

# ZIMCODD

ZIMBABWE COALITION ON DEBT AND DEVELOPMENT

## WEEKLY REVIEW

### 7 JULY 2021

#### ABOUT ZIMCODD:

The Zimbabwe Coalition on Debt and Development (ZIMCODD) is a socio – 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.

*“Celebrating 20 years of People driven Social and Economic Justice in Zimbabwe”*

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Website: [www.zimcodd.org](http://www.zimcodd.org) | Twitter: [@zimcodd1](#) | Facebook: [zimcodd](#)

#### Weekly Dashboard

##### Forex Auction Weighted Rate

| Week<br>(29.06.2021)   | Week<br>(29.06.2021)   |
|------------------------|------------------------|
| ZWL85.4234<br>per USD1 | ZWL85.4234<br>per USD1 |

##### Covid-19 Cases

| Week<br>(29.06.2021) | Week<br>(06.07.2021) |
|----------------------|----------------------|
|----------------------|----------------------|

|                          |                          |
|--------------------------|--------------------------|
| Positive cases<br>48 533 | Positive cases<br>57 963 |
| Recovered<br>38 323      | Recovered<br>41 624      |
| Deaths<br>1 761          | Deaths<br>1 939          |

##### COVID -19 Vaccinations

First & Second Vaccination  
06/07/2021  
1,382,567

##### National Recovery Rate

| Week<br>(29.06.21) | Week<br>(06.07.21) |
|--------------------|--------------------|
| 79%                | 72%                |

##### COVID-19 Hotspot

- Kwekwe (51)
- Emakhandeni (38)
- Marondera (54)
- Karoi (30)
- Chiredzi (75)
- Harare (226)

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## 1. COVID-19 Resource Tracker Issue NO. 63

### Overview

The COVID-19 Resource tracker is a ZIMCODD initiative to keep track of all resources pledged, received and expended by the Government of Zimbabwe in response to the COVID-19 pandemic from March 2020 to date. The aim of the COVID-19 Resources Tracker is to strengthen transparency and accountability by the government on COVID-19 resources while empowering citizens with information to hold the government to account for the allocation and utilisation of COVID-19 resources. The tracker is updated on a weekly basis.

### Overall

Total Pledges = US\$849,445,684; Honoured Pledges = \$640,724,503; Amount Spent = \$524,555,028

For the week ending 22 June 2021:

Total Pledges = US\$849,455,684-; Honoured Pledges =640,724,503; Amount Spent =524,555,028

For more information on the COVID-19 Resource Tracker visit

[www.zimcodd.org/wp-content/uploads/2021/06/Tracker-Issue-63.pdf](http://www.zimcodd.org/wp-content/uploads/2021/06/Tracker-Issue-63.pdf)

## 2. The Effects of Kleptocracy on National Development and Growth

The word kleptocracy comes from the Ancient Greek word “klepto” meaning “theft” and “cracy” meaning “rule,” kleptocracy means “rule by thieves.”<sup>1</sup> Kleptocracy is defined as “a government or state in which those in power exploit national resources and steal; (rule by a thief or thieves)<sup>2</sup>”. It denotes a government that is calibrated to promote elitism and personal aggrandizement of public officials at the expense of the governed. Thus, the kleptocrats, who are leaders use their political power to increase their personal wealth by stealing resources and money from the countries they rule. Kleptocracy differs from plutocracy which is a government by the wealth, for the wealth<sup>3</sup>.

The concept of kleptocracy is not a new phenomenon in Zimbabwe, since 1980 the ZANU PF government has entrenched itself in every key sector of the economy giving it the much needed economic muscle to attain competitive advantage over other political parties at the expense of national development and growth. Ironically, the 1<sup>st</sup> Republic was ousted from power on allegations of state capture and kleptocracy, it was alleged that “Operation Restore Legacy”<sup>4</sup> was as a result of the “criminals” surrounding the former

<sup>1</sup> <https://www.thoughtco.com/kleptocracy-definition-and-examples-5092538>

<sup>2</sup> <https://www.dictionary.com/browse/kleptocracy>

<sup>3</sup> <https://www.thoughtco.com/kleptocracy-definition-and-examples-5092538>

<sup>4</sup> <https://www.herald.co.zw/the-operation-to-restore-legacy/>



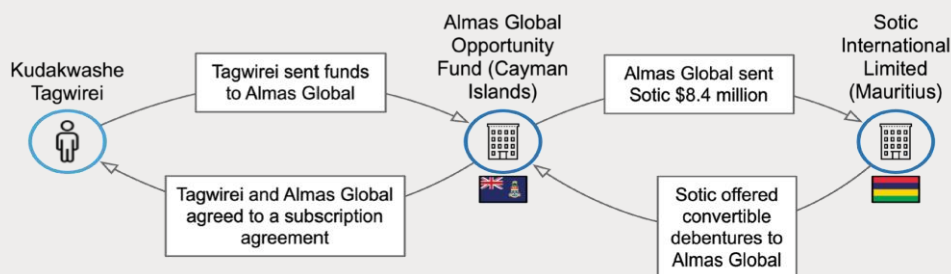
US\$100 million is lost every month<sup>9</sup> depriving Zimbabwe the much needed revenue to close the economic and infrastructural gap.

In addition to the above, the money could have been used to support the children fund as it is currently experiencing hiccups due to financial distress. Approximately 2.6 million children are in need of assistance as Severe Acute Malnutrition (SAM) has increased from 0.2% in 2018 to 1.4% in 2019<sup>10</sup>. SAM for 2021 stands at 38 425 whereas wasting affects 74 267 children according to the 2021 Humanitarian Needs Estimates.<sup>11</sup> The numbers have since gone up as approximately 2.7 million children are in need of assistance. As of November 2020, approximately 3 526 children had received ZWL\$ 400 which was later reviewed to ZWL\$ 1 500 in January 2021 – an amount too small to make meaningful changes to the children’s lives. The fact that the government only helped 3 526 children against 2.6 million children is a clear testimony of incapacitation yet a lot of revenue is leaking in various sectors as reflected by the mining sector. In the same vein, the elderly were receiving ZWL\$ 400 in November 2020 and it was increased to ZWL 1500 in January 2021. Since then, the allocation has not been reviewed yet inflation is increasing incessantly and the poverty datum line for an individual was at ZWL\$ 4,139.10 per month as of May 2021. The scanty support rendered to the elderly tells of the abject poverty and hunger they are exposed to given the worsening economic situation in Zimbabwe. Of concern is that pensioners are getting ZWL \$ 840 (USD 9.88) per month as of 4 July 2021 and they do not have any other source of livelihood. This is way below the poverty datum line for one person as reflected above thus the elderly are exposed to extreme poverty.

It is imperative to note that, all the challenges being experienced by the elders and children is happening at a time when the government is concerned about enriching individuals rather than national development and growth. The Report titled “Shadows and Shell Games Uncovering an offshore business empire in Zimbabwe” by the SENTRY demonstrates the Kleptocratic nature of the Zimbabwean government. Public procurement, tender processes, fuel deals, agriculture, mining and logistics orbits around Kudakwashe Tagwirei. A clear testimony to governance epidemics tailor-made to promote looting and disempowering the citizens. This can be evidenced by Fig 2 below;

**Fig 1 Complex Structures and Secrecy Havens: How Tagwirei Moved His Money**

Tagwirei’s use of offshore tax havens effectively obscured the origins of the funds that were used to buy mines. Source: The Sentry.

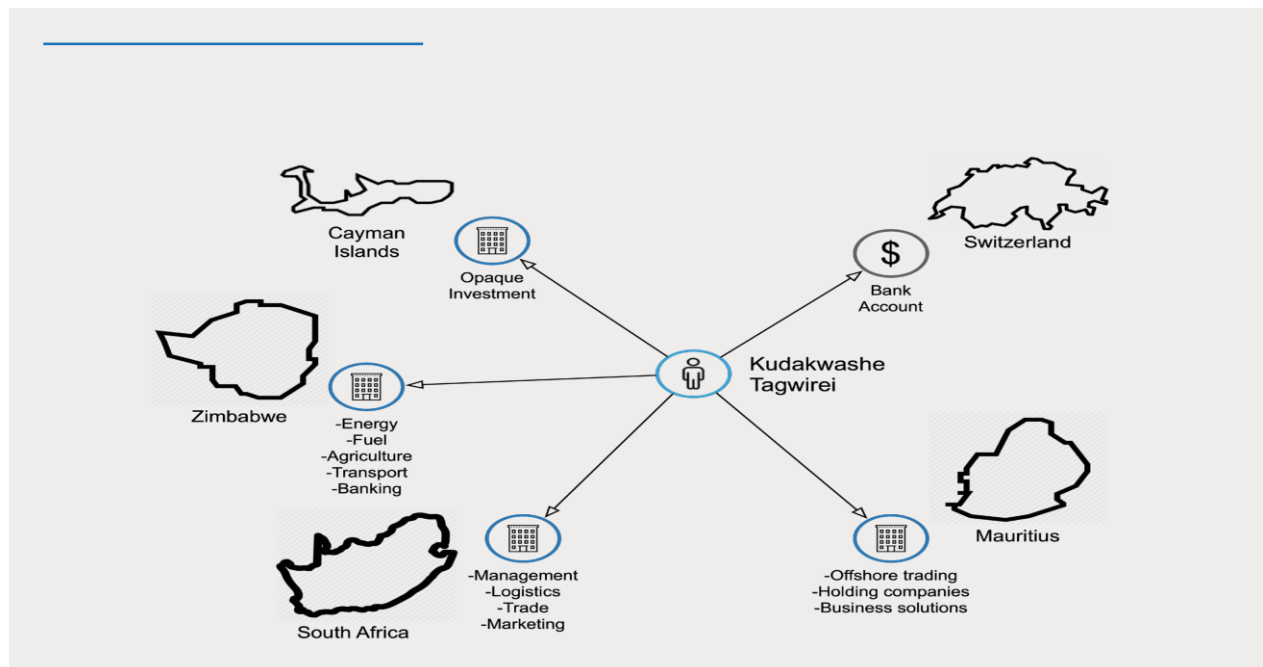


<sup>9</sup> <https://www.chronicle.co.zw/us100-million-gold-smuggled-out-of-zimbabwe/>

<sup>10</sup> [www.reliefweb.int/report/zimbabwe/humanitarian-action-children-2020-zimbabwe](http://www.reliefweb.int/report/zimbabwe/humanitarian-action-children-2020-zimbabwe)

<sup>11</sup> <https://www.unocha.org/southern-and-eastern-africa-rosea/zimbabwe>

The SENTRY report further exposes that “Tagwirei owes some of his success to strong relationships with the highest echelons of power in Zimbabwe’s government. This can be reinforced by Fig 2 below which shows Tagwirei’s Business Model.



Source: The SENTRY

These opaque deals have suffocated public service delivery and entrenched social and economic justice. The Zimbabwean public sector is currently underfunded, incapacitated with dilapidating infrastructure. The ZIMCODD Weekly Review of 15 June 2021 documents the challenges being encountered by the Zimbabwean public sector ([www.zimcodd.org/sdm\\_downloads/zimcodd-weekly-review-15-june-2021/](http://www.zimcodd.org/sdm_downloads/zimcodd-weekly-review-15-june-2021/)). The quagmires articulated in the review reflect a correlation between state capture and the challenges being experienced by the Zimbabwean public sector. The SENTRY report also notes that Tagwirei has been at the apex of beneficiaries of the Foreign Exchange Auction System (FEAS) at the same time vital service delivery is being neglected. The article titled “The Ecological Politics and Corruption Surrounding the Foreign Exchange Auction System” that featured in ZIMCODD Weekly Review of 9 June 2021 exposed how economies of affection alienate vital service delivery and make it second fiddle to Politically Exposed Persons’ businesses which neither promote service delivery or national development and growth.

Government must not neglect its stewardship role, as the government has a fiduciary responsibility to the citizens who are the shareholders of this country. The government should strive to promote transparency, responsibility and accountability which are at the nerve-center of good governance. This is because across the globe, modern governance (developed or developing) is premised on the social contract between citizens and the state in which rights and duties are agreed to by all to further the common interest. Thus, citizens offer their support to a government through taxes and efforts to a country’s good; in return, governments attain legitimacy by protecting the people’s rights and through good governance and inclusive policies that promote social and economic justice.

### 3. Debt Watch

#### The 2020 Annual Public Debt Bulletin

During the week the Public Debt Management Office (PDMO) released the 2020 Annual Public Debt Bulletin for the 2020 Financial Year in line with the provisions of the Constitution of Zimbabwe Amendment (No 20) of 2013 Section 300 and the Public Debt Management Act [Chapter: 22:21] 2015. Section 5 (2) of the Public Debt Management Act states that the PDMO must prepare an annual report on government debt management activities including debt stock position and related debt service. However, it is of concern that the PDMO only started production of the report in March 2020 when the 2018 Public Debt Bulletin was published, this was then followed by the 2019 Public Debt Bulletin in October 2020. In terms of best practice information should not be more than six (6) months old for it to be useful.

#### Main Highlights:

**In 2020, Zimbabwe's economy is estimated to have contracted by 4.1 per cent mainly due to the Covid-19 pandemic.**

Due to the COVID-19 pandemic, government could not honour its obligation to service external debt. As such no token payments were made to the three International Financial Institutions namely; the World Bank Group (WB), African Development Bank (AfDB) and European Investment Bank (EIB).

Zimbabwe's Total Public and Publicly Guaranteed (PPG) (external and domestic) debt is estimated at US\$10.7 billion as at end December 2020, representing 72.6 per cent of GDP. This is comprised of US\$8.4 billion external debt (78.5 per cent of total PPG debt), US\$2.1 billion (19.6 per cent of total PPG debt) Reserve Bank of Zimbabwe (RBZ) external debt and US\$204 million (1.9 per cent of total PPG debt) domestic debt.

Domestic debt as at end December 2020 amounted to ZWL\$16.7 billion representing 1.4 per cent of GDP.

The US\$3.5 billion Global Compensation Deed for the compensation of former farm owners will be part of the total debt when the former farm owners sign a cession agreement.

Public and Publicly Guaranteed external debt owed to the multilateral creditors, amounted to US\$2.68 billion, of which US\$1.53 billion is owed to the World Bank Group, US\$729 million to the African Development Bank, US\$356 million to the European Investment Bank, and US\$68 million to other multilateral creditors.

Bilateral PPG external debt amounted to US\$5.75 billion, with US\$3.79 billion owed to Paris Club bilateral creditors mainly comprising Germany (US\$1.02 billion), France (US\$724 million), Japan (US\$435 million), UK (US\$416 million) and USA (US\$285 million). The Non-Paris Club creditors are owed US\$1.67 billion, which comprise mainly China (US\$1.57 billion) and India (US\$70 million).

While the Reserve Bank of Zimbabwe external debt stood at US\$2.1 billion consisting of guaranteed facilities for the importation of strategic commodities and raw materials which were done on behalf of Government. This external debt stock excludes non-guaranteed facilities and blocked funds.

The domestic financial and capital markets remain the major source of budget financing for Treasury, as access to traditional external financing sources remains constrained due to non-payment external debt arrears.

Although ZIMCODD welcomes the publication of the 2020 Annual Public Debt Bulletin, timely reporting of accurate public debt statistics is much-needed to enhance effective Public Debt Management in Zimbabwe.

### 4. The Clampdown on NGOs: Is it justified?

Harare Provincial Development Coordinator Tafadzwa Muguti directed Non-Governmental Organisations (NGOs) and churches among others to seek operational clearance through his office. Many NGOs have been described by government as being "regime change agents" that are influenced by the West as many of them are funded by the West. Muguti expressed that, "NGOs have been straying from mandates stated in their respective memoranda of understanding (MOU)". Following this, Muguti ordered

all non-governmental organisations to seek clearance to operate from his office. Interestingly in 2019, the High Court ruled that district administrators had no business in the operations of NGOs<sup>12</sup>.

A memorandum of understanding is a document that describes the broad outlines of an agreement that two or more parties have reached. MOUs communicate the mutually accepted expectations of all of the parties involved in a negotiation. What is important to note is that an MOU is neither legally binding nor enforceable. It is important that the way in which government operates is prescribed by law. Presiding officers or public administrators must act in terms of the powers that are allocated to them by enabling legislation. One then wonders what law the Provincial Development Coordinator is acting on?

NGOs are critical to government operations. Under the Private Voluntary Organisation Act, which many NGO's fall under, a Private Voluntary Organisation is defined as an institution that provides all or any of the material, mental, physical or social needs of persons or families, the rendering of charity to persons or families in distress, the prevention of social distress or destitution of persons or families, the provision of assistance in, or promotion of, activities aimed at uplifting the standard of living of persons or families and the provision of funds for legal aid (this list is not exhaustive).

With the above definition in mind, during times like this where the world has been plagued by the COVID-19 pandemic and its effects, it has become more critical than ever for government to collaborate and work with NGOs as opposed to shrinking the civic space further. It is not a secret that government regards NGOs as global players and any criticism of government's shortfalls is treated as a move to destabilize the government. What is also well known is that partnerships between governments and NGOs can help strengthen health systems, the economy, livelihoods and save lives, both in times of crisis and long thereafter. NGOs have played a positive role in communities. International NGOs have been supporting the State with financial resources for many years and have continued to do so during the pandemic. NGOs have shown good capacity in providing information and support to different communities within Zimbabwe. For this reason, they are trusted by those populations and people listen to them and accept their offers. NGOs have been very co-operative and helpful to the people of Zimbabwe and the government through various partnerships that have been formed with the government of Zimbabwe.

## 5. Weekly Advocacy Message

### **In Solidarity with the people of Chinyamukwakwa Village Chipinge!**

The directive by Green Fuels Private Limited to displace the people of Chinyamukwakwa Village in Chipinge district from their ancestral land is disturbing, unconstitutional and regrettable in a country that fought against land dispossession through a protracted liberation struggle. ZIMCODD calls on the government to reign on Green Fuel so that it stops and reverses its decision to displace the villagers of Chinyamukwakwa from land that has their homesteads and centres of livelihoods sustenance. The case of the government siding with multinational corporations against indigenous black land owners is a betrayal of both the liberation struggle and the fast-track land reform programmes that were primarily centred on restoring land ownership to the black majority of Zimbabwe. The government must respect section 13 of the Constitution of Zimbabwe which clearly states that any measures to achieve rapid and equitable development in Zimbabwe must involve the people in the formulation and implementation of development plans and programmes that affect them. This, therefore, implies that important national processes like a land allocation policy must be participatory. From the facts on the ground, it is clear that both the government and Green Fuel did not consult the people of Chinyamukwakwa.

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<sup>12</sup> <https://news.pindula.co.zw/2019/03/21/high-court-overturms-govt-decision-to-suspend-masvingo-ngo/>  
<https://www.newsday.co.zw/2019/03/high-court-lifts-ngo-suspension/>

Similarly, Section 18 of the Constitution provides for equitable access to resources by all local communities in order to promote fair development. It goes without saying, therefore, that local communities need to participate in the formulation of policies and development programmes in their areas so as to influence desired outcomes. Clearly, it is our considered view that the material reality unfolding in Chinyamukwakwa village is a flagrant violation of sections 13 and 18 of the Constitution of Zimbabwe as read together with section 72 of the Constitution on right to agricultural land by Zimbabwean citizens. ZIMCODD is also cognizant of the fact that capitalist multinationals are on a spree throughout Zimbabwe, displacing and dispossessing black people from their land. The cases of Dinde, Musikavanhu and Chilonga are case in points where capitalist greed is given preference by the State in the name of facilitating investment while at the same time undermining the human rights and socio-economic rights of black Zimbabweans who culturally own the land.

The Government of Zimbabwe is therefore called on to make sure that in August 2021; as per the directive of Green Fuel to the villagers in Chinyamukwakwa; citizens in that village are protected from the inhumane and callous consequences that come with dispossession. Since Zimbabwe is a constitutional democracy and those in all the arms of the State derive their authority from the people of Zimbabwe it naturally follows that the government of the people, for the people and by the people protects the people from capitalist greed and exploitation. #SaveChinyamukwakwa