



Investing in People for Social and Economic Justice

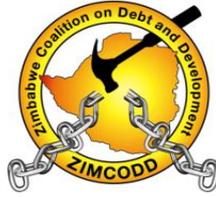
ZIMCODD STATEMENT

National Roads Declared a National Disaster - Implications for Public Finance Management

Public Finance Management Reform Indaba, Wednesday, 17 February 2021

The Zimbabwe Coalition on Debt and Development convened a virtual Public Finance Management Reform Indaba to facilitate dialogue and engagement around the public finance management implications of the declaration of a National Disaster on the states of roads in Zimbabwe. The following are ZIMCODD's critical reflections, analysis and recommendations:

1. On 10 February 2021, the Government of Zimbabwe declared all national roads as a state of national disaster. This decision is pertinent to the release of funds for maintenance and repair works. ZIMCODD acknowledges the importance of the Declaration albeit with concerns over repeated national failure to address resource leakages through corruption and the possibilities of increased borrowing to finance additional infrastructure development.
2. Infrastructural development including road construction is already a 2021 national budget priority. The 2021 National Budget already allocates 31% of the national purse, equivalent to ZWL131.6 billion (US\$1.6 billion) or 5.5% of Zimbabwe's Gross Domestic Product to infrastructural development. The African Union benchmark for infrastructural development expenditure stands at 19.5%.
3. Infrastructural development priorities outlined in the 2021 National Budget include the construction of new toll infrastructure, rehabilitation of the Beitbridge – Harare Highway and dam construction for irrigation and power generation. These priorities consistent with government's private-sector led growth go a long way to enhance ease of doing business for established local companies and Foreign Direct Investors, thus paving way for the US\$12 Billion Mining Industry Vision and the US\$5 Billion Tourism Industry.
4. More can be done to leverage public sector led infrastructural development particularly road construction, to enhance market access for small businesses and smallholder farmers; create jobs and facilitate free movement of goods and services within Zimbabwe. An adverse report submitted by the Minister of Local Government and Public Works indicated that some areas have become inaccessible because of extensive damage and poor maintenance. This will likely slow down vaccination and post-COVID-19 economic recovery efforts.
5. Zimbabwe has over 98,000 km of classified roads. Of these 9,500km are bitumen surfaced state highways and urban roads, while most rural roads are unpaved or dust roads. Of these 26% are under the District Development Fund; 19% the Department of Roads; 41% the Rural District Council; 12% Urban Councils; and 3% are not classified. The 2019 African Development Bank Infrastructure report on Zimbabwe states that Zimbabwe needs at least USD34 billion to fix its aged infrastructure within the next ten years. A 2011 World Bank infrastructure report titled asserted that Zimbabwe would require US\$962 million of public and US\$460 million of private funds annually to meet most pressing infrastructure needs.
6. The costs and benefits of infrastructural development in Zimbabwe are unequally distributed. Government has initiated a number of domestic resource mobilisation interventions to fund national budget projections including unpopular hikes in toll fees and presumptive taxation for informal sector businesses. The poor and marginalised Regions and economic sectors presently pay a disproportionate amount in taxes and tolls to support infrastructure development without receiving a just and equitable portion of the infrastructural development gains. The business case for infrastructural development must also reflect practical gains in terms of employment, market access and mobility for marginalised regions and sectors.



7. Mechanisms for the distribution of infrastructural development funds continue to reflect and entrench regional and sectoral inequities. These inequities predominantly privilege the urban and resource rich areas whilst undermining the possibility to leverage public infrastructure growth to facilitate the social and economic advanced of disadvantaged regions and sectors. A report from ZINARA indicates a highly inequitable resource distribution in which the city of Harare received \$46 million, Bulawayo City Council got \$16 million while the Mutare and Gweru City councils received \$7 million and \$9 million respectively, with Masvingo getting \$4 million. A devolved and democratic mechanism to inform resource transfers from the centre is urgently in need. Domestic resource mobilisation functions such as the collection of vehicle licencing must be restored to Local Authorities to improve efficiency and transparency.
8. An unending stream of cases involving the corrupt handling of road funding has weakened public trust in the Zimbabwe National Roads Agency (ZINARA) and Local Authorities. Likewise, the capacity of Parliament, Anti-corruption and Judicial authorities to reign in corruption and ensure transparency and accountability in the management of public infrastructure resources has also come in question. The National Disaster on Roads must evoke the same intensity of action or greater to address the even more pressing national disaster of corruption. Public finance management must entail the maintenance of both a social contract and democratic safeguards against the abuse of public resources.
9. Flawed procurement processes and an over-reliance on private contractors in the context of weakened public sector capacity has nurtured corruption in public finance management inadvertently creating a rentier economy. Gatekeepers of public resources have turned to political protection to escape public scrutiny and accountability for public resources, thus destroying the integrity of democratic processes and institutions. Cleaning up of ZINARA will be a public confidence boost in government's sincerity pertaining the removal of impediments to national infrastructure growth. Reversal of austerity measures and strengthened public capacity to manage infrastructural projects must also factor largely in long-term plans to decisively address the national roads disaster.
10. Heightened hardships experienced by the working poor during lockdown periods underscore the need for a human centred approach to infrastructural development in Zimbabwe. A functional public transport system and efficient road network connecting Zimbabwe's urban, peri-urban and rural areas is critical to the growth of the agricultural and informal sectors where most Zimbabweans find their livelihoods. Road construction processes involving unemployed and hungry Zimbabweans could provide critical stimulus and opportunities to young people. Inclusion of citizens in Disaster Risk Reduction and Local COVID Response mechanism could enhance the responsiveness of Government's interventions in times of crisis.

ZIMCODD is indebted to the esteemed Public Finance Management Reform Indaba panel of **Frederick Maguramhinga**, (President of Zimbabwe Union of Drivers and Conductors), **Vince Musewe** (an Independent Economist) and **Lee Mutekede** (Secretary General Urban Councils Association of Zimbabwe and Zimbabwe Local Government Association). ZIMCODD is grateful to the Social and Economic Justice Ambassadors, Coalition Members and citizens who contributed their views. ZIMCODD thanks Mr Andy Hodges for hosting the engagement and to the Zimbabwe Television Network for broadcast services.

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