

## PRESS STATEMENT

### ZIMBABWE IN URGENT NEED FOR DEBT CANCELLATION

The Zimbabwe Coalition on Debt and Development (ZIMCODD) joins the rest of the global debt movement in commemorating the Global Week for Action on Debt Cancellation which runs from the 10<sup>th</sup> to the 17<sup>th</sup> of October 2020. These commemorations calls for debt cancellation and action towards addressing unsustainable and illegitimate debt.

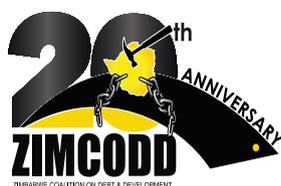
Zimbabwe's debt has been unsustainable for long and without its cancellation the living conditions of ordinary citizens remains dire. Debt cancellation for Zimbabwe has never been more crucial than now when the country is grappling with the COVID-19 pandemic which comes at the back of a slew of socio-economic problems in Zimbabwe including, the aftermaths of Cyclone Idai, chronic drought, poor governance, illicit financial flows, endemic corruption, and external debt overhang which have deepened the economic headwinds in the country.

The country's external debt is high and largely in arrears. Available statistics from the Reserve Bank of Zimbabwe (RBZ) indicate that the public debt stock is unsustainable with domestic debt growing by an alarming 2 789 percent between 2013 and 2019 from US\$0.36 billion to US\$10.4 billion respectively. At the same time, external debt has also grown by 27 percent over the same period from US\$10.22 billion to US\$13.13 billion. In this context, the country's total debt as a percentage of GDP has rallied significantly from 49 percent to 75 percent as at end 2019.

It is widely known that Zimbabwe's external debt pile has been a result of a confluence of poor policy choices including years of austerity measures; gross mismanagement; abuse of state resources; and poor fiscal management which has created huge budget deficits. By the same token, the country needs to address the governance challenges, human rights violations, questions of democratic regression, and rule of law which have resulted in international isolation and legislative restrictions.

The bigger portion of the country's debt was accrued without any democratic review process, often the executive branch negotiated for funds without due process and with little consideration of the prospects of repayment. By its own admission, government neither has the capacity to clear the loans in default nor to settle the maturing ones. Conversely, any attempt to divert resources towards debt payment will further compromise the efforts towards public health, livelihoods, and economic rehabilitation.

It is our clarion call as we commemorate the Global Week for Action on Debt Cancellation that permanently cancelling debt payments from Zimbabwe would free up existing public and private resources to tackle the COVID-19 crisis, save lives of the country's citizens and build an economy that can work for the people.



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