

OUTCOME STATEMENT

24-25 JUNE

Parliament engagement with Ministry of Finance & Economic Development on National Development Strategy-1 & Special Drawing Rights utilization

SAPST and ZIMCODD facilitated an engagement with Parliament and the Ministry of Finance and Economic Development on 24 and 25 June on four thematic issues falling under their oversight function on public finance management, namely;

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 - Utilization of Special Drawing Rights (SDRs) Funds
 - Implementation of Projects and Programmes under the National Development Strategy 1 (NDS1)
 - Public Debt Stock and Management
 - Public Procurement legislative Framework

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The Government of Zimbabwe (GoZ) received its allocation of the SDR funds from the International Monetary Fund (IMF) in August 2021 amounting to US\$960 million. As part of Parliament's oversight function, as stated in Sections 119 and 299 of the Constitution of Zimbabwe, the Budget Committee and Public Accounts Committee Members demanded answers from the Ministry of Finance and Economic Development (MoFED) officials on how the SDR funds have been used and why the Minister of Finance and Economic Development reneged on his undertaking to first seek Parliament approval regarding the allocation of the funds.

3 The MoFED officials that attended the aforementioned workshop failed to provide details demanded by MPs save for generalized information. Members of Parliament (MPs) directed the MoFED officials to submit to Parliament disaggregated data on the utilization of SDR funds within 7 working days from 25 June 2022. MPs argued that without disaggregated data, it would be difficult for them to play their oversight function to ensure that public resources were being used for the intended purposes. They further resolved to engage the Minister of Finance and Economic Development and his Permanent Secretary on the matter.

4 GoZ launched its current economic blue-print, NDS1, in 2021 and this runs from 2021 – 2025. NDS1 replaced the Transitional Stabilization Programme (TSP), which the current Minister of Finance had introduced in 2018 when he assumed the stewardship of the MoFED. MPs sought an update from the MoFED officials on the projects and programmes implemented under NDS1 and the financing mechanisms. While the MoFED officials gave an update on major infrastructural projects GoZ is implementing across public sectors under NDS1, MPs were worried with the opaque nature of the financing mechanisms; whether these projects were financed through the national budget or loans or a combination of both. MPs called for disaggregated data per project indicating the financing mechanism (National Budget or Loan) as well as the names of contractors and the amounts they have received.

5 Following this capacity building workshop, the Budget, Finance and Economic Development Portfolio Committee embarked on verification visits to assess progress regarding some of the infrastructural projects implemented under NDS1 framework. This is meant to enhance Parliament's oversight function as it ensures that MPs do not solely rely on information supplied by government officials but also gather their own data. We hope the Committee will table its findings and recommendations in the House for debate.

6 Public debt stock as at 31 December 2021 stands at ZWL\$1.86 trillion, representing 62.1% of Gross Domestic Product (GDP). Of this amount, ZWL \$1.45 trillion (US\$13.35 billion) is external debt owed mainly to the Paris Club, a group of western developed countries, while the other is owed to such countries as China, India, etc. Debt arrears currently amount to US\$6.6 billion, which is 49% of the principal debt.

7 MPs were very concerned about the quantum of the external debt overhang as it stifles development in the country. Hence, they recommended that government should consider various strategies such as debt forgiveness, cancellation or taking the Heavily Indebted Poor Countries (HIPC) route. However, some MPs felt that Zimbabwe is not a poor country as it is endowed with the abundance of natural and mineral resources. For this reason, they recommended that government should leverage on natural and mineral resources to extinguish its external debt.

8 Again, MPs were worried by non-disclosure of details on public debt and the benefits that have accrued to the nation as a direct result of the loans.

9 The public procurement legislative framework in Zimbabwe is underpinned by the Constitution and Public Procurement and Disposal of Public Assets Act (PPDPAA), which was enacted in 2017. While stakeholders at the workshop noted that the PPDA was a great improvement to the old legal regime, it still needed further improvements.

10 MPs, therefore, recommended that GoZ, must expedite E-Procurement in order to minimize direct human involvement in the public procure processes as this often leads to corruption. Further, MPs recommended that the amendment Bill should criminalize corruption after noting that the current law only penalize offenders. It was felt that the current legal regime was not deterrent enough. MPs resolved to have another engagement with the Public Procurement Regulatory Authority of Zimbabwe (PRAZ) to iron out the raft of amendments suggested at the workshop.

11 MPs also urged the GoZ to expedite the enactment of the Anti-Corruption Bill and the Whistle-Blower Protection Bill as part of the legal framework in the fight against corruption. MPs, thus, resolved to follow up on the two Bills with the Ministry of Justice Legal and Parliamentary Affairs.