

# Weekly Economic Review

25 October 2023

## RBZ Interbank Rate

WEEK 13.10.23  
WEEK 20.10.23

ZWL 5,634.99 per USD1  
ZWL 5,670.62 Per USD1

## P.P.G. Debt-Domestic

SEPT \$3.6 billion  
AUG \$5.2 billion

## Blended Inflation

SEPT M.O.M. 1%  
AUG M.O.M. -1.3%

SEPT Y.O.Y 18.4%  
AUG Y.O.Y 77.2%

## avg. Parallel Market Rate

WEEK 13.20..23  
WEEK 20.10.23  
ZWL 7,500  
ZWL 7,600

## P.P.G. Debt-External

SEPT \$14 billion  
DEC \$12.8 billion

## External Trade

Exports  
AUG \$649.9m  
JUL \$603m  
Imports  
AUG \$819.89m  
\$783m

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Look out for our commentary on the recently released Monetary Policy Committee (MPC) meeting held on 23 October 2023 in our Weekend Reader (Friday 27 October 2023).

## 1. Summary

This week's issue of the Weekly Economic Review (WER) comments on the 2024 budget consultative process, the performance of the Zimbabwe dollar against the US dollar, and the pending IMF Staff-Monitored Programme. It also contains detailed articles covering healthcare inequality, mining, and sexual harassment as an impediment to women's participation in the economy.

## 2. Weekly Economic Review and Analysis

### 2.1 A Budget Without Consultative Forums and Public Hearings Is Not a National Budget

Traditionally, the month of October is always engulfed with national budget consultative forums and public hearings. National budget consultative forums and public hearings refer to national budget community visits that are undertaken by the Parliament to gather the opinions and perspectives of citizens concerning the formulation of a national budget. It is a budget formulation process that enables citizens to contribute and authoritatively outline how public resources must be utilized in the coming year. Nonetheless, as October is about to end with no proper communication to date, it is becoming clear to the citizens that there might be no budget consultative forums and public hearings for the 2024 national budget. This is a direct violation of Section 141 of the Constitution which commands the Parliament of Zimbabwe to:

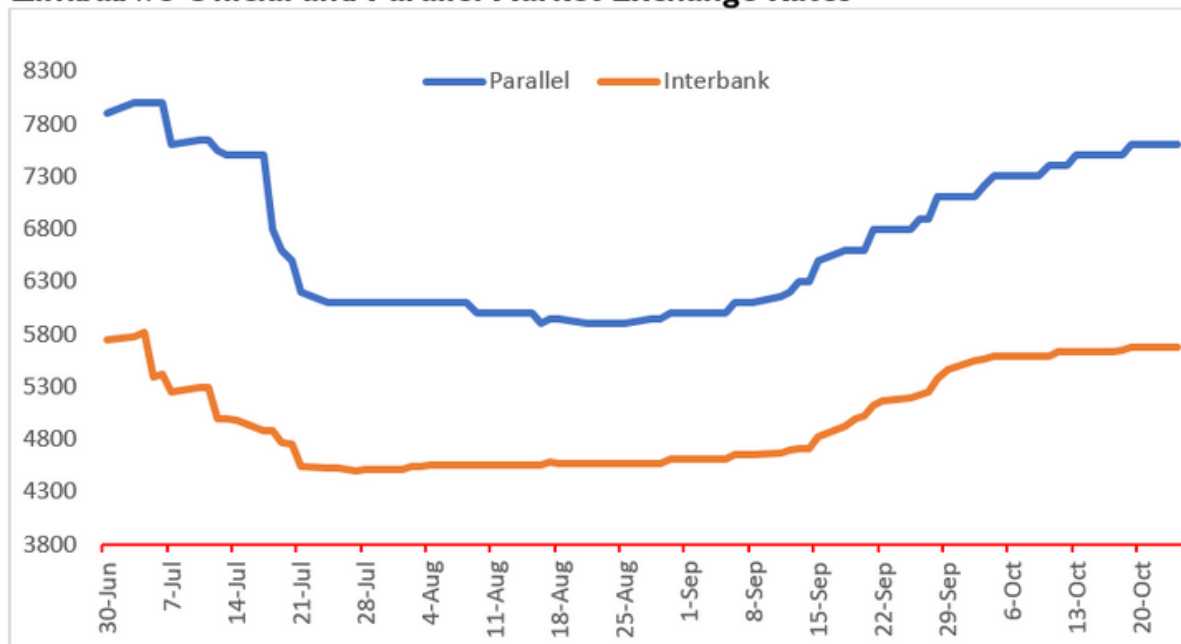
- facilitate public involvement in its legislative and other processes and in the processes of its committees;
- ensure that interested parties are consulted about Bills being considered by Parliament unless such consultation is inappropriate or impracticable; and
- conduct its business in a transparent manner and hold its sittings, and those of its committees, in public, though measures may be taken.

Thus, the inclusive involvement of citizens in budget processes is derived from section 141. Therefore, any public hearing or consultative forum that falls short of the Section 141 prescription undermines the Constitution. Equally important to note will be the institutionalization of citizen exclusion in the budget formulation process thereby undermining greater public participation.

### 2.2 Incessant Zimbabwe Dollar Decline: A Threat to Economic Stability

The perpetual decline of the local currency (ZWL) against the US dollar (USD) experienced in recent weeks is worrisome as this exerts pressure resulting in the burgeoning of local prices. Statistics show that after registering cumulative losses exceeding 15% in both the official & parallel foreign exchange markets in September 2023, the local unit has already cumulatively lost by more than 6% particularly in the parallel market during the October 1-20 period. As a result, the parallel market exchange premia (percentage gap between official & parallel rates) are widening thus increasing the cost of transacting in ZWL.

## Zimbabwe Official and Parallel Market Exchange Rates



Source: RBZ, ZimRates

This partly explains the latest sharp data price adjustment by Econet Wireless Zimbabwe where an 8 GB private Wi-Fi bundle went up by 100% from ZWL111,342 to ZWL222,684. Telecel Zimbabwe has also advised the public that it will review its voice, data, and SMS prices effective October 25. Many components used in the telecommunications industry are sourced from external markets; this means that as the ZWL plunges, local prices have to go up for these companies to be able to at least break even.

Therefore, the continued ZWL decline coupled with rising fuel prices and prolonged electricity load-shedding schedules are becoming big threats to sector-wide economic stability because Zimbabwe is already a net importer of goods & services. It is also adding misery to the general public, particularly those largely earning in ZWLs. These ZWL salaries paid in both the public & private sectors are revised at a slower pace than the rate of ZWL depreciation. As such, there is a need for monetary authority to quickly improve the appeal of the ZWL lest the economy continues to move towards full dollarization. Already, the entire economy is estimated to be 90% dollarized, up from about 70% that was estimated at the beginning of the year. The long-term dangers of full dollarization in a small economy like Zimbabwe cannot be overemphasized.

### 2.3 Zimbabwe Awaits an IMF Staff-Monitored Programme

The International Monetary Fund (IMF) technical team is currently in Zimbabwe engaging with the government of Zimbabwe together with other key stakeholders including academia and civil society. The authorities seek to undergo an IMF Staff-Monitored Programme (SMP) and are seeking to finalize this program before April 2024. The IMF-SMP is an informal agreement between an IMF member country and IMF staff to monitor the member country's economic program.<sup>1</sup>

1. <https://www.imf.org/en/About/Factsheets/Sheets/2023/Staff-Monitored-Program-SMP/>

These SMPs are used when an IMF member state is not yet able to implement an IMF-supported program because of limited institutional capacity, domestic instability, and or lack of assurances of financing. In addition, the SMP can be used to help heavily indebted poor countries (HIPC) be considered for debt relief under the HIPC initiative. In short, the SMP aids an implementing nation in establishing a good track record of policy implementation. As such, a successful IMF-SMP could pave way for an IMF financial arrangement or for the resumption of a financial arrangement that has gone off-track.

The IMF-SMP program is crucial for Zimbabwe at this moment when the nation is facing debt distress, weak regulatory & institutional framework, and recurring & severe local currency fluctuations which are trapping many people in abject poverty as the cost-of-living goes haywire. Due to ballooning principal & interest arrears and penalties, the nation is now struggling to access concessionary external lines of credit leading to the proliferation of resource-backed loans (RBLs) which are increasingly contributing to unsustainable mining and mining resource leakages. The economy is also rapidly informalizing and cash dollarizing thus posing a big threat to national budget financing on public service delivery, infrastructure development, and servicing of existing debts. Furthermore, the IMF-SMP will greatly benefit Zimbabwe's reform tracks (economic growth & stability, governance, and land & agriculture systems) identified under the ongoing structured debt dialogues with creditors. Given Zimbabwe's current track record of policy reversals, having an SMP will likely compel authorities to stay the course.

However, it is worth noting that most economic & structural reforms entail increases in taxes including high user fees in the education & health sectors, deregulation, and downsizing of government through withdrawal of subsidies, reduction of civil service, and commercializing & privatization of key state-owned enterprises. Without the establishment of strong social safety nets, these reforms exert a disproportionate impact on the poor majority who heavily rely on public services in their daily lives. This was greatly attested by the IMF-led Economic Structural Adjustment Program (ESAP) of the 1990s as well as the Treasury's austerity measures under the Transitional Stabilization Programme (TSP) (Oct 2018-Dec 2020). These reforms led to deindustrialization, increased informalization, high unemployment, increased exchange rate depreciation, rampant inflation, and increased poverty & marginalization.

Therefore, there is a need for a "wet" IMF-SMP to reduce the downward pressure of reforms on the vulnerable groups in particular and the economy in general. Generally, a wet SMP includes incentives for efforts for reforms as well as funding to mitigate social impacts on the vulnerable.

This is crucial given the fact that the SMP is being proposed at a time when Zimbabwe is also expected to experience El-Nino weather conditions (normal-to-below-normal rainfall patterns) with the potential to cause severe crop failure, affect food prices, and increase food insecurity. Furthermore, there is a need to prioritize feasible ways of raising fiscal resources without increasing taxes. These include, inter alia, curbing public sector corruption to reduce resource leakages, plucking illicit financial flows, particularly in the extractive sector, strengthening value chains, import-substitution, formalization of the informal economy, and strengthening institutional and legal frameworks.

### **3. Articles for Further Reading**

#### **3.1 Institutionalized Health Inequality A Threat to Human Capital Development**

The current state of public health has created a fertile ground for health inequalities. The health sector is wanting, coupled with maladministration, infrastructure gaps, brain drain, and low worker morale to mention but a few. The health sector is the nerve center of Human Capital Development (HCD) and anything that undermines its operational efficiency threatens HCD. The inequalities being experienced can be said to be deliberate and institutionalized as the government is purposively negating the health sector. This is because there is a general disregard for investing in optimum public health care. Over the past two months, people have been lamenting over the unavailability of Intensive Care Unit (ICU) ambulances on social media. These are specialized ambulances with the team and equipment to provide on-scene advanced life support and intensive care during transportation. Their unavailability in the public sector has ushered many into misery and unhappiness. All ten provinces will have to rely on mobile ICUs from Harare and Bulawayo. At the same time, the pricing of mobile ICUs is beyond the reach of many citizens as it costs approximately US\$ 3000 for a distance of 300 kilometers although the cost is also determined by the severity of the case.

In addition, the plight of cancer and renal failure patients also attests to the institutionalized inequality in the health sector. As of March 2023, the Zimbabwean public health sector had only three health facilities that were offering dialysis services. These are Parirenyatwa Group of Hospitals, Sally Mugabe Central Hospital, and Gweru Provincial Hospital.<sup>2</sup> Dialysis treatment cost ranges from US\$ 80-US\$ 220 per session in private institutions. In 2018, the government committed to providing free dialysis care in public hospitals. Although it was a noble commitment of public health institutions offering dialysis, the services are only found in Harare and Gweru making it difficult for other patients who are outside Harare and Gweru. Depending on the stage of the renal failure, other patients come once, twice, or thrice a week for the procedure; a scenario that makes it impossible for someone from Chipinge, Binga, and Gwanda to easily access health care.

2. <https://zimfact.org/factsheet-dialysis-treatment-in-zimbabwe/>

The unreliability of public health care has also forced many to seek alternative care from the private sector which has prices that are beyond the reach of many.<sup>2</sup>

For cancer patients, a study by the World Cancer Research Fund shows that Zimbabwe has the highest number of cancer-related deaths with approximately 142.9 per 100,000 women succumbing to the chronic ailment. Zimbabwe is in the top six nations<sup>3</sup> with at least 120 per 100, 000 women dying due to cervical and breast cancer. Late-stage presentations and lack of access to diagnostic machines are said to be the challenges.

Additionally, the majority of primary healthcare institutions which are supposed to be the first line of emergency management in rural and marginalised communities do not have adequate health facilities. A good example is the unavailability of maternity wards and stationed ambulances. Thus, making it difficult for communities and villages to easily access optimum health.

It is important to note that, this is happening at a time when Zimbabwe has large deposits of gold, platinum, lithium, chrome, and diamond to mention but a few. The revenue generated from these resources is not benefiting the communities and villages. Vested interest and economies of affection are taking precedence over national interest. Therefore, the attainability of Vision 2030 remains under constant threat as the health sector plays a critical role in ensuring the attainment of HCD which is essential in national competitive advantage in the international community. Thus, there is a need for the government to optimally manage public resources for the benefit of all citizens in a manner that systematically addresses the current health inequalities being experienced in the country.

### **3.2 Challenges Faced In the Mining Sector**

Mining gives Zimbabwe a channel for socio-economic change if it is properly managed by placing citizens at the center of development. The global trend for energy transition has increased demand for key minerals needed to produce batteries for electric vehicles and other technology, including mobile phones. Zimbabwe ranks fourth globally in lithium production and is best positioned to implement a just energy transition. However, due to mining companies not respecting local communities' or indigenous peoples' cultural, sociopolitical, or economic values, we have seen an upsurge in human rights violations.

At Bikita Minerals residents have voiced concerns over the mining company's practices, adherence to the laws governing mining, and respect for human rights.

3. Zimbabwe, Mongolia, Samoa, Malawi, Serbia and Papua New Guinea

This follows the death of a mine worker at Bikita Minerals, which was seen to be a breach of the fundamental right to life, life is considered sacred and safeguarded by Zimbabwe's constitution. In pursuit of economic development and beneficiation, there is a need to ensure the safety of workers and the communities by putting measures in place that guard against any actions that endanger lives and undermine human dignity.



**Lithium Ore at Bikita Minerals**

It has been reported that Bikita Minerals' mine workers, who formerly worked for 8 hours, are now required to work 10 hours each day while being subjected to intense supervision, which prevents them from receiving proper rest. Additionally, employees who previously worked for 10 hours are now working 12 hours, which has led to an increase in mine accidents because employees are not getting enough time to rest. This situation therefore led to the mining company to recording safety incidents every month. Prioritizing the rights of local people and the environment is necessary before different parties satisfy their thirst for resource exploitation and economic gain.

The mining industry underpins the goal of an Upper Middle-Income Nation of a US\$12 billion industry by 2030, which is an ambitious goal that must take into account the values and desires of ordinary citizens along the value chain. A policy framework that supports the holistic socio-economic and ecological well-being of those most impacted by mining and the risks associated with it must be designed and implemented with the meaningful participation of the most vulnerable communities to protect communities that are being affected by mining.



### **3.3 Sexual Harassment: An Obstacle to Women's Economic Participation**

The recent headlines in the press have been littered with cases of sexual harassment at the state broadcaster, the Zimbabwe Broadcasting Corporation (ZBC) and while these have kept adrenaline junkies sufficiently entertained the implications are much broader than what is present.

#### **Media & Entertainment.**

The allegations of sexual harassment that surfaced after the stories of female media practitioners who have been harassed in the media sector were shared on both social and print media reveal a rot that has serious consequences for women, particularly those who want to be economically active. The media and entertainment sector remains one of the few industries where people can be formally employed in Zimbabwe. This and societal attitudes that have always shunned unconventional ways of making a living that do not include a person sitting in an office every day have increased the vulnerabilities that people, particularly women find themselves in. Universities churn out thousands of graduates every year but employment opportunities are very slim hence employers find it easy to take advantage of desperate women who must make a living out of their talents. Again, female singers have had their bodies grabbed on and off stage by sexually perverted men and female journalists have been called loose when they have broken news stories that some sections of the population do not agree with. The rot in the media and entertainment sector based on sexual harassment being rampant has made organizations like the Fredrich Nauman Foundation Zimbabwe move in to try and address this problem.

#### **Mining**

In the small-scale artisanal miners' sector, women make up close to half the population but have found themselves victims of sexual harassment including rape. In a study, the victim-friendly unit reported receiving thirty-five rape cases every month in the towns of Zvishavane, Shurugwi, and Mberengwa. Looking closely at the patriarchal culture, the influence of traditional beliefs that normalize sexual assault against women in society, and the lack of knowledge on the legal recourse to take after being harassed, it is only rational to understand that this number is far below reality. It is also important to note that this figure only relates to rape and does not include other sexual crimes. Thus, using this data one can conclude that on average 420 women are raped in these three mining towns alone. This does not include other mining towns like Gwanda, Hwange, and Chiadzwa. The majority of women operate as artisanal small-scale miners who are unregistered because of the demands of owning land and acquiring mining licenses in Zimbabwe.

The same study showed that women in this field are often then left vulnerable to the sexual advances of policemen whom they must form casual and/ or sexual relationships with, for the officers to look the other way at their illegal activities and go easy on them in case they find themselves arrested.

### **Informal sector**

The informal sector is one of the biggest employers in Zimbabwe right now and a closer look at the numbers will prove that women are the biggest workforce in this field. A quick look into Egodini which was the biggest rank in Bulawayo before its closure and Mbare Musika in Harare will also reflect how women are not spared from sexual abuse in this sector. Though the fall of Egodini in Bulawayo was detrimental for many citizens whose livelihoods depended on the overcrowded rank a lot of its former victims were relieved. At its peak, the rank had accommodated close to two thousand informal traders who sold tomatoes, herbs, clothes, and insults. Egodini was where one could get transport to any high-density suburb found in Bulawayo and was, therefore, a host of hundreds of drivers and touts (commonly known as hwindis or conductors). The rank like Mbare Musika in Harare, was notorious for the sexual harassment of women and girls. Women and girls could be beaten, stripped of their clothes, insulted, and grabbed for wearing anything the touts and drivers deemed too short or too tight. This is why for a lot of females, the closure of Egodini in March of 2016 was a sigh of relief, many believed this meant the end of public sexual harassment. But they were wrong! Public sexual harassment didn't just disappear with the fall of Egodini, it was just decentralized. Bulawayo is now littered with illegal taxis and market ranks, and it is in these places that women and girls are sexually harassed by touts and informal traders.

### **Conclusion**

In a country where gender equality is an aspiration, there is a need for serious assessment into the economic sector in Zimbabwe specifically at obstacles that hinder women from being equal economic participants. According to research, sexual harassment affects the economic productivity of women as it decreases their self-confidence and at times leads them to quit work. While it is commendable that the Zimbabwe Media Commission is currently crafting a sexual harassment policy and that this year, the Public Service sector of Zimbabwe adopted a sexual harassment policy, only 20% of the population works in the formal sector. This leaves the majority of the population legally unprotected and therefore vulnerable to any and every form of sexual harassment.

It is also disheartening to note that over 65% of the people in the informal sector are women, history and data will show that this group has been for the longest time the victims of any and every sexual harassment under the sun.

According to a survey conducted in 2021, 59.9% of the respondents to the survey reported having witnessed sexual harassment at marketplaces and the roadside. This is problematic remembering that over 80% of the employed in Zimbabwe are in the informal sector, meaning that their workplaces are in the streets and pavements where most of this harassment takes place.

How then do we protect women from sexual harassment so that they can continue being economically active? Statistics by the UNFP show that 1 in 4 women in Zimbabwe have experienced sexual violence since the age of 15. While the constitution of Zimbabwe in section 52 states that 'every person has a right to bodily and psychological integrity which includes the right to freedom from all forms of violence from a public or private source....' Women are not truly free to economically contribute because of the fear and effects of sexual harassment. As a country, we need a comprehensive a sexual harassment legal framework that will include citizens in the informal economy to fulfil the mandates of our Constitution and of the many treaties the country has signed to ratify its commitment towards gender equality.