



OUTCOME STATEMENT

ZIMCODD

Virtual Breakfast Meeting on Transparency and Accountability in the Use of SDR Funds, 29 July 2021

ZIMCODD convened a virtual breakfast meeting on the 29th of July 2021 with parliamentarians on the need for transparency and accountability in the Use of Special Drawing Rights Funds (SDRs) following the IMF decision to issue (SDRs) worth US\$1 billion to Zimbabwe to help revive its economy and rescue the nation from the socio-economic distress exacerbated by the COVID-19 pandemic. ZIMCODD welcomes the development, as SDRs represent a viable and debt-free mechanism for raising financial resources to combat the pandemic not only in Zimbabwe, but the rest of Africa. The following are ZIMCODD reflections, analysis and citizens demands on the use of the funds.

Accountability and Transparency on the Windfall - Parliament must effectively exercise its oversight role as mandated by Section 298 of Zimbabwe's Constitution and guard against any possible abuse and misuse of the SDR Funds. The Parliamentary Portfolio Committee on Budget, Finance and Economic Development must be hands on in monitoring the appropriateness of the expenditure of SDR funds. Civil Society and the Media must also play their watchdog and whistle blower roles, to ensure that there is transparency and accountability in the use of SDRs. The Minister of Finance and Economic Development (MoFED) must be mandated to provide comprehensive reports on the utilization of SDR funds that demonstrate value for money.

Guard against use of SDRs for Debt Repayment - Zimbabwe should not use SDRs to settle the country's external debt to the World Bank, African Development Bank, European Investment Bank, Paris Club as well as other bilateral creditors like China. Participants called on Parliament to guard against the use of SDRs for debt repayment purposes. SDRs should be directed towards key public sector investments and other economic enablers to boost economic development. Once the economy is functional, it will generate sufficient resources to service the country's debt stock.

Public Sector Investment - Participants called on government to ring-fence SDRs towards public sector investment particularly, construction and infrastructure development. This will go a long way in enhancing economic growth and creating job opportunities for the disenfranchised youths and women whose majority remain in abject poverty.

SDR are a necessity but not sufficient on their own - While SDRs will provide a lifeline to Zimbabwe's ailing economy, they are not sufficient on their own to promote recovery. SDRs will effectively contribute to debt sustainability in Zimbabwe if they are deployed along with other mechanisms that clamp down on other deep-rooted macroeconomic challenges including illicit financial flows, corruption and misappropriation of resources reported consistently in the OAG reports. Enhanced Domestic Resources Mobilization (DRM), prudent public resources management and adherence to Zimbabwe's constitutional thresholds for borrowing and international frameworks such as the SADC Protocol on Finance and Investment on debt management are key in maintaining debt sustainability.

Specific Fund Account for SDR - In order to effectively monitor the use of SDR funds, there must be a specific fund account which should be set up and closely monitored by Parliament.

Social Protection Mechanisms - SDRs have come as a Global COVID-19 Response Plan to help address the socio-economic impacts of the pandemic and as such, they must be channeled towards providing social protection to those who have been made more vulnerable by the socio-economic shocks of the pandemic particularly the informal sector constituted by the growing poor youths, women and Persons living With Disabilities (PWDs).

ZIMCODD is indebted to the esteemed panel of Hon Dr Mathew Nyashanu (Chairperson of the Parliamentary Portfolio Committee on Budget, Finance and Economic Development), Hon. Brian Dube (Chairperson of the Public Accounts Committee), Tirivangani Mutazo (African Forum on Debt and Development), Dr Gordon Moyo (Director Public Policy Research Institute of Zimbabwe) and Ms. Annah Mushunje (ZIMCODD Board Treasurer). ZIMCODD is grateful to the Social and Economic Justice Ambassadors, Coalition Members and citizens who contributed their views.

For more information contact us: 9 Bargate Road, Mount Pleasant, Harare, Email: zimcodd@zimcodd.co.zw Tel/Fax: +263- 242- 776830 Website: www.zimcodd.org.zw The views and perspectives expressed in this statement are wholly attributed to ZIMCODD. Panellists and participants who participated in the Virtual Breakfast Meeting on Transparency and Accountability in the Use of SDR Funds, may not be associated with the Statement in a personal or professional capacity unless explicitly stated.