

TOWARDS AN INCLUSIVE PUBLIC DEBT MANAGEMENT MECHANISM:

A CLARION CALL BY THE YOUTH FOR TRANSPARENT AND ACCOUNTABLE PUBLIC DEBT MANAGEMENT.

EXECUTIVE SUMMARY

As much as Sections 298 to 300 of the Constitution of Zimbabwe call for a fair spread of the taxation burden, there is also a need for a fair spread of the debt burden on an intergenerational basis. Lately, the Government of Zimbabwe has been on a borrowing spree, without following the duly aligned procedures set out in the constitution. Such illicit debt can have major effects on the welfare and wellbeing of generations to come. Hence this policy brief sets out a youth-centred framework for public debt engagement as the new way of national debt engagement.

INTRODUCTION

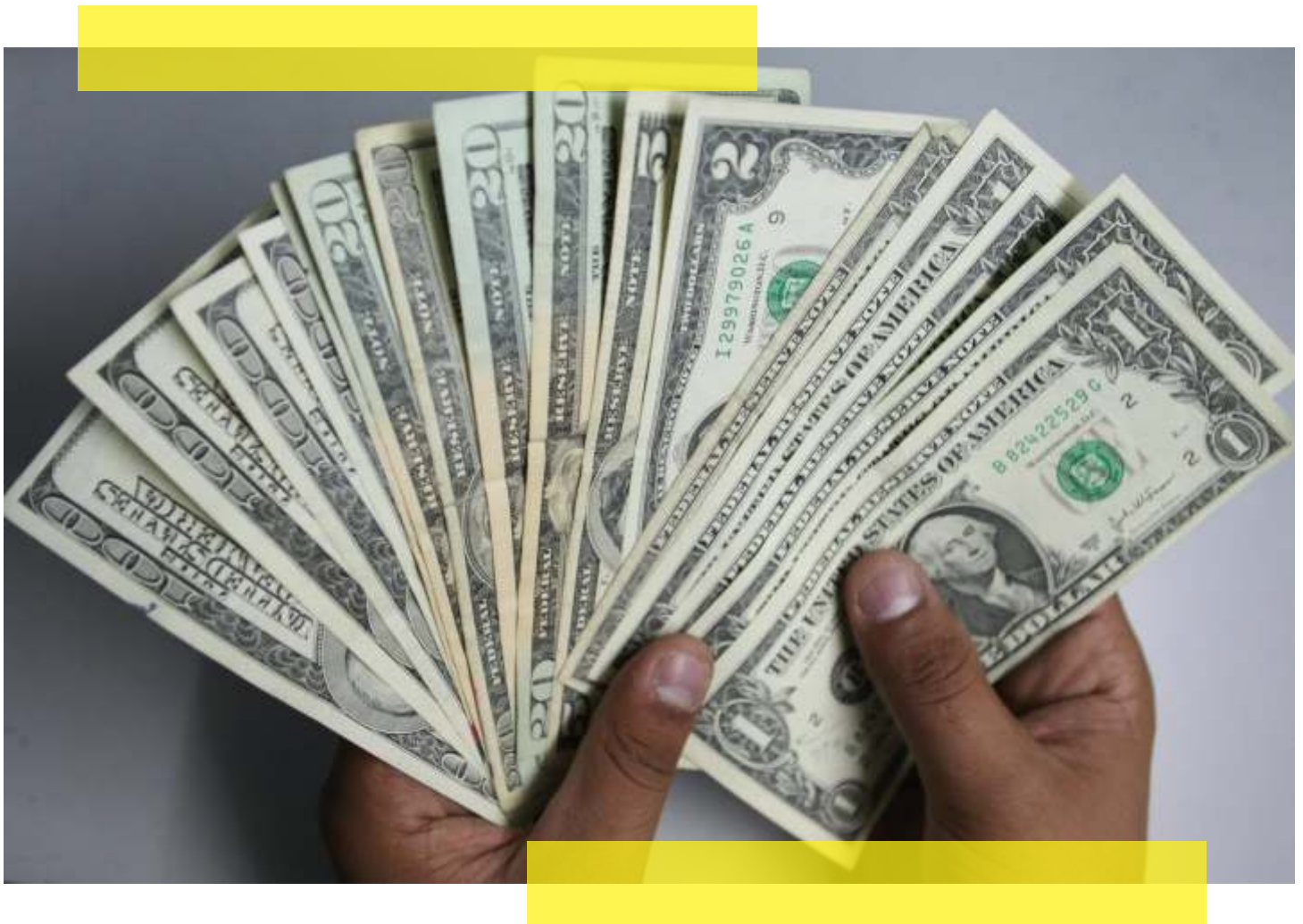
The youth constitute over 60% of Zimbabwe's population and are the major demographic group in the country. The huge public debt burden the country holds threatens the economic prosperity of the youth. Zimbabwe's public debt consists of national and external debt. The national debt is the accumulated level of debt owed by the government of a country. External debt is debt owed by the government,



businesses and people of a country to overseas lenders such as banks, the IMF, foreign companies and other creditors.

Generally, a government's debt as a percent of GDP is used by investors to measure a country's ability to make future payments on its debt. This affects a country's credit rating. According to the IMF, Zimbabwe's unresolved debt, is over US\$18 billion. Youths as the majority population of the country suffer a double tragedy because of the debt burden. The debt burden has a negative intergenerational effect which makes it difficult for youths to secure decent livelihoods and also diminishes the opportunities for growth in the future.

While not all debt is bad, the government needs to consult the youth who will be the most affected by debt acquired now and in the future. Moreso, the government should be guided by the provisions of the Constitution which govern public finance management set out in sections 298, 299 and 300 of the Constitution of Zimbabwe. It is worrying to note that the executive has been accused of not adhering to these provisions with the High Court recently ruling (December 2020) that the Ministry of Finance must report the amount of money borrowed from the Afrexim Bank which has remained a secret. Many analysts and think tanks opine that the opaque nature of the debt accrued will only serve to increase public debt while there is little development being witnessed in the country.



POLICY IMPLICATIONS AND RECOMMENDATIONS

As noted above, Zimbabwe's debt situation disproportionately affects youths who constitute the majority of the population and stand as a potential demographic dividend which can be tapped into to steer national development. However because of the onerous public debt which many experts estimate to be about 86% of the Gross Domestic Product (GDP) this opportunity might never be taken. Zimbabwe has failed to invest in projects that result in gross capital formation. Resultantly, the major economic implication of this high public debt has been the informalisation of the economy with the youth being the major feature in that sector. Statistics show that 75% of youths are running businesses in the informal economy without government support and regulation.

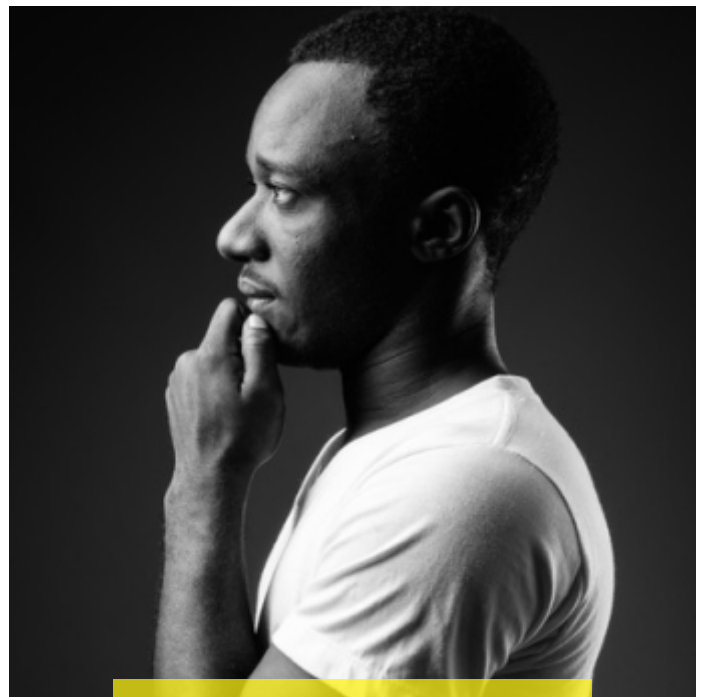
The public debt situation is compounded by the fact that young people barely get an opportunity to participate in public consultations around public debt. Principles of intergenerational equity demand that young people should be actively engaged during the process of contracting debt as it has a direct impact on them. It is therefore imperative that the government should create an enabling platform in which young people can participate in the issues around public debt which have a disproportionate effect on their current and future endeavours.

In striving to achieve this new policy direction the following recommendations are proffered;

- The Ministry of Youth, Sports, Arts and Recreation should engage stakeholders in both government and civil society to set up a youth-centric monitoring body that focuses on Inclusive Public Debt Management. The role of the body will be to push government and parliament to adhere to sections 298, 299 and 300 of the Constitution of Zimbabwe which demand transparency and accountability on

how government accrues debt. The body will also ensure that the voices of the youth are present when it comes to government accruing any form of new public debt and foster fair intergenerational debt burden-sharing.

- Parliament as the representative institution of the people must diligently undertake its oversight functions on how the executive is contracting debt. It must not be a rubber-stamping platform of the executive and should work with young people in their constituencies.
- The Ministry of Higher and Tertiary Education, Science and Technology must initiate the introduction of a compulsory examined module in all tertiary institutions on public finance management. Public finance management is every citizen's responsibility and everyone has to attain a basic understanding of how public funds are handled. This will go a long way in enhancing informed contributions by the youth in public finance management issues.
- The government should enter into debt agreements targeted at gross capital formation projects which will in turn create jobs for youths.





CONCLUSION

Young people are the future of the country and currently, their prospects for economic prosperity are adversely affected by the high levels of public debt. It is apparent that for Zimbabwe to develop, there is a need to embrace socio-economic justice for young people through improved, transparent and accountable mechanisms around the contracting and management of public debt.

REFERENCES

- Government of Zimbabwe, (2013), Constitution of Zimbabwe Amendment 20: Government Printers
- IMF, (2020), Zimbabwe sitting on a debt time bomb, [Accessed from www.imf.org on 3/12/20]
- Jones, T (2011), Uncovering Zimbabwe's Debt, Eurodad [Accessed from www.eurodad.org on 2/12/20]
- Zimcodd, (2020), The Social and Economic Implications of Public Debt On youth in Zimbabwe, [Accessed from www.zimcodd.org on 1/12/20]
-