



PUBLIC RESOURCES MANAGEMENT SITUATIONAL REPORT

MAY 2023



ZIMCODD
ZIMBABWE COALITION ON DEBT & DEVELOPMENT

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1. Introduction and Background

The Public Resource Management Situational Report (PRM SitRep) examines how Zimbabwe has utilised its public resources in the month of May 2023. The PRM SitRep assesses how well the government utilizes its resources to promote the optimum service delivery both at local and central government level. A few of the current issues covered by the SitRep include fiscal responsibility, public debt, domestic resource mobilization, public service delivery, climate change, trade justice, livelihoods, and trade highlights. The SitRep concludes with organic actionable recommendations derived from the 57 districts studied. At the centre of the PRM SitRep is the need to:

- To build citizen agency in public resource monitoring.
- To promote participation in economic governance from local to central government.
- To promote just trade policies.
- Sustainable Livelihoods
- To determine opportunities and challenges in Domestic Resource Mobilisation
- To assess public service delivery under the prism of Gender Responsive Public Service Delivery GRPSD.

2. Methodology

The study used a triangulation of qualitative and quantitative methodology that was beneficial for the PRM SitRep. In order to achieve this, convenience and purposeful sampling in conjunction with systematic and stratified random sampling was used to create a study that accurately depicts the realities on the ground. All of these sample procedures were essential and complementary for the research's and the use of PRM. The application of qualitative sampling was successful in reaching saturation in the investigation. While quantitative helped to eliminate bias to increase the dependability, trustworthiness, and reliability of research. Human Interest Stories (HIS) produced by Community Resource Agents (CORA) in 57 districts nationwide were utilized to support the study's findings. The study population is captured in Fig 1 below which shows the study catchment area.

Study Catchment Area



Source: Primary Data Compiled by ZIMCODD



3. Context

The contextual analysis for the month of May is shaped by the socio, economic and political developments that took place. Zimbabwe is scheduled for harmonised elections on the 23rd of August 2023 and the political atmosphere is already becoming tense coupled with the targeting of political opponents. The sentencing of opposition leader Jacob Ngarivhume to 3 years¹ in prison for calling on citizens to protest against corruption, maladministration and abuse of public resources is nothing but a testament to the weaponization of the judiciary for political expediency. The Constitution of Zimbabwe grants citizens the right to peaceful protest, therefore, arresting an opposition leader for calling on citizens to exercise their constitutionally given right is nothing but a reflection of authoritarianism. This cast a negative shadow on the elections that are to come.

Government`s attempt to institutionalise state capture and the hegemony in the political economy was evidenced by the General Notice 635 of 2023 which sought to undermine public procurement transparency and accountability. The General Notice was issued on the 5th of May 2023, it declared that the entire procurement of the health sector was of national interest and strategic for the government.

¹<https://nehandaradio.com/2023/04/28/ngarivhume-jailed-3-years-for-calling-for-anti-corruption-demonstrations/>

Therefore, procurement transparency and accountability processes such as tender bidding, screening, and selection were to be no longer shared with the public. A move that undermined prudent public finance management and institutionalized corruption and under-dealings. Although General Notice 635 of 2023 was revoked, it is rather worrying that the government would issue something like that. At the same time, what makes the public worry is that the President distanced himself from the General Notice; a situation which suggests that someone within the corridors of power is making unsanctioned governance regulations. The most ironic thing is that the General Notice was issued by the government, defended by the government on social media platforms and retracted by the government under the guise that it was not aware. The million-dollar question is, how are laws made without the knowledge of the Attorney General and Minister of Legal and Parliamentary Affairs.

Zimbabwe is ranked 2nd in the world with respect to informal sector behind Afghanistan which is ranked 1st.² Although there is debate surrounding the exact statistics that the Zimbabwean informal economy accounts for, what is certain is that the informal economy is over 60%. In 2016 it was alleged that, the informal sector had 5.7 million actors³; a figure that might have greatly increased. To tap into the informal economy potential the government announced its ambition to develop a “Formalisation Strategy”.⁴ ZIMCODD believes that for this “Formalisation Strategy” to work, it must prioritise the following:

- Embrace the informal economy as the new normal
- Rationalise informal economy tax regimes to ensure that, they become progressive, inclusive and just.
- Allocate at least 40% of government procurement tenders to informal traders.
- Allocate at 10% of the total budget to informal traders.
- Enhance agriculture value chains to optimally share equitably the profits generates from cotton, tobacco, sugar cane to mention but a few.
- To create private or public sector led collaborations with informal actors.
- Prioritise youths and women in development of policies.
- Eliminate corrupt tendencies in resource allocation such as partisan distribution of resources, favouritisms, embezzlement of funds to mention but a few.

Ironically, on the 1st of May 2023 Zimbabwe held its workers’ celebrations. It is surprising that, the country still commemorates the day of workers while at the same time neglecting their plight and concerns. Workers across all sectors of the economy are lamenting the poor living and working conditions in Zimbabwe. Civil servants have for a long time lamented that their salaries have been eroded by inflation and this is undermining their livelihoods. An average salary of a civil servant for the month of May stood at 120 000 against an unstable market rate which fluctuated from US\$ 1 as to ZWL 2200 to ZWL 3800. Thus, there is need for the government to match the salaries of civil servants with the market force if it is to give civil servants salaries that captures the reality on the ground.

2. <https://www.worlddeconomics.com/Informal-Economy/>

3. <http://www.herald.co.zw/small-business-are-a-big-deal>

4. <https://www.herald.co.zw/informal-sector-to-get-more-govt-attention/>

On the economic front, Zimbabwe introduced gold coins in July 2022 in an attempt to clamp an incessant ZWL decline and haywire price inflation growth by reducing the domestic demand for the US dollar and mopping excess ZWLs in circulation. In its 28 February 2023 statement, the Monetary Policy Committee (MPC) of the Reserve Bank of Zimbabwe (RBZ) resolved to expand value-preserving instruments, enhance divisibility and widen access and usage by the public by complementing issuance of physical gold coins with gold-backed digital products (digital tokenization of gold coins).⁵ Pursuant to this resolution, on the 28th of April 2023, the RBZ announced that the gold-backed digital tokens will be issued with effect from 8 May 2023.⁶ These tokens will be fully backed by physical gold held by RBZ and shall be introduced in two (2) phases. Phase 1 where gold-backed digital tokens (e-gold cards/wallets) will be issued for investment purposes and Phase 2 where digital tokens will become tradable and capable of facilitating person-to-person (P2P) and person-to-business (P2B) transactions and settlements.

Generally, gold is considered a safe haven investment⁷ during downturns and financial crises because of its long history of use as a store of value. Helping it achieve this status are its properties: malleability, portability, aesthetic appeal, virtual indestructibility, universal acceptance, liquidity and rarity. As such, hypothetically, the use of gold coins and gold-backed digital tokens is expected to deepen Zimbabwe's shallow financial markets, slow ongoing rapid economic re-dollarization, and strengthen the ZWL. However, in reality, the use of gold or its variants will likely fail to ameliorate the fragility of the local currency and resultant chronic inflation. This is mainly due to dwindling market confidence and trust in the current ZANU PF government which consistently exhibits policy inconsistencies across sectors and a lack of transparency and accountability. There is also limited political will to fully implement direly needed economic and structural reforms to strengthen institutional & regulatory framework, curb leakages, improve social fairness & inclusion, thwart fiscal indiscipline & impunity, and eliminate prevailing excessive pricing distortions inhibiting market competition and innovation.

4. Emerging Issues

4.1 Social Service Delivery

4.1.1 Healthcare

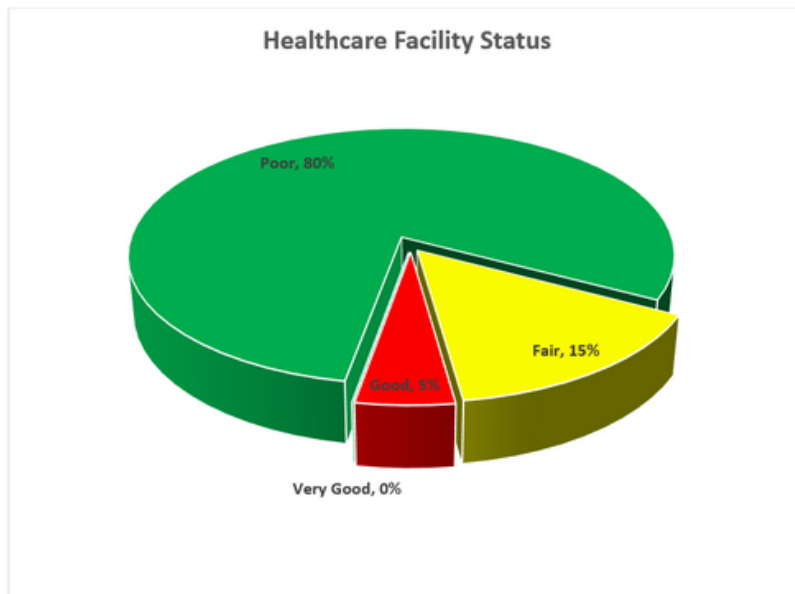
Zimbabwe's healthcare systems remain wanting with little effort being put by the government to ensure the safety and well-being of the citizens. Optimum healthcare is no longer reachable for majority of the population which cannot afford to go to private hospitals. This is because, public health institutions are in ramshackle coupled with workforce and infrastructure gaps. In the month of May ZIMCODD carried out a survey across the country. The findings of the survey are presented hereunder on fig 2.

5. https://www.rbz.co.zw/documents/press/2023/March/_/Press_Statement_-_MPC_Resolutions_-_29_March_2023.pdf

6. https://www.rbz.co.zw/documents/press/2023/April/Press_Statement_-_Issuance_of_Gold-backed_Digital_Tokens_1.pdf

7. It offers diversification to investor's portfolio to help it withstand volatility or short-term swings in asset prices.

Fig 2 Healthcare Facility Status



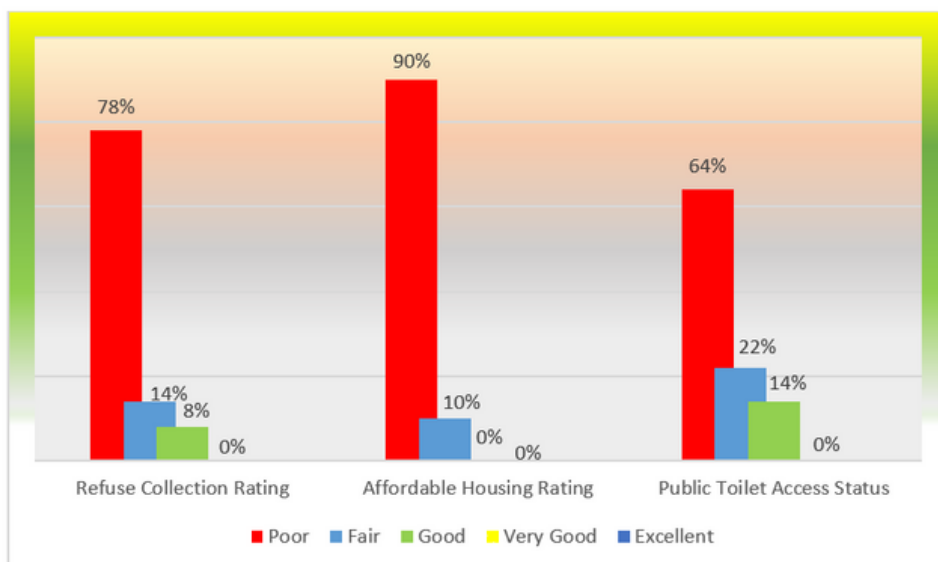
Source: Primary Data Compiled by ZIMCODD

However, according to the ZIMCODD survey results, Zimbabwe's public health care is below average as shown by the state of its medical facilities. Only 5% of the 57 districts studied reported having quality facilities, with 80% reporting poor amenities. For many years, capital expenditures have been greatly outweighed by recurrent expenses like salaries and wages in the public health budget.

4.1.2 Access to Sanitation and Social Amenities

The survey found that 90% of the districts have costly housing and that 78% of the districts surveyed have poor garbage collection. This is consistent with the ZWL's huge decline in the month of May and the economy's rapid re-dollarization. Additionally, 64% of respondents mentioned unsanitary public restrooms, which are both a health risk and a hindrance to sustainable growth and personal prosperity. Fig 3 below shows the state of access to sanitation and social amenities.

Fig 3 Below Shows the State Of Access To Sanitation And Social Amenities.

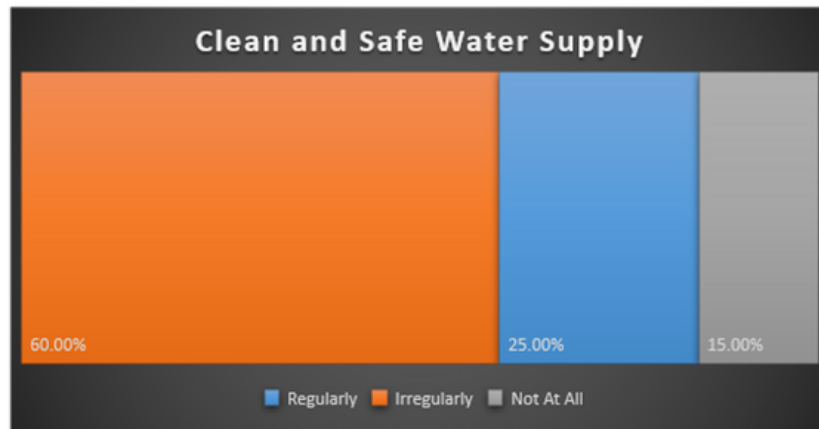


Source: Primary Data Compiled by ZIMCODD

4.1.3 Water Supply

Despite the fact that every Zimbabwean has a constitutional right to receive clean water, the government is unable to provide this essential service. According to the survey, only a pitiful 25% of the 57 districts polled in May reported obtaining clean water on a regular basis, and 60% did not. As a result, it is also challenging to realize other human rights, such as the right to a clean and safe environment. Fig 4 below shows the survey's findings.

Fig 4 Clean and Safe Water Supply



Source: Primary Data Compiled by ZIMCODD



HIS: Water crisis in Zimunya Township, Mutare

Zimunya Township has been facing a water crisis despite the fact that the right to water is a necessity in everyone's life. Clean fresh water is important for drinking, sanitation, and sustaining the ecosystems on which all life depends. The shortage of water has many social, economic, and environmental impacts. Some of them include illness, disease, death and biodiversity loss. According to the Constitution of Zimbabwe, amendment number 20 of 2013-chapter 4 section 77 (a) states that "every person has the right to safe, clean and potable water"; hence every citizen should have access to clean water. Water is a must-have in every community and if residents do not have access to water this will harm their health and affect other facets of their life. The Mutare Rural District Council is failing to provide clean portable water due to several reasons such as a lack of water infrastructure.

The severe and current water crisis in Zimunya has been pushing a lot of the residents to dig unsafe boreholes when faced with a shortage of functional boreholes. The area has only one functional borehole to service the communities and this is impacting residents negatively. The lack of functional boreholes limits access to safe water for drinking and for practicing good hygiene at home and in schools.

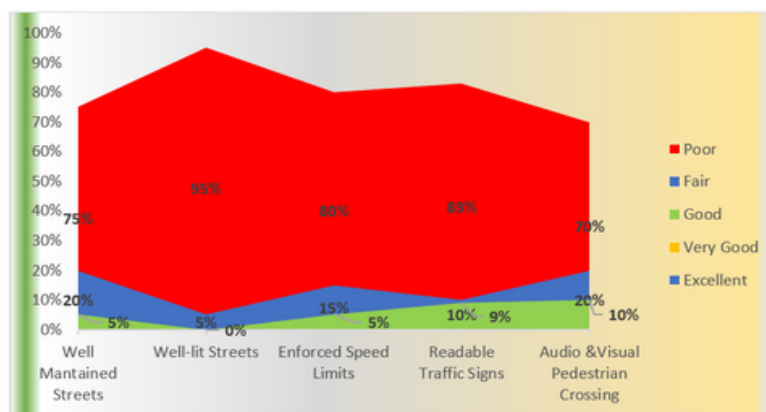
The lack of clean portable water also becomes a serious threat to the community and sustainable development. The Zimbabwe National Water Authority (ZINWA) which has the role of providing water to the residents in Zimunya is failing to fulfil this mandate due to a number of reasons. One of them is the growing population in the area.

Residents in the nearby communities of Sakubva, Dangamvura and Chikanga are moving to Zimunya as they escape the high rentals. It is critical to note that, this is happening at a time when the country is still fighting against cholera.

4.1.4 Road Networks

The findings from the survey shows that, many community roads are in bad condition. About 95% of local roads are poorly illuminated, only 70% have visual pedestrian crossings, and 83% have subpar traffic lights. According to a WHO report from 2021, Zimbabwe has the highest mortality rate in SADC and at least 5 deaths occur there every day as a result of bad roads. Additionally, improper road signage has a negative impact on those with impairments and puts children's lives in danger.

Fig 5 Road Networks



Source: Primary Data Compiled by ZIMCODD

HIS: Bulawayo City Council calls out for help from corporates to maintain city roads

Bulawayo councillors speaking at the full council meeting held on the 3rd of May 2023, said that there is need to revive the 'Adopt a Road' policy to enlist corporates and individuals to assist the local authority to maintain its roads. The policy was proposed in 2017 to help maintain and beautify sections of the city's road network through community members volunteering to sponsor road rehabilitation works at no cost to the council.

"We should be innovative and engage stakeholders with businesses along the roads, we should speak with them so that they can fix the roads and maybe get rebates from rates and so-fourth rather than us discussing who is going to fill up the potholes with gravel dispatched by the council and how," said Cllr Ndlovu.

He went on to say that dispatching gravel for pothole patching was a temporary measure hence, the need for Bulawayo City Council (BCC) to come up with long term solutions.

"I am encouraging the local authority to be innovative and approach businesspeople with roads in front of their businesses so that they can adopt them. For example, there is a businessperson with a business in Hillside who once asked me whether it's possible for the council to give them the opportunity to fix the road so that the clients coming to his hotel travel well," he said.

In response, Mayor Solomon Mguni urged the business community to approach the local authority as there is an existing policy for such arrangements. This comes after the department of Road Rehabilitation revealed in 2022 that the city required at least US\$700 million to rehabilitate its major roads. However, following the launch of the ERRP 2 in 2021, the Government allocated over \$1 billion for road rehabilitation works in Bulawayo in 2022 with \$177 million having been disbursed by September 2022. Bulawayo's roads are riddled with potholes and the situation was worsened by the rains, thus, BCC on record said 70 percent of its road network has outlived its lifespan.

Under the ERRP programme, Council identified five key roads that required urgent rehabilitation, and these are Luveve Road, Matopos Road, Wellington Road, Khami Road and Steelworks Road. It had an intention to do overlays along Khami Road from the Flyover to Mpopoma Avenue as well as Matopo Road from 23rd Avenue to Leander Road. In February 2023, Bulawayo Mayor Solomon Mguni called for the disbanding of government's Emergency Road Rehabilitation Programme (ERRP), arguing that the programme has been a monumental failure in the city.

"The collapse of the city's road network in 2021 to 2022 is attributed to the failure of the central government's Emergency Road Rehabilitation Programme (ERRP). As the adage goes, statistics don't lie". 2021/2022 saw the erratic or non-disbursement of allocated ZINARA funds, some which were diverted towards the government's ERRP Programmes.

"This saw 18 Bulawayo roads taken over by the department of roads and the central mechanical and equipment department (CMED) and various associated contractors under the Ministry of Transport and Infrastructure Development," said Mguni.

The mayor revealed that out of the 18 roads taken over by government, only three were completed. "All these 12 roads taken over by government for rehabilitation in 2021 are still at 0%. We then have three of the aforesaid 18 roads that have been partially done; but the quality of the work is questionable. Fife street (2.7 km stretch) – only 15% was done. Nketa Drive; (2.1km) 50% is said to have been done." he added. Mguni said CMED has tried to rectify the problem but to no avail.

Sadly, motorists continue to pay taxes and renew their road licenses only to drive on the dilapidated roads. The least that can be done is that their money gets used to maintain the roads. On the other hand, corporates may only buy into the 'Adopt a road' policy, simply because they will be practicing Civic duties. Further, they wouldn't want to lose their clientele due to the road state, but the duty still remains on the shoulders of the local authority to maintain its roads. There are idle Ward retention funds which could be helping to rehabilitate roads, but unfortunately, they continue to depreciate in value without being disbursed.

HIS: Bulawayo Councillors Calls Upon The Local Authority To Release Funds And Resources Meant For Road Rehabilitation.

Bulawayo councillors have called upon the local authority to release funds and resources meant for road repairs on time so that road rehabilitation work may be completed within the specified time frames. However, the Bulawayo City Council (BCC) stated the authority encountered difficulties in obtaining enough resources at the same time, resulting in the delay in finishing the roads on schedule.

This issue was noted in the most recent council minutes, in which city councillors discussed the state of roads and the necessity for community groups to augment the work done by BCC in terms of road maintenance. In the council minutes, Councilor Rodney Jele stated that gravel deposits on the roadside were taking too long to be used to repair roads, resulting in resource waste, while Councilor Arnold Batirai expressed worry about a lack of road maintenance.

Batirai claimed that road maintenance had not been carried out as scheduled since 2018, citing Ward 24 as an example of where nothing had happened. "Batirai felt that the department should report on the challenges encountered leading to the failure to achieve what had been planned and the solutions to the problems. The use of the Emergency Road Rehabilitation Programme (ERRP) should be taken seriously and dealt with effectively. It was necessary for the committee to lobby for the purchase of the yellow machines," read the council minutes.

Councilor Donaldson Mabuto also mentioned how the ERRP programme was implemented without adequate resources, resulting in its failure to follow through on the plans. "It was, therefore, necessary to plan on how to get the resources. Nonetheless, with the minimum resources available, work on 1 or 2 wards should be implemented. These small activities had a great impact on the residents," Mabutho said in the council minutes.



BCC Director of Engineering Services, Engineer Sikhumbuzo Ncube, responded that another difficulty was that just one contractor was on site since other contractors had cancelled their contracts. "There is one contractor on site. Some contractors cancelled their contracts. Community groups are on hold due to a lack of materials and tools due to funding constraints. All the resources available were channeled to Luveve Road. The department was working with the Procurement and Management Unit (PMU) to acquire material." the council minutes read

4.2 Fiscal Transparency and Accountability

Public service delivery is tumbling in Zimbabwe largely because of massive resource leakages caused by high public corruption, illicit dealings, and tenderpreneurship tendencies by businesses and few connected individuals. All public procurement decisions made by the government through the Procurement Regulatory Authority of Zimbabwe (PRAZ) must be guided by the Public Procurement and Disposal of Public Assets (PPDPA) Act. This Act regulates the public procurement cycle from procurement planning, approaches to the market, evaluation and tender awards, contract management, and disposal of public assets to ensure that procurement and disposal of assets is effected in a manner that is transparent, fair, honest, cost-effective and competitive.

However, there are gross violations of the PPDPA Act. For instance, in May 2023 government announced a purchase of 32 helicopters from Russia to use for medical, air policing and search & rescue operations at a total cost of US\$320 million.⁸ The tender for these helicopters was not publicly flighted and the per unit cost of US\$10 million is thrice the market price quoted by Rostec, a Russian helicopter manufacturer. Consequently, paying more for a good/service than its quality or availability justify indicates a lack of value for money for taxpayers. Again, in 2022, the Treasury complained about the lack of due diligence in tender processes by government agencies.⁹ This explains the payment to suppliers by many local authorities for goods/services which never get supplied as evidenced yearly in the Auditor-General's audit reports. Economists have also linked the ongoing increased volatility of local currency and price crisis to awarding and payment of unjustifiable tenders by government.

So, to improve service delivery, stabilize the macroeconomy and uplift millions out of poverty, there must be transparency in government, that is, providing the public a window into national budgets to be able to hold authorities accountable. Accountability largely refers to government compliance with existing laws & regulations and enforcement of the legitimacy of fiscal expenditures. This leads to optimal allocation and efficient & effective utilization of public resources.

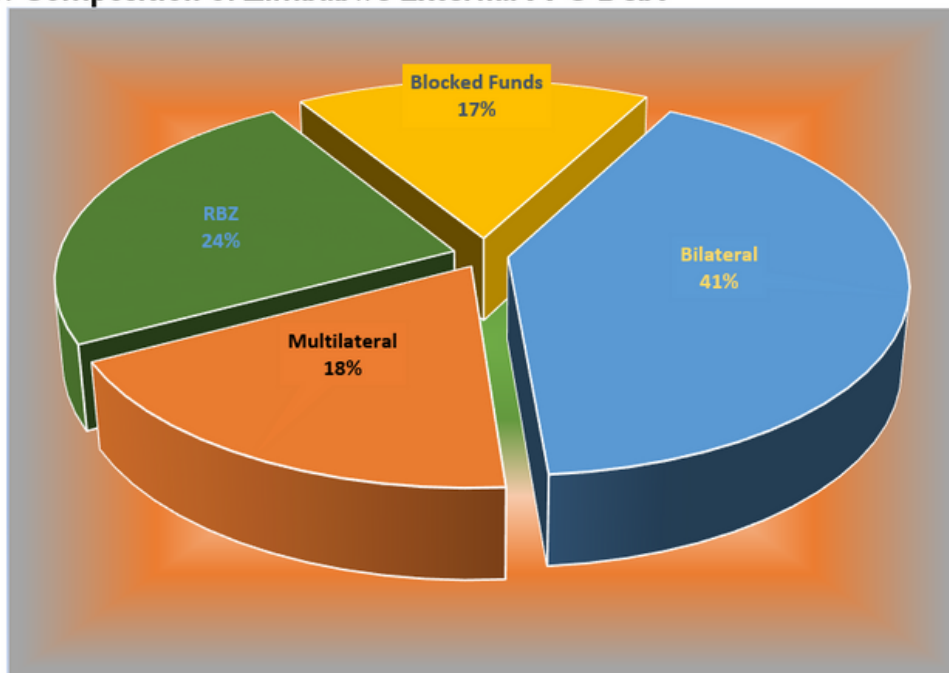
8. <https://nehandaradio.com/2023/05/19/govt-priorities-questioned-following-purchase-of-18-helicopters-from-russia/>
9. <https://www.businessweekly.co.zw/govt-contractors-lock-horns-over-payments/>

4.3 Public Debt

4.3.1 RBZ Debt Assumption

On the 29th of May 2023, Treasury announced that it will help clear RBZ's balance sheet by assuming all external loans accrued by RBZ on behalf of the Government. The Bank has been reportedly borrowing to fund foreign currency requirements for strategic imports such as fuel, electricity, water chemicals, medicines, cooking oil, and wheat. As of the end of September 2022, Zimbabwe's public and publicly guaranteed (PPG) external debt stood at US\$14.04 billion. Of this total, RBZ's external debt alone constitutes about 24% (US\$3.4 billion).

Fig 6: Composition of Zimbabwe External PPG Debt



Source: Ministry of Finance & Economic Development

By assuming the RBZ debt, Treasury has taken over all monthly interest payment obligations which were previously the responsibility of RBZ to service its debts. This, coupled with Treasury taking over RBZ's role of collecting and paying for forex surrendered by exporters has an effect of ballooning fiscal spending unsustainably and risks crowding out public service delivery as well as the introduction of additional regressive taxes. The bypassing of Parliament in the assumption of RBZ external debts also makes the process unconstitutional. There is also the lack of comprehensive debt audit before the assumption of this debt risks taking over odious and illegitimate debts by already overburdened taxpayers.

It is, however, commendable that the government has now limited state borrowing powers only to the Treasury as required by the Constitution as well as the Public Debt Management Act. This will go a long way in ensuring debt sustainability. Also, as per the March 2023 High Court order,¹⁰ Treasury must improve on debt transparency by coming up with a debt contraction law compelling it to seek Parliament approval before issuing guarantees and contracting any debt on behalf of the public.

10. <https://www.newsday.co.zw/thestandard/local-news/article/200009341/high-court-calls-mthuli-to-order-over-public-debt>

4.3.2 High Level Debt Forums

In May 2023, Zimbabwe held another high-level debt forum following the last meeting held in February 2023. In attendance were the structured dialogue facilitators in former Mozambique President Joaquim Chissano and African Development Bank (AfDB) President Akinwumi Adesina. The duo is championing the government's arrears clearance and debt resolution processes. The forum followed a March 2023 technical meeting which was attended by three (3) sector working groups: governance reforms, macroeconomic growth and stability, and land tenure reforms. Zimbabwe is engaging its creditors to clear its debt arrears which have grown unsustainably.

Treasury statistics show that of Zimbabwe's US\$14.04 billion external debt recorded as of September 2022, arrears & penalties alone account for 50% (US\$6.6 billion) of this total. The nation's total debt stock officially recorded at US\$17.6 billion is roughly four (4) times the size of Zimbabwe's average national budget of US\$4.3 billion in the last decade. It also breaches the stipulations of the Public Debt Management Act that the debt-to-GDP must not exceed 70% and misses on the Southern Africa Development Community's (SADC) debt-to-GDP target of 60% to attain convergence of the regional macroeconomy. The high indebtedness is now crowding out public services and development programs as more funds are earmarked for debt repayments. It is the poor and vulnerable groups like children, youths, and women who are disproportionately affected by a lack of quality and affordable public services and strong safety nets. In other words, the government is handicapped as it is facing a very limited fiscal space and high corruption which is inhibiting its humanitarian response.

As such, the high-level structured debt dialogues show that the government is now committed to permanently resolving the debt conundrum, cutting poverty & inequality, and propelling stable, sustainable and inclusive economic recovery and growth. However, these dialogues must be buttressed by increased political will to fully implement needed reforms (land tenure, governance, and economic reforms) to get buy-in from all creditors. For instance, during a roundtable meeting on Zimbabwe's arrears clearance and debt resolution held on the sidelines of the AfDB meetings in Egypt, the United States made it clear that it will not participate in any financing options for Zimbabwe as long as the Zimbabwe Democracy and Economic Recovery Act (ZDERA) is still in force.¹¹ This shows that Zimbabwe government must swiftly implement political and economic reforms in order to get relief from its creditors.

4.4 Trade Highlights

Zimbabwe is richly endowed with abundant mineral resources. The country has close to 40 different minerals on high global demand including gold, diamond, lithium, chrome, and platinum group metals (PGMs). Mineral commodities are also the biggest export proceeds generator with gold alone having generated about US\$495 million so far this year alone.

11. <https://www.thezimbabweemail.com/main/us-declines-to-support-funding-zim-arrears-clearance-debt-restructuring-citing-its-economic-sanctions/>

However, it is also important to note that for the past decade the country has not recorded a positive trade position, meaning it incurred trade deficits. Experts have attributed this to gaps in budgetary funding, off budget expenditures, and liquidity injections which have resulted in exchange rate depreciation and hyperinflation.¹² Here are the major trade highlights for the month of April:

- Exports stood at US\$555 million; an 8% gain compared to the previous month.
- Since exports trailed imports, by a value of US\$144 million, the country had a trade deficit of -US\$766 million compared to US\$474 million over the last period last year, a 62% worse position.
- The main products exported were semi-manufactured gold (27%) and tobacco (18.3%). Minerals account for the bulk of the exports which include nickel, diamonds, platinum, ferrochrome, and gold.
- The main products imported were machinery and mechanical appliances (16.7%) and mineral fuels and oil products (16.6%). South Africa (36.7%) and China (22%) were the main source countries for imports to Zimbabwe in April of 2023.¹³
- Top destinations for Zimbabwe's exports in April were South Africa (34%) and the United Arab Emirates (27%).

4.5 Domestic Resource Mobilization and Mineral Resource Governance

Domestic resource mobilization (DRM) and effective management of mineral resources are the long-term paths to finance sustainable development. DRM is crucial because it governs how countries raise and use the money, they need to support their populations. DRM is a crucial step in assisting nations to reduce their reliance on foreign aid in addition to providing them with the resources they need to combat poverty and deliver public services. The country's external financing is anticipated to remain congested. Therefore, improving domestic resource mobilization and mineral resource governance efficiency is crucial for Zimbabwe's economy to grow in the future. The government owes a total of USD 11,1 billion, or around 53.9% of GDP, according to official statistics, ninety-six per cent of that total is external, including 6,4 billion in debts owed to bilateral creditors, international financial organizations, and private creditors.

To support sustainable development worldwide and in African nations, enormous financial resources are required. African nations will need to increase the efficiency and mobilization of both conventional and alternative financial sources if they want to raise such amounts. Domestic resource mobilization which boosts tax revenues and other non-debt income sources like mining, is crucial in enabling nations to take ownership of and exercise flexibility in establishing policies that address their unique development challenges while reducing the risks of debt distress.

Since most mining firms benefit from tax havens and other opportunities for tax avoidance that have been allowed to them by the central government, the taxation system in Zimbabwe has been incredibly regressive in terms of its citizens' rights, and as a result, local communities receive very little benefit from the country's mineral resources.

12. <https://www.equityaxis.net/>

13. <https://www.zimstat.co.zw/>

2016 which declares that all Chinese corporations in Zimbabwe do not pay tax in Zimbabwe to avoid double taxation is evidence that most of the mining operations in Zimbabwe are owned by Chinese companies. Effective domestic resource mobilization and governance of mineral resources have been hampered by the statutory instrument. Because of this, Zimbabwe's common citizens pay a 2 per cent tax to cater for the deficiency caused by mining firms in tax revenue.

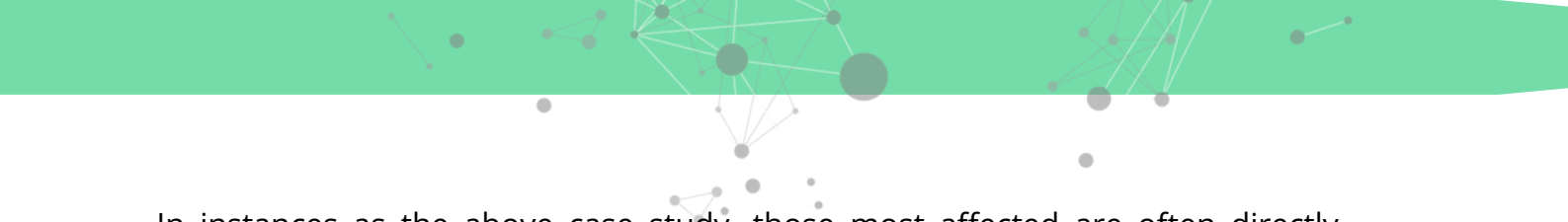
Since only Chinese enterprises profit from tax evasion and avoidance, SI 114 of 2016 has played a significant role in slowing down the mobilization of local resources and the governance of mineral resources in Zimbabwe. Since Zimbabweans do not own any mines or businesses in China, our country is not able to take advantage of SI 114's 2016 provisions. For instance, the public's reaction to the sale of a lithium mine in Zimbabwe to a Chinese corporation has seen a polarized public response, with many people worried that there will not be many benefits at the national or local levels. The agreement serves as a reminder of the necessity for tighter controls on foreign investors to uphold contractual obligations and safeguard national interests.

Taxpayers in Zimbabwe are paying a heavy price for the country's excessive reliance on resource-backed loans, which also slows down domestic resource mobilization and natural resource governance. The loans we receive from such nations are not subject to any accountability. No one is aware of the whereabouts of those funds. It was discovered that Chinese banks and global commodity traders were filling the void created by traditional lenders who stopped offering loans to Zimbabwe about two decades ago due to its unwillingness to honour repayment obligations. Natural resources are being utilized as collateral for these loans, which is bad for future generations.

4.6 Climate Change

The climate crisis is a societal challenge with ethical and human rights impacts occurring alongside a number of already existing inequalities based on gender, socioeconomic class, race, ethnicity, nationality, ability, sexual orientation and age. Mining is an economic activity that contributes significantly towards climate change. Climate change negatively affects the production, availability and accessibility of resources, such as land, water and food. The case study below is an example of how mining activities have negatively affected Chimanimani:

Illegal mining activities are rampant in Chimanimani. The total number is estimated at 700 artisanal miners working in groups of 3 to 8 people who mostly working in hidden valleys, where even woman and children are present. Despite efforts by law enforcement from both Zimbabwe and Mozambique, artisanal mining activities continue to occur unabated. Gold extraction in the area is mainly done along rivers and small streams, this leads to destruction of vegetation, alteration in the depth of rivers, and water pollution which has resulted in the water being unsafe for domestic and household use, including any form of farming activities. Mercury is present in areas where gold is extracted and is highly toxic. Not only does mercury pose dangers to miners but it also contaminates the rivers and streams along which mining activities occur. Consumption and usage of the contaminated water has resulted in ailments and in some cases death.



In instances as the above case study, those most affected are often directly dependent on natural resources as their main source of food and income. At household level, many rural women, rely on water from rivers and streams to sustain their livelihoods and food sources, which are at risk from climate change inducing activities. Water pollution through mining activities aggravates the situation as during dry seasons or low rainfall the dependence on existing water bodies increases. This exposes communities to food insecurity and can affect nutritional needs especially during pregnancy and lactation, which in turn affects child growth and development. Communities' vulnerability and exposure to climate change is influenced by a multitude of factors, such as extreme weather events, land-use planning, quality and location of infrastructure, and disaster preparedness. In addressing climate change, targeting the most vulnerable communities and developing policies that address the root causes of their vulnerability remains key. Intersecting dynamics, such as indigenous or disability status, compound the vulnerability of some communities, particularly when adequate social protection systems are lacking. Climate action that excludes marginalised groups intensifies these challenges.

It is evident that climate change does not only pose risks on the environment but poses risk to the health and safety of the community. Artisanal miners face workplace exposure to a range of occupational health and safety risks, while community members are exposed to land degradation, water scarcity, water pollution, collapse of infrastructure and this is aggravated by poor public service delivery. Policy and governance arrangements play an important role in combating climate change. In order to achieve the scale of change required to mitigate the effects of climate change, coordinated action is needed from global to local levels across private, public, and civil society sectors.

4.7 Trade Justice and Livelihoods: Impact of Cotton Market Failure to Livelihoods

The cotton industry is no longer a reliable source of sustainable livelihoods to small holder cotton farmers in Zimbabwe. In Manyoni, Gokwe, cotton production and marketing are mostly affected by unfair pricing resulting in the industry becoming less profitable. Cotton sometimes dubbed “white gold” is one of the contributors to the livelihoods of cotton reliant communities in Gokwe. In recent times, cotton farmers have bemoaned ill treatment and non-payment of their product by the Zimbabwe Cotton Company (COTTCO). One cotton farmer from Manyoni (name withheld) narrated how cotton farmers are suffering at the hands of COTTCO.

“The COTTCO issue breaks my heart, money for 2022 bales was paid this year through Mukuru (an online money transfer system), this year, nothing has been paid.”

According to Takaravasha (1994), cotton was introduced in Gokwe by colonial farmers, and it pulled a lot of immigrants within the area from Chirumhanzu, Chivhu, Pote and Gutu which formed a group of people called “Madheruka”. It is during this period that cotton was introduced to small holder communal farmers. In Gokwe North District, 53% of farmers used income from cotton to sustain their livelihoods, 20% used a combination of income from cotton and maize production, while 18% used wage savings (Govereh et al 1999). Such statistics indicate that cotton is a major source of livelihood for a large part of the population especially small holder farmers from drier parts of the country like Gokwe Nembudziya Ward 12. Cotton farmers in Gokwe no longer see the value in their trade as they continue to incur losses. Some farmers have indicated that a shift to growing sunflowers is an option they are currently exploring.

The real contribution of the cotton farmers to sustainable development has been hampered by financial and economic measures that have hampered growth of the sector. Limiting cotton farmers access to economic and social growth through late payment and payment of cotton in groceries, the local currency, ZWL, as opposed to United States dollars violates their human rights. Gokwe cotton farmers not only face unfair trade practices, through weak policies and macroeconomic measures, but they also face challenges in accessing credit, corruption, gender imbalances and child labour. Supporting the growth and capacities of cotton farmers, livelihoods through a just policy framework will go a long way in achieving trade justice and their steady integration into the international market. It is crucial to ensure that legislative measures and actions work to eradicate the marginalization, challenges, imbalances and exploitation of cotton farmers.

5. Conclusion

With institutionalized corruption, resource smuggling, and leakages, Zimbabwe's use of public resources continues to be inadequate. Public organizations having an ombudsman mandate are seen to be ineffective and working with gold traffickers. High ranking public officials and diplomats are enabling national thievery, according to the Al Jazeera Gold Mafia documentary, which makes unbelievable disclosures about the levels of corruption in this country. This is being done at a time when inadequate service delivery and infrastructure gaps are more apparent than ever. The current state of the health industry is bleak and shambolic, hindering the growth of human capital. Therefore, unless the following suggested measures are strictly followed, Zimbabwe's objectives of an upper middle-income economy by 2030 remain unattainable.

6. Recommendations

The May 2023 PRM SitRep proposes the following recommendations.

1. Independent Debt Audit(s)

There is a need to undertake an independent public debt audit that will inform the scale and nature of the country's debts, which are often not transparently publicized. An audit will also become a building block to popularising discussions about the legitimacy of certain debts and whether they should be repaid.

2. Revamp Debt Management Strategy

Authorities must revamp the public debt management strategy. This will help ensure that the government's financing needs and its payment obligations are met at the lowest possible cost and consistent with a prudent degree of risk such as interest rate and currency risks.

3. Capacity Building

Oversight and accountability institutions such as Parliament, Office of the Auditor General, National Prosecuting Authority, and Zimbabwe Anti-Corruption Commission must be capacitated and given maximum autonomy to discharge their mandates.

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4. Adopt Accruals Accounting

The government must adopt accrual accounting because it goes beyond reporting cash coming in and going out as it also looks at assets and liabilities and provides a complete and more accurate picture of the financial position of the government. This informs fiscal and budgetary decision-making to avoid misallocation, increase financial resilience, reduce financial risk, and increase transparency.

5. Pro-active Information Disclosures

Proactive disclosure of the information is faster, gets the information out to everyone, and demonstrates that government welcomes oversight. Also, to ensure that there is ongoing public scrutiny of the financial position of governments, full financial statements (based on the accruals concept) should be regularly published in line with the dictates of the law.

6. Utilize A Whole Systems Approach

A whole systems approach is a PFM model that ensures that the elements of a PFM system operate in a consistent and mutually reinforcing way. As such, it brings together all the key elements into a single framework to ensure that it functions effectively and coherently.

7. Proper Planning for Reforms

Reforms such as PFM systems must be properly planned to ensure that government has available needed resources. This reduces challenges such as the need to update existing laws & regulations, identify and value assets & liabilities, and develop IT systems.

8. Joining EITI

Zimbabwe ought to take part in the Extractive Industry Transparency Initiative to enhance tax administration, spot actions that can compromise taxation and direct discussion of fiscal policies and reforms. Understanding the amounts of money being generated as well as the content of tax policies, tax laws, and related difficulties is necessary to evaluate existing and potential domestic resource mobilization from the extractive sector.

9. Increasing engagements

To foster ownership and awareness of the resource mobilization process and the significance of mineral resource governance, there is a need to expand contacts with civil society, the commercial sector, governmental institutions, and the public.

10. Intensifying education and awareness campaigns

On the significance of paying taxes on time (and saving money). With mining corporations, this calls for collaboration with civil society and the revenue authorities through training and workshops.

11. Demonstrating the political will

To reduce resource leakages, stop capital flight, and end corruption by putting in place stronger legal frameworks that enable for the tracking, halting, and recovery of illegal financial resource flows.

12. Fighting tax flight

Internationally coordinated steps will be necessary to combat tax evasion at the point of origin, which is while the transfer is in transit, and at the destination. The mandatory recording of beneficial ownership data for bank accounts, trusts, corporations, foundations, and other legal entities utilized by financial centres (including "tax havens") is one such measure. Agreements on information sharing between nations would also aid in preventing tax evasion and incorporate tax evasion as a criminal offence in international laws and codes of conduct.

13. Harnessing digital technology potential

Digital technology can significantly increase DRM, especially in terms of how tax administrations may raise their effectiveness and assist taxpayers in complying. Digital technology, for instance, enables pre-filling tax statements with data from third parties, which lessens the stress of complying with tax laws because taxpayers may just review and validate the pre-filled information. Governments can track sales using electronic invoices, such as cash registers, to record transactions and transmit data electronically (in real-time) to a server that tax officials can access. A system like this can significantly increase the administrative effectiveness of indirect taxes like VAT. For this technology to be successful, a sizable majority of people and enterprises must have access to it and adopt it.

14.Climate change

There is need to ensure that there is: i) Increased climate education and understanding of climate variability and change-induced risks through climate information services. ii)The traditional leadership and local authority have to ensure inclusion, participation and equal involvement at all levels of participation to promote environmental rights for all, especially those most affected. iii) Creation of climate-smart food systems that promote sustainable productivity improvements, resilient crop and livestock production, enhanced digital tools, and inclusive, equitable, and sustainable food systems.

15.Water

In terms of boreholes, the rural district councils should drill boreholes that use solar systems. This will help as residents will have access to water and help reduce the poor supply of water and all residents will have access to it. Modern standards simplify things and if residents have solar-powered boreholes and non-solar-powered boreholes it will help as the boreholes will not break down frequently. Water channels should also be increased so that residents will have access to water. This will reduce the spread of diseases as residents will not have to go to fetch water in streams nearby. Increasing water channels means an increase in good sanitation and a good supply of water which is essential as it provides good health. New taps and new pipes should be constructed to lessen the burdens of the water crisis in the area.

16.Health

The Ministry of Health must prioritise the wellness of citizens by modernising the health system. Additionally, primary health care systems must be accessible especially in rural areas and other marginalised communities. It is also important that Rapid Service Quality Spot-checks be conducted regularly to improve the quality of health services that patients get.