



THE WEEKEND READER

"Your Weekly Read on Debt, Development & Socio-Economic Justice"

THE 4TH ANNUAL MULTI-STAKEHOLDER DEBT CONFERENCE FURTHER ESTABLISHES THE NEED FOR A DEBT AUDIT



Members of Parliament at the Debt Conference take questions from the floor

Zimbabwe Coalition on Debt and Development (ZIMCODD) and African Forum and Network on Debt and Development hosted the 4th edition of the Annual Multi-Stakeholder Debt Conference from the 12th-14th of October 2022 under the theme “Leveraging Public Finance and Debt Reforms for Sustainable Economic Growth and Inclusive Development in Zimbabwe.” The annual Multi-Stakeholder Debt Conference has provided the much-needed platform to interrogate the nexus between debt and development, sharing knowledge which contributes to sustainable and inclusive economic development of the country.

Zimbabwe’s debt stock continues to balloon to unsustainable levels. This has also been worsened due to the failure to service debt since the country defaulted on its arrears payments in January 1999. Presently, public debt is estimated at US\$17.9 billion which is way above the 60% of GDP SADC benchmark and the 70% benchmark in the Public Debt Management Act of 2015, meaning that the country is in debt distress. External debt is US\$13,2 billion of which USD6,6 billion (50%) is in arrears. In addition to this shocking debt figure, it is worrisome that since 1980, no debt audit has been carried out. Effectively, we don’t know how these resources were spent, to legitimate or illegitimate ends. At the same time, external debt limits access to low cost, long-term financing for the country at a time when Zimbabwe is engaged in an economic recovery effort.

Debt implications on the ordinary citizens are that the government is incapacitated and scales back on its social spending budget as it directs revenue towards servicing debt and arrears. Borrowing forces government to take austerity measures. Consequently, the ordinary citizen and the poor are saddled by debt through poor public service delivery. Women in urban and rural areas are worst affected by poor service delivery as they spend more time performing unpaid care work in households when they can be contributing on decision making platforms. High levels of public indebtedness also have repercussions on the citizenry who are burdened by high levels of unemployment, inequality and poverty. 88% of employed population is informal, inequality is worsening and about half of the population is living in extreme poverty. Climate change, the COVID-19 pandemic, the Russia-Ukraine conflict, price instability have all played their fair share in worsening the situation. ZIMSTAT data reveals that the proportion of Zimbabweans living in poverty has been above 70% as of December 2021 while 43% of the population (5.8 million people) were living in extreme poverty. Furthermore, 1,6 million urban people are living in poverty, 4,6 million children have severe acute malnutrition and 3,8 million rural people face food insecurity.

Government has taken measures to restore debt sustainability as it developed the Arrears Clearance, Debt Relief and Restructuring (ACDRR) Strategy. Additionally, it has introduced key policies to reduce debt vulnerabilities among these which include instruction for no new debt assumption for State Owned Enterprises (SOEs) unless the SOEs have a bankable strategic turnaround plan; enhancement of Parliamentary oversight role on public debt management; and implementation of the approved Medium Term Debt Management Strategy (2022 to 2025).

Emerging Resolutions

The Annual Multi-Stakeholder Debt conference resolutions are expected to also feed into the proposed High Level Debt Resolution Forum planned by the government. Below are some of the recommendations emerging from the Zimbabwe Debt Conference:

- Eradication of corruption, actionable steps to deter the scourge of corruption which fuels debt accumulation in the country.
- Leveraging on domestic resources to finance public expenditures which entails high levels of integrity by authorities across all sectors.
- Purposive leadership that prioritises and cares for the people.
- Clarity on the Debt Clearance Strategy.
- Infrastructure development that is inclusive of marginalized areas.
- Inclusion of women in decision making and public resource management.
- Ministry of Finance and Economic Development should borrow to finance public investments which support economic growth and deliver basic socio-economic needs.