BREAKFREE

The Zimcodd Coalition on Debt and Development Newsletter

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Investing in People for Social and Economic Justice

Commemorating 10th anniversary

Activists launch Debtweek in Zimbabwe

ZIMCODD commemorated the inaugural Debtweek in Zimbabwe from 7 to 9 October with the theme, "Responsible Lending and Borrowing to Guarantee Peoples' Social and Economic Rights." Debtweek otherwise known as the annual 'Global Week on Debt and IFIs' is a week of citizens' actions and mobilizations worldwide, around the issue of unsustainable public debt and its negative impacts on the citizens and economies of poor countries globally.

The coalition lined up a number of activities to take place in Harare, Bulawayo and Mutare which include public lectures, community theatre and live music themed on debt. The highlight was a public concert held in the Harare Gardens on 9 October. According to ZIMCODD's Director, Dakarayi Matanga, the coalition's objective in launching Debtweek is to use public participation to highlight the social and economic effects of unsustainable public debt. ZIMCODD hopes that the commemoration will magnify calls for an official audit of the Zimbabwe debt, appeals for debt cancellation from creditors and highlight the need for reform of existing borrowing and lending policies. The coalition also linked up with diverse groups in civil society to petition creditors and the government with recommendations on how the problem should be dealt with, from a peoples' perspective. Like minded CSOs based in creditor nations launched their own complimentary campaigns on the Zimbabwe debt.

ZIMCODD says that reports that Zimbabwe cannot move forward if it does not deal urgently and effectively with its external debt are distressing for citizens who are desperate for a new beginning. Analysts have projected the country's external debt to grow to US$7,6 billion by end of 2010. Domestic debt will increase to US$1 billion in the same period. This brings the total debt to US$8,6 billion, or almost three times the country's current GDP of US$3,5 billion. IMF projections on the other hand see the debt growing to US$9,8 billion by 2015. Meanwhile, the Minister of Finance says US$ 45 billion is required to get the country back to its peak level of 1996-97. The country cannot generate all these resources internally in the short term and the government is therefore seeking external funding.

DebtWeek is an initiative of the different movements and organisations in the International South North Campaign on Illegitimate Debt. It was born at the World Social Forum (WSF) in Nairobi, in 2007, and this year's commemoration from October 7 to 17, 2010 will be its fourth edition. The debt crisis has found renewed interest amongst concerned social movements and organisations worldwide, on the back of the global financial crisis which pushed millions of people further into poverty and marginalization around the World. These groups are not convinced by the notion that the global economy is on the road to recovery. They are even more concerned that large banking corporations and the IFIs who authored the crisis have a new lease on life with massive increases in their operating capital and political role. They warn that recent developments show that a new global debt crisis is looming and that it is people and the planet in the South, and those most vulnerable in the North, that stand to bear the brunt.

Syndicate Dance group commemorating Debt week at the Harare concert

Mr. Lovemore Matombo, the President of Zimbabwe Congress of Trade Unions says debt service is like, "throwing money down a latrine." see story on page 2.

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requirements in the three years up to 2012. Of the amount US$9, 3 billion is required this year; US$10, 4 billion next year; and US$10 billion in 2012.

Unfortunately, the country cannot generate these resources internally in the short to medium term, hence the need for external funding. This explains why the inclusive government has extended its begging bowl to multilateral financial institutions and other donors for new lines of credit.

But before the country can receive assistance, Zimbabwe has to clear the debt. According to the Debt Sustainability Analysis done last year, the country's debt is unsustainable until 2029.

Cabinet in March reportedly adopted a hybrid model to clear the country's debt. The model uses both the Highly Indebted Poor Country (HIPC) initiative and resource pledging. However, it is not clear whether Parliament was consulted on this model.

Analysts say Zimbabwe has vast mineral resources which can be exploited for the benefit of the nation. However, they observe that pledging these resources for new loans is tantamount to mortgaging future generations. To complicate the matter, social movements assert that existing debt relief programmes such as the Enhanced HIPC initiative are no substitute for total, unconditional debt cancellation.

Since 2005, government has been sued by a number of creditors including KFW (Germany), Daro Film Distributors (Switzerland), UBS AG (Switzerland),SACE (Italy), ING (Netherlands),Exim Bank (USA), West Merchant Bank and Lloyds Bank (UK).

Some of the creditors have won court cases against the government.

In the case of Exim Bank, government ended up paying an amount of US$42, 2 million in 2007 towards its arrears.

Daro Film Distributors received a payment of US$0, 87 million.

In 2006, ING and KFW won court interdicts to attach Zimbabwean properties abroad, thus setting a precedent which remains precarious for the state.

KFW used its arbitral award to attach ZISCO shares in Ramotswa Steel of Botswana and is seeking a court order in South Africa to attach National Railways of Zimbabwe shares in Pan African Mining Development Company.

It is said that a number of litigation cases are pending with judgments likely to go in favour of creditors due to Zimbabwe's inability to clear arrears, analysts have warned.

The Debt week is an initiative of the different movements and organisations in the International South North Campaign on Illegitimate Debt. It was born at the World Social Forum in Nairobi, in 2007.

Social movements hope that its programmes will challenge the governments of the G20 countries and international financial institutions to acknowledge their responsibilities for the continuing problem of debt and its critical role in food and climate crises.

Debt service threatens Expenditure on Social Services cont from page 2

Governments borrow to finance social programs such as education, sanitation, health and infrastructure.

Anilia Masaure who works with the Alternative Business Association (APA) decried the fact that women now have to give birth at home and spend most of their productive time fighting fires that come with the perennial lack of water and electricity.

"Women now spend more time looking for firewood and water instead of operating their small market stalls and businesses to earn an extra dollar to fight poverty in their families," she said. APA is a grouping of small business enterprises operated by women.

Lovemore Matombo the President of the Zimbabwe Congress of Trade Unions (ZCTU) believes African countries have nothing to benefit from IMF and World Bank and should just not repay the debt.

"In western countries buses and trams move around with five or two people but where do they get their profit? They can afford to do so because tax is used effectively and transport is subsidized by the government but when they come to Africa they tell us to privatize," said Matombo.

"They are not doing in Africa what they are doing in their own countries. These are criminal institutions and the debt that we have stinks. It must not be paid, paying such a debt is like throwing money in a latrine." ZCTU is a union of Zimbabwean workers.

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Glossary of Selected Key Terms on Debt

Aid	Any form of financial, technical or material assistance in the form of grant or a loan extended to a country
Apartheid-caused	Debts incurred by a national government as a direct or indirect Debt result of economic or military activities of de-stabilization and sabotage perpetrated by the South African Apartheid government
Arrears	The backlog of debt payments that have not been made and are building up over time
Bilateral debt	Debt owed by one government to another
Bretton Woods	The conference in 1944 at which the IMF and WB were formed to form the basis of the functioning of the world economy after World War II
Bonds	A formal contract to repay borrowed money with interest at fixed intervals. In the case of bonds, the issuer is the borrower (debtor), the holder is the lender (creditor), and the coupon is the interest.
Concessional loans	Credits with very low interest rates, a long grace period before repayments begin and a long repayment period.
Debt Stock	This the principle debt together with the interest accrued
Debt Service	The total amount a country spends on its debts, consisting of interest payments and repayments of principle.
Debt Service to Exports Ratio	Ratio of debt service payments to the value of export proceeds.
Debt relief	The amount of debt taken out of debt stock to allow for sustainable debt servicing
Debt cancellation	The total elimination of debts including the stock and interest accrued
Debt stock	Total amount that of debt held by a country.
Debt sustainability	The process of determining sustainable debt levels of poor countries or countries under the highly indebted poor analysis country initiative
Debt sustainability	A methodology used by the IMF and WB to determine the sustainable debt levels framework Debt Service to Ratio of debt service payments to the gross national product.
GNP Ratio	
Domestic Debt	Debt owed to creditors resident in the same country as the debtor.
Export Credit Agencies	Public agencies that provide guarantees, credits and insurance to private corporations from their home country to do business abroad. Critics argue that export credits may further the burden of debt that poor countries already suffer.
Budget deficit	This is realised when government spends more than its income
Gross Domestic	The total value of output produced in the whole economy over a set period, usually one Product (GDP) year.
Gross National	Income earned by residents in return for contributions to current production, whether Product (GNP) production is located at home or abroad
Interest	This the cost of borrowing
Interest payments	Amount paid in foreign currency, goods or services by a borrower during the year in servicing principal amounts borrowed.
Interest rate	This is the rate at which the cost of borrowing is pegged
Interest In Arrears	Interest payment due, but not paid, on a cumulative basis.
International Centre	The part of the World Bank Group which provides facilities for the conciliation and for Settlement of arbitration of investment disputes between member countries and individual investors.
Investment Disputes (ICSD)	
International Finance Corporation (IFC)	The part of the World Bank Group which provides multilateral loans for, and equity financing for private sector projects in the developing world.
Latin American	The financial crisis that occurred in the early 1980s (and for some countries starting in Debt Crisis the countries starting in the 1970s), often known as the "lost decade", when Latin American countries reached a point where their foreign debt exceeded their earning power and they were not able to repay it.
Millennium Development Goals (MDGs)	These are eight international development goals that all UN member states and some international organisations have agreed to achieve by the year 2015. They include reducing extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reducing child mortality rates, fighting disease epidemics such as AIDS, ensuring environmental sustainability and developing a global partnership for development
Moratorium	The period during which payments of debts is postponed.
Multilateral Debt	Obligation of government, government agency, and autonomous public bodies to international financial institutions such as the World Bank, IMF and AfB.
Multilateral Investment Guarantee Agency (MIGA)	The part of the World Bank Group which promotes foreign direct investment into developing countries by insuring investors against political risk, advising governments on attracting investment, sharing information through on-line investment information services, and mediating disputes between investors and governments.
Municipal Debt	The sum of money borrowed by local authority mostly the city councils. It could be at times be guaranteed by the government and thus become a public debt
Official Development Assistance (ODA)	Grants or loans provided by official agencies (including state and local governments, or by their executive agencies) to developing countries (countries and territories on the DAC List of Aid Recipients) and to multilateral institutions for flows to developing countries
Parastatal Debt	Obligation of an autonomous public entity or statutory body to residents and non-residents.
Principle debt	This is the original debt without the cost of interest
Private Non-Guaranteed	Amount borrowed by a private debtor that is not guaranteed
Privatisation	The sale or transfer of state-owned enterprises, or shares in them, from the public to the private sector
Prudent macroeconomic policies	Policies that adhere to IMF-recommended (policy prescriptions) of Interest rates, market exchange rates, low inflation, etc.
Public Debt	The sum of amounts borrowed by a national government and autonomous public bodies from lenders with in or outside the country.
Publicly Guaranteed Debt	Amount borrowed by a private debtor that is guaranteed for repayment by government.
Short Term External Debt	Foreign debt that has an original maturity of one year or less.
Subsidy	A payment by the government or government agency to the producer or consumer of goods or services with the intention of encouraging production and/or reduce costs to consumers.
Tied aid	Grants or loans provided by official agencies conditional on the procurement of goodsand services of the country providing it
Technical assistance	Human capital services provided mostly by citizens from the developed countries in the public sector reform and program implementation in the sectors they support
Total External Debt	The sum of external public and publicly guaranteed long-term debt, private non-guaranteed long-term debt, IMF credits, and short-term debt.
Trade liberalization	The component of structural adjustment programmes which aims at opening the economy to increased international trade, particularly by reducing protectionism.
Tranche	The arrangements for releasing funds to a borrowing country. It can be single tranche ormulti-tranche operations, depending on whether a country is on track or not.
Triggers	What makes the IMF or World Bank release funds to a borrowing country

ZIMCODD Petitions Government, Creditors and Parliament on the Zimbabwe Debt

by Ndamu Sandu

ZIMCODD says in a petition that Parliament should establish a Public Debt Commission to audit the country's external debt, in a move that should inform the country's future strategy.

This comes as social movements around the World commemorate Debtweek from October 7 to 17 a move that will ratchet up pressure on government to consult widely on how to extricate the country from the debilitating debt estimated to hit US$7,6 billion by December 2010.

Treasury has already said it is paying US$300 million per year on interest alone, a huge figure considering that it is a seventh of this year's national budget.

The message in the petition is clear: "Parliament has to audit the existing debt and citizens and their elected representatives should to play a role when government wants to take up new debt."

"We encourage Parliament to establish a Public Debt Commission and conduct an Official Debt Audit. There is need for an audit of all Zimbabwe debts to inform the future debt strategy. This commission should utilise the doctrine of odious debt, and recommend the repudiation of any past loans which fall in this category," it says. "Any contracts and agreements that involve such debts and liabilities should therefore be amended or cancelled."

The petition calls on Parliament to "build its capacities in issues of public finance management so that it avoids rubber stamping loan proposals without carrying out due diligence, in preparation of its enhanced oversight role in this area."

Zimbabwean laws do not prescribe Parliament's input in loan contraction and analysts believe without oversight role of the legislature, the executive has been left off the hook for a long time. The absence of Parliament's oversight role, analysts say, can lead to the accumulation of odious debts, that is, debt that was contracted without citizens' prior knowledge, and did not benefit them whilst creditors were fully aware.

The petition states the need to amend the Public Finance Management (PFM) Act Chapter 22:19 to give it more teeth and to ensure that Parliament is guaranteed meaningful participation in the loan contraction and debt management process.

"Consultation with the Budget, Finance and Economic Development Portfolio Committee (which has clear-cut pre, and post audit functions) would be appropriate. This committee could be empowered to make an objective determination and bar the loan if need be, based on specific criteria. Parliamentary power must also be improved by ensuring that it approves loan guarantees before they are given," says ZIMCODD.

ZIMCODD also says that loans and their terms and conditions must be publicised in a government gazette and national newspapers before the contract is signed.

The coalition says that projects that are funded by debt must be subjected to constitutionally guaranteed citizen input and prior financial, social, environmental and poverty reduction analysis.

"Loans for projects that violate economic, social and cultural rights must be barred. The functions of the newly created Debt Management Office (DMO) must also be explicitly captured in the [PFM] Act." Such calls for Parliament's input are motivated after the country tables its wish list of proposed funding.

According to the three year Macro-economic Policy and Budget Framework, Zimbabwe requires US$29, 8 billion to finance

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Debt service threatens Expenditure on Social Services

By Stanley Kwenda

Zimbabwe is reported to have paid US$ 1,3 million in three installments to the IMF's Poverty Reduction and Growth Facility Exogenous Shocks Facility (PRGF-ESF) this year alone. Thisa is enough to pay for anti-retroviral drugs by the Health and Child welfare Ministry, according to the 2010 budget estimates.

Tariro Chikwanha has lived with HIV and AIDS for 13 years. She has been getting her medication relatively easy at a state hospital in her neighborhood. But she is increasingly worried about the privatization of health services in Zimbabwe which is making it difficult for her and many others in her condition to get medication. Privatization is one of the conditionalities that the IMF and World Bank have traditionally promoted so that poor countries may receive funding or debt relief from them. Observers say that whilst the IFIs imposed only 6 conditionalities in the 1970's, these were increased to 26 in the 1990's.

Chikwanha who founded the Dynamic Realizable Effort to Sustain and Maintain Success (DREAMS), an organization that works with youths who are affected and infected by HIV and AIDS, blames the country's unsustainable debts levels for her worry.

"We can't get drugs for opportunistic infections and AIDS drugs because they are expensive," Chikwanha told Breakfree. A CD 4 count, which is prescribed to HIV and AIDS patients to determine the kind of drugs that they should take cost $ 10 at the state hospital.

The government Social Dimension Fund which is supposed to take care of these needs is virtually inexistent.

"Because of the cost most people end up giving up and wait for their death at home," said Chikwanha.

According to ZIMCODD the public debt has limited the government's ability to provide basic services such as water, education, health and better sanitation.

Women are now increasingly giving birth at home and their children are born HIV positive because they cannot afford the exorbitant fees charged at hospitals and clinics for the prevention of the mother to child transmission. Statistics also show a dramatic increase in maternal related deaths, on the back of these challenges.

Hospitals and clinics in Zimbabwe's urban areas charge $ 250 and $ 50 respectively in maternity fees. Furthermore delivering a baby at state hospitals with the help of a professional midwife costs $ 173. This is despite the fact that 90 percent of Zimbabwean civil service workers earn less than $ 200 a month. To make matters worse ZIMCODD further states that the country's current debt/population ratio is reported to be US$525.03 per person.

Zimbabwe is reported to have paid US$ 1,3 million in three installments to the IMF's Poverty Reduction and Growth Facility Exogenous Shocks Facility (PRGF-ESF) this year alone. Meanwhile government is unable to meet its own expenditure requirements. The amount paid to the PRGF-ESF is enough to pay for anti-retroviral drugs by the Health and Child welfare Ministry, according to the 2010 budget estimates. The same amount can pay the medical aid bill as part of non-monetary compensation for 96% of the country's teachers for a month.

According to statistics from the health ministry, Zimbabwe is using $ 9 in health fees per person per year. But it needs to triple this amount in order to reach the Millennium Development Goals (MDG) s.

"These debts are killing us as women. The government should stop getting more loans from the International Monetary Fund (IMF) and World Bank (WB)," Chikwanha said.

"We have enough money to look after ourselves. We have diamond, platinum and gold they should sell these minerals and get us money to live a better life."

A representative of the Harare Residents Alliance said the country's insurmountable debt has resulted in shortages of water in urban areas.

"We are now forced to buy water because the state can't provide a service as all the money is being channeled towards debt repayments," said the representative.

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Lender Driven Initiatives Cannot Solve the Debt Crisis: Jubilee South

Beverly Keene: International Coordinator of Jubilee South

Many African countries of the South are grappling with huge debts that are debilitating against their ability to provide basic public services such as education, health, water and food to citizens. These debts come in different forms – illegitimate, odious and ecological.

Every year the world marks the Global Week of Action against Debt.

Break Free Writer Stanley Kwenda (SK) asked - the Buenos Aires-based International Coordinator of Jubilee South, Beverly Keene (BK) to take stock of the debt situation in African countries.

SK: What are the reasons for the enormous debt that many African countries are saddled with?

BK: African countries, similar to those of Latin American, the Caribbean, Asia and the Pacific, have experienced a dramatic increase in the volume of financial debt claimed against them for a number of reasons. One of the most important reasons is the interest of Northern based corporations, financial interests, and governments, to continue to maintain their colonial hold over our countries, the wealth that is produced by our peoples, and the natural richness that is so abundant throughout much of the global South. That is to say that the process of indebting our countries is critically linked to the efforts of a tiny part of the world´s population to maintain control, domination, and a steadily increasing flow of wealth from the South, to the North.

SK: But what was the genesis of all this?

BK: Far too often, the accumulation of debt claims was made possible not only through economic and financial ties to local elites, but also through armed aggression, military coups and occupations, and grievous crimes against humanity. In some few cases, loans and credits were sought by South country governments in a good-faith as a strategy to overcome the centuries of colonial and imperial pillaging and destruction, in the absence of international action to sanction such crimes and ensure restitution and reparation of the damage done. But even then, the realities of big-power politics and the capacity of a small handful to intervene to "bend" the rules of the game to their advantage, continues to play an important role. The debt crisis that exploded in 1982, affecting the lives of hundreds of millions of people throughout the global South, was largely determined by the enormous, unilateral rise in interest rates determined by the U.S. and its European allies, when they needed resources in order to confront the risk of domestic recession. The human, social, ecological, and climate costs of that manoeuvre were the prologue to the "lost decade" of the 80s, the neo -liberal policies of stabilization and structural adjustment of the 90`s, and the continuing processes of privatization, deregulation, and abandonment of the responsibilities and obligations of our states that not only continues to put pressure for increased indebtedness, but also increases the vulnerability of our countries as seen in the present context of systemic, global crisis. As the resistance to debt domination has shown in African and throughout the global South, it continues to be one of the major obstacles to the economic and social fulfillment of our peoples rather than a useful tool of some text-book development.

SK: Given this background have there been any changes in the levels of debt, if so why?

BK: In Africa as elsewhere in the South, over the past decade their have been important changes in the nature of the debts. While we can rightly celebrate the small victories reflected in the reduction of external debt levels in some countries, we must also recognize that the bilateral and multilateral "debt relief" schemes that have been applied do not address the root causes of the debt problem, including in particular its illegitimacy. As Africa Jubilee South commented in the Declaration from its first regional Assembly (Nairobi, August 2008), "neither the HIPC Initiative nor the Multilateral Debt Reduction Initiative (MDRI) can provide an adequate solution to the debt crisis," because, as we have also affirmed in Asia and in Latin American, the "solutions" offered by the lenders seek to resolve the problems of the lenders, not those of the borrowers. Indeed, one of the consequences we can see of these schemes is that in most countries where they effectively were used to reduce external debt levels - at an enormous cost to the local populations and a tremendous loss of control over resources and national sovereignty - we are seeing a much-accelerated increase in levels of domestic indebtedness. But even so, it is also important to underscore that often that "domestic debt" continues to be wielded by the same very concentrated, generally foreign, economic interests. With the onslaught of the global economic crisis over recent years, including its food, energy and climate dimensions, in many countries out the South both external and domestic debt levels have sharply risen.

SK: In your own view what should governments be doing to address the problem of debt?

BK: Governments everywhere should be engaging with the citizenry, the organized popular movements in their countries. In relation to that, they must determine the nature and sources of financing necessary to achieve those goals. The past four decades of indebtedness are tightly associated with the imposition of a particular model of development, which by and large has focused on maintaining our countries in a position of dependency, cogs in a machine designed to produce progress and prosperity. These notions must be challenged

> "neither the HIPC Initiative nor the Multilateral Debt Reduction Initiative (MDRI) can provide an adequate solution to the debt crisis," because, as we have also affirmed in Asia and in Latin American, the "solutions" offered by the lenders seek to resolve the problems of the lenders, not those of the borrowers.

and a political willingness to challenge the prevailing structures of power, if the underlying causes of the debt problem are to be tackled.

Governments both in the North and South must undertake comprehensive and participatory Audits of the debts claimed of our countries (in the case of South countries) or the debts collected by their countries (in the case of North countries). We are convinced that in reality, it is not the peoples and countries of the South who owe, but rather the corporations, financial interests, governments and institutions of the Industrialized North that "owe" us. Conducting participatory debt audits, involving the citizenry together with the institutions of government in a process of uncovering and exposing the truth behind the accumulation of illegitimate debt, can be a powerful tool for building the political will necessary to stop paying illegitimate debts and to demand sanctioning of those responsible, restitution of what has been paid in excess, and reparation, redress of the conditions created as a result of such criminal, indeed genocidal, activity.

SK: And what role should the civic society play?

BK: Most parliaments have constitutional authority over the indebtedness of their countries and this is another area for urgent action: parliaments should not only be engaged in the processes of investigating and auditing the realities of debt, but also together with citizen organizations, trade unions, professional groups, popular movements they must take a stand to control the processes of indebtedness, ensuring public scrutiny, input, and control over relevant decision-making. Implementing public policies that address the imbalances and inequities introduced via debt conditionality over recent decades, and that among other consequences have meant the loss of fiscal alternatives (tax write-offs for foreign investors for instance) are other necessary steps.

In this regard, as Africa Jubilee South also affirmed in its first Assembly Declaration, it is critical that governments listen to citizen movements and organizations, and develop endogenous understanding of the vital "linkages between debt and other issues of Africa's development, including trade, finance, investment, consumption patterns, food security, environmental degradation and diverse forms of military and neo-colonial intervention. Trade liberalization has contributed Africa's deindustrialization. Financial liberalization has accelerated capital flight, further aggravating Africa's external dependence.

SK: What are some of the most tangible effects of debt on ordinary people of the South?

BK: The imposition of tight fiscal policies has adversely affected public investments in health, education and other basic social services. In many African countries, low spending on health has contributed to the spread of the HIV/AIDS pandemic. The privatization of public services has increased marginalization and social exclusion. Building coherent alternatives to the model of neo-liberal, capitalist development that remains hegemonic at too many levels of government thinking in far too many countries, alternatives that are focused on the fulfillment of the rights of persons, of peoples, and nature, is to address the problem of debt.

SK: To what extent the North and its representatives in the IMF and World Bank are alleviating or exacerbating the problem of debt right now?

BK: Over recent years, and indeed escalating even now as citizen movements around the world are uniting in global Actions against debt and the IFIs, we hear much talk of IFI reform. But a close look at reality would clearly confirm that whatever is changed is only at the level of appearances. Indeed, the most important decisions taken to date, for instance, by the G8 cum G20, has been the recapitalization of the IMF, the WB, and other IFIs, and a renewed drive to rescue them from the many criticisms and delegitimisation of past decades. In the wake of the confluence of global economic, food, energy, and environmental crises - these institutions have also been quick to offer their "support" in ways that is already stoking a renewed debt crisis. It is particularly dangerous that in the midst of the deepening global climate crisis - a crisis that will have an enormous and extremely deadly impact in Africa due to the historical plunder of the continent´s natural resource base, the World Bank is now seeking to consolidate a role as global climate broker - continuing to peddle illegitimate loans for environmental and climate destruction as "modes of development" while the other hand offers similarly illegitimate loans and credits for false solutions including carbon trading, market-based "clean development mechanisms, mega-dams, and the appropriation of bio-diversity and native forests. These are not only climate issues, but debt issues, human and nature rights issues, challenges for the consolidation of popular sovereignty and self-determination.

Government should consult before taking new loans: Pupils

It is fair for any government to consult its people before contracting any loans, especially if the debt accrued is to benefit the people and to be paid back by the people, school pupils have said. This was said by the winning side of the schools debate organized by ZIMCODD at Queen Elizabeth Girls' high School on Friday 15 October.

The Schools debate in which Queen Elizabeth High School Debate Club took on Hilbright College Debate Club was part of the ZIMCODD Commemorations of the Week of Global Action against Debt and IFIs held from 7th to 17th October 2010.

Four teams from the two schools battled in a protracted contest with the first session tackling the motion, 'Should the government consult the public before contracting any loans or not?' The second session debated the topic, "The Criteria of and distribution of national resources a major cause of poverty in developing countries", with the QE High School teams taking the affirmative sides whilst the Hilbright College teams opposed.

"If governments borrow money on behalf of the public, then the public should be fully aware of the amounts to be borrowed, reasons for borrowing and the terms governing the loans", quipped 15 year old Sharon Munjenjema of Queen Elizabeth High School.

"Ladies and Gentlemen, we have examples of General Sani Abacha, military ruler of Nigeria and Mobutu Sese Seko's in Zaire who accrued huge amounts of debt and later plundered the money for personal aggrandizement. If it is the public's responsibility to repay loans, then it should be the public's responsibility to borrow or not to borrow, said young Ruvimbo Nyakonda supporting the motion.

"Civil wars were sparked when power was in the hands of the public. Why then should the power to borrow be given to the public?" opposed Audacious Jaunda of Hilbright College. "The public has no capacity to tackle highly technical issues such as debt, which is why governments should not bother consulting. Moreover, governments are made up of experts who can handle policies on behalf of the public. There is therefore no need for public consultation'", chided Dell Nyakonda, also from the opposing side.

Movers for the topic emphasized it was in the public's interest to approve or disapprove loans as repayment of loans would result in severe cuts on social spending and the public's rights to education health and other social services. "It is better for governments to invest in public consultations than for the public to suffer the consequences of mismanaged loans", Said Ruvimbo.

The second session tacked the natural resources utilization with strong arguments that the unequal distribution of resources is a major driver of poverty. Movers of the motion said that equitable distribution of resources would go a long way in reducing the gap between the rich and the poor.

The contesting teams walked away with prices of cash, exercise books, reading material and pens.

"I think the students benefited a lot from the sessions. They have learnt more about debt and its social effects." Said Ms Nyarai Kaguta a teacher at Queen Elizabeth High School.

"It is encouraging to see such young talent and ZIMCODD is willing to nurture the talent and raise the level of economic literacy among school children. We would like to contribute to the development of tomorrow's economic policy leaders such as these", said Ms Rosewita Katsande, ZIMCODD Northern Region Committee Member, in her official address to the debate participants.

Other activities marking the Debt week included Theatre, Live music, Poetry, and dance in Harare, Bulawayo and Mutare.

ZIMCODD Introduces Ecological Debt

ZIMCODD is continuously introducing stakeholders to new concepts to broaden their understanding of the nature of debt, in the context of sustainable development. On 7 October, the coalition hosted a book launch where the vernacular versions of its training manuals at the Book cafe. At the same occasion, a panel of speakers reminded participants of the origin of the Jubilee concept, as well as introducing them to the notion of ecological debt.

According to ZIMCODD's Director, Dakarayi Matanga, activists around the World now understood the debt beyond its financial manifestation, to include historical, human and ecological aspects. He said that a broader view of indebtedness would help activists to formulate credible and sustainable economic and social policy alternatives.

Reverend Magaya of Zimbabwe National Pastors' Conference (ZNPC), made a presentation entitled, "Theological perspectives on debt and the jubilee concept". According to him, the Jubilee concept originates from the biblical idea of the year of Jubilee as quoted in Chapter 25 of Leviticus. In the Jubilee year, those enslaved because of debts are freed, lands lost because of debt are returned, and community torn by inequality is restored. Martin Dent, a retired lecturer in politics at the University of Keele, linked the biblical Jubilee to a modern debt relief programme and founded the Jubilee 2000 campaign in the early 1990s.

Jubilee 2000 was an international coalition movement in over 40 countries that called for cancellation of third world debt by the year 2000. It aimed to wipe out $90bn of debt owed by the world's poorest nations, reducing the total to about $37bn. This movement coincided with the Great Jubilee, the celebration of the year 2000 in the Catholic Church. From early 2001, Jubilee 2000 split into an array of organisations around the world, including Jubilee South, to which ZIMCODD is currently affiliated.

Rev. Magaya condemned debt domination of the weak by the IFIs and other creditors, calling it 'ungodly'. He also said that the exploitative economic relations prevailing at global level were exacerbated by illegitimate and dictatorial rule by some governments in the Third World.

ZIMCODD and the Zimbabwe Environmental Lawyers Association (ZELA) are collaborating on the publication of a book entitled 'A Citizens Guide to Understanding Ecological Debt'. Mutuso Dhliwayo, the director of ZELA explained that ecological debt was not easy to define. However, it can be generally understood to be debt that is owed by developed countries, institutions, individuals or generations for using or negatively impacting on the environment, natural resources, life and livelihoods of other countries or communities without incurring any major costs or without adequately paying for the use of those resources. In that case a debtor and creditor situation exists.

Two areas where ecological debt can be illustrated relate to climate change and extractive industries. Climate change is the change in climate over a period of time either as a result of natural causes or human activities. The extractive industries refer to activities linked to exploitation of natural resources including the extraction of non-regenerative resources like minerals, oil and gas.

Did you know?

- Zimbabwe's External Debt is at US$ 6, 7 billion owed to various creditors (IMF June 2010)
- It is projected to grow to US$7,6 billion by end of 2010
- Domestic debt is projected to increase to US$1 billion by December 2010
- Total debt is projected to grow to US$8, 6 billion, or almost three times the current GDP of US$3, 5 billion.
- IMF projects that the external debt will grow to US$9,8 billion by 2015
- This means every Zimbabwean owes US$525.03
- US$ 45 billion is required to get the country back to its peak level of 1996-97.
- According to Zimbabwe's central bank governor Gideon Gono, "Assuming that a person's income is wholly deployed to the servicing of debt, it takes 1, 3 years to clear Zimbabwe's debt".
- As at July 2010 Debt repayments for the year amounted to $1.4 Million, Medical cover requirements for Teachers were at $1,35Million, Whilst ARV requirements were at $1,2 Million (IMF finance department – July 2010)
- Total Arrears as of December 2009 – US$ 4, 446 Million (RBZ 2010)
- Debt/population ration – US$525.03 per person (RBZ – 2010

Art Imitates Life in Play on the Social Effects of Public Debt ***cont from page 3***

issues. They have also produced plays for ZimRights on general Human Rights education. Other artistic groups who feature prominently in ZIMCODD activities are the Zimbabwe Poets for Human Rights and Chabvondoka amongst others.

Maphosa is upbeat about prospects of presenting the play to a wider audience. "The idea is to have as many performances as possible resources permitting. We believe that this is an educational play that should be seen by a lot of people in the various communities around Zimbabwe," he says.

According to him, audiences reacted strongly to the fact that money that is supposed to go towards social services and other important things end up paying debts some of which are odious. They were also surprised to see how each of them ends up 'paying the debt' at individual level through the taxes they pay, and the opportunity costs they incur in terms of social spending. More importantly, they were disappointed to learn that the process of contracting loans does not include citizens in any meaningful way, whilst their involvement comes at the stage of paying the debts.

Art Imitates Life in Play on the Social Effects of Public Debt

The arts industry is playing a leading role in helping civil society to implement programmes targeted at educating the citizen on social and economic justice issues. Artistic expression is being used by ZIMCODD to help its membership to break down seemingly complex issues regarding the economy from a peoples' perspective, and explain how related policies affects them.

On the run up to Debtweek, ZIMCODD commissioned Savannah Arts Trust, and Homegrown Arts Productions to breathe life into a concept for a play entitled, "No Loans for Us without Us." The result was a professional and insightful work of art, which emphasized the need for citizens to be consulted in matters relating to the public debt. Savannah showcased their production in Mutare and Harare, whilst Homegrown Arts performed in Bulawayo. Breakfree spoke to Savannah to gain insight into the work that goes on 'behind the scenes' to prepare a play with an advocacy message.

According to Daniel Maphosa, the Director of Savannah's edition of the play, it was very challenging to translate the complexities of the debt problem at policy level into artistic expression. However, he noted that Savannah has been a member of ZIMCODD for some time, and their familiarity with the Coalition's programmes and campaign messages helped them a great deal. He revealed that he wrote the script of the play together with Patrick Mahlasera, a seasoned scriptwriter. The cast included Judith Tsoka, Teddy Mangawa, Eunice Tava and Lloyd Nyikadzino; actors who are now a familiar sight at many ZIMCODD activities.

The play looks at the effects of debt to an ordinary Zimbabwean citizen as represented by a family that is struggling to make ends meet. The mother has just gone to the hospital and cannot access medication as either it's not there or it's too expensive. At the same time the son is expelled from college because the retrenched father cannot afford the fees. The son, who is an Economic History student, enlightens his family on the reasons why things are as they are. It's the debt. Instead of using the money that is collected by the government in the form of taxes, most of the money is used to repay the Debt, some of which is odious.

Amid all this, there is a proposal as well to have the country declare itself as a Highly Indebted Poor Country (HIPC). The son explains to his over-excited father that this is also dangerous for the country as there are a lot of strings attached to this. Armed with this information, the family orders the MP relative to pass the message to the government that; the government should consult people each time they want to borrow or take such important decisions as declaring the country as a HIPC.

When asked to explain the typical process that they go through in preparing such productions, Maphosa explained that one or two people are given background information to help them develop a script. Every cast member is also asked to go and do his or her own research. After that, a lot of brainstorming is done until a sound concept is agreed to. Inputs are made into the story line with various scenarios improvised until there is a coherent structure to the play. The cast then rehearses the play, and a preview is arranged for whoever has commissioned the production. Equipped with the comments from the preview, the cast go back into the rehearsal room to make any necessary improvements.

Why are artistes drawn to collaborating with ZIMCODD on social and economic justice campaigns? "Savanna Trust is an information dissemination organisation that empowers communities through theatre," says Maphosa. "There is an intersection between our beliefs and agenda and that of ZIMCODD's, which is social justice. Our general belief is that these issues need to be addressed and we are happy to seize every opportunity to be part of this struggle, doing what we know best."

Other Savannah productions produced for other organisations include 'Hold My hand' a play on national healing, in collaboration with CCDZ, ADZT and MISA Zimbabwe and Youth Alliance for Democracy (YAD). 'Vari Kuuya' which centres on the issue of constitutional reform, was produced for Crisis in Zimbabwe Coalition. In the year 2009-10 Savannah produced more than four plays for ZWLA on various women's rights

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The cast of No Loans Without Us performs a play at the Debtweek launch

The Challenge of Access to Information and prospects for Transparency in Public Finance

by Tabani Moyo

The Zimbabwean government is one of the institutions which are very secretive in outlook. Its operations are highly protected with structured laws that are aimed at ensuring that its citizens find it a daunting task to access information.

The debt obligations accrued by the state becomes one of the top secrets among others. On the 27th of September 2010, the Minister of Finance, Honourable Tendai Biti announced that the country's debt had reached an all time high record of USD 6.7 billion compared to USD 5.8 billion as of May 2010. In a space of five (5) months the government had increased its borrowing by 900 million.

In other terms the country spend 6.7 billion which it did not have nor does it have the modalities to service such debt given the fact that the country has other pressing matters to address without a matching financial liquidity or revenue.

If one is to carry a random sample to enquire into the people of Zimbabwe's knowledge on how the country accrued such high levels of debt and how such obligations will be met, I am very much confident that the majority of the people will not have such answers.

More so, if one is to ask the question of how the money was used the answers will be merely speculative. The operating theory of how the sate works is that it borrows on behalf of the citizenry to provide the public goods such as education, health, water supply, recreation and other basic necessities.

With such a debt balance, one would have had a legitimate expectation of a functional health system, reliable education and food security for the citizens. Sadly it's not the case.

Given the fact that we do not have adequate information being provided by the state we end up speculating. Hence on issues regarding national debt our analysis borders on academic guess-work pointing to the abuse of the borrowed money which the public has to be burdened through a high tax regime as a means of settlement.

It's like pouring the tax payer's funds into a bottomless pit without any form of accountability on how the money is going to be used.

This situation was created deliberately through the restrictive pieces of legislation such as the Access to Information and Protection of Privacy Act (AIPPA), The Official Secrets Act and The Parliamentary Privileges and Immunities Act amongst the raft of laws aimed at making state business a 'top secret'.

It is through such information that any person who seeks to access information from public bodies encounters countless barriers until one gives up. Under AIPPA, one has to wait for up to 30 days after requesting information from any public body before a response. Upon the expiry of the required time, the head of the institution has the prerogative to disclose or decline disclosure depending on how he or she deems the information to be of state security importance or not.

Given this scenario, it remains a pipe dream for the people of Zimbabwe to verify whether the information released by the Central Statistics Office (CSO), the Reserve Bank, Ministry of Finance or any other institution dealing on debt issues is a true reflection of what is happening on the ground.

This has bequeathed the state with a leeway of releasing the bits and pieces of information which in the majority of instances is not very useful for the purpose of making informed decisions. It further curtails the efforts by the civic groups and the people of Zimbabwe to watchdog the state on its borrowing and expenditure behaviour.

As long as these laws remain in place as a country we will continue to live on borrowed times. We will remain on auto cruise, spending what we don't have and carrying forward the burden of settling the debt obligations to the future generations. We do so with wanton recklessness and arrogance.

After 30 years of independence, Zimbabwe can only be defined as an adult, which needs to start behaving as such through ensuring the following:

- Initiating a debt audit to identify the justifiable borrowings and usage of such debt
- Opening up the state for public scrutiny to ensure the taxed populace participates in debates on how their tax funds are being used
- Repeal the restrictive afore-stated laws and replace them with democratic laws that enable access to information such as the Freedom to Information Act. Where there are state security matters they need to be clearly outlined and defined
- Open up platforms to debate whether the debt was justifiably accrued or not and mapping up the way forward on its legitimacy
- Stop the treatment of debt issues as events through announcements of the annual debt with government keeping the nation informed through regular updates

These are some of the modalities that are necessary to ensure that the state can start opening up on the treatment of this cancerous habit of secretively acquiring and using funds that are going to be settled by the tax payer's funds.

The culture of primitively consuming what we do not have has a serious bearing on the future generations which we are here to serve by virtue of being on earth during this specific period. The same obligations which saw the liberation struggle generation taking arms had before my generation, it does not give them the right to hold themselves superior and more equal than other citizens because it was their generational obligation to do so.

In the same vein, we do not need the future generation to inherit a 'dirty debt' whereby no one knows except the chosen few on how we ended up with such huge figured of money being borrowed and spent. It is time as a country to stop living on borrowed times.

Tabani Moyo is a journalist based in Harare. He can be contacted on rebeljournalist@yahoo.com

October 7 – 17/10
Week of Global Action against Debt
and the International Financial Institutions

Declaration on the Commemoration of Global Week on Debt and IFIs in Zimbabwe

7 – 17 October 2010

Investing in People for Social and Economic Justice

Hosiah Chipanga singing against debt

This declaration expresses the concerns and recommendations of the Zimbabwe Coalition on Debt and Development (ZIMCODD) a social and economic justice coalition focusing on debt and development in Zimbabwe, and undersigned social movements, CSOs, trade unions and other related organisations within and outside Zimbabwe expressing solidarity with them. The statement is part of local activities to launch the annual Global Week on Debt and IFIs, also known as 'Debtweek' locally. Debtweek is a week of citizens' actions and mobilizations worldwide, around the issue of unsustainable public debt and its negative impacts on the citizens and economies of poor countries globally.

We are commemorating the inaugural Debtweek in Zimbabwe with the theme, "Responsible Lending and Borrowing to Guarantee Peoples' Social and Economic Rights." Activities fall at a time that marks a decade of struggle by organized civil society in Zimbabwe against the challenges posed by the economic and social crisis prevailing in the country in the past decade, underscored by the country's growing indebtedness.

Our studies show that citizens incur huge costs as payments on the principal, interest and penalty charges to national debt are made at the expense of expenditure on social sectors and rehabilitating infrastructure. Furthermore, it has become clear that the legal framework of the public loan contraction and debt management systems in Zimbabwe do not ensure transparency, accountability and inclusiveness in their current form. This is mirrored in studies of other countries which clearly show that internal mechanisms have had just as significant an impact on Africa's debt crisis as external factors have had. Weak internal mechanisms are also linked to the growth of domestic debt.

Studies on IFIs, their structures and complex policy instruments have shown that the fundamental weakness in the debt crisis is the creditors because they continue to pursue their narrow interests at the expense of poor countries and the welfare of their people. Whilst they dominate the global financial system with pervasive impacts on human development, there is no corresponding global governance structure to protect the interests of the weak. Poor countries end up devoting significant portions of their budgets servicing external debts at the expense of their citizens' well-being. Social indicators have therefore declined whilst interest payments on debt increase. A democratic or rights-based framework for resolution of the current debt crisis is needed urgently.

In the current context Zimbabwe is recovering from a decade of political, economic and social crises. Reports that Zimbabwe cannot move forward if it does not deal urgently and effectively with the external public debt are distressing for citizens who are desperate for a new beginning. External debt is projected to grow to US$7,6 billion by the end of 2010, whilst domestic debt will increase to US$1 billion in the same period.

In view of the above, we collectively urge that the following actions be taken:

To the creditors of Zimbabwe's external debt:

We call on creditors to take into account their own multilateral development commitments, such as the MDGs and international protocols that guarantee the social and economic rights of the people in dealing with the Zimbabwe debt. They must immediately introduce a moratorium on debt service, to arrest the growth of interest payments and penalties on the debt which is unpayable because of the current state of the Zimbabwean economy. This should be followed by a Parliamentary audit of current debts. We also reiterate that debt relief programmes such as the Heavily Indebted Poor Country Initiative (HIPC) are no substitute for total debt cancellation.

To the Ministry of Finance:

We welcome the recent signing into law of the Public Finance Management Act Chapter 22:19 which enhances effective and responsible economic and financial management by Government on a broad range of issues. However our analysis shows that the Act has very little advantage on its predecessor where loan contraction and debt management is concerned. We therefore recommend the introduction of amendments which strengthen this specific area to ensure transparency, accountability and inclusiveness.

The proposed amendments must ensure that Parliament is guaranteed meaningful participation in the loan contraction and debt management process. Consultation with the Budget, Finance and Economic Development Portfolio Committee (which has clear-cut pre, and post audit functions) would be appropriate. This committee could be empowered to make an objective determination and bar the loan if need be, based on specific criteria. Parliamentary power must also be improved by ensuring that it approves loan guarantees before they are given. Loans and their terms and conditions must be publicised in the Gazette and national newspapers before the contract is signed. Projects that are funded by debt must be subjected to constitutionally guaranteed citizen input and prior financial, social, environmental and poverty reduction analysis. Loans for projects that violate economic, social and cultural rights must be barred. The functions of the newly created Debt Management Office (DMO) must also be explicitly captured in the Act.

Ultimately we urge the Government of Zimbabwe to convene a conference with its creditors to discuss a realistic assessment of the country's debt sustainability under the prerogative of a fresh start for Zimbabwe's economy.

To the Parliament of Zimbabwe:

We encourage Parliament to establish a Public Debt Commission and conduct an Official Debt Audit. There is need for an audit of all Zimbabwe debts to inform the future debt strategy. This commission should utilise the doctrine of odious debt, and tamping loan proposals without carrying out due diligence, in preparation of its enhanced oversight role in this area.
recommend the repudiation of any past loans which fall in this category. Any contracts and agreements that involve such debts and liabilities should therefore be amended or cancelled. Relevant, contextually appropriate changes to debt management policies will be informed by a debt audit. We also encourage Parliament to build its capacities in issues of public finance management so that it avoids rubber stamping loan proposals without carrying out due diligence, in preparation of its enhanced oversight role in this area.

Conveners:

This statement is formulated by ZIMCODD, and endorsed by the following:

National and Locally based CSOs:

1. Transparency International Zimbabwe (TI-Z)
2. Zimbabwe Congress of Trade Unions (ZCTU)
3. Zimbabwe National Students Union (ZINASU)
4. Zimbabwe Lawyers for Human Rights (ZLHR)
5. Zimbabwe Human Rights Association (ZimRights)
6. Crisis in Zimbabwe Coalition
7. Non State Actors Forum (NSAF)
8. National Youth Development Trust (NYDT)
9. National University of Science and Technology (NUST) SRC
10. Habakkuk Trust
11. Youth Initiative for Development in Zimbabwe (YIDEZ)
12. Bulawayo Upcoming Traders' Association (BUTA)
13. Poverty Reduction Forum Trust (PRFT)
14. Padare/Enkundleni Men's Forum on Gender, (Bulawayo chapter)

Global, Regional and External CSOs:

1. Jubilee South Global
2. IBON International (Philippines)
3. African Forum and Network on Debt and Development (AFRODAD)
4. European Network on Debt and Development (EURODAD)
5. Africa Jubilee South
6. The Southern and Eastern African Trade Information and Negotiations Institute (SEATINI)
7. Economic Justice Network of FOCCISA
8. SADC Council of NGOs (SADC-CNGO)
9. Malawi Economic Justice Network (MEJN)
10. Kenya Debt Relief Network (KENDREN)
11. Daughters of Mumbi Global Resource Center (Kenya)
12. Tanzania Coalition on Debt and Development (TCDD)
13. African Forum on Alternatives (Senegal)
14. Africaine de Rechercherche et de Cooperation pour l'Appui au Development Endogene (ARCADE-Senegal)
15. Zambia Association for Research and Development (ZARD)
16. Jesuit Centre for Theological Reflection (JCTR-Zambia)
17. Norwegian Church Aid (NCA)
18. Church of Sweden
19. ESS-Munich (Germany)
20. Erlassjahr (Jubilee Germany)
21. Jubilee Debt Campaign UK
22. Jubilee USA Network
23. Jubilee Scotland
24. Debt and Development Network Ireland
25. Committee for the Abolition of Third World Debt (CADTM) Pakistan
26. CADTM-Belgium
27. Zimbabwe Europe Network (ZEN)


ZIMCODD launched the Shona, Ndebele and Braille versions of its Civic Education Manual during Debtweek. ZIMCODD also launched A Citizen's Guide to Ecological Debt


Debtweek concert participants on the dance floor


Lourdon Lodge Primary school children singing at the Debtweek launch in Mutare

Participants contesting in a quiz session interluding the Zimdebt Week concert


Members of the Deaf Nzeve Mutare performing in sign language at the Debtweek launch in Mutare


Part of the debt week crowd following proceedings at the Debtweek concert