



Investing in People for Social and Economic Justice

ZIMCODD calls upon the Government to disclose all the Conditions agreed with International Financial Institutions

Background

The Zimbabwe Coalition on Debt and Development (ZIMCODD) urges the Government of Zimbabwe to publicly outline the full conditions that were laid and agreed upon with the two chief financiers namely the World Bank and the African Development Bank (AfDB) when the country won the right to resume its debt refinancing plan.

For almost two decades, Zimbabwe has been facing economic challenges that can be traced back to its unfavourable relations with the International Financial Institutions (IFFs) among other factors. It is indicated that as at 31 October 2016, Zimbabwe's public debt stood at US\$11.2 billion or 79% of Gross Domestic Product (GDP), of which US\$7.5 billion, 53% of GDP, is external debt. Of the US\$7.5 billion external debt, US\$5.2 billion is in arrears, and this has resulted in deterioration of relations with major creditors, thereby inhibiting access to new lines of credit.

The re-engagement process that is currently going on between Zimbabwe and its creditors is a welcome development but the government should ensure that the country does not plunge into further borrowing that will continue to be a burden to the ordinary citizens. Rather, the process should be focused on assisting the country to improve its public resources management systems that will allow for full and beneficial utilisation of domestic resources for the social and economic benefits of the local people.

On 28 April 2017, Finance Minister Patrick Chinamasa was quoted in a local daily publication saying that he was pleased, the country had “met all the conditions” required for it to begin repayment of the public debt to the two creditors but failed to disclose the full conditions agreed upon.

This latest development will see the country beginning to clear about US\$1.7 billion owed to the two lending institutions thus beginning to resume borrowing from the two financial institutions. In 2016, Zimbabwe managed to settle arrears equivalent to about \$107.9 million with the International Monetary Fund (IMF). The settling of overdue obligations to the Fund did not automatically provide Zimbabwe with access to IMF financing as the country was supposed to first clear arrears to other IFIs including the AfDB, the WB, and the European Investment Bank (EIB). The country was also expected to embark on further fiscal structural adjustment reforms.

Chapter 17; Section 300 of the Constitution of Zimbabwe clearly states the norms and procedures that have to be adhered to by the state with regards to borrowing and public debt management. In this case, Minister Chinamasa has failed to adhere to such constitutional guaranteed principles thus denying citizens the right to Information access.

It is against this backdrop that ZIMCODD calls upon Minister Chinamasa to be transparent and make public the full conditions agreed upon between the Zimbabwe government and the two financiers so as to promote accountability and transparency in public affairs. The conditions are likely to affect the ordinary taxpayers as they have always done since the 1990s.

Afreximbank loan

Meanwhile, ZIMCODD also notes with grave concern revelations made by Reserve Bank Governor John Mangudya when he was quoted in a local weekly saying that the country had secured a US\$220 million loan meant to offset foreign exchange payments. Again the full conditions leading to the final conclusion of the deal have not been disclosed. This development comes at a critical time when the country is saddled with several debts including an ‘underperforming’ economy characterized by higher levels of job losses and rising poverty levels.

ZIMCODD therefore calls for:

- The Government to stop excessive borrowing but rather to focus on domestic resource mobilisation and curtail illicit financial flows, issues that are undermining the country's development.
- The Government of Zimbabwe should be transparent in all its Public debt management issues according to the constitutional provisions on public debt management. It should publicise the conditions agreed upon the finalisation of the US\$220 million loan with Afreximbank as well as the Debt settlement plan with the WB and the AfDB
- ZIMCODD maintains that there is need for an urgent and a full public debt audit to ascertain the actual amount owed to individual creditors to address the challenges of illegitimate and odious debt.

About ZIMCODD

The Zimbabwe Coalition on Debt and Development (ZIMCODD) is a social and economic justice coalition established in February 2000 to facilitate citizens' involvement in making pro people public policy. ZIMCODD views indebtedness, the unfair global trade regime and lack of democratic people -centred economic governance as root causes of the socio – economic crises in Zimbabwe and the world at large. Drawing from community based livelihood experiences of its membership, ZIMCODD implements programmes aimed at delivering the following objectives;

- To raise the level of economic literacy among ZIMCODD members to include views and participation of grassroots and marginalised communities
- To facilitate research, lobbying and advocacy in order to influence and promote policy change
- To formulate credible and sustainable economic and social policy alternatives
- To develop a national coalition and facilitate the building of a vibrant movement for social and economic justice.

Our vision

Sustainable socio-economic justice in Zimbabwe through a vibrant people based movement.

Mission

To take action in redressing the Debt burden, Social and Economic Injustices through formulation and promotion of alternative policies to the neo-liberal agenda.

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