ZIMCODD

ZIMBABWE COALITION ON DEBT AND DEVELOPMENT

WEEKLY ECONOMIC REVIEW AND UPDATE

16 April 2021

Weekly Dashboard

Forex Auction Weighted Rate

Week (30.03.2021)	Week (06.04.2021)
ZWL84.4001 per USD1	ZWL84.3970 per USD1

Total Consumption Poverty Line

Feb 2021	Mar 2021
ZWL5 187.00	ZWL5 312.00

Inflation Rate

Feb 2021	Mar 2021
321.59%	240.55%

Month-on-month inflation

Feb 2021	Mar 2021
3.45	2.26

Covid-19 Cases

	Week (11.04.2021)	Week (14.04.2021)
Positive cases	37 288	37 369
Recovered	34 873	34 946
Deaths	1 538	1 548

COVID -19 Vaccinations

First Vaccination
11/04/21
194 594

"Celebrating 20 years of People driven Social and Economic Justice in Zimbabwe"

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Notable Issues This Week

Insulate COVID-19 Vaccine from corruption

From the US$100million set aside by the Government for vaccines, Zimbabwe has so far spent US$12million in acquiring the 1,2million doses of the Sinovac Vaccine at a cost of US$10 per dose. Further, the government availed an additional US$7million for logistical purposes under the second-line response. However, what remains unclear is how much has been spent so far to procure and distribute the vaccines. Lack of transparency and accountability in public financial matters in the country has created a breeding ground for corruption. It is therefore prudent that all agreements, loans, pledges and other COVID-19 earmarked resources are subjected to regular Parliamentary scrutiny and made publicly available through an online database. Regular feedback and reporting from Government around acquired vaccines and expended resources is also crucial to increase public confidence and insulate vaccination processes from the scourge of endemic corruption.

Parliamentarians must now put the Public Finance Management Act to work.

The amendment of the Finance Management Amendment Act is to be applauded for 2 main reasons. Firstly, it aligns the Act with the Constitution thus consolidating our fairly robust legal, institutional and regulatory framework for public finances. Secondly the Bill strengthens Parliamentary oversight of State revenue and expenditure. Increased Parliamentary scrutiny will not only help to curb corruption and fiscal leakages but will also ensure that the government does not borrow irresponsibly particularly during this time when the country is responding the adverse effects of the COVID 19 pandemic. Increased Parliamentary powers must translate into increased Parliamentary action in pursuit of transparent and accountable public finance management.

REFINANCING OF THE $1.4 BILLION AFREXIMBANK LOAN

The government announced the re-financing of the US$1.4 billion loan accessed from the Afreximbank. This particular loan was acquired without Parliament scrutiny or oversight. Nevertheless, the refinancing of the loan comes at a time the economy is reeling from the effects of unsustainable public debt (Public and Publicly Guaranteed (PPG) debt stood at 89% of GDP in 2019) and the monetary authorities seem ill-equipped to manage the same. Debt refinancing entails the contraction of a new debt tranche with Afreximbank to pay off an older, and maturing debt tranche. The strategy is suitable when the term structure of interest rates is such that interest rate on the new loan is lowered thereby reducing the debt servicing costs. Given Zimbabwe's unsustainable public debt overhang, the refinancing of the US$1.4bn loan seems an ideal strategy given the limited capacity for Government to service debt. However, the refinancing exercise does not exempt Zimbabwe from fully servicing the loan but buys time and seeks better repayment conditions. Considering this, government ought to devise viable means of servicing and extinguishing outstanding debt as a way of not only opening access to new credit lines and lower the total PPG/GDP, but to re-shape the country's dented debt servicing profile.

1. COVID RESOURCE TRACKER

The COVID-19 resources tracker is a ZIMCODD initiative to keep track of all resources pledged, received and utilised by the Government of Zimbabwe in response to the COVID-19 pandemic from March 2020 to date. The aim of the COVID-19 Resources Tracker is to strengthen transparency and accountability concerning COVID-19 resources. At the same time the Tracker aims at empowering citizens with evidence-based information to hold the government to account on allocation and utilisation of COVID-19 resources. The tracker is updated on a weekly basis to show pledges honoured, resources received and resources expended.

Zimbabwe continues to mobilise and deploy resources internally and externally in response to the devastating socioeconomic effects of COVID-19. The 2021 national budget has set aside ZWL7 billion to recruit more health personnel, procure PPEs, testing kits and sundries required in fighting COVID-19. ZWL3.5billion has also been budgeted to cushion 500 000 vulnerable households whose beneficiaries comprise the informal sector, returning residents and children living in the streets. The Government through the Ministry of Health and Child Care has started rolling out COVID-19 vaccines as an additional layer of protection against COVID-19 infection. The vaccination programme was launched on 18 February 2021. Vaccination in all Provinces and Districts began on 22 February 2021 and is expected to continue until all eligible people have been vaccinated.

Overall

Total Pledges = US$767,475,257; Honoured Pledges = $563,228,071; Amount Spent = $316,881,082

For the week ending 9 April 2021

Total Pledges = US$0; Honoured Pledges =US$12,000,000; Amount Spent = US$12,000,000

Major Concerns

1. **Insulate COVID-19 Vaccine from corruption:** It has come to the fore that from the US$100million set aside by the Government for vaccines, Zimbabwe has so far spent US$12million in acquiring the 1,2million doses of the Sinovac Vaccine at a cost of US$10 per dose. Further, the government availed an additional US$7million for logistical purposes under the second-line response. However, what remains unclear is how much has been spent so far in all the procurements and distribution of the vaccines. Lack of transparency and accountability in public

financial matters in the country has created a breeding ground for corruption. It is therefore prudent that all agreements, loans, pledges and other COVID-19 earmarked resources are subjected to regular Parliamentary scrutiny and made publicly available through an online database. Regular feedback and reporting from Government around acquired vaccines and expended resources is crucial to increase public confidence and support for ongoing vaccine processes.

2. **Parliamentarians must now put the Public Finance Management Act to work.** The amendment of the Finance Management Amendment Act is to be applauded for 2 main reasons. Firstly, it aligns the Act with the Constitution thus consolidating our fairly robust legal, institutional and regulatory framework for public finances. Secondly the Bill strengthens Parliamentary oversight of State revenue and expenditure. Increased Parliamentary scrutiny will not only help to curb corruption and fiscal leakages but will also ensure that the government does not borrow irresponsibly particularly during this time when the country is responding the adverse effects of the COVID 19 pandemic. Increased Parliamentary powers must translate into increased Parliamentary action in pursuit of transparent and accountable public finance management.

3. **Supplementary schools budget urgently required.** The easing of the national lockdown saw schools resuming face-to-face learning. However, in the week under review, over 106 learners and academic staff from different schools across Zimbabwe tested positive to COVID-19 indicating that schools were not adequately prepared to curb the virus. A US$600 million schools reopening budget announced by government in November 2020 has proven inadequate to meet the vast needs of more than 5 million people in Zimbabwe's learning population. Indications on the ground are that most schools are ill prepared to facilitate full compliance with COVID-19 regulations, largely due to overwhelmed staff and infrastructure. The solution has been to either pass on exorbitant additional costs to overburdened parents or to water down the quality of education on offer. As a result, a loosely governed back to school regime of 2- or 3-day alternate schooldays per week in some cases supplemented by virtual learning offers varied learning experiences filtered by the realities of class, geographic location and other factors beyond learners' control. In growing instances Teachers have taken to providing at home extra lessons to take advantage of the deficit, whilst charging private rates for their services. Children dependent on school-based feeding, sporting, peer counselling and other initiatives will likely experience severe decline in critical measures of wellbeing such as nutrition and literacy. There is therefore, need for the government to issue clear standard guidelines to protect children and ensure their access to education in the context of the COVID-19 pandemic. A Parliament-led inquiry into the use and distribution of the $600 million schools reopening budget is necessary to plug rent-seeking and corruption and to restore public confidence. This should ensure effective deployment of resources in the education sector to improve safety of learners and teachers, teacher's welfare and other infrastructural challenges in schools. Further, the government must craft a supplementary budget to cushion schools throughout the country and ensure that they effectively implement COVID-19 compliance measures amidst the delivery of education.

4. **Universal Basic Income key to reverse indelible COVID-19 impacts on child poverty.** According to UNICEF 4.8 million Zimbabwean children live in poverty and a further 1.6million live in extreme poverty. The Covid-19 pandemic is likely to increase the number of children entering poverty and extreme poverty as economic, climatic and pandemic pressures bear down on poor families in a context with weak and inaccessible social protection mechanisms. The

competing demands of safeguarding children from infection and securing their longterm future in a post-Covid world must be considered with the future in mind. A universal basic income for all Zimbabwean children is a critical intervention to redistribute resources and lift vulnerable children and poor families out of poverty.

5. **Fake Covid-19 Vaccination certificates undermine confidence in vaccination programme.** Three suspects at Seke South Clinic, in Chitungwiza were recently arrested on allegations of selling fake COVID-19 vaccination certificates. Further investigations have revealed that 457 COVID-19 vaccination cards are missing at the same hospital pointing out to serious criminal abuse of office by public officers. Cases of fake vaccination come in a context of general low uptake of the vaccine by the majority of citizens and indications by government officials that the vaccination card will be used as access to basic social services. This abuse of office by public officials is a major cause for concern and threat to the health and safety of the general citizens as it countermands the government's efforts to reach herd immunity.

6. **Low vaccine uptake undermines progress towards a vaccine-led recovery.** While it is commendable that Zimbabwe plans to procure 1 million doses of the COVID-19 vaccine monthly, the country's limited storage capacity is worrying as it stands in the way for these procurements. The 2021 Lancet Globe Health study suggests that many African countries that are unable to attain optimal vaccine uptake will continue to experience waves of infections after the disease has been controlled in high-income countries. This will result in additional morbidity and mortality as well as the inevitable COVID-19 induced economic and social crises. Some of the major issues driving the low acceptance rate include confusing information and anti-vaccine campaign warnings to Africans, negative perceptions of the pharmaceutical industry and general concerns around the reliability and/or source of the vaccines. Zimbabwe has a large young and mobile population, a large informal sector and hotspots of political instability and insecurity, all of which pose challenges to vaccine roll-out strategies.

Fourth Quarter Treasury Bulletin Review

The Treasury Quarterly Bulletin for the period October – December 2020, issued by the Ministry of Finance and Economic Development is a welcome contribution to transparency and accountability in the country's public resource management affairs. It makes and seeks to substantiate the central claim of '*general improvement in macro-economic conditions following the introduction of a number of fiscal, monetary and structural policy measures.'* On the ground realities for the majority of poor and vulnerable Zimbabweans cast a shadow of doubt on these claims. By most indications the economy is not working for most Zimbabweans. Signal achievements outlined in the bulletin such as the foreign currency auction market system, deceleration of inflation, achievement of a budget surplus etc. align closely with government's neo-liberal policy trajectory towards the achievement of a middle-income economy by 2030. However popular concerns and widespread demands for e.g. sustainable job creating economic growth, robust social protection mechanisms, redistributive taxation, public sector led infrastructural growth and an equitable long-term response to the COVID pandemic must compel government to reconsider the present policy trajectory.

AGRICULTURE

The agriculture sector had mixed performance with gains and losses in some sectors.

- **Wheat** surpassed last year's production with current deliveries to GMB reaching 158 957 tons and a total production estimate around 212 000 tons compared to 2019 harvest of 94 700 tons.
- **Tobacco** saw a decline in production from 252.5 million kgs sold at the auction floors in 2019 compared to 183.3 million kgs delivered as of the close of the auction floors in October 2020. This is despite the fact that the area planted for tobacco increased from 66 798 ha in 2019 to 100 672 ha in 2020. However, the average buying price per kg increased from USD2.02 in 2019 to USD2.50 in 2020 translating to USD510 million and USD458.7 million in country's earnings respectively.
- **Milk production** declined by 4.5 percent between 2019 and 2020 closing at 76 million litres of milk production from the formal sector against a national annual demand of 130 million litres. However marginal recovery in the last quarter saw a 0.7% increase in milk production.

1. **There is need to address the perpetual challenges experienced by farmers during tobacco selling season.** Issues such as challenges in getting payment and delays at the auction floor discourage farmers to commit into tobacco farming. Furthermore, the technicalities of receiving part of the money in forex while the other is converted into local currency at auction rate which is below the market rate disincentivise farmers. Closer Government regulation of contract farming arrangements, pricing and market benefits to farmers remains pertinent to protect the rights of smallholder farmers and ensure their fair benefit from farming.
2. **Ensure long-term, equitable investment into agriculture sector**. Government's middle-income economy vision must accelerate infrastructure support pertinent to enhance the viability of local agriculture sector. Infrastructure development in terms of roads, irrigation, electricity, market infrastructure and extension, other support infrastructure must be prioritized especially for marginalized and climate impacted areas.
3. **Use the Land Audit as basis for a credible land administration system.** Now that the Land Audit has been concluded, an effective administration of the land system can now be developed to facilitate increased capital investment and economic development projects particularly by local investors. Tradeable long-term leases are now needed to help farmers access long-term credit lines and support to develop lands.
4. **Extend Farm mechanization and climate adaptation technology to smallholder farmers**. Most farmers do not have access to productive equipment and technological transfer to enhance production and adapt to the impacts of climate change. State led farm mechanization interventions aimed at larger producers must be mirrored by equally robust support to small-scale farmers with appropriate technologies to increase production and access to high value markets.

MINING

The Mining Sector gained more than the same period last year. USD3.2 billion was received from mineral exports compared to USD2.8 billion received in the same quarter in 2019. Field reports however indicate reduced direct benefits to Communities following reversal of provisions in the Indigenisation Act compelling mining companies to invest back into communities through Community Share Ownership Trusts. Hence whilst the 12 Billion Mining Vision is arguably on track, reversals in human rights and community benefits undermine the justice in Zimbabwe's mining sector.

- **Gold.** Gold deliveries in the fourth quarter improved 6 percent from the third quarter deliveries of 4 519 kg. Low gold deliveries are attributed to reduced output from small scale producers whose contribution declined to around 40% from as high as 63% during the same period in 2019.
- **Diamond.** Diamond output increased by 8% during the fourth quarter or 2020. Overall, diamond output for the year 2020 was above the 2019 output by 26%.
- **Chrome.** Chrome output increased by 22% from the third quarter of 2020 to 1 272 000 tons. However, this is below the annual target of 1 800 000 set for 2020 and 18% below the 1 550 000 tons achieved during the same period in 2019.
- **Platinum.** Platinum output for the fourth quarter 2020 decreased marginally from 3, 675kg to 3, 325 from the previous quarter. However, Platinum output for 2020 increased by 8% from the 13,857kg realized in 2019 to 15, 004kg.

1. **Increase public investment in Artisanal and Small-Scale Mining Sector (ASGM).** Shoring up the productive capacity, improving working conditions and ensuring social security for the Artisanal and Small-Scale Mining Sector (ASGM) must therefore be made a policy priority moving forward.
2. **Address gold smuggling and diversion to the black market.** Low levels of deliveries to Fidelity Printers correspond with the increased role of the black market and gold buying cartels in the gold industry. The registration of ASGMs, improved policing in mining areas, decentralization of Fidelity Printers, capacity strengthening of small-scale miners and access to public financing are amongst much needed measures to address smuggling and black-market activity in the gold sector. Cessation of the 'catch and release phenomenon' through which connected people implicated in gold smuggling have been let off will also increase confidence in the legal system's contribution to stopping gold smuggling.
3. **Stem illicit financial flows in the extractive sector.** Illicit financial flows particularly involving established mining companies occur through trade mis-invoicing, tax avoidance and other mechanisms prejudicial to Zimbabwe's financial interests. Increased State capacity to monitor and regulate mining revenue operations is imperative to detect and police Illicit Financial Flows. Increased Parliamentary oversight and policy reform is also crucial to ensure that Mining Companies pay their fair share in taxes and revenue contributions.
4. **Reverse tax breaks and incentives to mining companies.** The awarding of tax breaks and incentives to mining companies seeking to invest in mining operations in Zimbabwe without Parliamentary oversight must be stopped. Tax breaks and financial incentives are ultimately against the financial interests of a country struggling to raise resources for its own development.
5. **Protect the rights and interests of host communities.** The human cost of the 12 Billion Mining Industry Vision by 2023 must be kept in perspective as many Zimbabwean communities continue to suffer from internal displacements, environmental degradations, land-grabbing, loss of livelihoods and countless human rights abuses in the context of mining investment. Zimbabwe urgently requires mechanisms to protect the rights of host communities; acknowledge Community rights to refuse mining investments and ensure their fair benefit when they choose to accommodate mining investments.

MANUFACTURING

The sector registered growth in the fourth quarter with average capacity utilisation increasing from about 36 percent in the previous quarter to 47 percent. The sector benefited from increased demand of local products as imports were curbed through border movement restrictions. Manufacturing sector is one of the core drivers of GDP growth and direct employment. It plays an irreplaceable role in driving growth and economic development.

1. **There is need to shift towards higher growth in more value-adding and higher labour-absorbing manufacturing sectors.** This, in order to shift the sector into a development path that generates more growth and higher levels of employment. This must be driven by appropriate policy choices informed by an understanding of the sector linkages through which diversified manufacturing growth can boost economy wide employment.
2. **Increase access to foreign currency to Small-Medium Scale manufacturers.** Currently the forex auction inadvertently marginalizes Small-Medium Scale Enterprises who require smaller volumes of funds at a more rapid turn-around whilst privileging their more established formal sector players. This forces them to seek funds from the informal market, this must be changed so that businesses can access forex at an auction rate to supress costs and make products competitive on the market.
3. **Rally behind the Buy Zimbabwe Campaign.** The official recognition of the Buy Zimbabwe Campaign as a means to promote local products must be accompanied by complimentary measures to reduce import quotas for locally produced goods; facilitate knowledge and technology transfer to improve local competitiveness and more importantly increased aggregate demand by redistributing wealth into the pockets of ordinary Zimbabweans through e.g. fair remuneration for Civil Servants and a more equitable tax regime.

MONETARY POLICY REVIEW

INFLATION

The Monetary Policy Committee (MPC) has kept a tight leash on money supply by containing reserve money growth, retarding the riotous inflation in the first quarter of 2021. Monetary targeting has continued observing 22.5% reserve money growth, keeping the bank rate at 40% and the Mid-term Bank Accommodation (MBA) at 35% and, capping the maximum interest rate for on-lending by banks at 10% when they use MBA Facility. Accordingly, inflation has continued to ease, ceding considerable percentage points from January to March 2021. The year-on-year inflation based on the Consumer Price Index (CPI) at the beginning of January was 348.59%, 321.59% for February and 240.55% for March 2021. Monthly averages have continuously remained in the single digit range since August 2020 pointing to an easing inflationary environment. Going forward, the MPC ought to maintain a tight grip on money supply by adhering to even lower reserve money targets or growing money supply in tandem with growth needs and rationalize public spending.

EXCHANGE RATE

The ZWL has been steadily losing against the USD since August 2020. The auction market introduced in June of 2020 has managed to retard the rate at which the ZWL is depreciating against the greenback given complementary measures adopted to control money supply. At the beginning of January 2020, the USD traded at ZWL 81.7866 and at the end of March 2021 it traded at ZWL 84.4001 – translating to 3.2%

depreciation in the first quarter of 2021. Although the parallel market was stable over the same period, it maintained a premium of at least 42% as it remains a convenient market for economic agents who are not part of the priority list served by the auction market. The aggregate loss per month stood at 0.61% in March, 1.45% in February and 1.08% in January. Whereas the stability of the auction market rate has contributed to price stability, it is foolhardy to ignore the fact that most transactions are done in the parallel market as the economy is hugely informal. Prices in the informal market and other formal businesses that do not get foreign currency from the Auction Market continue to observe parallel market rates. The Auction Market can only be effective if and only if it eliminates price distortions, allow access and participation to all economic agents, meet bids by importers in full and remove government's artificial hand in determining exchange rates.

FISCAL POLICY REVIEW

INTRODUCTION OF THE LAND BANK

Government introduced the land bank in line with the provisions of the 2021 National Budget and the state enterprise reformation effort of the National Development Strategy 1. The Land Bank is premised on meeting banking and financial services requirements for commercial farmers, A1, A2, resettled and communal farmers as a way of recovering agricultural productivity, ascertain food security and contribute to the GDP. However, radical policy shifts are required to increase market confidence, reform weak and fragile institutions, reign in endemic corruption, reverse poor sovereign debt management, otherwise these challenges will derail the functionality of the Land Bank. Also, the adoption of a sound business model meant to address moral hazard, weak corporate governance, concentration risk, weather-related risks, market-related risks, challenges of lending to the missing-middle of the agriculture sector and undercapitalization will define the success of the Land Bank.

RE-FINANCING OF US$1.4 BILLION AFREXIMBANK LOAN

The government announced the re-financing of the US$1.4 billion loan accessed from the Afreximbank. This particular loan was acquired without Parliament scrutiny or oversight. Nevertheless, the refinancing of the loan comes at a time the economy is reeling from the effects of unsustainable public debt (Public and Publicly Guaranteed (PPG) debt stood at 89% of GDP in 2019) and the monetary authorities seem ill-equipped to manage the same. Debt refinancing entails the contraction of a new debt tranche with Afreximbank to pay off an older, and maturing debt tranche. The strategy is suitable when the term structure of interest rates is such that interest rate on the new loan is lowered thereby reducing the debt servicing costs. Given Zimbabwe's unsustainable public debt overhang, the refinancing of the US$1.4billion loan seems an ideal strategy given the limited capacity for Government to service debt. However, the refinancing exercise does not exempt Zimbabwe from fully serving the loan but buys time and seeks better repayment conditions. Considering this, government ought to devise viable means of servicing and extinguishing outstanding debt as a way of not only opening access to new credit lines and lower the total PPG/GDP, but to re-shape the country's dented debt servicing profile.

PROGRESS OF THE IMF'S STAFF MONITORED PROGRAMME (SMP)

As of 2020, the IMF noted that Zimbabwe was off-track with respect to macro-economic targets of the SMP as agreed in 2019. The SMP was however extended to 2021 given government's move to enact reforms. The IMF's Staff Monitored Programme (SMP) tracks the progress in the implementation of economic programmes and proffer technical advice to authorities. In proffering a sound, stable and a conducive business environment for the private sector, government introduced the Transitional Stabilization Programme (TSP) to spearhead stabilization of macro-fiscal fundamentals, integration into the international community, promote good governance, restructure State Owned Enterprises (SOEs) and to enact public sector and productive sector reforms.[1] Besides the cosmetic budget surpluses (attained in 2019 and 2020) and the actual act of crafting the TSP and the NDS1, the policy framework has failed to meet the SMP expectations. The currency reforms and foreign exchange regimes are struggling to permanently stabilize the exchange rate and inflation. Progress on the SMP require genuine effort in addressing the spiralling and unsustainable total public and publicly guaranteed debt, speed up and strengthen institutional reforms and facilitate genuine redistributive process to stimulate economic activity and aggregate demand in Zimbabwe's highly informalised economy.

US$100 MILLION FOR COVID-19 VACCINES

The government announced a US$100 million[2] fund meant to finance the acquisition of 20 million inoculants adequate to vaccinate 10 million people (60% of the population) to attain herd immunity. However, the source and existence of the US$100 million remains a paradox as the information surrounding it lacks finality. The lack of transparency imply that the government could have borrowed clandestinely to finance the acquisition of vaccines as the surplus was conveniently declared at the opportune time when the vaccine funds were required. Borrowing can also suffice from the fact that the declared surplus (ZWL 6 billion) does not add up to US$100 million. Also, the exact amount of the surplus is unknown, same as the resources raised from the crowdfunding, thus the totality of resources available to acquire vaccines remains unknown. Indications from Government of the source of funds for the announced US$100 million vaccine funds is vital to allay fears of a debt-ridden recovery and to provide clarity around the trade-offs made to pursue a vaccine-led recovery. These concerns are not solitary as the procurement process is obscured in controversy as well as allegations of inflated distribution costs. It is therefore imperative for Government to sanitize the vaccine procurement process by enabling greater Parliamentary oversight and the participation of effectively devolved and mandated sub-structures.

TAX HOLIDAYS TO MINING COMPANIES

The government granted a 5-year tax holiday to Economic Great Dyke Investment (Pvt) Limited. However, there is a noticeable lack of transparency in the manner tax holidays are granted thereby suggesting a probable link between tax holidays and illicit financial flows and the effect of such deals on human rights. Although tax holidays are not illegal, they generate complex tax structures that offer substantial opportunities for tax abuse. The lack of conclusive evidence on the link between tax holidays and any positive economic or social impact is imperative to the abandonment of the same. Also, the Great Dyke scenario re-ignite memories of the BHP case where investors left soon after the expiration of the tax holiday – thereby raising concerns on the adequacy of safeguards on the deal. Whereas due considerations were reportedly observed on the Great Dyke tax holiday, no details of the same are publicly available. Effectively, such deals accrue undesirable social and environmental effects, weaken good governance and escalate inequality. Ideally, tax holidays must be anchored on clear, transparent and credible legal, technical and political processes to preclude their abuse. Citizens must be provided with adequate information to know what incentives are being offered and why, to enable holding the

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[1] In the fourth quarter of 2020, the government launched the National Development Strategy 1 tenured from 2021-2025.

[2] Sourced from the budget surplus in 2020

government to account for the fiscal damage caused by ineffective and opaque tax incentive regimes. Also, instead of granting tax holidays, it might be futuristic to consider deferred tax to allow for the growth of formative and strategic investments.