



KEYNOTE ADDRESS

BY

THE SPEAKER OF PARLIAMENT
HONOURABLE ADVOCATE J. F. N
MUDENDA

AT THE

2022 PRE-BUDGET SEMINAR

**“Reinforcing Sustainable Economic
Recovery and Resilience”**

22 - 26 October 2021

VICTORIA FALLS

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The President of the Senate, Hon. M. Chinomona;

The Deputy Speaker of the National Assembly, Hon. T. Gezi;

The Deputy President of the Senate, Hon. Lt. General (Rtd) M. R. Nyambuya;

The Minister of State for Provincial Affairs and Devolution for Matebeleland North Province, Hon. R. Moyo;

The Minister of Finance and Economic Development, Hon. Professor Mthuli Ncube;

Honourable Ministers here present;

The President of the Council of Chiefs, Hon. Chief F. Charumbira, and his Deputy Hon. Chief Khumalo and all other Honourable Chiefs here present;

Hon. Nyashanu, Chairman of the Budget and Finance Committee;

Honourable Committee Chairpersons and Members of Parliament here present;

The Clerk of Parliament, Mr K. M. Chokuda and Staff of Parliament;

All Permanent Secretaries and Senior Government Officials here present;

The Governor of the Reserve Bank of Zimbabwe, Dr J. P. Mangundya;

Esteemed Facilitators;

Ladies and Gentlemen;

Allow me from the onset to extend a warm and fraternal welcome to you all to this our epoch-making 2022 Pre-Budget Seminar whose theme is aptly dubbed *"Reinforcing Sustainable Economic Recovery and Resilience."* This critical engagement comes at an opportune time when globally nations are still battling with the impact of the deadly COVID-19 pandemic which continues to stifle the socio-economic growth and development of our countries and negatively disrupting the livelihoods of millions of people. It is against this backdrop that we are congregating here in the next three days in order to come up with a broad based Budget framework which will reinforce sustainable economic recovery in a manner resilient enough so as to propel Zimbabwe to build back better in the next financial year. Succinctly summarised, Ursula van der Leyen, admonishes us by contending that *"With so many people making so many sacrifices, I think **it is so important that we're able to offer a sense of direction and a sense of hope. We know we're not out of the woods yet and we won't be for a while, but there is an old word, which has long disappeared from the dictionary, which I think sums up where we are. The word 'respair' was used in the 15th century to describe the return of hope after a period of despair... I think it's time to respair and reset.**"* That is the predication of this our Pre-Budget seminar. In that context, Parliament and the Executive are enjoined to craft the 2022 Budget which is people-centred and inspires economic hope against the vagaries of the threatening widening gap between the auction system foreign currency rates and the galloping parallel market premium whose attendant impact is price instabilities.

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- <https://www.weforum.org/agenda/2020/11/top-quotes-on-building-resilience-and-restoring-confidence/>

Specifically, allow me to state the objectives of Pre-Budget Seminar as follows:

1. Review the macro-economic performance of the current 2021 National Budget as an inescapable point of departure to crafting the 2022 national budget processes, especially as to whether or not the 2021 Budget performed to expectation in terms of the actual disbursements.
2. Discuss the 2022 fiscal framework, particularly revenue raising measures, expenditure targets, economic outlook and the key 2022 National Budget assumptions which must anchor the priorities as per the findings of the Budget and Finance Committee as well as those of the Expanded SDGs Committee.
3. Involve Honourable Members of Parliament in a constructive and collaborative engagement with the Executive in shaping national priorities through the Parliamentary Committees' **outcomes of the Pre-Budget Public Consultations** so that Ministries and Statutory Organs of the State, inclusive of the Auditor **General's Office as well as Independent Commissions** are fully appraised.
4. Ensure that the 2022 National Budget is a pro-poor Budget that prioritises the needs and aspirations of the marginalised groups (i.e women, youths, children and people living with disabilities) and gender mainstreaming.
5. To understand how the Monetary Policy and the Fiscal Policy must positively interface and speak to each other during the implementation of the 2022 National Budget. Any discord between these two pivotal policies will result in misaligned national economic policies.

Madam President, Honourable Members, Ladies and Gentlemen;

One year ago, the National Development Strategy 1 (2021-2025) was launched as **a vehicle towards the attainment of the Nation's Vision 2030 of an upper-middle-income economy**. It is critical for Honourable Members to always assess the objectives of Vision 2030 from which our NDS 1 and national budgets are derived. What is an upper-middle income economy? As expounded in the Vision 2030 blueprint, it means that the *per capita* Gross National Income should be over US\$5000 in real terms by 2030. It is now 8 years towards its full implementation and we can ask as to how much ground have we covered given our baseline and target goal? The 2022 Budget ought to be part of the response in the context of the second year of the NDS1.

Madam President, Honourable Members, Ladies and Gentlemen;

Regardless of the myriad challenges that our economy is currently grappling with which include the resurgent inflation and exchange rate instability, the indications are that we are heading towards the right economic trajectory. This has recently been confirmed independently by both the IMF and the African Development Bank which have focussed a more than 6% growth of our GDP in 2022 in spite of the negative impact of COVID-19. That is why the Confederation Industry of Zimbabwe (CZI) business intelligence report shows that the capacity utilization of our manufacturing industry is projected to increase from 58% to 65% by year end in the third and fourth quarters of 2021 respectively, an improvement from 47% and 54% in the first quarter and second quarter respectively. This is partly attributable to the current economic stability and improved access to foreign currency and accelerated productivity in the agriculture sector. The same report indicates that about 38% of the manufacturing sector firms have exponentially grown. Thus, the 2022 Budget should ride on these positive indicators.

In addition to that, the recent launch of the Zimbabwe Mercantile Exchange (ZMX) enables farmers to realize the real value of their produce. However, the majority of our indigenous farmers should shy away from using middlemen merchants who under pay them. The key strategy is for the farmers to strive for value addition and beneficiation of their produce as exemplified by the Mtoko canning factory recently commissioned by His Excellency, President Dr E.D. Mnangagwa. The principle of value addition and beneficiation must cut across all the sectors of our economy. Parliament must insist on this economic thrust in crafting the 2022 Budget. Additionally, the significant shot on the arm in the form of the US\$961 million Special Drawing Rights (SDR) funds must go a long way in bolstering our 2022 Budget. It is my fervent hope that the 2022 Budget is going to outline how this SDR facility is going to be expended in line with the principles of public financial

management laid out in Chapter 17 of the Constitution and as espoused in the Public Finance Management Act.

Madam President, Honourable Members, Ladies and Gentlemen;

You may recall that one of the key outcomes from the presentations at the Pre-Budget Briefing Seminar was the worrisome disparity between the exchange auction rate premium and the odious parallel market rate which is now hovering around ZW\$200 per one unit of the United States dollar as compared to the forex auction rate of ZW\$90 per unit of the United States dollar. If this conundrum is not addressed, it will derail the NDS1 objective of stabilizing the inflation rate and fail to contain it within the SADC macroeconomic convergence of between 3-7%. We commend the current efforts by the RBZ of holding the parallel markets culprits to account and also its recent engagement with the private sector in order to bring sanity to the Exchange rate regime. However, my crude economics instructs that we can restore the store value of our Zimbabwean dollar by marshalling in substantial gold reserves into the Reserve Bank as a counterbalancing measure for our Zimbabwean legal tender. That is how the American dollar has never suffered devaluation over the years.

Madam President, Honourable Members, Ladies and Gentlemen;

Our Government is firmly committed towards enhancing gender equality and availing equal opportunities for women and girls. Primarily, the Constitution of Zimbabwe in Sections 3(1)(f), 14(1), 17, 56, 65(6)(7) and 67(3) enjoins the State to promote full gender balance in the Zimbabwean society. By the same token, SDG number 5 requires the nation to take measures directed towards achieving gender equality and equal opportunities for all. And yet it is an instructive axiom that the pandemic has had a disproportionate impact on women and girls consequent to lockdowns thereby leaving them more vulnerable to domestic violence and early child pregnancies and marriages. Furthermore, their informal

sector which is over 60% of our economy has suffered the debilitating impact of the COVID-19 pandemic resulting in the loss of self-employment, incomes and livelihoods for the womenfolk. It is, therefore, axiomatic that the 2022 National Budget takes bold steps towards attaining a just and fair Zimbabwean society through the deliberate incorporation of the gender lens into the whole National Budgetary process. Fundamentally, a gender-sensitive Budget is about mainstreaming gender issues and ensuring that they are integrated into all national policies, development plans and programs rather than setting women aside as a special sufferance interest group. That is why I agree totally with the prominent Pakistani Economist and a pioneer of Development Economics, Mahbub-ul Haq, who rightly opined that **'Development if not engendered is endangered'**. Our vernacular idiom par excellence affirms that our development must be family-centric because, **"Musha mukadzi"** or **"Umfazi yimbokodo"**.

Madam President, Honourable Members, Ladies and Gentlemen;

Mindful that over 60% of Zimbabwe's population is comprised of youths and over 25% falls within the 18-35 productive age range, it is critical that we take appropriate measures towards leveraging on this demographic dividend. It is a truism that the development of nations is fully dependent on the capabilities of the youths and my invincible conviction is aptly summarised by the 11th President of India, His Excellency. A.P.J Kalam, who opined that **"the youth need to be enabled to become job generators and not job seekers."**² True to this allusion, it is incumbent upon Parliament to ensure that the Budget is youth-centric, providing an enabling environment for the youth to become job generators and to realise their full innovative potential in all sectors of our economy. Our renewed focus should be directed towards ensuring that the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development which is

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- <https://www.setquotes.com/the-youth-need-to-be-enabled-to-become-job-generators-from-job-seekers/>

currently implementing the heritage-based Education 5.0 philosophy is adequately financed to support the innovation hubs and industrial parks in our tertiary institutions. Let us emulate the Massachusetts Institute of Technology and Stanford University in marrying our tertiary institutions with the private in order to create accelerated employment among the youth through deliberate industrialisation matrix. In this regard, Parliament must be guided by Section 13 of the Constitution which provides that:

" *13 National Development*

(1) The State and all institutions and agencies of government at every level must endeavour to facilitate rapid and equitable development, and in particular must take measures to—

- (a) promote private initiative and self-reliance;*
- (b) foster agricultural, commercial, industrial, technological and scientific development;*
- (c) foster the development of industrial and commercial enterprises in order to empower Zimbabwean citizens; and*
- (d) bring about balanced development of the different areas of Zimbabwe, in particular a proper balance in the development of rural and urban areas.*

(2) Measures referred to in this section must involve the people in the formulation and implementation of development plans and programmes that affect them.

(3) Measures referred to in this section must protect and enhance the right of the people, particularly women, to equal opportunities in development.

*(4) The State must ensure that local communities benefit **from the resources in their areas**".*

Madam President, Honourable Members, Ladies and Gentlemen;

It is insufficient to draft a robust Budget that responds to Vision 2030 and to our NDS1. Parliament must adhere to promptings of Section 299 of our Constitution when read together with Standing Order No. 21 (a) which demands that;

"Parliament must monitor and oversee expenditure by the State and all Commissions and institutions and agencies of government at every level... to ensure that (a) all revenue is accounted for; (b) all expenditure has been properly incurred, and (c) any limits and conditions on appropriation have been observed."

On that score, I must commend some line Ministries for a marked improvement in the submission of monthly and quarterly Budget performance reports to Parliament. I must also salute the respective Portfolio Committees for their continual improvement in the discharge of their oversight function on expenditure management in this regard, although some express a sense of hopelessness in the discharge of their responsibilities. The Liaison and Coordinating Committee must stamp its authority without fear or favour in order to achieve better reportage.

However, it is worrisome to note that in his Mid-Term Fiscal Review, the Honourable Minister of Finance displayed a ZWL\$570 million Budget surplus for the half-year ending June 2021 when most line Ministries and Government Departments had received allocations far below the 50% threshold of the full-year Budget appropriations, including Parliament. Is the national revenue being expended as per the 2021 National Budget you approved Honourable Members? When Parliament approves the Budget, the funds should be disbursed timeously according to the Budget Votes. It is your duty as Parliamentarians to enforce that in terms of Section 119 of the Constitution.

Madam President, Honourable Members, Ladies and Gentlemen;

Efforts to realize the 2030 Agenda for Sustainable Development Goals must be reinforced by the 2022 National Budget. In this less than a decade of action, the 2022 National Budget should be an impassioned statement of implementable intent motivated by the conviction of the Secretary-General of the United Nations, Mr. Antonio Guterres, that **"The Sustainable Development Goals are more important now than ever. Now is the time to secure the well-being of people, economies, societies and our planet."**³ In light of that, it is an imperative to ensure that our 2022 National Budget fosters the urgent need to achieve the SDGs by 2030. We have embraced this tenet by establishing the Expanded SDG Committee composed of all Chairpersons of our Select Committees. This Committee should strive to work assiduously to realise the SDGs goals sequentially till 2030.

Madam President, Honourable Members, Ladies and Gentlemen;

As I reach the twilight of my statement, I must reiterate that the sovereignty of our Parliament demands that the institution be allocated an adequate Budget vote which will facilitate the judicious discharge of the functions explicitly outlined in Section 117 and 119 of the Constitution. Moreover, Section 325(1)(b) of the Constitution of Zimbabwe peremptorily provides that **"The Government must ensure that adequate funds are provided to Parliament, to enable it and its committees to meet whenever necessary"**. Parliament, through the various Portfolio and Thematic Committees, should be able to perform its sacred tripartite roles of representation, oversight and legislation to the highest degree of competence and sterling achievement. I cannot over emphasize that a well-resourced Parliament is a dignified institution. I, therefore, look forward to witnessing a Parliament that is well resourced, especially as we plan to move to

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- <https://unstats.un.org/sdgs/report/2021/>

the New Parliament Building as of the second quarter of 2022. It is quite disheartening to note that over the years the Budget approved for Parliament has not been complemented with adequate and timeous release of funds. For instance, as of September 2021, a paltry 38% of the Budget had been released to Parliament. I, therefore, demand that the Minister of Finance and Economic Development to expeditiously implement the CSRO resolutions for the timeous quarterly release of funds to Parliament. This will guarantee the independence of the institution and foster the effective discharge of its constitutional mandate. In that regard, I implore you, Honourable Members, to ensure that there is economy, efficiency and effectiveness in the entire Budget process. Let me remind you that Parliament plays an integral role, not only in the Budget formulation and approval stage, but also during Budget execution and audit. It is during the Budget execution stage that Committees must monitor the actual release of funds from the Treasury against the approved Budget. Releases to some extent have been dismal rendering the Budget approval process a celebrated pipe dream. It is the role of Parliamentary Committees to ensure that the Budget is expeditiously rolled out to benefit the communities we serve, especially under the Devolution ecosystem. It is quite disheartening to note that the report of the Auditor General which plays a crucial role in Budget scrutiny unearthed an unauthorised excess **Budget usage amounting to ZWL6.8 billion by Treasury without Parliament's** approval. This amount constitutes a supplementary Budget which must follow the normal Budget approval process by Parliament. I, therefore, urge the Minister of Finance and Economic Development to promptly engage Parliament and regularise this unacceptable fiscal anomaly. I further demand strict adherence to the dictates of the Constitution, the Finance Act, the Appropriation Act, the Public Finance Management Act and any other legislation that attempt to ensure value for money in the budgetary processes of our country.

Madam President, Honourable Members, Ladies and Gentlemen;

As I conclude my address, I am emboldened by the fervent belief that my presentation today will not be ineffectual rhetoric but will form a platform for action. I am further encouraged by the unfeigned belief that your presence here is not a time to explore the majesty of the Mighty Victoria Falls but a time to tap into the magnificence of the human mind and the lustre of the kindred spirit as we search for answers to our economic challenges. As we all should, let us be encouraged that the Minister of Finance and Economic Development and his team will consider the various recommendations that will emanate from this Pre-Budget seminar. I am confident that his able captaincy will steer this ship towards the intended destination of reinforcing sustainable economic recovery and resilience. I sincerely hope you will all invest your energies and commitment into the core business of this 2022 Pre-Budget seminar. I wish you constructive and fruitful deliberations during this crucially important national event.

It is now my singular honour and privilege to declare this 2022 Pre-Budget Seminar officially open.

GOD BLESS ZIMBABWE!!!!

I THANK YOU!!!!

TATENDA!!!

SIYABONGA!!!

TWALUMBA!!!