



ZIMCODD



**COMMUNIQUE ON THE 6TH
EDITION OF THE ANNUAL
ZIMBABWE DEBT
CONFERENCE**

22-23 August 2024,

Kadoma

Theme:

Embracing Inclusive Debt Management for
the Attainment of a Sustainable Upper
Middle-Income Economy (Vision 2030)



Context and Background

- The 6th Annual Zimbabwe Debt Conference was held on 22 and 23 August 2024 under the theme, Embracing Inclusive Debt Management for the Attainment of a Sustainable Upper Middle-Income Economy (Vision 2030), convened by the Zimbabwe Coalition on Debt and Development (ZIMCODD).
- Over 100 delegates from different sectors representing Government Ministries, Departments and agencies (MDAs) - the Office of the President and Cabinet (OPC); Ministry of Finance, Economic Development, and Investment Promotion; Zimbabwe Public Debt Management Office (PDMO); Reserve Bank of Zimbabwe (RBZ); , the Parliament of Zimbabwe; the Zimbabwe Anti-Corruption Commission (ZACC); Local Authorities; Academia; the private-sector; Development Partners and various Civil Society Organisations (CSOs) convened in Kadoma while many others participated virtually to dialogue, reflect, and check progress on public debt management in Zimbabwe, including progress and prospects in arrears clearance and debt resolution under the Structured Dialogue Platform processes.
- **Cognisant** of Zimbabwe's national development aspirations towards a prosperous and empowered upper-middle-income economy by 2030, Agenda 2063 and the Sustainable Development Goals.
- **Recognising** the urgency for debt management and debt resolution in Zimbabwe by reflecting on the drivers of public debt and its implications on the economy, the environment, and the welfare of citizens.
- **Emphasising** the significance of effective multistakeholder accountability systems and mechanisms towards attaining national development goals through exploring sustainable solutions that can foster growth, sustainable debt management, and people-centred public service delivery.
- **Acknowledging** the role of the Office of the Auditor-General (OAG) in fostering fiscal discipline in Public Finance Management including the national budget processes and public debt management among others.
- **Acknowledging** the efforts by the Zimbabwean Government to redress the debt burden through the establishment of the Structured Dialogue Platform (SDP) process in December 2022 to foster dialogue on reforms to underpin the arrears clearance and debt resolution process with all creditors and development partners.



- **Appreciating** significant progress in debt reporting and transparency with notable improvements on the World Bank's Debt Reporting Heat Map i.e. on the Annual Borrowing Plan (Red to Green); Debt Management Strategy (Red to Green); information on recent contracted loans (Red to Yellow) and reporting on other debt statistics and contingent liabilities (Red to Yellow); improved data accessibility and periodic debt reporting to Parliament.
- **Concerned** that developing countries, particularly in the Sub-Saharan Africa (SSA) region are in a debt trap which is likely to worsen due to a myriad of factors including frequent climatic shocks, currency volatilities, increased non-concessional borrowing, weak economic growth, elevated interest rates, and deteriorating geopolitical risks.
- **Concerned** with Zimbabwe's accumulating debt which stands at US\$ 21 billion as of June 2024 (18.6% jump from US\$17.7 billion reported in September 2023), with US\$12.3 billion in external debt and US\$8.7 billion in domestic debt.
- **Alarmed** by the high and unsustainable debt burden which is a huge drain on Zimbabwe's economy hitting the poorest more as debt servicing diverts critical funds from essential public services such as health, education, and social protection, whilst exacerbating socio-economic inequalities and making women, youths, and people with disabilities (PWDs) bear the brunt of reduced public spending, and unpaid care work.
- **Mindful** of the increased competition for limited loanable funds in domestic markets, which fuels the cost of money thus, crowding out private sector investment, dampening employment creation, and sustaining inequalities and poverty, and fully cognizant that limited access to cheap loans from International Financial Institutions (IFIs) leads to the accumulation of unsustainable resource-backed loans, threatening sustainable and inclusive development.
- **Concerned** with the increase in budget deficits, over the years, as these trigger borrowing pressure adding to the accumulating debt stock, further jeopardizing the attainment of inclusive and sustainable development as envisioned under Vision 2030.
- **Concerned** about the deteriorating status of public health and education funding which fall short of the regional and international benchmarks and protocols that promote the advancement and realization of social and economic rights.
- **Emphasizing** that high debt levels are constraining the country's capacity to mobilize domestic resources despite abundant natural resources resulting in high and regressive tax systems, constraining consumer demand and subduing private sector investment.



AND WHEREAS PARTIES TO THE CONFERENCE RECOMMENDED THAT:

- The Government of Zimbabwe (GoZ) must continue to undertake progressive measures to ensure debt transparency, including implementing governance, economic and land-related structural reforms as guided by the Arrears Clearance and Debt Resolution and Rescheduling Strategy, which is being implemented through the structured dialogue platform.
- The GoZ must upscale its prioritization of the country's industrialization policy to leverage the comparative advantage in agriculture and mining, and complemented by strategic enablers such as improved infrastructure, energy, and transport sector development.
- The GoZ must establish a framework for promoting Domestic Resource Mobilisation that is anchored on the need to expand the tax base, including through facilitating sustainable formalization of the informal economy.
- Ease of doing business reforms must strategically address the cost of regulation borne by the formal sector and facilitate the formalization of the informal sector.
- Local authorities' debts must be verified and validated by the Public Debt Management Office to ensure proper reporting, accountability and debt transparency.
- The GoZ must mainstream gender equality issues into debt sustainability assessment, restructuring, and negotiations.
- The GoZ must upscale the sustainable exploration of available natural resources whilst accelerating efforts to curb illicit financial flows, including corruption, tax evasion and money laundering in all economic sectors.
- Environmental and Climate Considerations must be integrated into Debt Management strategies by conducting environmental and climate risk assessments to inform debt management decisions.
- The GoZ must work with all relevant stakeholders to strengthen institutions and policies for sustainable natural resource management, ensuring transparency, accountability, and community participation.



- The GoZ to implement transparent, competitive, and efficient procurement processes to ensure value for money and reduce debt risks, including reinforcing existing E-procurement systems.
- The GoZ must prioritize investments in strategic projects that generate economic returns whilst simultaneously improving public service delivery, particularly in health, education and water.
- All tiers of government must strategically diversify and develop funding sources to alleviate the debt burden by reducing reliance on high-interest loans.
- All tiers of government must comply with and implement the recommendations of the OAG to rebuild public trust, improve accountability and arrest corruption.
- In the same vein, the Parliament of Zimbabwe (PoZ) should be effectively empowered and strengthened to independently monitor implementation of these recommendations, including recommendations of the Public Accounts Committee and the Budget and Finance Committee.
- The Parliament of Zimbabwe must progressively review and improve all laws governing public finance and debt management, including the Public Finance Management Act, the Public Debt Management Act, the Public Procurement and Disposal of Public Assets Act and the Finance Act. These laws must be effectively aligned with the Constitution of Zimbabwe and the SADC Model Law on Public Financial Management.
- Civil Society Organizations (CSOs) should work to strengthen Parliament's oversight capacity in PFM and Debt Sustainability Analysis.
- CSOs must progressively engage with all relevant stakeholders in debt management, and seek pathways to participate in national platforms for debt resolution, public finance management and resource mobilisation.

We, participants at the 6th Annual Zimbabwe Debt Conference do hereby submit this communique to the Office of the President and Cabinet (OPC); Ministry of Finance, Economic Development and Investment Promotion; Public Debt Management Office (PDMO); Reserve Bank of Zimbabwe; Parliament of Zimbabwe; the Zimbabwe Anti-Corruption Commission (ZACC); and Local Authorities.

We recognize the significance of these key actors in redressing Zimbabwe's debt distress, to propel the country towards inclusive debt management for sustainable development.

We, participants at the 6th Annual Zimbabwe Debt Conference commit to build multi-stakeholder synergies with all relevant stakeholders and actors for the strengthening of the Public Financial Management value chain and the attainment of a Sustainable Upper Middle-Income Economy by 2030.

