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ZIMBABWE COALITION ON DEBT & DEVELOPMENT

WEEKEND READER - WEEK ENDING 01 NOVEMBER 2019

Corruption and Public Expenditure

In development discourse, corruption is seen as a cancer that hinders economic recovery and sustainable development. A closer look at the Zimbabwean context shows that corruption fuels inefficiency of government spending particularly towards social service delivery. The manifestations of corruption in Zimbabwe, as revealed by the findings of the 2018 Office of the Auditor General's Report include the following; unsupported expenditure, violation of laws and procedures, unreconciled expenditure, payments for goods not delivered, non-servicing of loans as well as unauthorized transfers of funds. This has resulted in low investment towards social service delivery thus sabotaging the realization of citizens' socioeconomic rights as enshrined in Chapter 4 of the Zimbabwean Constitution.

Socioeconomic rights which citizens are entitled to include the right to health, water and sanitation as well as the right to education. This short piece seeks to analyze the impact of corruption on government spending towards the realization of the socioeconomic rights of citizens.

Understanding Corruption

Corruption in the context of public finance management can be understood as the abuse and mismanagement of public resources for personal gains in contrary to the intended purposes. Transparency International Zimbabwe has defined corruption as the abuse of entrusted power for private gain. World Bank has also defined corruption as the abuse of public office for private gain. According to the latest Corruption Perception Index by Transparency International, Zimbabwe is ranked 160 out of 175

countries highlighting that US\$1 billion is lost annually through corruption. The Constitution which is the supreme law of the country lays the foundation and principles that guides all aspects of public finance management. Of interest is Section 298(a) which explicitly states that there must be transparency and accountability in public finance matters. However, this has not been put to practice by most duty bearers. Lack of respect for Constitutional provisions on best practice of public finance management has been the breeding ground for corruption and misuse of public funds by those in power.

Cases of Corruption in Zimbabwe: Implications on Social Service Delivery

In Zimbabwe, corruption is now a "cancer that calls for divine surgery". Although the new dispensation, under the leadership of



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President Mnangagwa, has an ambitious reform agenda to combat corruption, nothing has not really been done in bringing the culprits to book with “catch and release” game being the order of the day. The findings of the 2018 Auditor General’s Report unearthed rampant cases of corruption in both government departments and state-owned enterprises. It is important to note that government spending towards social service delivery such as education, health-care, social protection as well as water and sanitation is an important and valuable way towards the realization of citizen’s socioeconomic rights including the rights of vulnerable groups such as the elderly, women and people living with disabilities. Chapter 4 of the Constitution of Zimbabwe mandates the government to take all practical measures within the limits of the resources available to it to achieve the progressive realization of rights. However, it is ironic to note that the resources mobilized through taxation and other government revenue sources has not translated anything meaningful to the realization of social and economic rights due to corruption, poor governance as well as violation of procurement procedures. The social contract that exists between government as a duty bearer and citizens as right holders is eroded due to low investments towards social service delivery perpetuating the vicious cycle of poverty.

A case in point is USD\$4.9 million and US\$562 thousand paid to Pito Investments by two subsidiaries of the Zimbabwe Electricity Supply Authority (ZESA), the Zimbabwe Electricity Transmission Distribution Company (ZETDC) and the Zimbabwe Power Company for transformers not delivered dating to as far back as 2010 is a cause

for concern. This has led to citizens grappling with massive power cuts. This negatively impacts on the poor citizens who are forced to look for alternative sources of power. Another case is the National Social Security Authority (NSSA) saga where the audit report exposed shocking corruption, fraud, criminal abuse of power that saw the authority being prejudiced of more than US\$175 million. The unfortunate abuse of funds at NSSA has seen pensioners struggling to access their lifetime savings. The case of Marange Diamonds where 12 million carats diamonds, whose value is estimated at USD15 billion, was lost through corruption, the revenue which could have been channeled towards budget deficits as well as financing national development.

Conclusion

Corruption thus remains an underlying cause of underdevelopment and the socioeconomic crisis bedeviling Zimbabwe. There is need for government to show commitment towards combating corruption through ensuring transparency and accountability in the administration of public funds. This will contribute positively towards government’s efforts to fulfill its mandate to ensure progressive realisation of citizens’ socioeconomic rights.

Herewith the Weekend Reader...

1. Mthuli to present budget next week

FINANCE and Economic Development Minister Mthuli Ncube has the unenviable task of prescribing a set of policies and measures to breathe life into a sluggish economy beset by galloping inflation and currency volatility when he presents the 2020 National Budget tentatively set for next week. Treasury sources told The Herald Finance and Business that the

finance minister will present his budget statement on November 4, 2019 amid high expectations and a myriad of economic issues to address in order to stabilise the economy and place it on sustainable and fast growth path. [“READ MORE”](#)

2. Outcry over exorbitant electricity charges

Consumers are angry over the Zimbabwe Electricity Supply Authority billing, amid fears that the power utility is charging more than what is being used on the prepaid meter system. [“READ MORE”](#)

3. Chinese suspend US\$1,3bn projects

CHINESE financial institutions have indefinitely suspended funding three big infrastructural projects totalling US\$1,324 billion after government raided and diverted US\$10 million from an escrow account for the Robert Mugabe International Airport expansion project, the Zimbabwe Independent can reveal. [“READ MORE”](#)

4. Govt mulls strategy to stabilise prices

Government has identified 14 basic commodities for instant measures aimed at fostering price stability to cushion citizens from incessant price increases, a senior Government official has said. [“READ MORE”](#)

5. Poverty threshold levels increase by 200% in 6 months

Latest data released by Zim Stat shows that poverty threshold levels for a family of five increased to ZW\$883 in September from ZW\$725,3 in August. [“READ MORE”](#)

