duties because of outstanding rates estimated at more than \$600 million<sup>1</sup> while on 16 July 2021, another media report says that the Harare City Council has engaged debt collectors in a move to recover over ZW\$8 billion<sup>2</sup> debt owed by ratepayers and other stakeholders. According to another recent media report, Gweru municipality debtors' bill increased to over \$700 million<sup>3</sup> as at May 31 2021, a rise of more than ZW\$463 million (157%) in a space of five months from \$295 million as at the end of December 2020. In this report the Mayor of the city, His Worship Mr Josiah Makombe said the debt which has risen to ZW\$759,757,762 was affecting service delivery. Makombe highlighted that the outstanding bill is of great concern to the council as residents are failing to honour their obligations and that has a direct bearing on service delivery thereby urging residents to pay their bills. Further, it was indicated that the municipality owed over ZW\$223 million to service providers. Of that amount, ZW\$210 million was owed to the Zimbabwe Revenue Authority, ZESA and the Pension Fund. This debt has therefore crippled service delivery in Gweru and residents are left to suffer as the local authority which is entrusted to safeguard public resources and deliver efficient public service is incapacitated.

Clearly, there are two sides to this coin where on one hand residents are not paying their dues and council not best positioned to deliver and on the other hand, the issue of the disputed approved council budget. A socioeconomic examination of the debtors bill reveals a number of underlying challenges that need attention including: weak budget consultative processes leading to the creation of ambitious budgets that are generally not owned by residents which then lead to high levels of defaults; the council's debt to revenue is weighing heavily on the council leaving a few resources after administrative costs such as salaries thereby posing a scientific argument that the council is collecting to chew; and, that the residents' capacity to honour their obligations is seriously eroded by the debilitating economic meltdown which is further worsened by the lockdown restrictions that generally closed the normal operating environment for the vulnerable who depend on informal trading. Currently, the tariff regime by the Gweru City Council is beyond the reach of many who have traditionally been using informal trading for both livelihoods and income generating measure. It should therefore be taken into consideration that there is generally lack of appetite by citizens to settle their bills as residents' incomes have been weakened by COVID-19 induced lockdowns. It is also worrying that there have been outcries from Gweru residents since January 2021 on the exorbitant tariffs which however, have largely been ignored by the council. What is more worrying is the irony that, this revelation comes barely a month after the news that Gweru City Council splashed over ZW\$3.5 million<sup>4</sup> at a three-day workshop in Masvingo made headlines. From the same workshop, the 54 officials who were in attendance (councillors and managers<sup>5</sup> from Gweru City Council) pocketed ZW\$65000 each, a clear indication that the council's priorities are not only misplaced but are for self-aggrandizement while majority wallow in abject poverty.

Against this background, ZIMCODD recommends:

- The council should conduct a socioeconomic impact analysis to understand the implications of COVID-19 induced debt on poverty, inequality and social development.
- The need to revisit the current billing regime. This calls for continuous engagement between the councils and residents to resolve the issue of tariff regimes. It is unfair for the council to claim that residents do not want to pay without listening to them. The council should engage the residents and come up with a position to present to the ministry responsible for local government which approved the exorbitant tariff regimes.

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<sup>1</sup> <https://www.newsday.co.zw/2021/05/govt-debt-bleeds-kwekwe/>

<sup>2</sup> <https://www.herald.co.zw/harare-ropes-in-debt-collectors/>

<sup>3</sup> <https://www.newsday.co.zw/2021/07/gweru-debt-soars-to-759-million/>

<sup>4</sup> <http://zimcodd.org/wp-content/uploads/2021/07/Public-Resource-Management-Situational-Report-001.pdf>

<sup>5</sup> <https://allafrica.com/stories/202106170604.html>

- There is also need to strike a delicate balance between the demand for services, their provision and economic capacities of residents to service their bills. This will provide solutions for the poor budget performance currently witnessed through poor revenue collection.
- Councils should explore alternative avenues of generating revenue to grow their small cake in order to deliver on their mandate of public service provision. Such alternatives as the viability of the municipal bond market.

### 3. Debt Watch: Treasury Securities Calendar

This week the Ministry of Finance and Economic Development through the Public Debt Management Office (PDMO) issued the Treasury Securities Calendar for the period July to September 2021. The Treasury Securities Calendar in simple terms is a domestic market borrowing plan which is aimed at improving transparency and market predictability. The issuance of government securities in most countries is to finance fiscal deficits and financial market development. The publication of a borrowing calendar followed by a timely and full disclosure of auction results increases transparency and predictability of government securities issuances. This allows market participants to develop their investment strategies ahead of time and to market the securities to retail investors.

#### Issuance Calendar July to September 2021

The Government of Zimbabwe is borrowing in the domestic market using both Treasury Bills (TBs) and Bonds. TBs normally have a maturity of at most one year (365 days) that's short term borrowing and Bonds got a maturity in excess of one year (long term borrowing.) The table below depicts securities that are intended to be issued in respect of Government's Public Sector Borrowing Requirements for the period July to September, 2021.

<b>ISSUANCE CALENDAR JULY-SEPTEMBER 2021 (ZWL\$ MILLION)</b>			
<b>Issue Date</b>	<b>270 Days</b>	<b>365 Days</b>	<b>730 Days</b>
1 July		600	
8 July	820		
15 July	1,250		
22 July		1,000	
29 July			800
5 August		1,000	
12 August	800		1,550
19 August		500	
26 August	600		
2 September		1,250	
9 September	950		
16 September		280	
23 September	750		
30 September			2,300
<b>TOTAL</b>	<b>5,170</b>	<b>4,630</b>	<b>4,650</b>

SOURCE: Adopted from the Ministry of Finance & Economic Development [www.zimtreasury.gov.zw](http://www.zimtreasury.gov.zw)

From the Calendar the following are the key take away:

- The government shall be accruing debt worth ZWL\$5.170 billion between July and September using 270 days TBs;

- The government is again contracting ZWL\$4.630 billion between July and September using 365-day TBs;
- The government is further borrowing ZWL\$4.650 billion using 730-day Bonds between July and September.

Although the Calendar falls within the threshold of the 2021 borrowing plan as stipulated in the 2021 National Budget, borrowing is a sign that the fiscal space cannot accommodate government expenditure and where possible, limiting borrowing is imperative. Domestic borrowing in underdeveloped financial markets like Zimbabwe leads to financial repression which in turn reduces investment and lowers the growth potential of the economy.

#### 4. Fostering Gender Transformative Public Resources Management through the 2021 Gender and Extractives Symposium

Zimbabwe Coalition on Debt and Development (ZIMCODD) together with partners from Zimbabwe Environmental Law Association (ZELA), Action Aid, Women and Law in Southern Africa (WLSA), Friedrich Ebert Stiftung (FES), Zimbabwe Women Resource Centre Network (ZWRCN), Norwegian People's Aid (NPA), Professional Women Executives and Business Women's Forum (PROWEB) and others conducted the Gender and Extractives Symposium from the 14<sup>th</sup> to the 16<sup>th</sup> of July 2021 to discuss issues pertinent to women in the mining sector. Various stakeholders from government, civil society organisations and the academia were invited to be part of the gender transformative conversations. Present at the symposium was a rich cocktail of representatives from the Ministries of Women Affairs, Community, Small and Medium Enterprises, Mines and Mining Development, Public Service, Labour and Social Welfare, Zimbabwe Women's Microfinance Bank, Economic Justice Network and the Zimbabwe Gender Commission. The Gender and Extractives Symposium is a multi-stakeholder dialogue and engagement space created by the Platform on Gender and Extractives to stimulate interest and collaborative effort in engendering the mining sector in Zimbabwe. The 2021 Gender and Extractives symposium is the 5<sup>th</sup> Edition of the dialogue centred on improving the livelihoods of women in the extractives sector.

The 2021 Gender and Extractives Symposium was centred on the commemorations of the International Women's Day of 8 March 2021 under the theme, 'Women in leadership: Achieving an equal future in a COVID-19 world'. The symposium is sought to challenge, beyond international women's day, the barriers impacting equal participation of women in the mining sector. The objectives of the symposium were to unpack the barriers to effective women participation in the extractives sector, assess the mechanisms and strategies in place for creating an equal future for women in the extractives sector, formulate strategies for decent and meaningful work of women in the extractives sector and launch the decent work campaign. The decent work campaign was launched on the last day of the symposium. Discussions focused on the need to increase access to funding for women small-scale miners and establish an emergency relief funding for artisanal and small-scale miners, providing mentoring support and guidance for women miners and raising community awareness to reduce gender stereotypes and begin to shape strategies for women in mining. The following were the recommendations made to the government by ZIMCODD which were included in the Communique. Calls were on the government of Zimbabwe to;

- Ensure that the legal and regulatory framework in the extractives sector promotes gender equality.
- Expedite the enactment of the Mines and Minerals Bill into an Act in order to address transparency and accountability risks and vulnerabilities of women associated with the archaic Mines and Minerals Act of 1961.
- Ensure policy transformation that allows Participatory planning for gender specific programs that address the developmental needs of women.
- Provide continuous oversight and monitoring of the activities of mining companies. The government through the Zimbabwe Gender Commission (ZGC) should monitor the violation of environmental,

economic, social and cultural rights of women affected by mining activities in their communities. The Commission should investigate reports and institute the necessary processes that ensure communities get access to remedy.

- Recapitalize RBZ and Fidelity Printers to offer competitive prices for gold to support women in the ASM sector.
- Facilitate the participation of women in the negotiations that occur prior to mining primarily, because of their gender roles that largely rely on the environment and makes them susceptible to the negative impacts of mining activities.
- Institute mechanisms that ensure that Gender Impact Assessments (GIA) are mandatory for every mining venture. GIAs will allow project planners to consider the impact that a project has on women, men, boys and girls. They will ensure that negative project impacts are minimized, at the same time, promoting women agency and empowerment.
- Implement taxation systems that have gender lens that remove the tax burden on the most poor and vulnerable in society who are women, children, youths, People with Disability and the elderly.
- Must strengthen mining sector governance through joining the Extractive Industries Transparency Initiative (EITI), a membership organization representing the global standard in promoting open and accountable management of oil, gas, and mineral revenue.
- Formalize the ASM sector to ensure women earn a livelihood from mining ventures.
- Implement social protection mechanisms that benefit women, youths, PWDs and other vulnerable groups living in mining host communities in line with section 298 of the Constitution which stipulates that the benefits and burdens of resources must be shared equally between present and future generations.

## 5. Did you know?

Out of the **92 local authorities** in Zimbabwe, **only 23** local authorities have **submitted** financial statements of varied periods to the **Auditor General** for the 2019 Audit Report. Of the 23, **only 4** (Hurungwe Rural District Council, Binga Rural District Council, Bindura Municipality and Chinhoyi Municipality) submitted 2019 financial statements, 9 submitted 2018 statements, 6 submitted 2017 statements, 6 submitted 2016 statements and 2 submitted 2015 statements.

Nevertheless, the timing of auditing is as important as the audit itself. Despite the importance of public sector auditing in promoting efficiency and effectiveness in public entities, local authorities in Zimbabwe are notorious for not submitting financial statements for audit in time. Observations from the 2019 Audit Report highlights that the majority of local authorities in Zimbabwe are lagging behind when it comes to auditing and there is high likelihood that the financial and non-financial irregularities and malpractices which occurred in unaudited previous years could have been recurrent owing to delays in detection and redress. This makes it extremely difficult for both parliament and the Auditor General to follow up and address issues raised in the previous reports especially when the 2019 report constitute findings from as far back as 2015. Furthermore, a lot could have happened to perpetrators of the misconduct which include death, retrenchment, dismissal, resignations and retirement and at the end of it all justice won't prevail.

## 6. Weekly Advocacy Message: Transitioning Informality to formality for Zimbabwe

On the 14th of July 2021, ZIMCODD conducted a decent work and informality webinar. Thereafter, the following submissions were made to the government of Zimbabwe on how Zimbabwe must transition from informality to formality:

### Institutional and Policy Strategies for Addressing Informality

- Given the heterogeneity of the informal sector, there is no 'one-size-fits-all' policy response.
- Considering its size in Zimbabwe, policy makers should consider the impact of every policy decision on the informal economy.

- In addition, people making a living in the sector should be consulted to gain inside knowledge.
- The policy measures should be based on an understanding of the reasons why people work in the informal economy, namely, whether informality is a choice or rather is due to exclusion from the formal sector.

### **Ways out of informality**

As most people enter the informal economy not by choice but as a consequence of a lack of opportunities in the formal economy:

- Formalization should go hand in hand with ensuring opportunities for income security livelihoods and entrepreneurship;
- There is need to preserve and improve existing livelihoods, the entrepreneurial; potential, skills and creativity of those operating in the informal economy;
- Transition to the formal economy: integrated strategy, policy mix and institutional coordination;
- Employment and income opportunities, rights and social protection must be guaranteed;
- Government must facilitate the transition of workers and economic units from the informal to the formal economy, while respecting workers' fundamental rights and ensuring opportunities for income security, livelihoods and entrepreneurship;
- Government must promote the creation, preservation and sustainability of enterprises and decent jobs in the formal economy and the coherence of macroeconomic, employment, social protection and other social policies; and
- The government's formalisation policy must prevent the informalization of formal economy jobs.

### **Transition Subsistence to Commercial Agriculture**

- FAO & ILO have developed the concept of Decent Rural Employment as a guiding framework for transitioning to formality in rural areas.
- Enhance agricultural productivity and output by reorganising the sector and introducing innovative technologies and farming methods.
- An example is the project by USAID facilitating transition of women banana growers from subsistence to commercial farming in Honde Valley.
- The two-pronged ILO/DANIDA project (ended): (a) training for rural economic empowerment (TREE); and (b) urban-based skills for youth employment.
- The EU's Inclusive Poultry Value Chain Project with its three interventions to: (a) organize; (b) capacitate, and integrate all small and medium producers within 100 kilometres of Harare, Bulawayo, Gweru, Mutare and Masvingo.

***To Be Continued in Next Week's Weekly Advocacy Message...***

### **7. Civil Society in Eswatini vows to continue the fight for democratisation**

Civil Society Organisations boycotted a Sibaya called by King Mswati iii on Friday the 16<sup>th</sup> of July amidst growing popular calls for democratisation; inclusive dialogue; and, justice and accountability for the violent repression of pro-democracy protests. Since May 2021, pro-democracy protests have erupted in the Kingdom sparking a violent state sponsored pushback which has so far resulted in at least forty deaths and injuries to more than 150 protestors and activists. The Southern Africa People's Solidarity Network has called upon the SADC Troika to expand the mandate of its second fact finding mission on the situation in the Kingdom, to gain access to hospitals, mortuaries and places of detention to enable accountability and critically to shed light on serious allegations of arbitrary force and indiscriminate killings.

A Sibaya is a national policy dialogue meeting, usually held once every year in the Kingdom of Eswatini. This royal gathering is conceptualised as an opportunity for citizens to engage the king on issues affecting

the country. However, empty trucks and buses hired by the government to pick up people from communities to attend the Sibaya testified to the high levels of discontent. Whilst pro-democracy protests held in Mbabane on the day of the Sibaya, were violently disrupted by police using rubber bullets and teargas. The King's speech during the Sibaya in which he announced his unilateral choice for Prime Minister despite popular calls for an elected Prime Minister clearly signalled the king's unwillingness to cede power or meaningfully engage. Political parties are currently banned in Eswatini.

For the past three decades King Mswati iii has ruled over the kingdom of Eswatini with absolute power whilst amassing huge personal stakes in the local economy for a narrow-connected elite. At the same time, at least two thirds of the people in Eswatini live below the poverty line and have thus been disproportionately affected by the broader impacts of the COVID-19 pandemic. These factors give critical context and urgency to the growing call for democratic reform as citizens seek greater voice and effective representation in decisions that impact their daily living.

In his Sibaya speech, the King labelled people who are calling for change as 'marijuana smokers and drunkards.' His emissary who issued a radio announcement claimed that those people who are calling for SADC to negotiate do not know that the SADC TROIKA is an instrument for Heads of States to engage each other. In response Civil Society Organisations have vowed to intensify the fight for democratisation in the kingdom of Eswatini. However, in a rallying call and update, SAPSN Regional Coordinating Committee member Dumezweni Dhlamini defiantly stated that *"members and movements in the region should know that as SAPSN, that the Network was established because among other things it felt that this SADC doesn't address the will of the people hence our parallel summits and marches to deliver the petitions. We need to understand therefore that we shall win the struggle of Eswatini not because of SADC Heads of States as they will never tell one of their own to listen to the demands of his people because they themselves, the majority of them do not. It is upon us as Social Movements to unite and strategize on how we strengthen the actions which would force Mswati the dictator to step down of power. Dictatorship by nature is criminal and such should never be allowed in our region. We call upon Malawi Comrades as Malawi is the in-coming chair of SADC to mobilize and embark on a campaign to secure a constitutional democracy in the kingdom of Eswatini."*