THE WEEKEND READER

"Your Weekly Read on Debt, Development & Social & Economic Justice"

ZIMCODD
ZIMBABWE COALITION ON DEBT & DEVELOPMENT

Zimbabwe's Debt Crisis: Impact on Women and Youth

Zimbabwe is currently classified as being in debt distress and over the last five years, government debt has risen substantially from just over 48 percent of GDP in 2013 to an estimated 82% in 2017. It is argued that budgetary indiscipline and poor debt management are the main reasons for the current debt crisis and that external outflows of financial resources in the form of debt repayments and debt servicing deprive the citizens of basic service provisions mandated by the social contract.

In these debt crises, women and youth are disproportionately affected. The impacts accrued to women due to gender roles and social norms that entrench patriarchy as they often have to stand in long queues for hours to collect water, for example. The crisis also increases the burden of unpaid care work and opens women up to more vulnerabilities and inevitably violates their rights to dignity and to live free from violence. As OSISA (2019) rightfully points out: "Women often bear the brunt of reduced economic opportunities as well as inadequate education and healthcare provision that results from the indebtedness." The reduction of social investments by states in Southern Africa in favour of servicing debt have seen an increase in unpaid labour that is overwhelmingly shouldered by women and girls. Youth on the other hand have endured the consequences of the debt crises such as unemployment which is a result of an underperforming economy.

The Debt crisis is a condition in which a country is incapable of servicing its debt with multilateral and domestic lenders. Unsustainable debt has implications on the state's ability to develop, let alone meet the demands and expectations of its citizens. Debt affects the capacity of the state to discharge its developmental responsibilities and the realisation of human rights including social, economic and cultural rights. Social and economic rights are enshrined in chapter 4 of the Constitution of Zimbabwe (CoZ). These rights are provided for in sections 64-71 of the CoZ and these include the freedom of profession, trade or occupation (section 64), labour rights (section 65), property rights (section 71) the right to agricultural land (section 72), the right to education (section 75), the right to healthcare (section 76) and the right to food (section 77). In consequence, it appears apparent that the debt situation Zimbabwe currently faces and has grappled with in the past 20 years, is one of the most significant threats to the rights of her subjects.

The government has not been adhering to legal provisions which require transparency and accountability in debt management set out in the Public Debt Management Act (Chapter 22:21). Zimbabwe's public debt is shrouded in secrecy. It has been a subject of speculation as it is not clear how much it is. The Minister of Finance and Economic Development notified Parliament that the total debt stood at US$17.4b billion as at the end of March 2019. This debt constitutes approximately 90% of the Gross Domestic Product (GDP). This is in violation of section 11(2) of the Public Debt Management Act as it exceeds the prescribed borrowing

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limit of 70% debt to GDP ratio. Conversely, some Civil Society Organizations estimate the total public debt at over US$23 billion.

The debt crisis has affected the capacity of Zimbabwe's Local and Central Governments which in most cases are failing to provide basic services such as water, power, sanitation and health. Public debt is undermining the nation's socio-economic development through compromised service delivery to citizens. Poor water and sanitation, dilapidated road infrastructure characterised by huge potholes, short staffed and incapacitated health institutions with lack of medicines and PPEs and high cost of living which has eroded disposable incomes and left the poor and vulnerable members of society living in abject poverty.

The debt crisis has further shrunk fiscal space and negatively affected the Central Government's capacity to meet its statutory obligations of providing grants, such as the health grant to Local Authorities. Failure to provide water in Harare, Bulawayo and several major cities is another example. The failure by the government to pay acceptable remuneration to health personnel which has resulted in a two-month strike now getting into the third, is not helping the situation. The current Zimbabwe inflationary environment standing at 837.5%, is also making it difficult to see immediate prospects of capacity to service national debt.

The Government should make deliberate efforts to include youths in contracting public debt; youths, women and ultimately all stakeholders must be consulted in debt contraction. Zimbabwe's public debt has culminated in economic stagnation which in turn has caused massive informalisation and unemployment which currently is said to be at over 90%. The IMF (2018) has noted that Zimbabwe has the second largest informal sector in the world and it is difficult to see formal employment emerging in the foreseeable future. A high employment rate of youths is crucial for the generation of revenue which capacitates government to service debt. It is therefore prudent for the government to invest in job creation for youths to facilitate economic development.

The most vulnerable and affected groups are women, children and youths. ZIMCODD therefore, calls for the inclusion of marginalized groups in the debt contraction process to ensure inclusive decision making in the management of public resources. Inclusion of all stakeholders will facilitate the contraction of sustainable debt and guarantee the continued provision of public services and developmental outcomes that benefit everyone. Economic growth will not only capacitate government to service debt but create safety nets that protect these vulnerable groups of society such as employment opportunities. Parliament needs to exercise its law making, representative and oversight functions to reduce the debt burden. ZIMCODD further calls for the creation of a strong and autonomous debt management office. Government should comply with the 60% limit threshold enshrined in the SADC Protocol on Finance and Investment, undertake a Socio-Economic Audit, formulate a comprehensive debt settlement plan and facilitate meaningful participation in debt contraction from all stakeholders.

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