



Investing in People for Social and Economic Justice

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Press Briefing on the Sustainable and Inclusive Debt Management Framework for Zimbabwe – A Civil Society Perspective on Debt Resolution

Fellow country men.....Our country is in debt distress. The ballooning domestic and external debt currently hovering between US\$17 to \$18 billion according to official statistics is a result of a combination of factors spanning from inherited colonial debt; perennial budget deficits, fiscal indiscipline and corruption. Deliberations at today's high level debt conference have unequivocally resolved that in order to avoid further deterioration of the economy; the country should wean itself from the debt trap. A sustainable and inclusive debt strategy that harness efforts and aspirations of the people of Zimbabwe is the way forward.

Today the Zimbabwe Coalition on Debt and Development met with different stakeholders from government departments, donor community, academia, parliament, civil society organisations, economists and social scientists from various sectors and launched a debt strategy resolution paper entitled '**Sustainable and Inclusive Debt Management Framework for Zimbabwe (SIDMaF)**'. The paper was compiled following extensive research and wide consultations, SIDMaF proffers a hybrid model which calls for combined efforts among stakeholders towards addressing Zimbabwe's debt overhang. SIDMaF is coming in to augment government efforts towards resolving the debt crises whose implications on the economy are appalling.

Forward Steps

1. Comprehensive debt audit

A comprehensive debt audit is an important step in ascertaining the extent of the debt, the loan contraction process, how it was used and/or misused and evaluating the terms of the specific loans. The audit should cover the social, economic and human rights impacts of the loans and debt in Zimbabwe. Debt audit should distinguish between odious and illegitimate debt on one hand and legitimate debt on the other hand.

2. Cancellation of odious and illegitimate

The nation must combine efforts in the campaign for cancellation of all debt considered odious and illegitimate. Cognisant of the fact that our government inherited an economy which suffered years of mismanagement, debt relief must be a common cause and rallying point for those with the nation at heart setting aside whatever divides us.

3. Settling legitimate debt

SIDMaF strategy posits that a debt repayment plan that is consistent with our revenue capacity must be put in place targeting both domestic and external debt in a sustainable and systematic way.

4. Debt Sustainability Plan

To maintain debt sustainability, going forward, debt management should be informed by the following principles.

- Transparency, participation and accountability are important principles that should inform the lending and borrowing decisions in Zimbabwe. The government must guarantee full disclosure of all relevant information regarding loan agreements, debt repayments, debt management, outcomes of public debt audits and other related matters.
- Respect of the Constitution is important across the budget cycle and this should start at the loan contraction stage to ensure that the debt is acquired in accordance with the law.
- Vibrant and independent oversight institutions including Parliament, public debt management office, Office of the Auditor General and the central Bank among others.

Ladies and gentlemen...., SIDMaF proposes the following frameworks that should support debt management in Zimbabwe.

The government should come up with a framework for promoting domestic resource mobilisation through innovative and efficient tax collection and curbing illicit financial flows.

The government should develop an investment framework that ensures maximum benefit to Zimbabwe. This includes rationalising tax incentives and abolishing tax holidays in order to harness resources for debt servicing and development financing.

The government should instill fiscal discipline and prudent management of national resources. This entails strengthening of legal and institutional frameworks including the current efforts to align the Public Finance Management Act to the Constitution which are commendable.

Most importantly, there should be sufficient political will to effectively enforce the laws governing public finance management.

It will take collective responsibility of parliament, central government, civil society and private sector to resolve the national debt crisis

Thank You.....

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