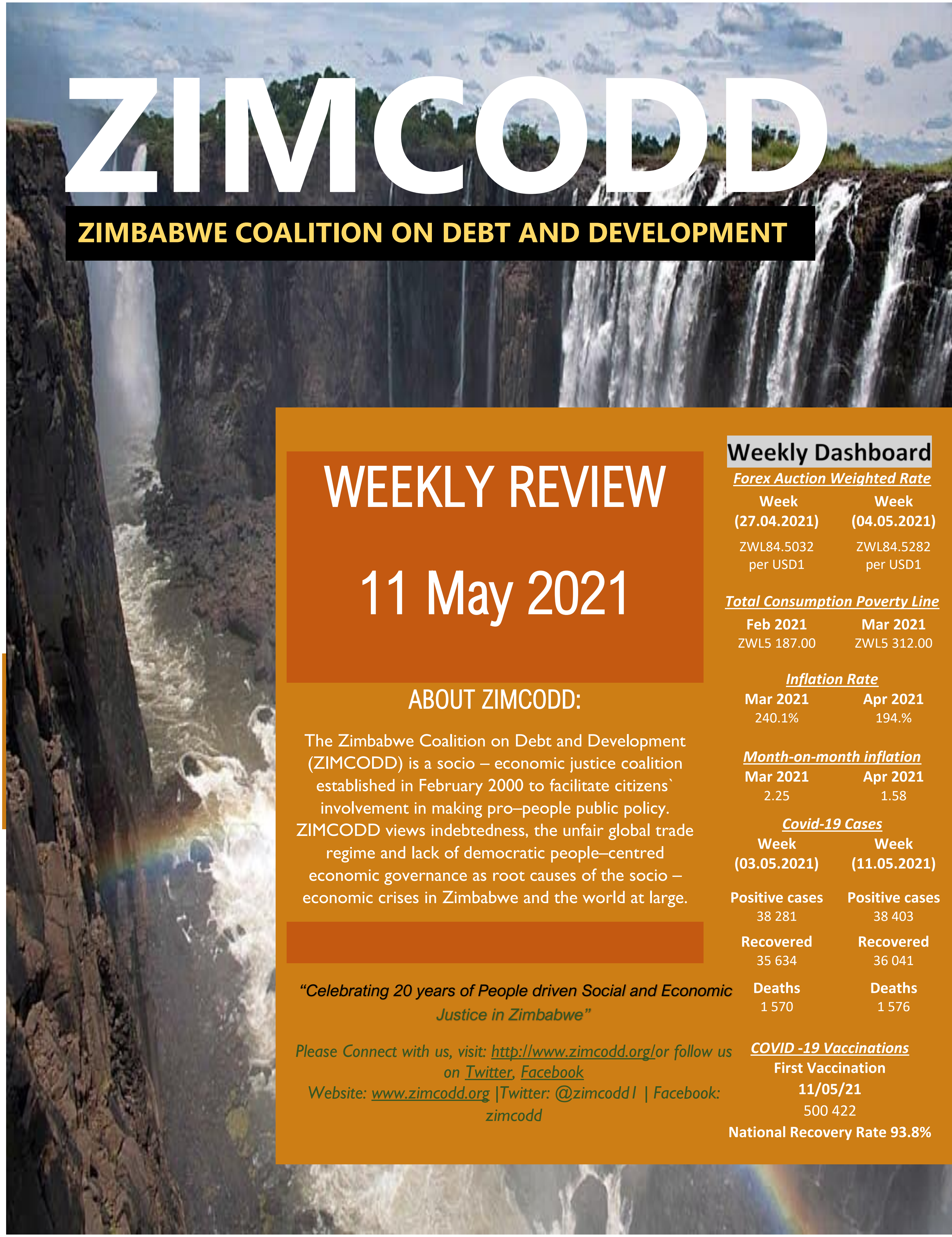

ZIMCODD

ZIMBABWE COALITION ON DEBT AND DEVELOPMENT

WEEKLY REVIEW

11 May 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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Weekly Dashboard

Forex Auction Weighted Rate

Week (27.04.2021)	**Week (04.05.2021)**
ZWL84.5032 per USD1	ZWL84.5282 per USD1

Total Consumption Poverty Line

Feb 2021	**Mar 2021**
ZWL5 187.00	ZWL5 312.00

Inflation Rate

Mar 2021	**Apr 2021**
240.1%	194.%

Month-on-month inflation

Mar 2021	**Apr 2021**
2.25	1.58

Covid-19 Cases

Week (03.05.2021)	**Week (11.05.2021)**
Positive cases 38 281	**Positive cases** 38 403
Recovered 35 634	**Recovered** 36 041
Deaths 1 570	**Deaths** 1 576

COVID -19 Vaccinations

First Vaccination
11/05/21
500 422
National Recovery Rate 93.8%

Contents

Notable Issues This Week

KNOWLEDGE GENERATION

ZIMCODD continues to provide thought leadership on Debt and Public Finance Management issues at the local, national and regional levels. ZIMCODD's advocacy work is rooted in empirical research and knowledge generation which underscores the need for continued scanning of the social, economic and political environment and on-going assessments of the country's policy trajectory. In its quest for social and economic justice, ZIMCODD engages in deliberate monitoring of the historic and prevailing socioeconomic landscape to provide compelling evidence for the development of progressive alternative policies.

Unpacking Public Resource Management (PRM) in the Agricultural Sector and The Politics of The Land: Can the Government be Trusted?

The article`s ambition is to determine how public resources are utilised in the agricultural sector and bring to light the correlation between the land politics and public resource. The article deciphers Zimbabwe`s political economy and demonstrate how it has been calibrated to be an agitprop that advances the interest of the elite under the guise of national interest. The article conclude by urging the readers to learn from history.

Socio-Economic Recommendations on Special Drawing Rights over Loans Allocations to Zimbabwe

Zimbabwe is expected to get 800 million Euros in Special Drawing Rights funds which is about USD1.1 billion dollars from the International Monetary Fund. ZIMCODD welcomes this allocation as it is necessary for the country's economic recovery and as such it forwards recommendations on how such resources should be used to ensure improved socio-economic status of citizens.

1. Knowledge Generation

ZIMCODD continues to provide thought leadership on Debt and Public Finance Management issues at the local, national and regional levels. ZIMCODD's advocacy work is rooted in empirical research and knowledge generation which underscores the need for continued scanning of the social, economic and political environment and on-going assessments of the country's policy trajectory. In its quest for social and economic justice, ZIMCODD engages in deliberate monitoring of the historic and prevailing socioeconomic landscape to provide compelling evidence for the development of progressive alternative policies. Essentially, knowledge generation, evidence gathering and analysis remain the cornerstone of ZIMCODD's evidence-based lobby and advocacy work. The following are opportunities to contribute to ZIMCODD's knowledge generation and evidence gathering:

Policy Brief on Debt and Inequality - ZIMCODD is seeking qualified research consultant(s) to produce a policy brief on ***Debt and Inequality Nexus***. The thrust of the policy brief is to do a critical analysis of the correlation between debt and inequality and to come up with recommendations to influence government policy towards addressing rising debt and inequality in Zimbabwe. Find out more on: http://zimcodd.org/sdm_downloads/call-for-expression-of-interest-for-producing-a-policy-brief-on-debt-and-inequality/

2. COVID-19 Resource Tracker

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. On 18 February 2021, the Government through the Ministry of Health and Child Care launched the vaccination program. To date a total of 452 191 Zimbabweans have been inoculated.

Overall

Total Pledges = US$840,971,689; Honoured Pledges = $635,474,503; Amount Spent = $519,305,028

For the week ending 5 May 2021:

Total Pledges = US$0; Honoured Pledges =US$0; Amount Spent = US$1,183,432

Major Concerns & Recommendations

The fact that COVID-19 has worsened social and economic woes in Zimbabwe is not disputable. The COVID-19 crisis has exposed the country's entrenched social evils including among others grand corruption, looting and political patronage which has adversely affected the country's response mechanism to this global crisis.

- **Reform the Health Service Delivery System** - The national COVID-19 inter-sectoral plan for the period March to August 2021 has revealed that Zimbabwe requires US$145 million to adequately procure crucial equipment including PPEs for combating COVID-19. While resource mobilisation drive is appreciated, citizens are concerned about mismanagement of public resources which has resulted in a deplorable health service delivery system. A recent report by Transparency International-Zimbabwe[1] substantiate this concern as it notes that many of the challenges in the health sector emanate from misappropriation of public funds for private gain. There is therefore need to reform the health service delivery system in light of the 3rd wave. The government must make deliberate effort to channel COVID-19 resources towards accelerating the improvement of the public healthcare system and service delivery in general.
- **Inculcate stringent monitoring of adherence to COVID-19 guidelines** - The monopolisation of the public transport system (through SI 99/2020[2]) in a bid to contain COVID-19 further exposes citizens to the pandemic as the ZUPCO buses cannot meet the demand for transport. Overcrowding in queues and in buses is a health hazard as it has become a potential COVID-19 super spreader locations. There is need for stringent monitoring of adherence to COVID-19 guidelines at ZUPCO pick up points and in ZUPCO buses to curtail the spread of the virus. The government should come up with a clear and sustainable mechanism for provision of safe and affordable public transport system for citizens.
- **A COVID-19 vaccine policy necessary to ensure a just and equitable COVID-19 vaccine distribution** - Citizens lament the lack of a just and equitable COVID-19 vaccine distribution system. Some towns like Victoria Falls, whose estimated population is 25000 was supplied with 60 000 doses of the Sinovac vaccine on contrary towns such as Masvingo and Marondera have reported a shortage of the vaccine. To ensure a just and equitable COVID-19 vaccine distribution, it is imperative that the government ensures that all provinces are fairly resourced with vaccines to inoculate all eligible and willing residents. The roll-out of the vaccine should prioritise the poor and the most vulnerable people in the communities. The parliament should expedite the rolling out of the vaccine through enacting a COVID-19 vaccine policy that provides guidelines to the operationalisation of the programme.

3. Zimbabwe ranked 7th best African Country in Managing COVID-19 Vaccination

ZIMCODD commends the country for ranking 7th best African Country in managing COVID-19 vaccination, according to the World Health Organisation (WHO) FT vaccine Tracker. Recently, Newsday reported that Zimbabwe is among the best African countries doing well in the management of COVID-19 vaccine beating its neighbours Eswatini (on 10th position), Botswana (14th) and South Africa (31st). Research has shown that to mitigate the deadly impacts of a pandemic of this nature, a large proportion of the world has to be immune to the virus and the safest way is using a vaccine. As such, Zimbabwe joined the world on adopting the second line response to the pandemic and commenced its vaccination programme in February 2021 following

[1] https://kubatana.net/wp-content/uploads/2021/04/Illicit-financing-in-the-public-health-sector-in-Zimbabwe.pdf

[2] Statutory Instrument (SI) 99 of 2020: Covid-19 Prevention, Containment and Treatment under the National Lockdown Amendment Order No.5, 2020.

the receipt of the initial 200 000 doses of the Chinese Sinopharm vaccine donation. To date China has donated 400 000 Sinopharm vaccine doses and 200 000 Sinovac doses to Zimbabwe and the government has also procured 1million Sinovac vaccine doses from China. As at 7 May 2021 Zimbabwe had inoculated a total of 500 422 people against COVID-19. While there has been a significant improvement in vaccine uptake, Zimbabwe still has a long way to go to vaccinate 10 million people so as to achieve herd immunity. For this to be achievable there is need for massive yet transparent vaccine procurement to get to the requisite 20 million vaccine doses; a sustainable resource mobilisation drive; prudent public finance management to guarantee citizens' access to state supported healthcare provided for in section 76 of the supreme constitution; an efficient public health service delivery system for storage, administration and equitable distribution of the vaccines; an effective information and communication system to educate and dispel vaccine conspiracies; and a functional vaccine distribution system to reach out to the marginalised parts of the country.

4. Unpacking Public Resource Management in the Agricultural Sector and The Politics of The Land: Can the Government be Trusted?

Public Resource Management (PRM) denotes the supervision and overseeing of national resources for the benefit of the general populace. PRM is the nerve-centre of national growth and development. A nation that has a viable PRM system is likely to attain competitive advantage over a nation that has a weak PRM. In this regard, this weekly review examine PRM in the Agriculture Sector under the prism of the politics of the land. The major aim is to determine whether the government can be trusted or not given the ugly history associated with state intervention and assistance in the agricultural sector.

Last week the President officiated the rebranding of the state-owned Agricultural Development Bank of Zimbabwe (ADBZ) commonly known as the Agribank, which has been renamed to Agricultural Finance Corporation of Zimbabwe Holdings (AFC Holdings). The rebranding of the ADBZ culminated in the recalibration of activities and establishment of four subsidiaries namely, leasing company, land bank, commercial bank and an insurance arm. Although, the rebranding of ADBZ gave a new look to the bank, it should be treated with caution as that does not translate into optimum efficiency and robust PRM. On the same day the president remarked that:

> *"Farmers are urged to develop a stronger culture of honouring their financial obligations….Time is past where people used to benefit from government funded programmes and not pay back, that is now in the past, we will come after you."*[3]

Although the remarks by the president shows attempts towards a positive stride in PRM, it should be treated with caution as the rebranding of the ADBZ brings reminiscence of land politics and the Reserve Bank of Zimbabwe Debt Assumption Act of 2015. The legislation was crafted to make the public pay for the private loans which Political Exposed Persons[4] benefited through the Reserve Bank Farm Mechanisation Scheme of 2007/08. The Reserve Bank Farm Mechanisation Scheme of 2007/08 was government intervention ostensibly designed to

[3] https://www.ebusinessweekly.co.zw/no-more-free-loans-president-mnangagwa/

[4] www.newsday.co.zw/2015/09/rbz-governor-conceals-farm-mechanisation-beneficiaries/

support commercial agriculture. This was a period when Zimbabwe was undergoing a major land revolution, with significant changes in land ownership under the Fast Track Land Reform Programme (FTLRP). The idea was that the new farmers needed support from the State if Zimbabwe is to regain her bread basket state. The programme saw the RBZ through its subsidiary FISCORP procuring US$ 200 million worth of agricultural equipment[5]. The equipment ranged from combine harvesters to tractors, disc ploughs, planters, harrows and generators.

All this equipment was being given as loan in return the farmers were supposed to repay loans. FISCORP was responsible for vetting and rating the farmers based on their credit-worthiness. Magaisa propounded that:

> *The majority of them were rated "A", the highest rate of credit-worthiness under the scheme. Many of the recipients, especially the ministers, senior civil servants were given an "A" which meant they were expected to repay without difficulty*[6].

In this regard it was clear from the beginning that, the farmers were receiving a loan in terms of equipment in which they were supposed to honor by repaying. Nonetheless, the citizens were made to pay the US$ 200 million debt which only benefited a few individuals who are politically connected. Although, it is the ambition of this weekly review to unpack the correlation between PRM and land politics so as to determine whether the rebranding of the ADBZ means that the government can be trusted or not. It is not the drive of the review to republish the names of those who benefited from the Reserve Bank Farm Mechanisation Scheme of 2007/08. Nevertheless, a glimpse into the beneficiaries list[7] shows a network of economies of affection and the crafting of the Reserve Bank of Zimbabwe Debt Assumption Act of 2015 expose sophisticated rent-seeking and land politics meant to siphon public resources. As **e**veryone in the higher echelons of power was part of the beneficiaries. It goes without saying that in the words of Acemoglu and Robinson[8] Zimbabwe successfully created extractive institutions which are tailor-made to advance the interest of the elite instead of inclusive institutions which are pro-people.

To this end, an examination of the above presented narrative and the recent Command Agriculture scandal[9] leaves a lot of unanswered questions in respect to the rebranding of the ADBZ. It also makes one question the sincerity of the President`s remarks that no more "free" loans considering the fact that majority of the people who benefited in the RBZ Farm Mechanisation Scheme and did not repay are still in government. Thus on the question whether the government is to be trusted or not, the weekly review puts forward a quote from George Santayana *"Those who cannot learn from history are doomed to repeat it"*.

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[5] www.newsday.co.zw/2015/09/rbz-governor-conceals-farm-mechanisation-beneficiaries/

[6] https://zwnews.com/exclusive-beneficiaries-of-the-rbz-farm-mechanisation-scheme/

[7] https://zwnews.com/exclusive-beneficiaries-of-the-rbz-farm-mechanisation-scheme/

[8] Acemoglu, D and Robinson, J, A. (2012) Why Nations Fail: The Origins of Power, Prosperity and Poverty. New York: Crown Publishing

[9] www.theindependent.co.zw/2019/07/26/missing-usbn-an-indictment-on-mnagagwas-government/

5. Are Zimbabwean Banks Ready to Reboot the Economy?

The Central bank and the Minister of Finance have been making headlines since 2018 talking about Zimbabwe being in the right direction and taking positive strides to lay down the necessary fundamentals to reboot the economy. Although, the government has made efforts to express and tell the nation and the world that the prerequisite economic fundamentals to reboot the economy are now in place. It is imperative to note that it has been difficult to the masses who are experiencing the inimical and malevolent effects of price skyrocketing and closure of businesses both formal and informal. The Central Banks sentiments were again reiterated by the RBZ Principal Economist Dr Nebson Mupunga who asserted that:

> *"both monetary policy intervention and strategies on the part of the banks themselves, have pulled the sector out of the doldrums….It's a resilient banking sector as attested by limited vulnerability to extreme shocks as indicated by latest RBZ stress test results; viable and profitable sector as shown by positive profitability ratios, ROA (0.97 percent) and ROE (5.90 percent); good liquidity indicators as shown by an average liquidity ratio of 68.56 percent well above the stipulated benchmark of 30 percent"*[10]

The assertion purports that, local banks are now in a position to sustain the economy and channel funding to vital components of the economic sector. Nonetheless, the question that comes to mind is can the banking sector help in rejuvenating COVID-19-induced-dilapidating-structures and organisations without stressing themselves. While contemplating on that question it is critical to interrogate the confidence issue, has the government managed to restore confidence in the business fraternity and attract more investors who will then deposit in banks? Although it is commendable that the currency has enjoyed stable exchange rate for some time people are not too quick to forget governments' policy inconsistence stance. Statutory Instrument 212 of 2019 and Finance Act No.2 which brought about the re-introduction of the Zimbabwe dollar had devastating impact on the banking sector as it culminated in the settlement of US$ credits with ZWL$. This situation is further aggravated by conflicting legal, regulatory and institutional frameworks that governs the financial markets. This alone is enough red flag to the banking fraternity not to engage in long term loans which are vital in the rejuvenation of the economy. It is imperative not to forget that approximately 70% of the Zimbabwean economy is made up of the informal sector and majority of them do not have collateral property to secure the much needed loans. As such banks are not willing to risk it all.

Way Forward

- Policy consistence and realignment of the legal, regulatory and institutional frameworks governing financial markets to obliterate circumlocutory clauses.
- Constant consultation with local financial institutions in the crafting of policies.
- Respect of rule of law as investors gravitate towards nations that uphold the rule of law.
- The government should act as guarantor to informal businesses in order for them to access line of credit.

[10] https://www.ebusinessweekly.co.zw/zim-banks-in-strong-position-to-fund-economy/

6. What Became of Clause 23 Under the Constitutional Amendment Bill?

On the 7th of May 2021 the Constitution of Zimbabwe Amendment (No. 2) Act was assented to by the President thus making the Bill law. Although the bill had many controversial clauses, this weekly review zeros in on clause 23 which relates to parliament's oversight role. Parliamentary oversight is one of the three core functions of Parliament. It is how Parliament holds government to account on behalf of the people. It is a vital part of the system of checks and balances that ensures that no-one can wield absolute power in a democracy.

The law on national public debt, state borrowings and state guarantees is regulated through the Constitution in more than one section and these sections must always be read together. The general purpose of this law is to prevent the executive from secretly accruing debt on behalf of the people without disclosing and getting approval from Parliament on behalf of the people of Zimbabwe. All financial transactions of government must be made known and approved by Parliament on behalf of the people. The provisions of the Constitution must be read with comprehension, in order to appreciate circumstances under which public debt can be lawfully acquired. **Sections 298, 299, 300 and 327** all deal with public finance management, the principles thereof, public debt and parliamentary oversight.

Clause 23 of Constitutional Amendment Number 2, which has now been assented to, reads, **section** *327 (3) of the Constitution is amended by repeal and substitution with the following:*

> *"Save for loans and guarantees referred to in section 300 (3) and (4), an agreement which is not an international treaty but which – has been concluded or executed by the President or under his authority with one or more foreign organisations or entities, and imposes fiscal obligations on Zimbabwe does not bind Zimbabwe until it has been approved by Parliament"*

This amendment means that all agreements entered with foreign entities or organisations imposing fiscal obligations require Parliament approval. The ones under section 300(3) and (4) are those already approved in an Act of Parliament such as national budget as that may be a duplication of process. The Minister of Finance may indicate in the national budget on sources of funds or borrowing, which Parliament may then approve or prescribe. Within 60 days, the Minister must cause terms of that loan agreement concluded or guarantee to be published in the Gazette in terms of **section 300(3) of the Constitution**. This confirms the importance of transparency and accountability.

The Minister of Finance must then report at least twice a year in Parliament on the loans raised by the state and guarantees. In so doing, the Minister lays the estimated revenue and expenditure before the National Assembly together with the comprehensive statement of the public debt of Zimbabwe in terms of **Section 300(4).** Parliament must know, scrutinize and interrogate the financial activities in the public sector.

To this end, the parliament has a powerful role to play in approving the budget as well as all loans and agreements done outside budget. The legal framework provides for 2 ways of such approvals. The first stage is through the budget process and the second stage through direct approvals.

Therefore, the executive has no power or authority to cause liability to Zimbabwe without approval of Parliament.

7. Social and Economic Justice Campaign: Impact of public debt on poor and marginalised Zimbabweans

Public debt is one of the many ways of development financing, however its potential to spell our socioeconomic transformation can be hampered if it is not managed sustainability. When public debt is mismanaged and gets to unsustainable levels, it can entrench poverty and further widens the gap between the rich and the poor. Zimbabwe is one such country reeling on unsustainable debt and the Southern African nation has since been plunged into a serious debt crisis. According to the 2021 National Budget Statement, Zimbabwe is saddled with domestic debt hovering at around ZWL$12.5 billion, and external debt estimated at US$8.2 billion as of 30 September 2020.[11] The national debt stock (public and publicly guaranteed) is estimated to be 78.8% of the country's Gross Domestic Product[12] which is above the 70% threshold stipulated in the Public Debt Management Act and above the SADC threshold of 60%. The difficulties by the government to settle its arrears to external lenders including the World Bank, Africa Development Bank, the European Investment Bank, the Paris Club is a clear sign that external debt in particular has reached unsustainable levels and has since affected the country's credit rating.

Where a country is in debt distress, it is the poor and vulnerable who bear the brunt and the same is applicable to Zimbabwe where it is the general populace who are hard hit by the negative effects of debt. This is so in the sense that debt repayments reduce social spending by the government, a phenomenon that can be called a "crowding effect" of debt on public service delivery. According to the 2021 National Budget estimates, the Ministry of Public Service Labour and Social Welfare has a vote appropriation of around ZW$6.9 billion whilst funds estimated for loan repayments are around ZW$9 billion.[13] The difference of ZW$2 billion if given to the Ministry of Public Service, Labour and Social Welfare will go a long a way in cushioning the vulnerable groups especially in the context of COVI-19. On another note, funds which could have been channelled towards the provision of basic services like education, health, infrastructure development and water and sanitation are diverted for loan repayments thereby compromising service delivery. It should be borne in mind that it is the poor and vulnerable groups of the Zimbabwean society who feel the pinch as they entirely depend on government provided public services. On contrary, due to their privileged position in the society, when the public service sector crumbles, the few rich and elites resort to private services. Zimbabwe is failing to revamp its public sector but huge sums of money are used to repay debts. Public hospitals are now death traps[14], national roads have been declared state of national disaster[15] and the majority of suburbs in the country's town and cities have gone for years with "dry taps."

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[11] http://www.zimtreasury.gov.zw/index.ph0p?option=com_phocadownload&view=category&download=343:2021-national-budget-statement&id=65:2021-budget&Itemid=790

[12] ibid

[13] http://www.zimtreasury.gov.zw/index.php?option=com_phocadownload&view=category&download=348:2021-proposed-budget-estimates&id=65:2021-budget&Itemid=790

[14] https://www.aljazeera.com/features/2021/4/28/rich-or-poor-in-zimbabwe-crumbling-healthcare-is-deadly-for-all

[15] https://www.herald.co.zw/state-of-disaster-govt-moves-to-repair-roads/

Way forward

1. There is need for the government of Zimbabwe specifically the Ministry of Finance and Economic Development to make deliberate efforts to consider the negative impact of debt on the poor and marginalised in all decisions public debt related. This means that all public debt decisions should be sensitive to the poor and view public debt from the lenses of the general populace.
2. The government of Zimbabwe must abide by the borrowing limits of 70% and 60% ratio to Gross Domestic Product stipulated in the Public Debt Management Act and SADC Protocol respectively. This will go a long way in handling the debt crisis.
3. The Parliament of Zimbabwe must play its constitutional oversight role of public debt decisions by the Executive and ensure that the government make and execute borrowing decisions within the confines of the law.
4. The Parliament of Zimbabwe must also ensure that the national budgets respond to the needs and aspirations of the ordinary Zimbabweans owing to the fact that the national budget plays a greater role in bridging inequalities through ensuring allocative efficiency and prioritisation of public service needs to cater for the poor.

8. Weekly Advocacy Message: Socio-Economic Recommendations on Special Drawing Rights over Loans Allocations to Zimbabwe

Zimbabwe is expected to get 800 million Euros in Special Drawing Rights funds which is about USD1.1 billion dollars from the International Monetary Fund. ZIMCODD welcomes this allocation as it is necessary for the country's economic recovery and as such it forwards recommendations on how such resources should be used to ensure improved socio-economic status of citizens. Special Drawing Rights (SDRs) are a reserve asset, an accounting unit for IMF transactions with its member countries and a stable asset in countries' international reserves. It supplements country's reserves making use of the collective strength of the Funds' membership, it boosts the financial muscles of its member states. SDRs are not tangible money, countries can exchange their SDRs in return for foreign currency with other IMF members. Most importantly to note SDR allocations do not add to member country's public debt burden. SDRs were created in 1969 for purposes of providing financial options and alleviation in a crisis, the savings can be withdrawn for urgent need and recovery from pandemics. The SDRs are allocated based on financial strength of its member countries, for richer countries the allocation is more than those allocated to developing and or poor countries. Countries in a stronger financial standing can on a voluntary basis agree to assist other countries when there is need.

To this end, with its external debt estimated at US$8,2 billion, Special Drawing Rights for Zimbabwe are the most ideal as they are not loans. They are not debt induced and have low interest rates. In addition, SDR allocation will allow Zimbabwe to reduce its reliance on more expensive domestic or external debt for building reserves. Emphasis however should be put on transparency and accountability in the use of the SDR allocation and most importantly ensuring that the allocations are put to good use – for purpose of alleviating a crisis, in this case procurement of COVID-19 resources and securing recovery for the informal sector as the most affected.

From a social and economic justice perspective, ZIMCODD is calling the Ministry of Finance and Economic Development to use the SDRs on the following:

- Social Security for the elderly, peasants and the economically vulnerable (increased social spending);
- Investing in the informal sector;
- Increased health spending for COVID-19 tests, protective equipment, treatment and vaccination;
- Broader investment in healthcare particularly investing in rehabilitating clinics, hospitals and constructing more health care centers in the periphery of the country;
- Increase of water provision and make section 77 on the Right to clean, safe and portable water a living reality;
- Boosting economic productivity and in the process guarantee decent jobs for unemployed youth.

Therefore, critical considerations and reflections that should be made include the understanding of the economic viable option of using the SDRs to fund projects that grow the economy and increase income rather than to spend the money on consumptive projects that may not have an immediate or direct economic return. The other crucial issue to highlight is the issue of transparency, accountability and scrutiny. CSOs and citizens have a role to play with regards to the use of the SDRs. Our country is faced with serious corruption and as a nation, we cannot afford to see these reserves allocated and then vanish without accompanying social and economic development. It is key to ensure that in the preparation of the SDRs, corruption needs to be strongly dealt with at all levels, the abuse and misuse of funds has landed Zimbabwe on the current economic turmoil and the country cannot afford to lose this coming opportunity at a time as crucial as this. Members of Parliament must strongly play their oversight role when the SDRs are allocated. The SDRs should benefit the Zimbabwean citizens and the country as a whole. A positive change should be felt when these SDRs are put to correct use.

9. From the Regional Desk: SAPSN Solidarity Statement on the conflict in Mozambique

The weekly review presents a glimpse of the SAPSN Solidarity statement on the conflict in Mozambique hereunder, the full statement can be found on http://zimcodd.org/wp-content/uploads/2021/05/SAPSN-Solidarity-Statement-Mozambique-5-May.pdf

The Leaders and representatives of Social Movements and Civil Society Organisations in the Southern African People's Solidarity Network, having met in a spirit of regional unity and progressive ideological clarity during a virtual "SADC Solidarity Summit with the People of Mozambique," offer the following analysis and demands:

THE conflict in Cabo Delgado province, Northern Mozambique, is a natural resource conflict precipitated by the discovering and concessioning of gas deposits to multinational oil companies by the government of Mozambique, with complicit local elites lacking due regard for the human rights, developmental, and climate impacts on local communities. The leaders of SADC and the African Union have failed to meet the people of Mozambique's legitimate expectations for a holistic, coordinated and timely response to the conflict, since its onset in October 2017. Only because of an attack on March 24 that led to the deaths of several expatriate oil industry and related service workers (and scores of local residents), did SADC leadership meet during April to plot what appears to be mainly a military response.

THE imminent approval of SADC's military intervention by Heads of State may well further escalate the conflict, not only locally in Cabo Delgado but across the region, given the potential for insurgent blowback in Southern Africa's vulnerable cities. Furthermore, the history of sub-imperial military interventionism by two main SADC armies, the SA National Defence Force and Zimbabwe Defence Force, shows a tendency to mainly protect elite economic interests (especially Johannesburg and Harare firms linked to the respective ruling parties, engaged in extractivist operations in the DRC and Central African Republic). This recent history, alone, renders both morally inappropriate to intervene in Northern Mozambique, especially on behalf of multinational oil corporations from South Africa, France, the U.S., Italy, China and South Korea. We also have concern about their roles in repressing their own countries' civilians on their home turf, most recently to prosecute Covid-19 lockdowns with inadequate sensitivity to desperate conditions. Corruption and incompetence in the SANDF and ZDF are also notorious, and the poorly-paid Mozambican army itself was accused by many civilians of looting Palma after the insurgents departed. Given their records, as well as the neocolonial role of U.S. and Portuguese military "trainers", the SADC intervention force is a recipe not for peace-keeping but for new types of conflict generation.

AN Islamic-extremism theory, added to a narcotics-trafficking theory, are usually advanced to explain the insurgency. These theories, especially as promoted by the U.S. State Department in recent weeks, wrongly define the problem. They sow the seeds of Islamophobia in Mozambique and in the region. Christians and Muslims have peacefully coexisted in Cabo Delgado, and elsewhere in Southern Africa, for centuries. As such we refuse narratives that obscure the roots of the conflict which are the militarist mode of enclave-based extractivism, which amplify existing social and economic inequalities and the standard accountability deficits evident across Africa's extractive sector.

SOUTHERN Africa is not for sale. We condemn our leaders' irresponsible granting of unaccountable resource concessions, tax incentives and investment deals. These deals between local elites and extractive industries are exceptionally destructive throughout the region, as they violate rights of future generations to the natural wealth now being depleted by institutions with track records of corrupting African leaders. Through the extractive industries' Illicit Financial Flows alone, several tens of billions of dollars are annually secreted out of Southern African economies. It is partly for this reason that the "Right to Say No!" to extractive industries resonates in so many places.

OUR resources belong in the ground until we find socially, economically and ecologically sound means of utilising the minimal necessary mining and drilling that feeds back to the society and doesn't harm the planet. While brutal extraction of timber, minerals and gemstones catalysed the unrest in Cabo Delgado, fossil fuels in particular must be left underground, and this includes Liquefied Natural Gas (LNG) said to be worth US$128 billion.

The world is demanding historic actions to tackle climate change during the upcoming United Nations Framework Convention on Climate Change summit (COP26) in Glasgow. SADC leaders must not "hide behind the poor," by claiming its fossil fuels aid development. Our leaders must play a responsible role and decisively shift the region away from fossil-fuel dependent economies – whether based on oil, gas or coal – and instead establish a well-integrated, job creating regional green economy of the future, utilising Southern Africa's abundant solar, wind and tidal power, and non-extractivist energy storage systems (such as pumped water and molten salt). These strategies are in their infancy but have enormous scope to grow, were it not for vested interests in Southern Africa's fossil fuel sectors. The South African government's recent decision to hire Turkish Karpowerships relying upon LNG-generated electricity for twenty years, at a cost of $15 billion, is an example of our leaders moving in the wrong energy-policy direction.

MOZAMBIQUE, and Cabo Delgado more specifically, has been disproportionately affected by climate related catastrophes, in large part a result of heating in the Mozambique Channel. Hundreds of thousands of Mozambicans are still recovering from Cyclone Kenneth which devastated Cabo Delgado in April 2019, hitting the coast with an unprecedented 225 kph gale and sinking four ships at Palma. Cyclone Idai had killed more than a thousand people, flooded croplands and disrupted central Mozambique's infrastructure just a few weeks before. Droughts have also ravaged Mozambique peasant farmers. Instead of a military intervention, Southern African (especially South African) and global elites must pay their overdue climate debt. We especially insist that reparations be paid to the people of Cabo Delgado and Mozambique, for the loss and damages caused by greenhouse gas emissions, extractivism and climate chaos in Mozambique and Southern Africa.

METHODS for fairly distributing such funds to the citizenry in areas affected by ongoing climate crisis should be identified by trustworthy local organisations, and not sabotaged by corruption-riddled states. Mozambique stands out given the lack of prosecution of ruling-party leaders implicated in the secret debt crisis, but the South African, Zimbabwean and Angolan states are also wracked by failures to weed out systematically-corrupt elites, including in their armed forces. We note that in 2019 and ever since, our activists have called for relief during times of climate crisis, but that the funding should at least temporarily be channelled through reliable civil society agencies given the danger of state capture of such resources.