analysis of the national budget

2023

ZIMCODD

ZIMBABWE COALITION ON DEBT & DEVELOPMENT

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1 Introduction

On the 24th of November 2022, the Minister of Finance and Economic Development Mthuli Ncube announced the 2023 National budget. The 2023 National Budget has a total expenditure of ZWL 4.5 trillion which is US$ 5.6 billion using the parallel market rate of US$ 1: ZWL 800 and US$ 6.9 billion using the official ruling exchange rate of US$ 1: ZWL 646. This was against a national anticipation of a US$ 9 billion national budget if Zimbabwe is to attain an upper middle class economy by 2030. An evaluation of the 2023 National Budget shows deep public policy politics and how wholesome populistic policies have undermined optimum resource distribution according to national challenges. As the government's` tradition, the security sector has been given a huge allocation despite the fact that Zimbabwe is experiencing both negative and positive peace. It is rather worrying that; the number of war veterans continue to increase from 34 000 in 1997 to 142 000 in 2022.

Despite such increase, what boggles the mind of the citizens is that, 142 000 war veterans have been given ZWL 46 000 000 000 (US$ 57.5 million) which is 1% of the total budget while social protection has been given ZWL 50 400 000 000 (US$ 63 million) which is 1.12% of the total budget. This is despite fact that Zimbabwe`s social protection is in a dire situation with 3.8 million rural people facing food starvation and 1.6 million urban starvations, 4.6 million children living with Severe Acute Malnutrition and 4.8 million children in need of Basic Education Module Assistance (BEAM). Therefore, if one is to take into account of these allocations, it is just to argue that the budget is not inclusive, it disregards the plight of the marginalised and vulnerable citizens. It also misses international benchmarks and commitments. To this end, the 2023 National budget analysis by ZIMCODD seeks to present a preview of the politics of public resources and how it undermines national growth and development.

2 Economic Outlook

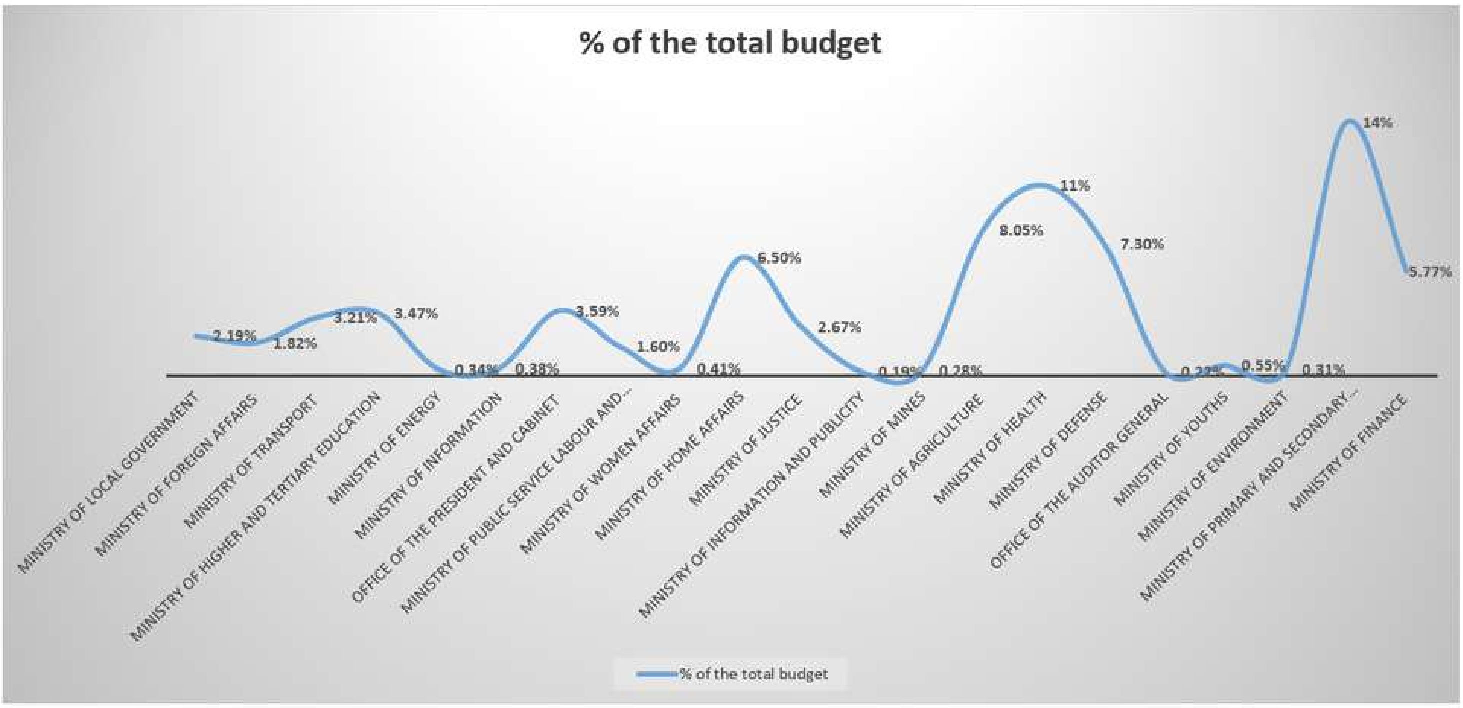
The massive Zimbabwe dollar (ZWL) depreciation experienced for most of 2022 is largely to blame for incessant inflationary pressures that eroded the real value of local currency earnings. This widened income inequality gaps and plunged the majority of the population into poverty with World Bank statistics showing that 40% are trapped in extreme poverty[1]. Between January-November 2022, the ZWL lost at least 75% of its value in the black market leading to an unbearable monthly inflation outturn averaging 12% per month. The economic problems were further worsened by erratic rainfall patterns received across the nation which resulted in poor staple maize harvest. Also, prolonged electricity load-shedding hours added misery by constraining household budgets and fueling production costs. The costs of electricity substitutes such as fuel and gas ballooned due to the impacts of the Russia-Ukraine war. The sanctions and countersanction between Russia and the West continue to constrain global trade and cooperation. Resultantly, global food and energy price inflation raged havoc thus subduing economic activity. In light of this, the Treasury downgraded its 2022 growth projection to 4% from the 4.6% stated in the 2022 Mid-term Fiscal Review.

The authorities expect national output (GDP) growth to moderate further in 2023, registering a 3.8% growth which is, however, lower than a 5% target as per the publicly shared National Development Strategy 1 (NDS1) document. The realization of this growth is hinged on the assumptions of favorable rainfall patterns & global mineral prices, stable ZWL & power supply, tight monetary policy, and continued use of multi-currency. As such, authorities expect inflation to average 1-3% in 2023 owing to a sustainable fiscal deficit expected at 1.5% of GDP. However, after considering the risks to the economic outlook, the public concludes that the government will likely miss these targets: There is a possibility of a continuation of ZWL deterioration and skyrocketing prices in 2023 driven by excessive fiscal spending fueled by upcoming general elections. Statistics show that the proposed ZWL$4.5 trillion 2023 budget is 137% higher than the projected ZWL1.9 trillion for 2022.

1. https://www.africa-press.net/zimbabwe/all-news/40-of-zimbabweans-living-in-extreme-poverty-world-bank

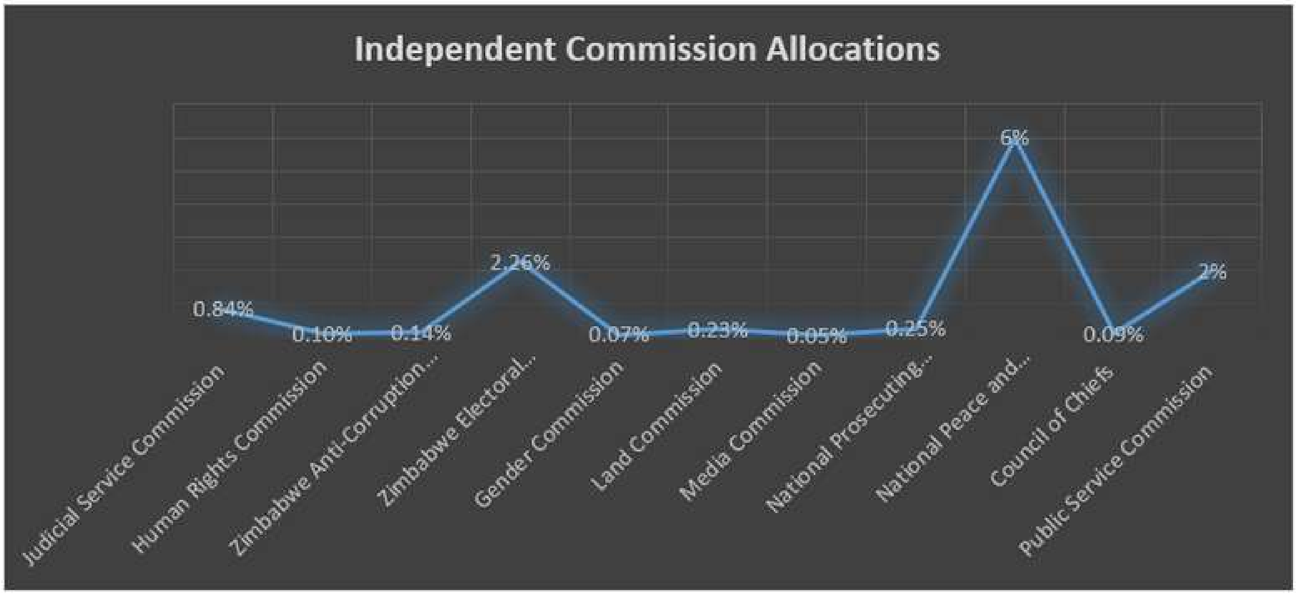
2 Also, leakages of public funds from corruption and illicit transactions will probably escalate in 2023 as politicians seek re-election at all costs. Although the Hwange Thermal expansion project with an installed capacity of 600MW is progressing well, the public expects erratic electricity supply to persist in the first half of the year. The main threat is dwindling Kariba Dam levels and frequent breakdowns at existing aging thermal stations. More so, the uncertainties posed by the COVID-19 pandemic and the Russia-Ukraine war will likely exert massive pressure on global inflation thereby affecting perennial importers like Zimbabwe.

3 2023 NATIONAL BUDGET ALLOCATIONS



Source: *Compiled By ZIMCODD From The 2023 National Budget Statement*

4 INDEPENDENT COMMISSIONS % ALLOCATION



Source: *Compiled by ZIMCODD from The 2023 National Budget*

5 TREND ANALYSIS OF BUDGET ALLOCATIONS VS INTERNATIONAL BENCHMARKS

Sector	%threshold & International commitment	% Total budget 2021	% Total budget 2022	% Total budget 2023
Education	20% Dakar Declaration (2000)	16.5%	13.4%	14.02%
Healthcare	15% Abuja Declaration (2001)	13%	14.9%	10.5%
Water & sanitation	1.5% EThekwini Declaration (2008)	0	0.20%	3.17%
Transport & Infrastructure	9.6 AU Declaration (2009)	7.1%	6.5%	3.2%
Social Protection	4.5% Social Policy for Africa (2008)	2.3%	2.1%	1.12%
Agriculture	10% Maputo Declaration (2003)	11%	13.3%	8.05%

Source: *Compiled by ZIMCODD from national budgets (2021 to 2023)*

The 2023 national budget is commended for surpassing the 1.5% Ethekwini declaration on water and sanitation by allocating ZWL142.7 billion which constitutes 3% of the total budget. However, Zimbabwe continues to fall far off from the international benchmarks with respect to education, health, transport and infrastructure. In this regard, education has the highest allocation at 14%, a slight increase from the 13.4% allocated in the 2022 budget and 3.5% regression from the 16.5% allocated in the 2021 budget and falls 6% short of the Dakar declaration.

Healthcare comes second at 10.5%, a 4.4% fall from the 2022 budget and 2.5% negative variance from the 2021 budget and again falls 4.5% away from the Abuja 15% benchmark. Transport and infrastructure budget allocations continue to plunge, for 2023 it is at 3.2% which is a 3.3% regression from the 2022 budget and this is depressing given the deplorable state of Zimbabwean roads which the government acknowledged and declared a state of disaster through SI 47 of 2021, notwithstanding the ERRP currently underway. Social protection received the lowest allocation of 1.1% of the 2023 budget, falling 4.4% short of the Social Policy for Africa. The foregoing serves to attest that the fiscal policies adopted by the country greatly contribute to the decline of service delivery as the needs and aspirations of taxpayers are satisfied at the lowest possible cost as illustrated by the meagre budgetary allocations to critical people's sectors. In addition to this, Local Government Ministry, the closest to the people was given a paltry 2.1% of the budget.

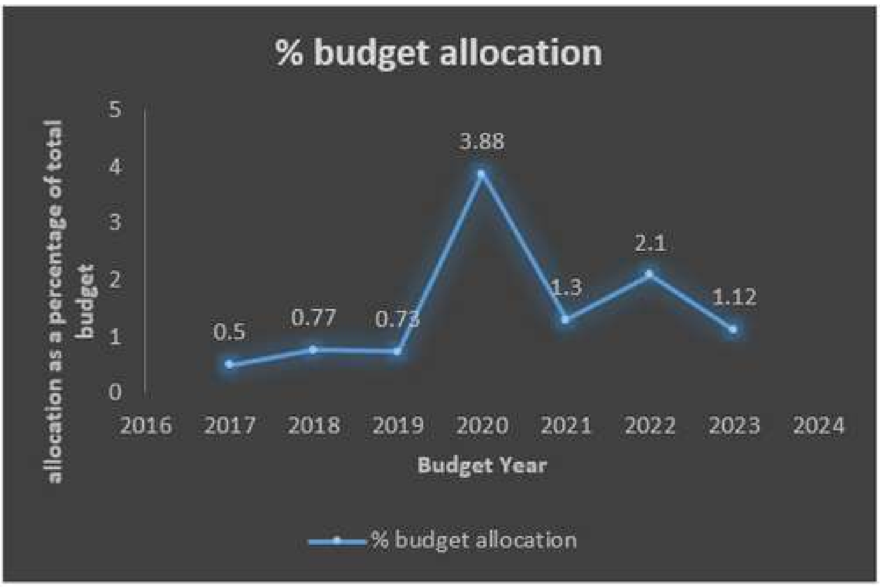
The implication is that the government and local authorities will continue to struggle to provide basic services. To this end, the causes of insufficient service provision are multi-pronged as they range from inefficiency and ineffectiveness of institutions charged with the responsibility to directly deliver services to Zimbabwean people to massive abuse, misuse, and diversion of public resources into private hands, as perennially revealed by the Auditor General's reports. It is ZIMCODD's clarion call that the executive must expend available public resources in an efficient, accountable, prudent and responsible manner to improve public service delivery.

6 SOCIAL PROTECTION

While ZIMCODD commends the efforts undertaken by the government to fight poverty, poverty in Zimbabwe and Africa at large is on an upward trend. This has been exacerbated by the adverse impacts of COVID-19 pandemic, climate change and soaring debt levels. Resultantly, the country has not made significant progress in poverty reduction, reducing the widening inequalities and attainment of SDGs.

It is however, critical to understand that the disproportionate impact of these challenges on vulnerable populations, particularly women, children, displaced people and people with disabilities is of great concern and measures should be taken to redress the situation. To this end, social protection becomes critical in cushioning the vulnerable and marginalized sectors of the population. In the 2023 budget, the government has allocated ZWL50.4 billion (1.1% of the budget) for the provision of its mainstream social protection programmes. These include the harmonised social cash transfer, food deficit mitigation programmes, basic education and health assistance, child protection services, support to the elderly and persons with disabilities.

TRENDS ANALYSIS OF ZIMBABWE'S SOCIAL PROTECTION SPENDING



A trend analysis of Zimbabwe`s social expenditure since 2017 shows that the government has not made sufficient efforts to meet the 4.5% social expenditure benchmark.

Of the 6 budget years reviewed, the highest allocation towards social expenditure was in 2020 when the government channelled 3.88% to social protection. While the government has failed to channel significant resources towards social protection, the following contextual issues remain worrisome if the country desires to move towards poverty eradication:

- Over 7.9 million people are in extreme poverty
- 3.8 million rural people and 1.6 million urban people facing food insecurity
- 4.6 million children with Severe Acute Malnutrition,
- 4.8 million children in need of BEAM assistance,

If not given the urgent and deserving attention the increasing food insecurity, rising extreme poverty and rising vulnerabilities post COVID-19 will continue to be the prime setbacks for government's effort towards social protection. If the situation is not rectified, Zimbabwe's ambitious 2030 vision which aims to foster inclusive economic growth and address poverty resolutely with an initial poverty rate target of 62% by 2030 from 62.5% in 2012[2] remains a pipedream. This 6-year trend shows that Zimbabwe has not achieved the 4.5% benchmark which is central to reducing poverty and vulnerability in Zimbabwe. Further, a UNICEF Zimbabwe Annual Report for 2021, notes that Zimbabwe has weak child protection systems that have successfully-failed to ensure the safety and well-being of children. According to the report, "4.8 million Zimbabwean children live in poverty and 1.6 million children live in extreme poverty".[3] Child protection therefore remains a key area of concern as children have been exposed to drug and substance abuse and early marriages, with approximately 34% of girls under the age 18 already married, while 5% of girls under the age of 15 are married.[4]

7 HEALTH

Healthcare provision and health infrastructure continue in a deplorable state with over 80% of the health budget going to recurrent expenditures and the balance being capital expenditures. This raises obvious questions around the sincerity of the government's commitment to improve the health sector outcomes as it continues to set aside limited funds for public health care every year. The government has allocated ZWL475.7 billion (10.5% of the budget) to Health and Childcare. From 2010 to date, the budget vote towards health and wellbeing has never met the prescribed 15% benchmark of the Abuja Declaration. As a result, the status of health facilities at both central and local government level is undesirable as characterised by major inequalities in terms of access, lack of basic medical supplies, dilapidated infrastructure; women failing to get quality maternal health services which is adversely impacting on child mortality rate and maternal deaths; a demotivated workforce and lack of critical equipment among other factors.

2. http://www.zim.gov.zw/index.php/en/government-documents/category/1-vision-2030
3. https://borgenproject.org/child-poverty-in-zimbabwe/#:~:text=The%20State%20of%20Child%20Poverty%20in%20Zimbabwe%20Zimbabwe,as%20children%20account%20for%2048%25%20of%20the%20population
4. UNICEF Data Updated February 2021

The country is operating with less than 300 functional ambulances. From this end, health policies inclusive of the National Health Strategy (NHS) 2021-2025 clearly lack financing, implementation, and alignment with international and regional health agreements. Like other public services, health care is also constrained by underfunding and inefficient management of public resources. To improve health care delivery, the 15% Abuja benchmark must not only be met but surpassed and this should be coupled with reasonable remuneration of health care workers in order to retain critical expertise and prudent management of resources. Treasury must also facilitate systematic allocation and timely disbursement of allocated resources for the health sector.

8 EDUCATION

In the current globalization and technological advancement era, only countries with a developed human capital enjoy increased competitive advantage. On the contrary, in Zimbabwe human capital development continue on a downward trend mainly due to a tightening macroeconomic situation resulting in high education costs, limited funding for expansion of learning infrastructure, student grants and research and development. In the 2023 budget, the government has allocated 14% of the budget or ZWL$631.3 billion to Primary and Secondary Education (to provide quality infant, junior and secondary education, with the bulk of the allocation going towards payment of salaries for teachers and other learning costs) and 3.47% of the budget or ZWL156.5 billion to Higher and Tertiary Education (for development of a skilled and competent human capital, including support to Universities, Teachers' colleges and Polytechnical Colleges). These paltry budgetary allocations will not do much to improve the education service delivery as the situation is currently dire. For primary and secondary education it is critical to note that the share of extremely poor children and children in rural areas with access to mobile learning apps remains severely constrained; with public education collapsing, the poorest cannot not afford private lessons; greater dropouts in high in the strained economic environments where some parents are no longer able to send children to school with about 400,000 children aged 6-17 years old were out of school by May 2019 and greater susceptibility of children to different forms of abuse including drug and substance abuse when out of school.

The local tertiary education institutions continue to lag behind their regional counterparts with respect to research funding. Also, there is little progress in the development of innovative methods of production and new products. In view of that, there is a need for government to shift toward free basic education for all, increase investment in education infrastructures such as classrooms dormitories, laboratories, and sanitation facilities, especially in underdeveloped communities. Also, the government should make tertiary education affordable, fund research and development, and increase the morale of workers in the education value chain.

9 DEBT

The 2023 Statement of Public Debt released along with the proposed budget revealed that total public and publicly guaranteed (PPG) debt as of the end of September 2022 stood at ZWL10.97 trillion (US$17.6 billion)[5] -an 477% and 2.3% uptick in ZWL and USD terms respectively from ZWL1.9 trillion (US$17.2 billion) recorded as of the end of December 2021. The total PPG comprises an external debt stock of ZWL8.7 trillion (US$13.99 billion) with about ZWL3.9 trillion (45%) being arrears and penalties. Statistics also show domestic debt standing at ZWL2.2 trillion (US$3.5 billion). According to the debt statement, the astronomical increase in debt stock in ZWL reflects exchange rate deterioration while a 2.3% USD growth rate of debt accounts for new disbursements for ongoing projects, Reserve Bank of Zimbabwe (RBZ), borrowing, and continuous accumulation of penalties.

The burgeoning debt arrears and penalties show that Zimbabwe is trapped in debt distress -struggling to settle obligations when they fall due. Despite this, the appetite for borrowing by authorities continues to persist.

5. Official exchange rate in September was 621.9 ZWL/USD

For instance, the debt stock is set to jump in 2023 as Treasury faces a mammoth task of financing a proposed ZWL575.5 billion budget gap to cover the overall deficit (ZWL336.9 billion) and net loan repayments (ZWL248.6 billion). The tabled proposal is to finance the gap by issuing a domestic US$100 million bond, a US$400 million loan facility from Afreximbank, ZWL10 billion changes in bank balances, and ZWL82.8 billion treasury bills (TBs). This lays bare the dire impacts of high indebtedness as Treasury has elected to spend more taxpayers' money on debt servicing in 2023 than the resources it has allocated to the Ministry of Labour and Social Welfare (a paltry ZWL50.4 billion) for the provision of social safety nets.

The crowding out of social services happens at a time the nation is facing grappling with chronic inflation, crumbling infrastructure, rising inequality, and deepening poverty. Also, increased domestic public borrowing is expected to crowd out private sector investment as it fuels the cost of money. On a positive note, the payment of token payments, a proposal for an all-inclusive debt forum, a debt statement accompanying the budget, and publicization of the 2023 domestic borrowing plan are highly commendable as they will improve transparency[5] and accountability in the management of public debt. Be that as it may, there is a need for an independent debt audit to inform citizens about the scale and nature of their country's debt, which is often not transparently publicized. Also, authorities should adhere to the dictates of the Constitution and existing PFM legislation.

10 TAX REGIME

Since the embrace of austerity measures in October 2018, the successive national budgets passed as legislation to date have constantly pursued anti-poor tax policies. The current year's budget was passed by Parliament despite it being decorated by punitive regressive taxes. For instance, the budget introduced new additional taxes like the US$50 cell phone tax while maintaining the now unpopular 2% tax, a tax which greatly suppresses the budgets of poor households. Generally, the poor spend most of their income on current consumption when compared to their rich counterparts. Also, the 2022 tax brackets failed to bring adequate relief to the working class earning way below the poverty datum line (PDL).

As if this were not enough, Treasury also increased tax on domestic US dollar transfers from US$0.05 per transaction to 4% per transaction. In addition, authorities introduced a 2% cash withdrawal levy on USD transactions. All these measures piled more pressure on the poor and increased cost of doing business in Zimbabwe. A high cost of doing business feeds into inflation.

As usual, the 2023 proposed budget shows that the Treasury under the stewardship of Prof. Mthuli will continue with an anti-poor stance. Amid high market expectations for a sustained price increase in 2023, the Treasury is proposing to maintain the 2% tax and restore the value-added tax (VAT) to its pre-COVID level of 15% from the current 14.5%. The executive budget is also increasing excise duty on energy drinks by 100%. It is the poor who consumes these drinks in a quest to recoup energy drained by indecent jobs and underemployment. Again, Treasury will not extend the suspension of import duty on basics thus risking exposing the poor majority to high market prices from profiteering businesses. Although the proposal to increase ZWL income tax bands is welcome, the first tranche [ZWL0 - ZWL900 000] attracts a 0% tax. This translates to a paltry ZWL75 000 per month, an amount providing insignificant relief to workers. The amount can hardly sustain an average urban household of four (4) for a fortnight.

Nevertheless, the proposal to lower the tax rate applied on domestic USD transfers to 2% in 2023 from the current 4% is welcome and expected to partly cushion those on the lower-earning spectrum. It further reduces transaction costs, a key step needed to initiate the re-building of market confidence. Barring corruption, the proposal to also receive 50% of royalties on gold, diamonds, PGMs, and lithium in kind will help build secure reserves to support the local currency and tackle unforeseen contingencies.

11 YOUTH

For youths, the government is proposing to expand and capacitate Vocational Training Centres, as well as capitalize youth empowerment institutions such as the Empower Bank to provide an opportunity for youths to engage in productive economic activities that transform their lives and livelihoods.

To fight drug and substance abuse, the 2023 executive budget proposes prioritization of the construction of additional rehabilitation centers to support those affected. About ZWL1.2 billion will be set aside to rehabilitate and upgrade sports facilities and recreational centers. However, given that the youths constitute over 60% of the population, the allocated funds to cater for youth initiatives in 2023 are inadequate. The projects being rolled out for the youths end up being hijacked by politicians. Consequently, these funds are distributed to beneficiaries on a partisanship basis which is wasteful and prone to abuse. All youths are not benefiting from cheap loans provided by state-funded Empower Bank as the majority of them lack quality collateral security.

12 FUNDING OF WOMEN AND GIRLS EMPOWERMENT PROGRAMMES

Gender equality is an important global and national agenda calling for the dire need to close the gender gap by placing women at the center of decisions in public resource management. Zimbabwe is commended for progress made towards gender equality in terms of parity in education and increased levels of economic and political participation. However, poverty continues to wear the woman's face in Zimbabwe, with gendered poverty and inequalities persisting. This has also been attributed to the prolonged impacts of the COVID-19 pandemic coupled with increasing climatic shocks and weak macroeconomic conditions which continue to impact economic and social conditions in Zimbabwe. The pandemic contributed to further worsening of maternity indicators such as antenatal and post-natal care, institutional deliveries and maternal deaths, with economic challenges limiting access to health care; while limited access to and coverage of social protection programmes failed to significantly cushion vulnerable women and girls. This is because while the coverage of Zimbabwe's social assistance programs increased since 2017, they still leave out millions of people, particularly women, poor and unprotected.

Structurally the Zimbabwean economy has highly informalized, with the Quarterly ZIMSTAT Labour force survey estimating that 88% of employment in Zimbabwe is informal and dominated by women (46% women and 42% males). This has created serious challenges for the government in terms of mobilization of public resources to finance public spending as the higher the informality, the lower the taxbase. While over 7.9 million people are living in extreme poverty, the pandemic shut down income sources pushing most women into abject poverty. Further, while the WFP estimates that 63% of the population are living below the poverty datum line, the government continues to pursue an onerous tax regime which further relegates women into abject poverty. Given the foregoing, women are not only bearing the brunt of heavy regressive taxation, but also formalization challenges and inaccessible financing. To this end, the 2023 budget has allocated a paltry ZWL 18.5 billion (0.41% of total budget) towards Women Affairs, Community, Small and Medium Enterprises. The budget also provided an additional ZWL 13.7 billion (0.3% of the budget) targeted at empowerment programmes through capitalization of the Women's Development Fund; Community Development Fund; Zimbabwe Women's Microfinance Bank; Empower Bank; National Venture Capital Fund; and, SMEDCO which will be vehicles to channel out the ZWL 13.7 billion to intended beneficiaries.

Women's untold suffering cannot be overemphasized. A drop in the ocean allocation of 0.7% of the total budget is definitely inadequate to empower women and girls in Zimbabwe and let alone catapult them from gendered poverty and deep-rooted inequalities. The 2023 budget notes that the financial inclusion gap has narrowed from 23% in 2014 to 12% in 2022 in an effort to enable women, youth, MSMEs and smallholder famers to access finance. However, these vulnerable groups, particularly women continue to face structural and process barriers to access financing as most of them do not have the much-needed collateral. Therefore, while the government has demonstrated a commitment towards women empowerment, the political will to achieve the same is not there. This is primarily because the level of gendered poverty, inequality and vulnerability points to poor domestic resource mobilization efforts, a weak public resource management system and institutionalized corruption.

ZIMCODD submits that a lot therefore needs to be done if the budget is to genuinely empower women and if the women empowerment earmarked funds are to be responsive, inclusive and impactful. This calls for a paradigm shift in the design and delivery of these empowerment programs to ensure they are truly gender sensitive, inclusive and reach the intended beneficiaries. Future budgets should also provide details of how previous women empowerment programmes performed which was glaringly missing in the 2023 budget.

13 ENHANCING TRANSPORT AND INFRASTRUCTURE DEVELOPMENT

Zimbabwe's state of infrastructure, especially water, wastewater, and roads, generally reflects that the capacity of authorities is depressed to adequately perform to expectations. Zimbabwean roads have been characterized by many as "death traps." Through SI 47 of 2021, the government in March 2021 declared that all roads were in a state of disaster thereby calling for the need to mobilize funds for maintenance and repair works. The total government allocations for infrastructure projects between 2010 and 2020 as a percentage of total expenditure averaged only 7.5%, falling short of the 2009 AU declaration benchmark of 9.6% of the total expenditure. The allocations continue to fall far off from the prescribed AU benchmark. This is illustrated by the 3 successive years wherein 2021, the budget allocated 7.1% while the 2022 budget regressed and allocated 6.5% of the budget towards rehabilitation, upgrading of roads, upgrading of railway infrastructure and greening the transport sector, however transformation in the sector is yet to be realized. Further, the Mass Public Transport System (MPTS) introduced by the government has failed to provide optimum services for the suffering masses in Zimbabwe.

The ZUPCO services and ZUPCO franchise is failing to provide timely and reliable transport. While road networks continue to threaten loss of lives, water and sanitation is disappointing given the infrastructural gaps and dilapidation in the energy and health sector.

The 2023 budget further regressed and allocated a scanty ZWL$144.6billion or 3.21% of the total budget towards development of transport and transport related infrastructure such as roads, airports, railway and ports of entry. If the budget is to meaningfully transform the transport and infrastructure sector, the budget allocation must be raised to satisfy the AU declaration benchmark to begin with and gradually increase it to address the teething challenges currently experienced in the sector. Such a significant investment in the sector will allow the ramping up of power generation and the provision of adequate running water across the country's urban areas and the promotion of renewable and environmentally-friendly power alternatives which are key in reversing climate change impacts

14 NATIONAL HOUSING AND SOCIAL AMENITIES

- Zimbabwe seeks to build 450 000 housing units by 2025.
- The 2023 National Budget set aside ZWL 27.7 billion (US$ 34.6 million) for National Housing and Amenities.

However, the proposed allocation is not sufficient to fulfil governments ambitions of 450 000 housing units and the policy priorities stipulated in the Zimbabwe National Human Settlement Policy (ZNHSP) such as Effective Human Settlement Delivery, Settlement Financing, Regularisation of Informal Settlement, Urban Regeneration and Renewal, Rural Settlement and Social Amenities. Access to social amenities in urban and rural areas remains low with the government failing to fulfil the 63% access benchmark stipulated in the NDS1 for the year 2022. Infrastructure dilapidation and gaps have not spared social amenities which are now dilapidated. Housing backlog and waiting lists have reached alarming levels across the country with local authorities failing to meet the demand for stands. Optimum allocation of stands has been affected by a myriad of challenges which include; nepotism, corruption, wholesome populistic policies, economies of affection and partisan politics. Currently, Bulawayo City Council`s waiting list is at 130 000, while Harare City Council is expected to be between 180 000- 200 000.[6]

6. https://www.chronicle.co.zw/flats-to-reduce-byo-housing-backlog/

At the same time, national housing backlog stands at 2 million. This points to the scale and magnitude of housing shortages in the country as well as the housing inequality.[7] Rather than increasing housing construction projects, the government has stalled various programs which include Waneka flats, Senondo flats, Shamrock flats, Florida flats, Dombotombo Flats, Bindura flats, Mufakose flats, Seke flats, Tynwald flats and Mabelreign flats. This is due to financial incapacitation. It is ironic that in 2020, the government only utilized 17% of the funds allocated to National Housing and Amenities while majority of Zimbabweans do not have decent accommodation.

15 WATER AND SANITATION

- The 2023 national budget is commended for surpassing the 1.5% Ethekwini declaration on water and sanitation by allocating ZWL142.7 billion which constitutes 3% of the total budget.
- This allocation is earmarked for dam construction, irrigation infrastructure, drilling of boreholes, rehabilitation of existing water infrastructure and water supply systems.
- From the 2022 budget, ZWL35.1 billion was availed during January to September 2022 period for dam construction with Chivhu dam already at 98% completion.

The allocation towards water and sanitation is a commendable progression given the dire state of water provision, water supply systems and water infrastructure in the country. Government efforts with respect to water and sanitation will be complemented by US$44.3m from development partner support, Green Climate Fund and US$20m from the Special Drawing Rights. However, a progressing tracking on major dam construction in Zimbabwe makes one wonder if the government is sincere about addressing water challenges. This can be evidenced by Semwa Dam in Mount Darwin which was allocated ZLW$750 million in 2021 with a total estimated cost of ZLW$3.4 Billion. The dam was expected to have been completed in 2023 but is still at 40%. Kunzvi dam in Goromonzi is another testament of governments failure in fulfilling its promises despite allocations.

7. https://www.chronicle.co.zw/govt-acts-on-national-housing-backlog-2/

The dam constructions started in 2021 with an allocation of US$ 109 million expected to be completed in 2023. However, up to now the construction is still on 8%. Silverstroom (Mbada) Dam in Centenary was allocated US$ 171 million. The project started in 2019 and is expected to end in 2022. However, the project is on 9%.

In all the above scenarios, there is a greater possibility that the reason why the government has failed to fulfil its promises in finishing the constructions of the dam is because the money might have been abused. The abuse of public resources earmarked for transformative infrastructure is not a new phenomenon in government. The Airport Scandal US$ 100 million in 1986, 1987 – Zisco Steel Blast Furnace Scandal, 1999 – VIP Land Grab Scandal, 2001 – Harare Airport Scandal, 2008-2014 - Airport Road Scandal, 2016 - Mnangagwa Command Agriculture Scandal and 2018 - ZESA scam Involving Samuel Undenge's criminal abuse of office to mention but a few. Therefore, an effective project oversight by the parliament is of great importance to unearth and deter corruption in project implementation.

16 SECURITY SECTOR

- The Ministry of Defense was allocated 7.3% which is ZWL 331.1 billion (US$ 413.7 million) while Ministry of Home Affairs was allocated 6.5% which is ZWL 293 (US$ 366 million)

As with the government's tradition, the security sector has been given a huge allocation despite the fact that Zimbabwe is experiencing both negative and positive peace. The huge allocations towards the security sector should not be analysed in isolation as the 2023 elections have great influence. There is a greater possibility that, the allocation is meant to pacify the security sector so as to influence the 2023 elections. The military factor has always been a major influencer of Zimbabwean elections. Thus, the entire budget allocations can be best understood under the prism of the politics of public resources. The allocations of the security sectors show that, those in the sub-government which is the strategic apex of government always disregard the views and aspirations of the attentive public.

Thus allocations are not based on challenges affecting the nation but on the role that stakeholders can play in strengthening the iron grip of the incumbent on power.

17 AGRICULTURE

- The government allocated 8% of the total budget to the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development which is ZWL 362.5 billion (US$ 453.1 million).
- While the allocation is commendable, expenditure activities in the agricultural sector have been marred with controversy due to lack of transparency and accountability surrounding the distribution and purchase of agricultural inputs.

In 2021 the agriculture had an unaccounted over expenditure of 171% while other sectors failed to utilised 50% of their allocated resources. These sectors include health (46%) and national housing and social amenities (17%). It is quite clear that the Agricultural sector has become a fecund ground and conduit pipe for looting, this is the reason why there is a negative correlation between the investment and output. To substantiate this, Zimbabwe has 4, 130,000 hectares of arable land, with 25% being cultivated using manual draught power and animal yet farming equipment is distributed yearly.[8]

As the weather patterns change and droughts become more frequent, the country has failed to produce enough grain to meet domestic demand culminating into food scarcity and donor dependence. Zimbabwe is largely dependent on food donations, particularly from the international support it receives from the World Food Programme (WFP). In 2021, the WFP supported 2.2 million beneficiaries with 55% being women and 45% being men. A total of 86, 462 metric tonnes were distributed with US$ 44.5 million used in cash transfers. The scale and magnitude of the assistance points to food insecurity and governments failure to provide sufficient food despite claims of bumper harvest.[9] This also derails Zimbabwe`s ambitions as projected in the National Development Strategy 1 (NDS1) under the Food and Nutrition Security cluster.

8. https://www.trade.gov/country-commercial-guides/zimbabwe-agricultural-sectors

9. https://www.newsday.co.zw/2021/09/zims-bumper-harvest-what-went-right-and-what-needs-to-be-done/#:~:text=ZIMBABWE%20has%20reported%20a%20bumper%20harvest%20of%20maize,production%20for%202021%20stands%20at%202%2C7%20million%20tonnes

The NDS1 seeks to improve food self-sufficiency and to retain the regional breadbasket status. The main objective is to increase food self-sufficiency from the current level of 45% to 100% and reduce food insecurity from a high of 59% recorded in 2019 to less than 10% by 2025.

18 2023 BUDGET VS 2023 MINING VISION

The 2023 Mining Vision envisions a US$12 billion mining sector by the end of 2023. The extractive sector is a forex cash cow for the nation as it contributes about 70% to annual export earnings. In 2022, Treasury expects the sector to register a 10% growth underpinned by elevated global mineral commodity prices which are inducing domestic mineral production and mining investment, especially in exploration, mine development & mechanization. The momentum is expected to continue for most of 2023 on account of lingering global mineral supply uncertainties emanating from the Russia-Ukraine war. So, in its quest to attain the 2023 Mining Vision targets, Treasury has earmarked budget resources to strengthen the mining legal framework, mineral exploration, resuscitation & expansion of mines, operationalization of computerized cadastre information management system, formalization of small-scale and artisanal mining (ASM) sector, and crafting a Mineral Beneficiation and Value Addition Policy Strategy.

However, it is unlikely that authorities will attain the Mining Vision by 2023 given the status quo. The existing porous PFM systems and impunity are encouraging corruption and illicit transactions in the mining sector. For instance, official estimates show that the nation is losing at least US$1.2 billion in gold revenues annually through smuggling. Due to a lack of political will, the Mines and Minerals Amendment Bill is yet to be finalized since the start of the reform agenda in 2019. While the computerized cadastre system will help with information management to reduce conflicts in the mining sector and increase utilization of mining claims, there are inadequate resources to fully roll over the system across the nation.

Also, the embrace of collateralized borrowing (resource-backed loans) by the government is affecting the mining sector as substantial minerals are mortgaged for small loans and are sold to foreigners for a song. More so, RBLs are greatly fuelling unsustainable resource extraction in Zimbabwe where mining companies are displacing people forcefully, mining in public lands, degrading land, and polluting the environment among other heinous actions. More so, RBLs raise concerns about the country's capacity for repayment as lack of debt transparency makes it difficult to assess the level of associated risks and may raise hidden debt because of the race to seniority it generates, that is, debt backed by collateral is treated better than other debts.

19 THE BUDGET VS NATIONAL DEVELOPMENT STRATEGY (NDS) 1

The government`s ambitions stipulated in the NDS remains under threat due to the unavailability of sufficient funds. To address the housing challenges which has a backlog of 2 million houses the government proposed to construct 450 000 by 2025. However, the resources allocated for housing ZWL 27.7 billion (US$ 34.6 million) is not sufficient to construct even half of the housing units. The dream is also unattainable as this means that Zimbabwe has to construct 18 750 housing units per year, 616 per day and 25 per hour.

The health sector is in ramshackle with dilapidated infrastructure. The brain drain in the health sector due to poor wages is a testimony to governments failure. Food security has remained a major concern as allocations to the Agriculture sector are not matching the outputs. Mass Public Transport System remains in disarray as the government fails to provide adequate transport while the return of commuter omnibuses did not do much as citizens continue to spend long hours in transport queues. Devolution will continue to be a pie in the sky, with the government failing to make timely disbursements despite setting aside resources for devolution. Lack of accountability in infrastructure development remains a major stumbling block in the growth and development of Zimbabwe. The government's failure to amalgamate the fragmented mining fiscal regime so as to enhance domestic resource mobilisation is of great concern.

ZIMCODD applauds the government for the successful launch of ZIMSTATs 1. It is a great milestone in as far as digitalisation is concerned. However, primary schools, secondary, tertiary and government departments remain wanting with respect to digitalisation.

20 CONCLUSION

The 2023 National Budget undermines people`s aspirations and disregard the ambitions and benchmarks in the National Development Strategy 1. The budget missed all international commitments and benchmarks except for the Water and Sanitation which satisfied the 1.5% Ethekwini Declaration of 2008. This shows government`s insincerity in addressing the plight of the citizens. Like in previous budgets, the 2023 national budget prioritised the security sector over service delivery. A clear indication of the manifestation of the politics of public resources rather than ample feasibility study into resource allocations. Although the government has introduced numerous tax reforms, there is need to ensure that prior the introduction of these reforms citizens are consulted. It is critical to note that, the negative correlation between peoples' aspirations and the presented budget emanates from pseudo public hearing and consultative forums which the parliament undertook in October. Thus, this should serve as a lesson that, only inclusive consultative forums culminate into a people-centred budget. To this end, the budget theme does not capture the reality on the ground and presentation made by the Minister of Finance "Accelerating Economic Transformation".