



Investing in People for Social and Economic Justice

ZIMCODD POSITION PAPER ON A THREE MONTH MORATORIUM FOR THE RETURN OF EXTERNALISED FUNDS AND ASSETS BY HIS EXCELLENCY, PRESIDENT E. D. MNANGAGWA

His Excellency, President E. D. Mnangagwa, issued a 90 day moratorium statement on the 28th of November 2017, giving individuals and companies who externalised funds and assets to bring them back without charges or questions asked.

In September 2016, ZIMCODD shared its position on the state of the economy. The paper highlighted that the root causes of the economic crisis currently bedevilling the nation included the following:

- **Lack of rule of law:** This has been exacerbated by some members of the Executive's unwillingness to support, promote and practice progressive economic governance for the betterment of the lives of the people of Zimbabwe. These self-centered individuals have been promoting their interests at the expense of the masses' welfare;
- **Lack of transparency and accountability in the governance of the country's resources:** Despite the country's endowment with plenty of resources, not much benefits have been realised. Illicit Financial Flows (IFFs) and externalisation of funds and assets dominated transactions in the economy (specifically the loss of mineral revenue through IFFs) has continued to impinge development. This depleted the generated dividends meant to finance the national fiscus;
- **Unsustainable Public Sector Wage Bill:** Over 80% of the national budget is consumed by the civil service wage bill thereby starving capital and infrastructural investments for improved social services delivery. ZIMCODD continues to call for a civil service audit to address the issue of "*ghost workers*";
- **Failure to tap revenue from the informal sector:** The informal sector in the country continues to thrive outside of any governing policy as the responsible stakeholders are yet to formalise the sector in a progressive manner without forgetting to sustain the revenue supply side on issues such as social security; and
- **Wasting national resources addressing economic symptoms rather than root causes:** The case in point was the introduction of bond notes which were intended to deal with the cash crunch. In contrast, the bond notes actually paved way for unscrupulous dealings such as the externalisation of the US dollar, leaving the bond notes to the poor's use.

Having set this background, ZIMCODD welcomes the urgent call made by His Excellency, President E. D. Mnangagwa, to strictly and seriously deal with the externalisation of national resources. The following is the ZIMCODD's position:

- The root causes for the social and economic rot in the country was emanating from lack of rule of law. The genesis of a new Zimbabwe under a new Executive, led by President E. D. Mnangagwa, has showed political will in addressing the socio-economic crisis in the country at least on paper and through the few actions taken to date;
- "Operation Restore Legacy" is promising to usher in radical strategies to ensure that IFFs and the externalisation of funds are curbed. Since the Government has gazetted the moratorium, it is hoped that those involved in illicit dealings will display legal, moral and ethical values and loyalty to the country and return the illegally externalised funds and resources;
- The clarion call for transparency and accountability is likely to enhance good public finance management practices if put into practice;

- It is indeed commendable to note that the Government action is starting to resonate with the civil society voice in calling for social and economic justice, bringing in hope for a democratic and just Zimbabwean society;
- There is need to jealously ring-fence revenue from the natural resources sector so that the revenue can be fully invested in national development programmes. Research shows that most of the externalised funds and/or assets were from the natural resources sector;
- The new Government must also ensure the implementation of the recommendations made by the Auditor General's Office in order to deal with issues of transparency and accountability, especially at local ,national government as well as in parastatals;
- In the interest of promoting transparency and accountability, ZIMCODD continues to call on the Government of Zimbabwe to revisit the Reserve Bank of Zimbabwe (RBZ)Debt Assumption Act, re-investigate and audit the debt and reveal who owes how much and the individuals and/or companies must also honour their debts and start making repayments;
- As a broader issue, the whole national debt for Zimbabwe needs to be audited to assist the country to pay back legitimate debt and reduce the burden from the ordinary tax payer; and
- The civil service huge wage bill should be addressed to relieve the budget of ghost workers as exposed in the Mkonoweshuro Public Service Audit Report as we unlock resources for social and economic development.

Conclusion

ZIMCODD will continue to monitor progress on the issue, from December 2017 to February 2018. Post the moratorium period, there is need to pursue and ensure that the law acts on those who fail to comply. Continuing with the issue of transparency and accountability, the funds and resources returned should be made public and invested for the betterment of citizens' livelihoods, pro-people programmes.

About ZIMCODD

The Zimbabwe Coalition on Debt and Development (ZIMCODD) is a social and 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 -centered economic governance as root causes of the socio – economic crises in Zimbabwe and the world at large. Drawing from community based livelihood experiences of its membership, ZIMCODD implements programmes aimed at delivering the following objectives;

- To raise the level of economic literacy among ZIMCODD members to include views and participation of grassroots and marginalised communities
- To facilitate research, lobbying and advocacy in order to influence and promote policy change
- To formulate credible and sustainable economic and social policy alternatives
- To develop a national coalition and facilitate the building of a vibrant movement for social and economic justice.

Our vision

Sustainable socio-economic justice in Zimbabwe through a vibrant people based movement.

Mission

To take action in redressing the Debt burden, Social and Economic Injustices through formulation and promotion of alternative policies to the neo-liberal agenda.

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