Zimbabwe's Debt Distress and its Implications on Gender Responsive Public Service Delivery

A RESEARCH REPORT

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Table of Contents

Table of Figures

#UnpaidCareWork

Access to water, Government run child care centres, and electricity is associated with fewer care hours and/or more equal distribution within households. Based on the logic that provision of these services reduces care demands at the household level. Electricity can be used for equipment that reduces care work, such as stoves, refrigerators, washing machines.

1. Executive Summary

The main objective of this study is to establish the utilization of borrowed funds in Zimbabwe and the impact that debt distress has on gender responsive public service delivery. The paper demonstrates that public indebtedness over the past three decades has led to a significant increase in the burden of care and unpaid work for women. Using the concept of Gender Responsive Public Service delivery, with a particular reference to provision of safe and clean water as well as sanitation, the study shows that loan acquisition, utilisation of the same and repayments have left women worse off as they still bear the brunt of the negative social effects of public debt in Zimbabwe.

With respect to the nature of public debt, the study establishes that arrears constitute the biggest component of external debt, constituting about 64%. Debt accumulation was mainly confined to the pre-2000 period, with only limited new debts, especially from China and other private creditors, arising in the post-2000 era. However, a look at the evolution of the debt reveals that despite the debt burden falling on the present generation, some of the debt was acquired at independence, while others were loans to undertake various ventures with little benefits to gender responsive public service delivery. In particular, while a limited number of loans were devoted to water & sanitation, health and other social services, they focused on the acquisition of consumables rather than improving facilities to be used by women, such as hospitals, health centres or construction of local markets. Thus, they did not go a long way in lessening the burden of unpaid care work on women.

The study establishes several issues on debt distress and gender responsive public service delivery. These include the following:

Debt distress in Zimbabwe and implications

The external debt to GDP ratio for Zimbabwe shows that if Zimbabwe were to clear its debt, then about 40% of GDP would no longer be available to meet the needs of Zimbabweans, including gender responsive programming. The debt service to total expenditure ratio shows that over the period of high debt accumulation, especially between 1991 and 1999, debt servicing constituted about 20% of total revenue on average. This means that all government's programmes had to be catered for by only 80% of the total resource envelope, with the rest servicing debt. At 20% of total revenue, debt servicing was well above the 12% threshold recommended by Action Aid Zimbabwe. This affected government's capacity to respond to other critical areas, including financing social services which have a large bearing on gender responsive public service delivery. The average debt servicing costs over the period 1991-1999 of high debt accumulation was about 20% of total expenditure. However, over the entire period 1999-2018, it constituted only 2.6% of total expenditure. Although this is low, this was still above the allocation towards water and sanitation (and other social services), which constituted only about 2.2% of total expenditure. This means that debt servicing costs had the capacity to double the water and sanitation budget. The low budget for water and sanitation remains in place despite government's commitment to allocate 7% of the budget to WASH at the 2014 Sanitation and Water for All High-Level Meeting.

Water and sanitation provision

Due to reduced budgetary funding towards water and sanitation, urban areas are now characterized by a number of challenges. Non-revenue water, which means water that has been produced but is lost before it has been utilised due leakages, theft or metering inaccuracies, is at about 43% on average. The maintenance record of water infrastructure is very poor, as only 4.2% of infrastructure is maintained. Water supply continuity is also low at only about 12 hours a day. In rural resettlement area, about 74% of the people lack access to safe water. Unreliable municipal water supply for domestic needs result in people falling back on alternative water sources, many of which are contaminated, with increased morbidity. Water borne diseases keep on recurring; despite the 2008/9 cholera outbreak of 100,000 cases and 4,280 deaths, in 2018 there were 10,202 cholera cases reported between 4 September and 21 November 2018. In addition to being victims, women also look after the people falling sick due to water challenges, which increases their unpaid care work burden.

The water situation, which is poor in rural areas as well, reflects that government has largely failed to undertake gender responsive public service delivery, with a number of implication on women. The unpaid care work burden for women, who have the burden of fetching water, is increased as water collection is a women role in eight out of every 10 households without a piped supply in Zimbabwe. The population with access to basic water services has been falling between 2000 and 2017; it was 70% in 2000 but was only 64% in 2017. This means that nearly two in every five Zimbabweans have to travel more than a kilometre to get access to an improved water source. Thus multiple trips to distant water sources with heavy loads and spending time queuing at communal hand pumps or water delivery trucks arise due to underfunding of the water and sanitation sector.

Underfunding also has serious implications on the sanitation sector. Only 20.5% of the total wastewater infrastructure across all the urban local authorities is of high quality, and to make matters worse, only about 8% is being maintained. In rural resettlement area, about 57.3% of households have no toilet facility at homesteads. The percentage of the population with access to basic sanitation services also decreased from about 46% in 2000 to 36% by 2017. Due to incapacitation, wastewater also re-enters the water courses without adequate treatment. The situation increases the disease burden, increasing women's unpaid care work in cleaning burst sewerages flows as well as caring for the sick.

Implications on health and education

Debt distress also compromises on the ability to adequately fund health and education, which have significant implications on women as well as on the unpaid care burden. Funding on education can be benchmarked to the Dakar Framework for Education for All of 2000, were governments agreed to allocate at least 20% of total government spending towards education. Similarly, health expenditure allocation can be benchmarked against the Abuja Declaration of 2001 which recommends that governments should allocate at least 15% of annual budget to the health sector. However, despite incurring high levels of debt, the government was never able to meet the Abuja Declaration target of 15% between 1985 and 2018. This means that debt was not being used to capacitate government to adequately respond to health needs. The government was, however, able to meet the Dakar Declaration target except for some limited years.

Underfunding the health sector implies a greater proportion of the population fell sick, while the quality of health care services remained poor. This increased the burden on women to care for sick, which takes significant time off any productive ventures. Underfunding the health sector also significantly affected the quality of the sexual and reproductive health services systems, which also compromises the ability of women to have birth control and reduce early pregnancies. Underfunding also has a direct bearing on the quality of neonatal and post-natal services, having an impact on women's own health as well as their children.

Impact of government's response strategies on debt

Government also introduced various policies and strategies to try and contain debt distress. These measures include constitutional provisions and specific legislations to deal with debt and how new debt can be created [1]. Government also adopted the Sustainable and Holistic Debt Strategy in 2010, which was eventually subsumed into the Zimbabwe Accelerated Arrears Clearance, Debt and Development Strategy (ZAADDS), officially launched in 2012. The Clearing External Debt Arrears and the Supportive Economic Reform Agenda of 2015, which is also known as the Lima Agreement, was also produced to resolve the country's external arrears to multilateral institutions.

The study contends that ZAADS did not achieve any meaningful impact on debt containment, although the Lima strategy partly worked in clearing IMF arrears in October 2016. The use of domestic resources in debt repayment can be a better option provided there are strategies in place to ensure fair valuation of minerals and other resources which can be used to offset debt. The coming up with the debt strategies, however, helped improve relations with the creditors.
Other government's strategies also occurred through the adoption of austerity measures in 2019. Austerity was designed to reduce government expenditure as a way of managing budget deficits, which were key drivers of domestic debt. On one hand, due to the emphasis on fiscal discipline, government was able to reduce domestic debt, as it began to run fiscal surpluses in 2019. Restrictions on Treasury Bill issuances and a new thrust of zero recourse to RBZ financing also helped ensure that the net effect of austerity was to reduce domestic debt expansion. On the other hand, austerity measures saw the Intermediated Money Transfer Tax (IMTT), increased from five cents per every intermediated money transfer to two cents for every dollar transferred. This measure was mainly targeted at extracting taxes from the informal sector. Since the informal sector is mainly characterized by women, this significantly eroded returns from the businesses which women undertake using their limited time from unpaid care work. In addition, austerity also reduced spending on social expenditure and safety nets, which could have cushioned the vulnerable and helped minimize the burden of unpaid care work.

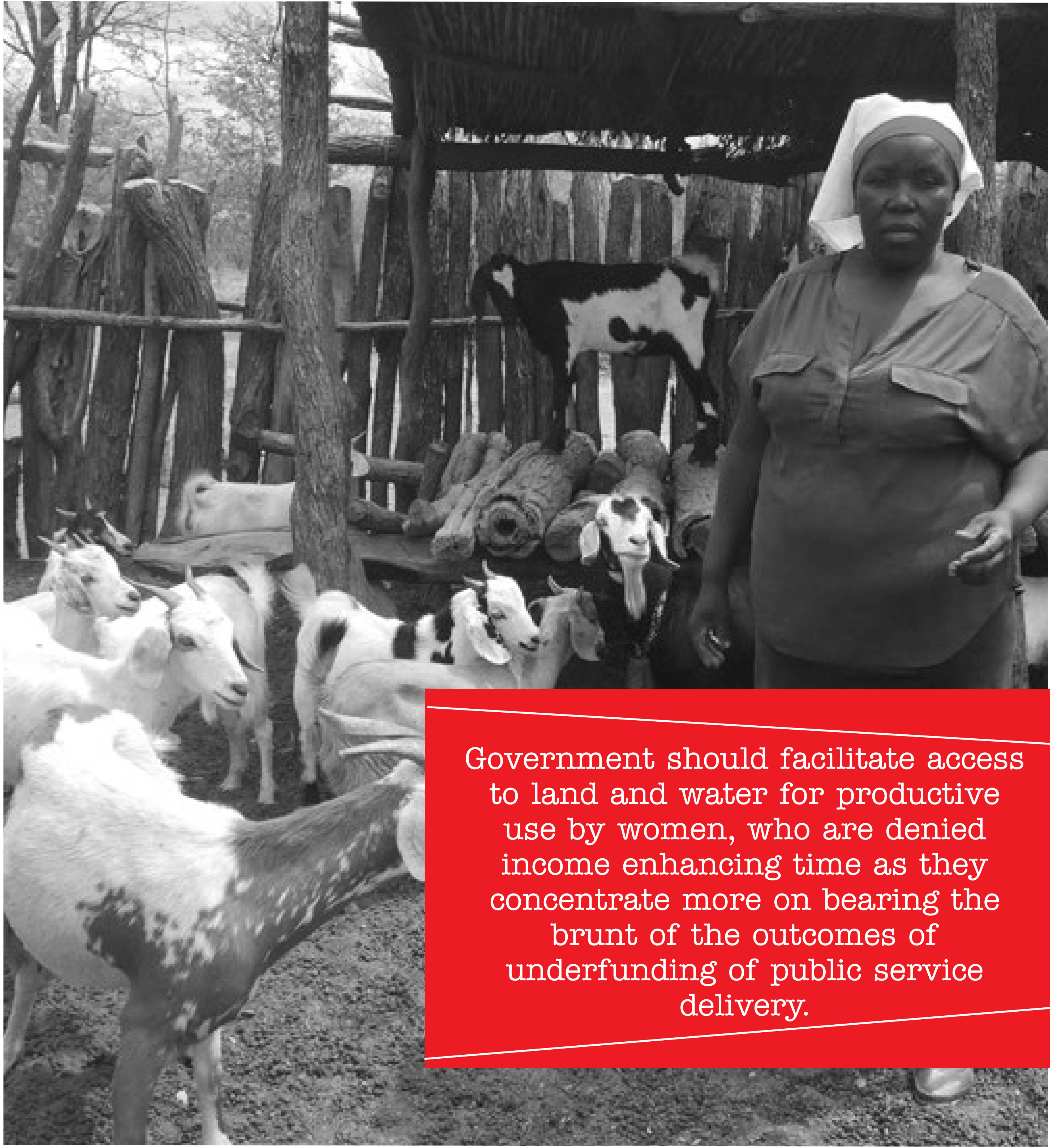
Recommendations

Based on these findings the following can constitute key recommendations for the study, which are all aimed at the Government:

- Government should urgently resolve the historic debt challenge, as this will remain a stumbling block towards gender responsive public service delivery. Addressing the debt issue would help avoid transferring that debt to the current tax payer and future generations that did not benefit much from the loans.
- Given the current state of incapacitation for government to adequately mainstream gender, it is recommended that any debt in future should embrace gender mainstreaming. This also includes borrowing to enhance financing of programmes aimed at enhancing awareness as well as expanding capacity and creating institutions that represent the interest of women and the girl child.
- Government should strive to ensure that it has the capacity to finance water and sanitation. The sector should not be left to development partners, as such financing is not sustainable. The sector is severely underfunded, at a time when it has a huge bearing on health outcomes, which further enhance the burden on unpaid care work.
- Debt should also have a bias towards improving social infrastructure, as this sector has crucial implications on livelihoods. This includes financing and sustaining health infrastructure projects such as building hospitals and increasing the capacity of existing health institutions to cope with any health crises. Financing social services would also help enhance the government's response capacity to gender equality, as this would lessen the burden of women, especially in unpaid care work;
- As much as possible, government needs to pursue other financing methods outside debt, especially in response to emergencies and

1. Specifically amendments to the Public Finance Management Act [Chapter 22:19] as well as the introduction of the Public Debt Management Act [Chapter 22:21] crises. High interest debt from private and bilateral creditors has only compounded the country's economic woes;

- Government should facilitate access to land and water for productive use by women, who are denied income enhancing time as they concentrate more on bearing the brunt of the outcomes of underfunding of public service delivery. Agriculture activities remain the low hanging fruit compared to other commercial activities which could be difficult to balance with unpaid care work.



Government should facilitate access to land and water for productive use by women, who are denied income enhancing time as they concentrate more on bearing the brunt of the outcomes of underfunding of public service delivery.

2. Introduction

2.1 Background

At any given time, there is always a mismatch between government needs and obligations on one hand, and its revenues on the other. This mismatch, which is more often than not, characterized by high expenditure requirements and lower revenues, often calls for government to consider borrowing as a way of bridging this gap. Borrowing is mainly done on the understanding and assumption that future revenues will be able to grow to be able to create the capacity to repay the loans. However, in most cases this capacity to repay rarely materializes, which results in most developing economies being characterized by an unsustainably high public debt.

Public debt can be defined as the total resources that a country owes to different lenders, which include individuals, businesses, and even other governments. It can be classified into two; domestic public debt and external public debt. Domestic debt focuses on what government owes internal lenders, while external debt is what government owes to foreign institutions such as bilateral institutions, International Financial Institutions (IFIs), as well as private lenders such as commercial banks. Zimbabwe is currently characterized by a huge public debt. As at end of 2019, the consolidated public sector debt for Zimbabwe stood at about US$10.4 billion, with public and publicly guaranteed external debt constituting the bulk at about US$9.87 billion (IMF, 2020).

There are a number of disadvantages that can arise from public debt incurrence. Firstly, borrowed resources can be misused, especially for populist and political expedience, at the expense of any meaningful developmental overtures, making it difficult to repay the debt when it becomes due. Second, public debt can create obligations on future generations who might have not benefited much from the use of the borrowed funds. Thirdly, borrowing imposes a high debt service bill, which would see resources being diverted from potential growth enhancing sectors to service historical debt whose benefits might not have been realized. Finally, a huge public debt creates economic distortions, as a country with a high debt is generally risky; hence a risk premium is imposed on interest rates.

Public debt and its servicing are a particular problem for the African continent, undermining the ability of governments to meet their commitments on gender equality and the promotion of women's rights. The costs of servicing this debt are disproportionately borne by women, while the funds borrowed are rarely spent in ways that prioritise women's rights. If new debt is mainly confined to areas that further increase the burden of unpaid care work on women, it will reverse the gains on gender equality that has been recorded to date. In addition, the usage of debt might offer little to promote women empowerment or address the cultural and societal practices that discriminate against women.

This study is intended to establish the utilization of borrowed funds and the impact of debt distress on gender responsive public service delivery, especially water and sanitation.

2.2 The focus on water and sanitation

One sector that is of great significance in both economic development as well as from a social perspective is the water and sanitation sector. In the early years of independence, government regarded this sector as a priority, especially in rural areas. The 20 year National Master Plan for Rural Water and Sanitation (1985-2004/5) is credited with most of the strides that were made in improving water and sanitation in the 1980s and 1990s. This was mainly because by the 1990s, service coverage for Zimbabwe with respect to water and sanitation was now among the highest in Sub-Saharan Africa (AfDB, 2011). The objectives of the Master Plan included ensuring that all the population in communal and resettlement areas have access to safe drinking water from a protected water source within a distance of 500 meters from their homes. The programme was also aimed at ensuring that all households have at least one Blair toilet in their homes (Government of Zimbabwe, 1985). Although this was reasonable ground to create debt, the Master Plan was designed in such a way that all the projects would not be funded from loans. The total costs of Z$836 million in 1985 prices for the programmes was to be borne by development partner support, beneficiary households as well as from government resources (Government of Zimbabwe, 1985). A phased down funding method by development partners, where they would fund 60% until 1990, 50% by 1995, 40% by 2000 and 30% by 2004/5 was designed, but World Bank estimates show that by 2000, the development partners had funded about 95% of the total costs (World Bank, 2002).

The same pattern is also true with respect to urban water and sanitation programmes. They were largely driven by development partner support, which explains why there was a rapid decline in the quality of water and sanitation infrastructure beginning in 2000 when development partner support virtually stopped due to poor political relationships. The harsh economic environment also affected the capacity of the users to pay, resulting in serious health and social implications, including the cholera outbreak of 2008/9, where about 100,000 cases and 4,280 deaths were recorded (AfDB, 2011), increasing the burden on women to take care of the sick.

This implies that government borrowed largely for programmes outside the water and sanitation sector. It was only later when China came on board with concessionary loans that water and sanitation sector became a debt beneficiary. This will be discussed in subsequent sections. The use of borrowed funds in water and sanitation could have created a more sustainable base water and sanitation infrastructure compared to relying on development partner support. With development partner support ending, government began to struggle to finance water and sanitation.

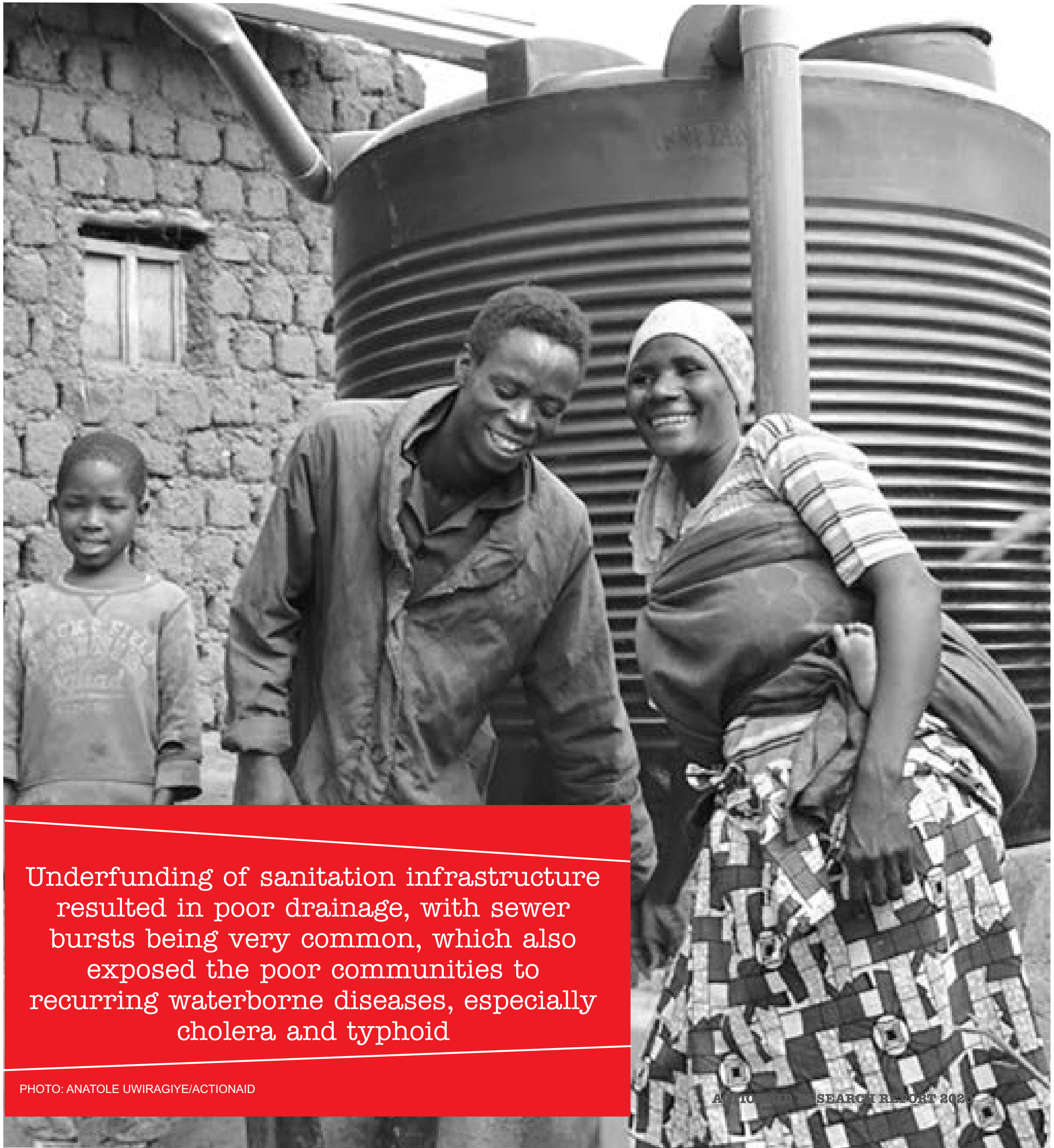
This underfunding of the water and sanitation infrastructure had serious implications, especially on gender equality. Given that the rural water and sanitation programme could not be sustainably funded beyond 2000, this increased the unpaid care work burden for women who have the burden of fetching water. A recent Action Aid report estimates that water collection is largely a women role in eight out of every 10 households that lack a piped supply (Action Aid, 2020). This can involve multiple trips to distant water sources with heavy loads, compounding health and well-being, while in urban areas, this also involve spending time queuing at communal hand pumps or water delivery trucks (Action Aid, 2020).

Underfunding of sanitation infrastructure resulted in poor drainage, with sewer bursts being very common, which also exposed the poor communities to recurring waterborne diseases, especially cholera and typhoid. This compromised health and increased the burden of unpaid care work on women as they took care of the sick. Generally, convenient access to water and sanitation facilities increase privacy and reduce the risk to women and girls of sexual harassment/assault which could take place while collecting water. Thus, exposure to such risk also increased.

2.3 Study objectives

The main objective of this study is to establish the utilization of borrowed funds and the impact of debt distress on gender responsive public service delivery, with particular focus on water and sanitation. This will also result in the following specific objectives being addressed:

- To provide an analysis of Zimbabwe's domestic, external and publicly guaranteed debt from 1980 to 2019 highlighting the trends in the composition by creditor;
- To analyse debt trends, including public debt to GDP ratio, debt servicing to expenditure ratios and other ratios to establish the impact of debt on the economy;
- To establishing and analyse the impact of reduced budgetary funding towards water and sanitation sector due to debt distress;
- To assess the effectiveness and sustainability of the measures taken by the government of Zimbabwe to mitigate the risk of debt distress, including austerity measures, the Sustainable and Holistic Debt Strategy of 2010 and the Zimbabwe Accelerated Arrears Clearance, Debt and Development Strategy; and
- Provide recommendations to promote transparent, accountable and sustainable borrowing that will spur economic growth while guaranteeing an improved public social service delivery.



Underfunding of sanitation infrastructure resulted in poor drainage, with sewer bursts being very common, which also exposed the poor communities to recurring waterborne diseases, especially cholera and typhoid

PHOTO: ANATOLE UWIRAGIYE/ACTIONAID

3. Gender Responsive Public Service Delivery

Public services include basic services that support human rights, such as health, education services, employment and economic services, among others (Cities Alliance, 2017). They also include services such as water, electricity, road, transport, sewerage and telecommunications infrastructure as they play a crucial role in supporting economic and social rights. Their malfunctioning can deepen gender inequalities, gender-based violence and exclusion (Cities Alliance, 2017). This study focuses largely on water and sanitation, while also acknowledging the role of other public services in enhancing gender equality.

Access to water, sanitation and hygiene (WASH) is a major challenge in sub-Saharan Africa because of economic challenges and cultural factors that greatly inhibit women and girls' participation in WASH decision-making and implementation processes (Abu et al, 2019). UN Women (2018) highlights that decisions on 'big water' issues such as large-scale infrastructure investments, water allocations or water trading remain largely gender-blind despite the disproportionate responsibility that women and girls bear as primary users, providers, and managers of WASH at the household level. These gendered barriers to access public goods and services continue to constitute a major obstacle to the productivity and inclusion of individual women, men, girls and boys in cities around the world (Cities Alliance, 2017).

Public service delivery is gender responsive when it addresses and meet the needs and priorities of the general public based on their gender, disability, age, ethnicity and social context including religion[2]. Gender responsive public service delivery progresses the fulfilment of girls' and women's right to education, water and sanitation, bodily integrity, sexual and reproductive health rights[3]. Further, it frees women's time at the household and community levels to engage in income generating activities and ultimately leads to their economic empowerment, given that they bear more burden of unpaid care work. When public services are not gender-responsive, however, the burden of women's unpaid care is increased, inequality is exacerbated and poor and excluded women face a major barrier to enjoying their rights (ActionAid, 2018). This implies that provision of gender responsive public services is a human right which should be protected, respected and fulfilled.

Water and sanitation deserve full attention because of its multiple linkages to Sustainable Development Goals (SDGs) as highlighted by UN Women (2018):

- safe water, sanitation and hygiene is an essential ingredient for progress on several SDG 3 health-related targets;
- if provided in full it positively impacts on SDG 4 targets on achievement of quality education and effective learning outcomes among girls;
- freeing time for adult women through provision of gender responsive WASH services allows them to take up wide range of employment opportunities, potentially contributing to achievement of decent work and poverty reduction aimed for through SDGs 1 and 8;
- WASH also has potential in fostering gender equality aspired for in SDG 5;
- WASH is essential in inclusive urbanisation and slum upgrading as espoused in SDG 6.
- This study therefore looks at gender responsive public service delivery within these lens.

2. https://africayouthtrust.org/why-gender-responsive-public-services/
3. https://africayouthtrust.org/why-gender-responsive-public-services/

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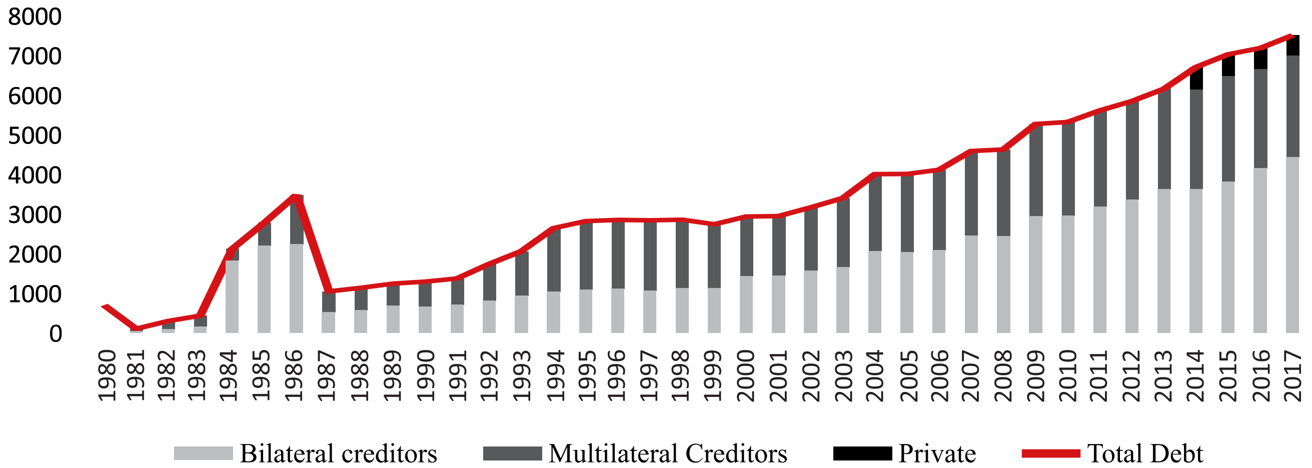
Public Debt

"Government should urgently resolve the historic debt challenge, as this will remain a stumbling block towards gender responsive public service delivery. Addressing the debt issue would help avoid transferring that debt to the current tax payer and future generations that did not benefit much from the loans.

4. Evolution of Zimbabwe's Public Debt and Implications

The country's debt problem and implications can be fully understood through an analysis of the historical evolution of the debt, especially given that almost two thirds of the current debt arises from arrears. The evolution of the country's total external debt, distributed by creditor, is shown in Figure 1. It is quite apparent that that the greatest spike in total debt happened between 1983 and 1986, mainly spurred by bilateral debt. In 1987, there was significant bilateral debt servicing, which reduced the debt significantly before multilateral debt began to increase until 2000. Post 2000, the debt was mainly pushed by bilateral debt from China, as well as outstanding arrears. There are no noticeable significant changes in debt management under the inclusive government of 2009-2013, although post

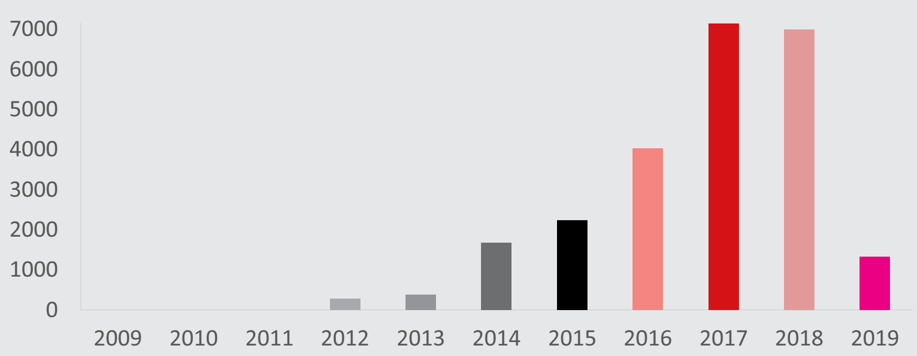
Figure 1: Summarised evolution of Zimbabwe's debt (US$) by creditor, 1980-2017



Source: Chigumira, Mupunga and Chipumho (2018) the inclusive government, there was recourse to private commercial creditors as well.

With respect to domestic debt, following the adoption of the multi-currency system in 2009, Zimbabwe started on a clean sheet, as the previous debt was virtually wiped off by the resultant dollarisation. Thus, the historical overview of domestic debt before 2009 will not have much implication on the current level of indebtedness. However, domestic debt only started rising following the end of the inclusive government in 2013 (see Figure 2). When large fiscal deficits began to be realized, the government resorted to the central bank for finance, which resulted in central bank advances as well as Treasury Bill issuance. In 2017, domestic debt had risen exponentially to 45 percent of GDP (Chigumira, Mupunga and Chipumho, 2018), spurred by Treasury Bills and overdraft facility from the RBZ. Much of borrowed funds went towards fuel and the command agricultural programme, for which direct benefit to women is low due to the general land ownership which is tilted in favour of men. Thus, access to inputs which are also related to land title, is similarly tilted towards men. However, one weakness in Zimbabwe is non-disclosure of information, including the beneficiary list of the command agriculture programme, which would have helped in availing a gender disaggregation of the beneficiaries. This is despite Section 53 of the Addis Ababa Action Agenda of the United Nations urging countries to track and report resource allocations for gender equality and women's empowerment.

Figure 2: Evolution of Domestic Debt (US$ Million)



Source: Author's compilation based on Jones (2011) and AidData (2017) as well as online sources for Chinese loans

In 2018 domestic debt began to rescind, mainly in response to the new fiscal policy measures to end fiscal deficits. In 2019, domestic debt plummeted, mainly due to currency reforms, in addition to continued fiscal management.

Independent Zimbabwe did not start on a clean sheet with respect to public debt, given that about US$700 million worth of public debt was inherited at independence from the Rhodesia government (Jones, 2011), which had borrowed to sustain the civil war as well as to bust sanctions. However, the new government also borrowed extensively to support various programmes, especially between 1980 and 2000.

Bilateral debt

Bilateral debt currently constitutes more than half of the country's debt. Between the period 1980 and 2000, Zimbabwe benefited a lot from loans from foreign governments. A number of loans are not in the public domain (Jones, 2011) but those that are known include those given in Table 1, which were mainly during the 1980s and 1990s, with Chinese loans being more pronounced post 2000 when the other bilateral partners had stopped lending to Zimbabwe.

Table 1: Examples of sources of bilateral debt in Zimbabwe

Country	Loan details
Germany	The loans include that given by the KfW Group (Germany) in 1982 of US$4 million to support small scale farmers, a project that was primarily funded by the World Bank. In 1991, Zimbabwe borrowed about US$8 million from KfW for the second railway development project, which was funded primarily by the World Bank.
Japan	In 1990, Japan extended a loan of US$2 million to the Zimbabwe government, which was primarily for an agriculture project which was primarily funded by the World Bank
Finland	Finland was also part of the second railway development project with World Bank of 1991. By 2009, this debt had reached US$5 million
Austria	Austria was part of the second railway development project with World Bank of 1991. This debt had reached US$2 million by 2009

Country	Loan details
United Kingdom	Between the 1980s and the 1990s, there were a number of loans from the UK Government, most of which were designed with a condition that British companies would be responsible for supplying various goods and services into Zimbabwe. For example, in 1981, a £10 million loan (US$25 million) was agreed where direct payments would be made for goods and services which were wholly produced in and supplied from the UK and mutually determined by the two governments. In the 1980s, the DfID and Commonwealth Development Corporation also extended loans for the Hwange power station and housing projects, which were primarily funded by the World Bank. Loans were also extended to buy 1,500 British made Land Rovers and parts for use by the Zimbabwe Republic Police as well as radar equipment. In 2011, this debt had grown to about £20.9 million from the Land Rovers deal and £5.9 million for the radar equipment, which had been supplied by Siemens Plessey Electronics.
Spain	Zimbabwe owes the Spanish Government significantly, arising from loans extended in the 1980s and 1990s. This includes about €11 million which was used to buy Spanish military aeroplanes and military vehicles. This also includes about €6 million to buy Spanish 'vehicles' in 1998. In addition, a loan from the Spanish government of €28 million saw Spanish healthcare equipment being supplied to Zimbabwe during the 1990s. Other loans from the Spanish government include a ships deal in 1986 (US$4 million was owed by 2009 from this deal), the 1997-1999 meteorological equipment (US$2 million from this was still outstanding in 2009) and a printing equipment loan in 1998-1999, of which US$1 million was outstanding by 2009).
China	In 2000, bilateral and multilateral creditors stopped lending to Zimbabwe. However, China soon emerged as a significant creditor. An AidData database of Chinese loans focusing on the period between 2000 and 2014 identifies about 26 loans that Zimbabwe got from China, which were all significant. These loans, which cumulatively reach more than US$2 billion, range across a number of sectors and projects. These include buildings (defence college and new Parliament building) airport expansion, telecommunication, electricity, agriculture equipment, drugs, health equipment as well as water and sanitation. In addition there were also a lot of agreements signed for undisclosed projects, especially following state visits. Post 2014 loans include the US$153 million for Robert Gabriel Mugabe International Airport upgrading in 2018 and others that are still active such as the US$1.1 billion Hwange Thermal Power Station upgrading.

Source: Author's compilation based on Jones (2011), AidData (2017) and online sources for Chinese loans

Multilateral debt

In most instances, multilateral credit, especially from the World Bank, African Development Bank and IMF, was able to crowd in bilateral credit. The development of Hwange power station for example is regarded as one of the biggest projects of the 1980s, where the World Bank, European Investment Bank and UK government were the main creditors. Multilateral loans were also used to pay back commercial loans from private banks. For example, it is estimated that about US$1 billion worth of loans was disbursed by private banks between 1982 and 1984, which were all high interest bearing and compromised the ability to pay (Jones, 2011). Thus, government resorted to borrowing from the low cost multilateral sources as a way of repaying these loans.

The key multilateral creditors and some of the loans that they gave are shown in Table 2. What is apparent from Table 2 is that the loans were given for a variety of reasons, including those that were designed as a response to worsening social

Table 2: Examples of sources of multilateral debt in Zimbabwe

Multilateral creditor	Loan details
IMF	• About US$300 million was disbursed by the IMF between 1981 and 1983, which had been fully repaid by 1990 in preparation for new loans from structural adjustment programmes • US$440 million between 1992 and 1995 as support to the structural adjustment and drought response • US$90 million to meet repayments due on old IMF loans in 1998 and 1999
Afreximbank	The Africa Export and Import Bank also recently emerged as a significant creditor for Zimbabwe. Loans include the Musami-Kunzvi dam construction loan; the loan guaranteed for the Harare Morton Jaffrey works refurbishment; US$500 million loan facility to promote imports and exports; the loan facility to guarantee 1:1 convertibility value of RTGS balances into United State Dollars and availability of the greenback for nostro foreign currency accounts; US$225 million letters of credit for fuel imports and the production of basic commodities and the US$500 million loan facility to stabilise the currency market which was guaranteed by the state with platinum production as collateral[4].

Multilateral creditor	Loan details
IMF	It is estimated that during the 1980s, the World Bank funded projects in Zimbabwe of more than US$500 million through loans. This was happening at a time when the country was classified as a middle income country, hence qualifying for higher interest rather than low cost loans. Examples of projects funded include the following: • US$23 million worth of loans were disbursed for a railway development project starting in 1983. • a US$7 million loan for a tree planting project in 1983 for firewood, although there was no demand for such a project from farmers who got wood from indigenous trees; • US$110 million for a jointly funded plan with UK CDC to on subsidizing private building societies for low cost housing in urban areas in the 1980s, which was repeated in the 1990s. • US$105 million worth of loans between 1982 and 1991 to develop the Hwange Coal Power Station. In addition, the European Investment Bank, the UK government's CDC, private loans from British and Italian companies disbursed loans worth US$250 million for supplying parts for the plant • In partnership with the development bank KfW of Germany, US$10 million worth of loans was issued by World Bank to support small scale farmers. However, if farmers struggled to repay, all the costs fell on the Zimbabwean government. • Loans that were in response to the 1992 drought, including US$120 million between 1992 and 1995 for the 'Emergency drought and recovery and mitigation project'. • Loans during the 1990s for structural adjustment, which were mainly used to meet old debt repayments. • US$25 million loaned for a second family health project from 1991 to 1997 • Loans of US$50 million from 1993 in response to the devastating AIDS crisis • US$36 million between 1990 and 1997 to supply credit to farmers and increase production of export crops. • · US$89 million by the IBRD for a third power project in 1994 to improve the Hwange power station • US$30 million disbursed between 1996 and 2000 to provide credit for small businesses in Zimbabwe.
AfDB	US$200 million given in 1991 in support of structural adjustment

Source: Author's compilation based on Jones (2011) and other online sources

and economic conditions.

There are a number of emerging issues from the debt evolution in Zimbabwe. First, loans are generally obtained and repayable in foreign currency, which means unless the capacity of the economy to generate foreign currency is enhanced, it will be difficult to repay. However, government borrowed at high interest rates, including from private banks, which was bound to create difficulties in repaying. Second, government also borrowed to finance short term problems arising from shocks, such as drought and health problems. While such loans can help improve food and health security, this does not in any way expand the capacity to repay, especially given that some of the conditions required supplies to be done by firms in the credit source country.

There are also loans that, on paper, could also have enhanced gender responsive public service delivery, even though this did not materialize to any large scale. For example, there were loans from the World Bank intended to fund health in the mid-1980s as well as in response to HIV/AIDS 1993. This was also at a time when social indicators were improving, as infant mortality, malnutrition and education statistics all improved between 1980 and 1990. However, these could not be sustained.

In the post 2000 period, Chinese loans were also designated for the health sector. However, all these failed to reverse the down spiral of conditions in the health sector.

However, although loans designed for the social sector can be seen as positive, there were limitations in terms of sustainability. In general, projects in the health sector which can have direct benefit to women are those that improve facilities used by women, such as hospitals, health centres or construction of

4. From an online newspaper article from the Independent newspaper at website https://www.theindependent.co.zw/2019/10/04/ministry-admits-flouting-rules-in-us12bn-loans-controversy/, accessed 30 April 2020

local markets (Musindarwezo, 2018). However, funding from the World Bank and China was not directed to the construction of physical health infrastructure or other social infrastructure which would be sustainably beneficial to women in the long run. Funding was rather allocated towards consumables which quickly run out without contributing to productive capacity of the economy and therefore could only be viewed as a temporary solution.

This limitation became very apparent over the period following the 1992 severe drought, when most of the public service gains up to 1990 began to be reversed. Instead of giving the country a grant or relief in debt repayment, multilateral institutions gave more loans, which worsened the government's repayment capacity. Just some few years after the loans, social indicators began to show a downward trend. There was an increase in the number of women dying in childbirth, an increase in children dying before their fifth birthday and an increase in undernourished population between 1990 and 1999 (Jones, 2011).

The water and sanitation sector did not receive substantial loan funding before 2000, as development partners, users and government resources were main funders. However, the dwindling fiscal space also saw government turning to China for funding in the dollarisation period. AidData database shows that it was mainly after 2011 that loans targeted at water and sanitation began to be observed. These include a US$144 million loan agreement in 2011 for the development and rehabilitation of water works and sewers in Harare. Specifically, this included rehabilitation, replacement, installation and commissioning of equipment at Morton Jeffrey and Prince Edward Water Treatment plants and Crowborough and Firle Sewage plants. In 2012, a loan to the tune of US$864 million was reported to have been secured from China for construction of a 400 kilometre water supply pipeline, the Matabeleland Zambezi Water Pipeline, including the completion of Gwayi-Shangani Dam, construction of pipeline from that dam to a Bulawayo reservoir, and construction of a 245 kilometre pipeline from the dam to the Zambezi River (AidData, 2017). However, despite the loan acquisition and the resultant debt obligations, the water pipeline is still a work in progress eight years later. This means that some of the loans might not have been used for the intended purposes. This means that women still carry the burden of walking long distances to fetch water along the proposed pipeline, despite the loan and interest being expected to be repaid.

Other loans from China not captured by AidData include the US$680 million loan reported in 2018, for the construction of the Kunzvi-Musami Dam and for its incorporation into Harare's water supply system[5]. In 2019 another loan worth about US$868 million was secured for water and wastewater projects with Chinese firms[6]. However, issues of misuse as well as whether these loans were actually disbursed continue to arise. Issues to do with abuse arose in 2014, when the Harare city council was accused of spending US$8 million from the 144 million for water reabilitation to purchase 25 luxury vehicles, although the city claimed the vehicles were for service deliveries (AidData, 2017). In 2018, it was reported that an amount of US$72 million had still not been disbursed[7].

This discussion generally forms the historical context of the country's debt, which is still choking growth prospects more than two decades later. However, the interest is mainly to explore how this debt scenario has affected the economy, mainly related to how it has affected gender responsive public service delivery.

> “In general, projects in the health sector which can have direct benefit to women are those that improve facilities used by women, such as hospitals, health centres or construction of local markets

5. https://www.herald.co.zw/kunzvi-dam-gets-funding-ed/
6. https://www.herald.co.zw/govt-guarantees-harares-us868m-water-deals/
7. Ibid

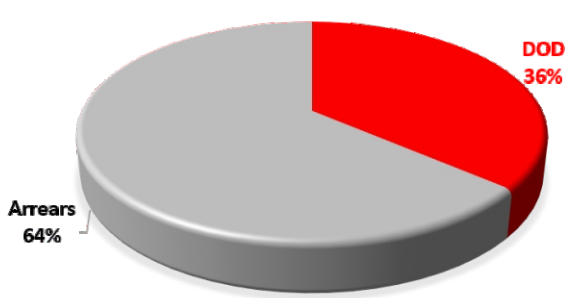
5. Current Status: Public Debt and Public Service Delivery In Zimbabwe

5.1 Indebtedness in Zimbabwe

Currently, public and publicly guaranteed external debt is the biggest component of Zimbabwe's public debt, constituting about 95% of Zimbabwe's consolidated public sector debt[8]. The country's debt situation and associated challenges can be understood mainly by looking at the external debt scenario, as domestic debt is only about 5% of total debt. A look at the Zimbabwe situation as at end of 2019 shows that the biggest component of external debt are the arrears (see Figure 3). The disbursed outstanding debt (DOD) is only 36% of the total external debt that Zimbabwe should pay back to the different creditors. This implies that failure to repay debt on time created additional liabilities which far exceeds the borrowed amounts, further compromising the ability to repay. A look at the trends over the past three years also shows that the arrears are continuing to accumulate, underlining that the capacity to repay is being compromised. For example, arrears on external debt increased by about 11.2% between 2017 and 2019 (Figure 4). The disbursed outstanding debt had decreased between 2017 and 2018, but rose further in 2019, mainly pushed by additional concessional borrowing for infrastructure projects which the government secured in 2019. In addition to these, government also secured some commercial loans to defend the new currency as well as to import essential services such as fuel, maize and pharmaceuticals (IMF, 2020).

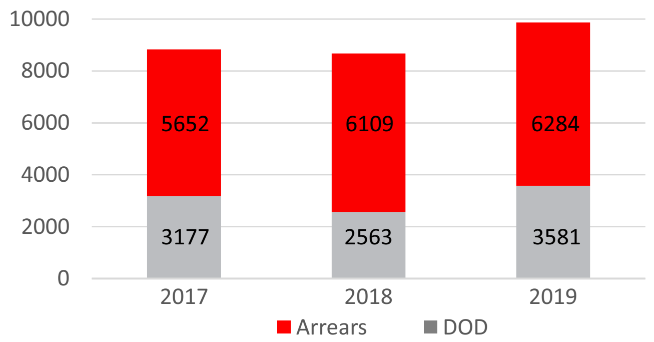
A look at the sources of credit for external debt establishes that over the past three years, Zimbabwe owes bilateral creditors more than the multilateral and commercial creditors (Figure 5). Bilateral debt constitutes more than 50% of the total public and publicly guaranteed debt for the country. Bilateral debt generally refers to debt owed by a government to another government, usually based on goodwill and good relations. Multilateral debt on the other hand refers mainly to debt that is owed to a consortium or group of creditors. Multilateral creditors include the World Bank, International Monetary Fund (IMF) and other regional development banks.

Figure 3: Biggest components of Zimbabwe's external debt



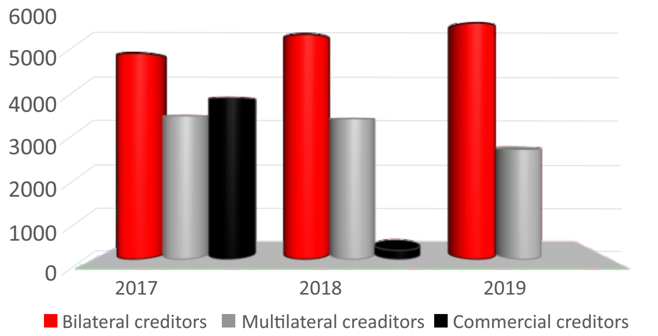
Source: Authors' calculation using IMF (2020)

Figure 4: Zimbabwe's arrears (US$) have been increasing between 2017 and 2019



Source: Authors' compilation using IMF (2020) and IMF (2019) datasets

Figure 5: Distribution of external debt (US$) for Zimbabwe, 2017-2019



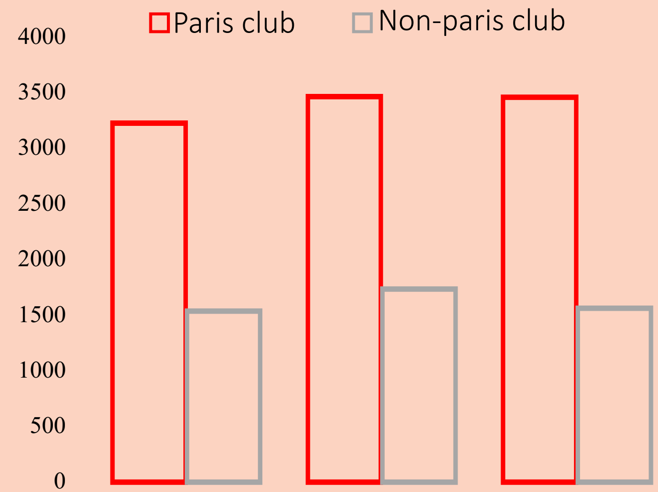
Source: Authors' compilation using IMF (2020), IMF (2019) datasets as well as Ministry of Finance (2019) [9]

External debt composition shows that the bilateral creditors that Zimbabwe owes are mainly members of the Paris Club (Figure 6), which accounted for between 35% and 40% of total external debt for Zimbabwe between 2017 and 2019. The Paris Club is a group of 22 permanent member countries, which include mainly OECD countries together with Brazil, Russia and South Africa, which provide credit to debtor countries that are trying to stabilize and restore their macroeconomic and financial situations[10]. The non-Paris Club debt is mainly comprised of China post the 2000 period.

Credit from multilateral creditors is also a significant component of Zimbabwe's debt, constituting about 37.6% of total external debt in 2018. A look at the statistics reflect that it is mainly the World Bank, the African Development Bank and Afreximbank that were the major multilateral creditors between 2017 and 2018 (Figure 7). Thus, debt resolution is also dependent on the ability to secure debt relief arrangements with these institutions.

At about 5% of total public debt, domestic debt is also

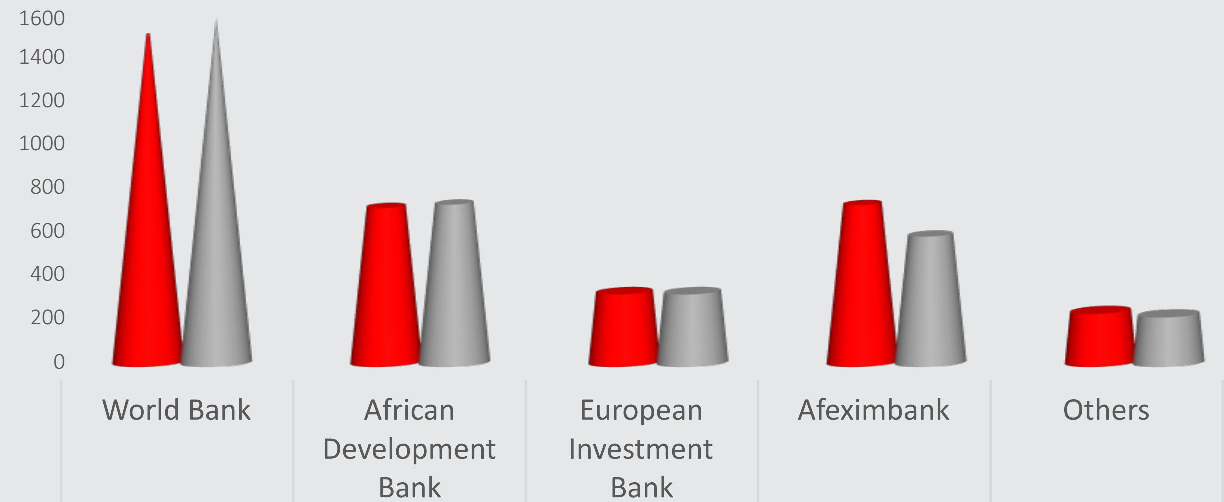
Figure 6: Composition of bilateral creditors (US$) for Zimbabwe



	2017	2018	2019
Paris club	3230	3469	3464
Non-paris club	1539	1737	1564

Source: Authors' compilation using IMF (2020), IMF (2019) datasets as well as Ministry of Finance (2019)

Figure 7: Composition of multilateral debt for Zimbabwe (US$), 2017 and 2018



	World Bank	African Development Bank	European Investment Bank	Afeximbank	Others
2017	1420	678	309	690	226
2018	1489	692	309	556	211

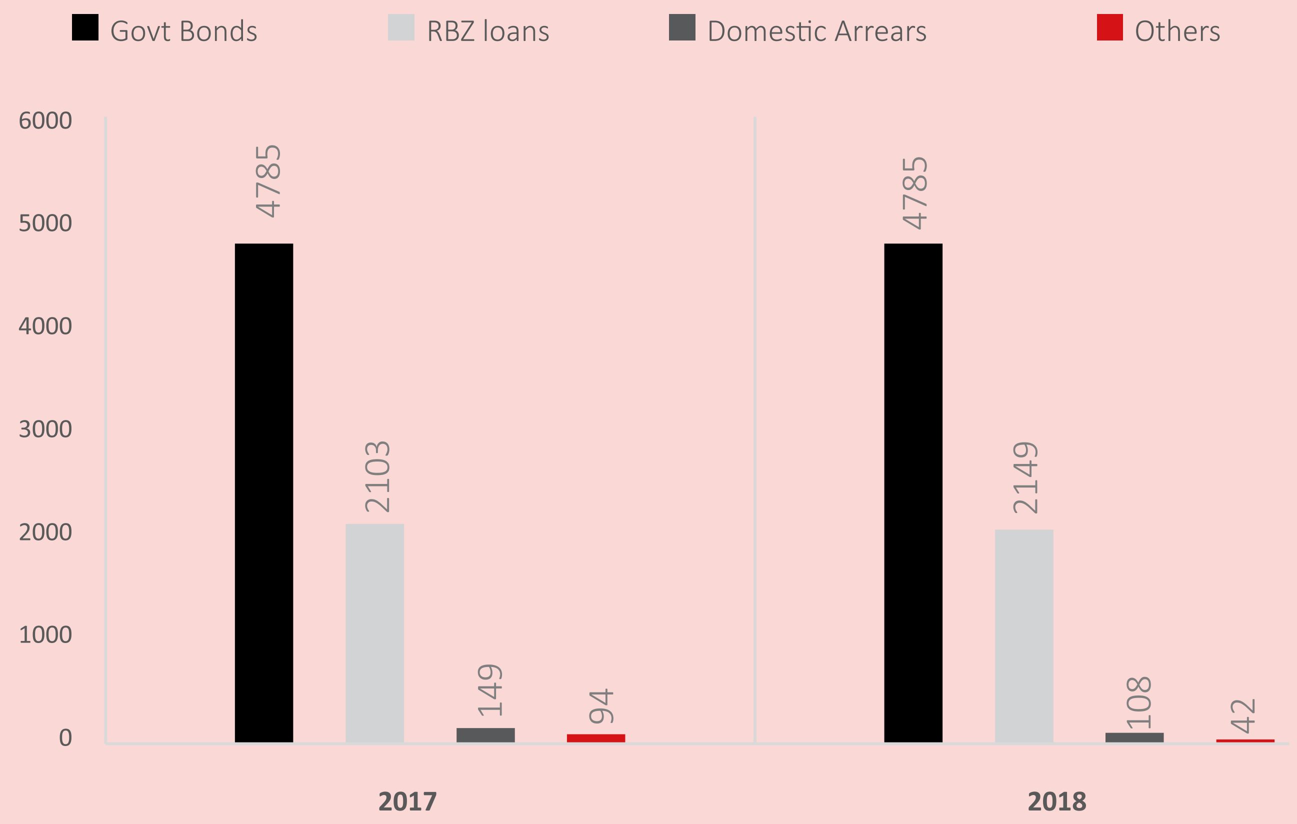
Source: Authors' compilation using IMF (2020), IMF (2019) datasets

8. Based on 2019 preliminary figures released by IMF in their 2019 Article IV Consultation report for Zimbabwe
9. The 2019 period is only as at June 2019. Disaggregated 2019 figures for end of year could not be established in time
10. Based on the Paris Club website http://www.clubdeparis.org/en/communications/page/permanent-members as well as presentation by Patrick Imam of the IMF at website https://www.imf.org/~/media/Files/Countries/ResRep/ZWE/debt-slides-hipc-presentation.ashx

a significant component of Zimbabwe's public debt. In 2009 when the economy dollarized, domestic debt was virtually eliminated as government benefited from exchange rate reforms. However, over the recent years domestic debt has now grown significantly. In June 2019, domestic debt stock was estimated at about ZWL$8.8 billion (Ministry of Finance and Economic Development, 2019), having grown from about ZWL$7 billion in 2018 (IMF, 2020). Domestic debt was mainly a result of attempts to finance a huge fiscal deficit that was being realized at a time when there was negligible external financing. However, the real value of domestic debt has been eroded due to the high level of inflation as well as the currency reforms instituted in 2019. For example, domestic debt was about US$7.1 billion in 2017 and a value of ZWL$8.8 billion in June 2019 implies that the value of domestic debt had been reduced to only about US$1.33 billion due to exchange rate movements following currency reforms of February 2019[11]. This also implies that government was a net beneficiary of the currency reforms, at the expense of the lending public.

A look at the composition of domestic debt shows that it is mainly Government bonds that were the main instrument used by the government to borrow from the economy in 2017 and 2018 (Figure 8). About 68% of domestic debt arose through the issuance of government bonds. However, borrowing by the RBZ is also significant, constituting about 29% of total domestic debt.

Figure 8: Main drivers of domestic debt in Zimbabwe, 2017 and 2018



Source: Authors' construction using data from IMF (2020) and IMF (2019)

5.2 Debt distress in Zimbabwe

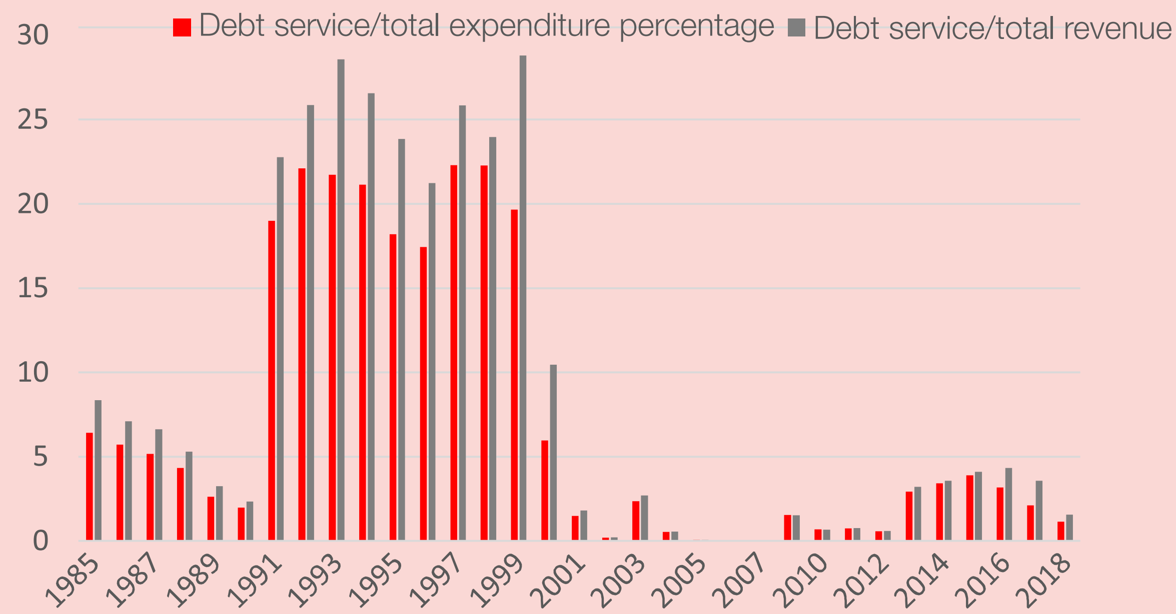
Debt distress can be reflected by the size of the debt relative to the size of the economy as well as the significance of the debt service obligations in the economy. The external debt/GDP ratio can be used as an indicator for the ability to pay external debt using locally generated resources. Although it was only about 12% in 1980, it peaked at 132% in 2008, before closing 2018 at about 40% (Figure 9). This means that if the country were to use all its resources, which are not even enough to cater for its population, to repay debt, then it would remain with only 60% of its output to feed the nation. Thus, the country is indeed in a debt distress and debt servicing would compromise on its public service delivery ability.

11. Using an end of period interbank exchange rate of 6.62 for June 2019, see Monthly Economic Review, December 2019 by the Reserve Bank of Zimbabwe

Figure 9: Zimbabwe's debt/GDP ratio (percentage), 1980-2018

Source: Constructed from the World Bank Development Indicators

Figure 10: Debt service to total expenditure ratio for Zimbabwe (percent), 1985-2018



Sources: Authors' compilation using World Bank Indicators data (debt service) and ZIMSTAT Data (adjusted for exchange rate)

Debt distress is also reflected in the proportion of expenditure and revenue that is used to service debt. The component of debt service in total government expenditure reflects the extent to which resources are being diverted to debt servicing from other potential uses. The debt service to total expenditure ratio (Figure 10) between 1980 and 2017 generally shows that debt servicing was a very significant component of total expenditure during the ESAP period between 1991 and 1999. This was the period when the country was getting a lot of support from multilateral institutions that supported structural adjustment. Over this period, debt servicing constituted about 20% of total expenditure on average. This means that all the other expenditure heads, including water and sanitation, had to compete for the remaining 80% of the resources. However, outside this period, debt servicing has generally been kept below 5% of total expenditure by government.

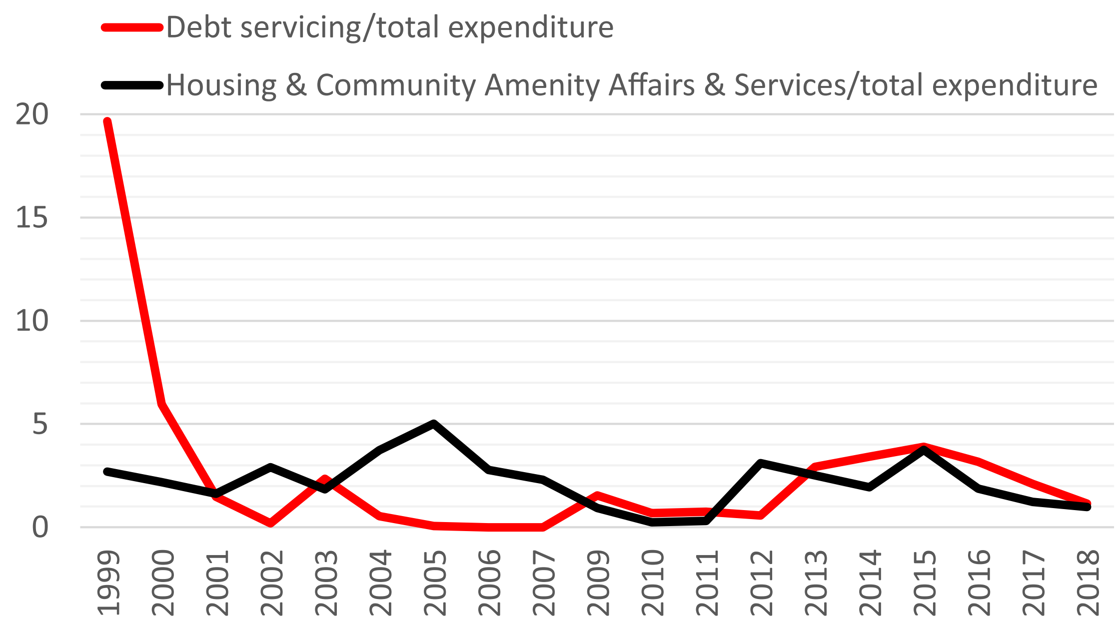
The same picture is also true with respect to government revenue. About a quarter of the revenue earned between 1991 and 1999 was being used to service external debt, leaving only three quarters for other uses. A recent study by Action Aid (2020) proposes 12% as the threshold marking the maximum acceptable proportion of revenues being spent on debt servicing[12]. This implies that for almost a decade between 1999 and 2000, the Government of Zimbabwe was spending more than two times the acceptable threshold on debt servicing. This also confirms that there were a lot of resources which could have been utilized in promoting other programmes, including gender responsive public

12. This was chosen as the median point of the 9%-15% range which IMF recommends for a moderate debt risk level

service delivery, that were diverted to debt payment. Although debt servicing is now within the acceptable threshold since 2000, the damage had already been done as the capacity to provide basic social services was already being undermined by other challenges. In 2019, the Consolidated Financial Performance of the Consolidated Revenue Fund for the period ended 31 December 2019[13] shows that debt servicing constituted only about 2% of total revenue, with domestic debt servicing constituting about 77%.

Although debt service now constitutes less than 5% of total revenues, it still represents a diversion of resources from other potential usage, include funding gender responsive water and sanitation provision. For example, most water and sanitation services, especially drinking water distribution, fall under the expenditure head of housing and community amenities[14] in national accounts. Government expenditure towards housing and community amenities declined from an average of 2.7% of total government expenditure in 1999 to only 1% of expenditure in 2019, after reaching an all-time high of 5% in 2005 (Figure 11). This means that government expenditure towards debt servicing is generally comparable to what was allocated towards water and sanitation on average terms, demonstrating that debt servicing costs have the capacity to increase the water and sanitation budget twofold. Specifically, over the period 1999-2018, debt servicing constituted an average of about 2.6% of total expenditure, while allocation towards water and sanitation can be estimated at about 2.2%. The

Figure 11: Assessment of expenditure towards Housing and community amenities under debt stress, 1999-2018



Source: Authors' construction using ZimStat COFOG statistics and exchange rate

Addis Ababa Action Agenda of the United Nations of 2015 urges countries to consider setting appropriate national spending targets for quality investments in essential public services for all, including health, education, energy, water and sanitation, consistent with national sustainable development strategies. Such a target has not yet been set for Zimbabwe. However, government made a commitment to allocate 7% of the budget to WASH at the 2014 Sanitation and Water for All High-Level Meeting (UNICEF Zimbabwe, 2018a). Thus, the combined expenditure for housing and community affairs services is not even close to half of the target for WASH only. This reflects serious underfunding.

5.3 Current status of water and sanitation provision

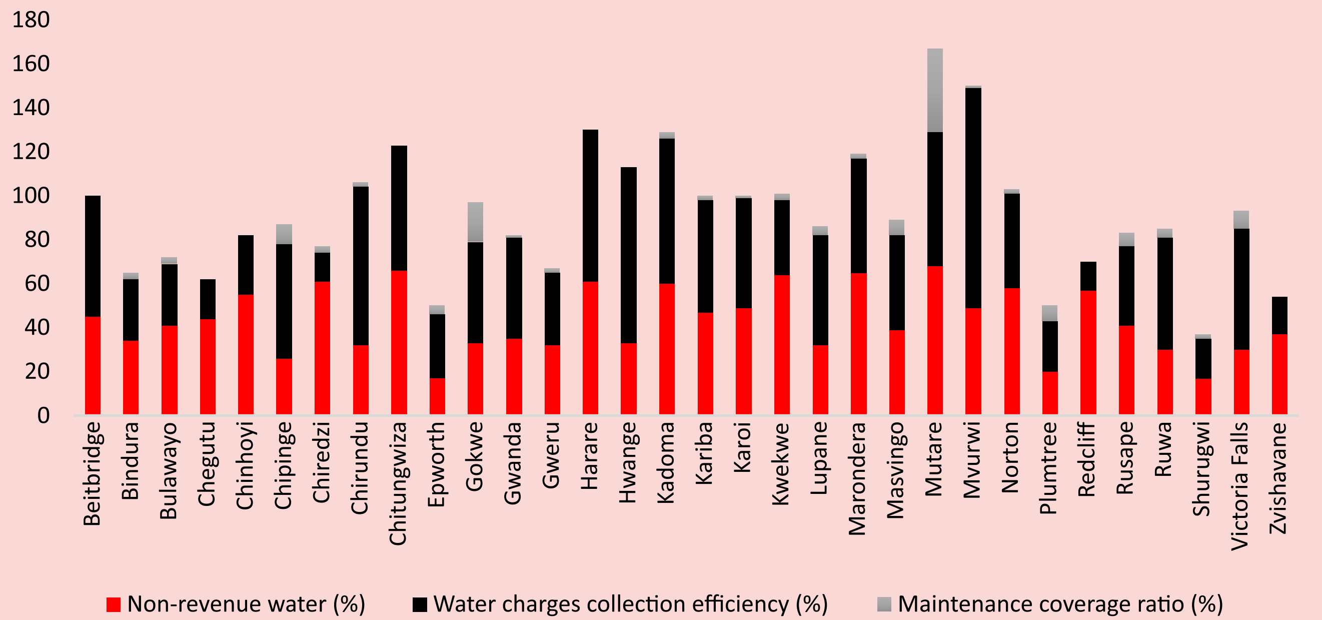
The stopping of funding from development partners in 2000 while there was no immediate increased funding for water and sanitation infrastructure meant that the

13. Available at website http://www.zimtreasury.gov.zw/index.php?option=com_phocadownload&view=category&id=17:consolidated-financial-statements&Itemid=759
14. For example, see a 2019 report of the World Observatory on Subnational Government Finance and Investment (SNG-WOFI) on Zimbabwe at website http://www.sng-wofi.org/country-profiles/Fiche%20ZIMBABWE.pdf, accessed 01 May 2019

quality of water and sanitation service provision began to be affected. The coming in of development partners in 2008/9 in response to the cholera outbreak helped, although this was not a sustainable solution. In 2019, the investment needed to close the national targets for water supply was still estimated at about US$582.6 million, while about US$504.6 million would also be needed to expand access to improved sanitation facilities (African Development Bank, 2019). Water and sanitation infrastructure is significantly dilapidated while government is incapacitated.

Results from the World Bank Service Level Benchmarking (SLB) surveys [15] reflect the impact of reduced budgetary funding towards water and sanitation sector in urban areas. All urban local authorities have high levels of non-revenue water (water that has been produced but is lost before it has been consumed or utilised due leakages or theft and metering inaccuracies), have poor maintenance record of water infrastructure, have poor water charges collection efficiencies, while the water supply continuity is also low (Figure 13). These poor performance indicators also result in poor service delivery to citizens, thereby having a negative compound effect on livelihoods, which are also affected by other harsh economic realities. The dwindling municipal water supply for domestic needs imply that people fall back on alternative water sources, many of which are contaminated, thereby increasing morbidity. The water borne diseases, which have kept on recurring are a testimony to this.

Figure 12: Water service delivery measures per local authority, Zimbabwe



Source: Authors' compilation from Service Level Benchmarking Coordination Committee (2019)

For example, in 2011 there were about 1140 cases of cholera with 45 deaths, (Chimusoro et al, 2018) while in 2018 there were 10,202 cholera cases reported between 4 September and 21 November 2018, with the distribution by gender showing that males and females are equally affected (UNICEF, 2018b). In addition to directly falling ill with water-related diseases which can lead to miscarriages, birth defects and infantile deaths, women also have the responsibility of looking after the people falling sick due to water challenges, thereby increasing their unpaid care work burden.

The incapacitation of government is also reflected in failure to adequately maintain wastewater infrastructure, resulting in wastewater churned from households and industries re-entering the water courses without adequate treatment. The expanding population now exceeds the installed capacity of wastewater infrastructure, which is also not being properly maintained. As reflected by the Service Level Benchmarking Coordination Committee (2019), the

15. With the support of the World Bank, a Service Level Benchmarking (SLB) and peer review process was initiated in Zimbabwe in 2012. It had an objective of improving service delivery in water supply, wastewater and solid waste management in all the 32 urban local authorities of Zimbabwe.

limited response to sanitation facilities had the following impact in Zimbabwe:

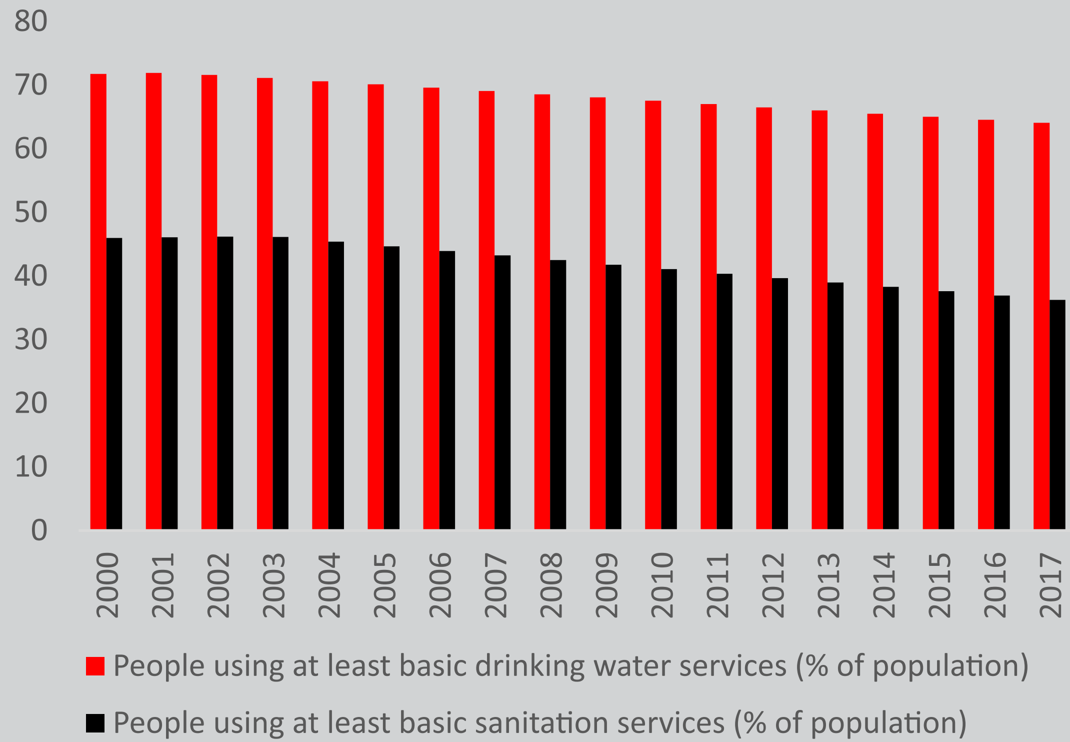
- Only about 20.5% of the total wastewater infrastructure across all the urban local authorities can be regarded as being of high quality.
- Only about 8% of the wastewater infrastructure is being maintained.
- Despite limited water supplies, only about 8.1% of wastewater is recycled. This increases the burden of diseases and cause poor health in re-using wastewater for growing food.
- The sewer charge collection efficiency can be estimated at an average of 30.6% across all the local authorities. This also increases the disease burden, which also in turn increases women's unpaid care work in cleaning burst sewerages flows as well as caring for the sick.
- About 14.2% of the toilets were not functional in the local authorities.
- The sewerage network coverage was 75.3% in 2017.

In addition to the urban areas, a survey by Chigonda and Chazireni (2018) established that in a resettlement area, about 74% of the people lacked access to safe water, while 57.3% had no toilet facility at their homesteads. In general, service provision in rural areas is in a poor state in resettlement areas, reflecting poorly planned resettlement schemes at a time when water and sanitation infrastructure is now dilapidated due to a prolonged economic decline.

The general steady decline in water and sanitation capacity since 2000 can be seen from the percentage of the population with access to basic water and sanitation services (Figure 13). In 2000, about 70% of the population had access to basic water services, and this had dropped to about 64% in 2017. A similar trend is noticeable with respect to sanitation services; the percentage of the population with access to basic services decreased from about 46% in 2000 to 36% by 2017. Usage of basic water services includes drinking water from an improved source (piped water, boreholes or tubewells, protected dug wells, protected springs, and packaged or delivered water) where collection time is not more than 30 minutes for a round trip. Usage of basic sanitation services focuses on improved sanitation facilities that are not shared with other households. This include flush/pour flush to piped sewer systems, septic tanks or pit latrines; ventilated improved pit latrines, compositing toilets or pit latrines with slabs.

This picture is very gloomy, especially from the gender equality perspective. A fall in the proportion with access to improved water sources within a radius of 30 minutes shows that the time spent in fetching water was increasing. Fetching water is generally a women burden in Zimbabwe. This means that nearly two in every five Zimbabweans have to travel more

Figure 13: Percentage of Zimbabweans with access to improved water sources, 2000-2017



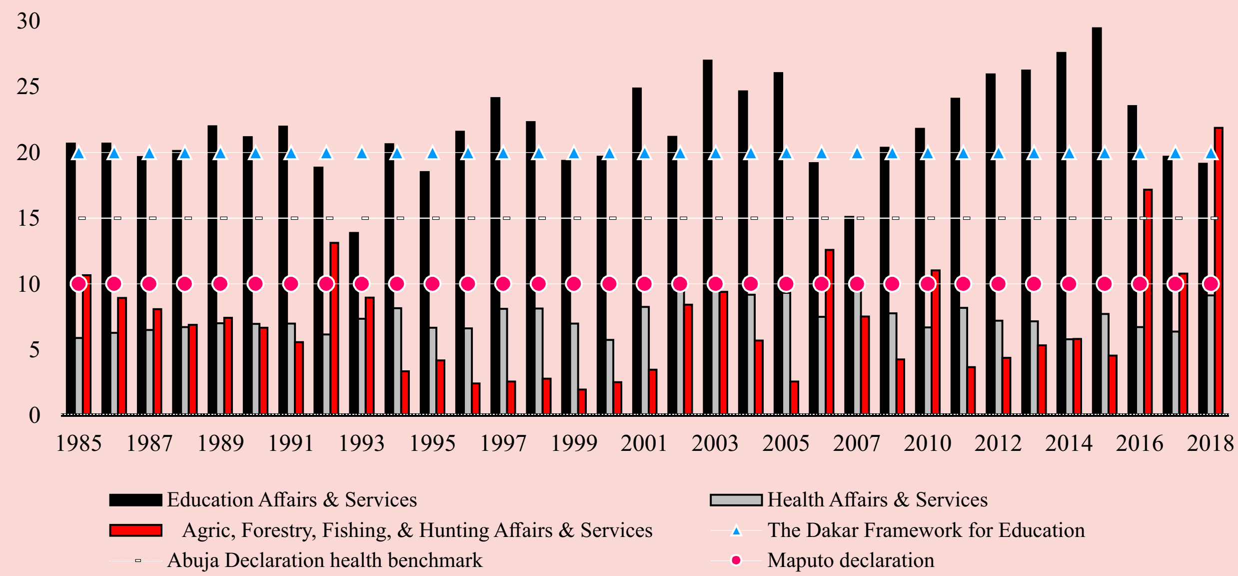
Source: Authors' construction using World Bank Indicators data set than a kilometre to get access to an improved water source. The time spent fetching water constitutes a significant portion of women's total unpaid care work burden. This is particularly relevant within the context of Zimbabwe (together with Uganda and The Philippines) where women with access to improved water spent one to four fewer hours in care activities every day (Action Aid, 2020). Spending more time in fetching water at a time when other social services are underfunded compounds the hours spent in doing unpaid care work per day.

The sanitation statistics also imply that women are generally vulnerable. Poor sanitation facilities in resettlement areas as well as in most rural schools serve as a barrier to education, as the schools would lack adequate private toilets and clean water to wash hands in schools. This makes it difficult for girls to manage their monthly periods during schooling, hence missing school every month or dropping out altogether. In addition, lack of proper toilets leave women and girls at risk of violence as they look for private open defecation points.

5.4 Implications on funding health and education

The impact of debt distress on health and education also has significant implications on women as well as on the unpaid care burden. A meeting of the World Education Forum in April 2000 of more than 1,100 participants, drawn from 164 countries in Dakar, Senegal, gave rise to the Dakar Framework for Education for All of 2000. It was agreed that at least 20% of total government spending should be towards education. Similarly, African Union countries met in Abuja, Nigeria in April 2001, and came up with what is now known as the Abuja Declaration. Abuja Declaration of 2001 recommends that governments

Figure 14: Zimbabwe social expenditure against international benchmarks (%) under debt stress, 1985-2018



Source: Authors' construction using data from ZIMSTAT

can meet their health targets by allocating at least 15% of annual budget to the health sector.

A look at the share of health expenditure in total expenditure shows that despite incurring high levels of debt, the government was never able to meet the Abuja Declaration target of 15% since 1985 (Figure 14). Thus, based on this indicator, debt was not being used to capacitate government to adequately respond to health needs. It is mainly in the area of education that Zimbabwe has managed to consistently meet the Dakar Declaration target (except in some limited period).

From a women's rights perspective, these trends show a gloomy picture with respect to the ability of government to reduce the burden of unpaid care work for women. Underfunding the health sector by such a great magnitude implies a greater proportion of the population would fall sick, while the quality of health care services would be poor. This implies that there is an increased burden on women to care for sick, which takes significant time off any productive ventures towards poverty alleviation. In addition, underfunding the health sector also implies that the quality of the sexual and reproductive health services system is poor, which also compromises the ability of women to have birth control while increasing early pregnancies, thereby increasing unpaid care work as a result of increase in the number of children. For example, the latest National Health Demographic Survey which was based on a survey conducted in

2015 shows that 22% of women in the 15-19 age group have already began childbearing, while the median age at first birth nationally for women is 20.3 years (ZIMSTAT, 2016). More directly, underfunding the health services sector has a direct bearing on the quality of neonatal and post-natal services, having an impact on women's own health as well as their children. The 2015 Demographic Health Survey shows that estimated 35% of women are overweight or obese compared 12% for men and are likely to suffer to Non-Communicable Disease, whilst HIV prevalence is high among women compared to men at 16.7% and 10.5% respectively (ZIMSTAT, 2016). Increasing funding towards the health sector improves the quality of public health services available to women.

Although it is generally commendable that funding for education was prioritized even when debt servicing was taking place, there are still some gaps with a bearing on women. The Poverty, Income, Consumption and Expenditure Survey (PICES) 2017 Report shows that in rural areas, about 5.7% of the children in the 6-7 years age group have never been to school, while the rate is 5.4% percent for children in urban areas. In addition, about 19.6% of the children aged 6 to 20 years had left school in the 14-15 age group, which was 6.1% for urban areas (ZIMSTAT, 2018). All these children not going to school increase the burden of unpaid care work on women who look after them.

6.

The Impact of Government's Response Strategies To Debt Management

6.1 Government's debt strategies

Although the country's debt distress has continued for decades, there have been attempts by government to address the problem. These attempts were through debt policy strategies, as well as through legislative amendments. In terms of legislation, the first attempt at putting debt accumulation in check and enhance sustainability is the Constitution. Section 300 of the Constitution put a limit on State borrowings, public debt and State guarantees. The section provides for an Act of Parliament to be instituted to set limits on public debts by the government and the types of debts whose payment or repayment maybe guaranteed by the State.

Section 52 of the Public Finance Management Act [Chapter 22:19] define the borrowing powers of the Minister of Finance, as a way of managing debt. It provides that the total amount that may be borrowed in any financial year by way of loans raised within Zimbabwe shall not exceed 30% of the general revenues of Zimbabwe in the previous financial year. The Minister can only exceed this amount with approval from the House of Assembly. Section 61 of the Act also makes an attempt to limit debt expansion by giving guidelines on the Ministry of Finance's power to give guarantees. Under section 61(3) of the Act, the total amount that can be guaranteed shall not exceed 40% of the general revenues of Zimbabwe in the previous financial year. This limit can also only be exceeded if the Minister obtains the authority from the House of Assembly.

The Public Debt Management Act [Chapter 22:21] was also enacted in 2015 to guide the manner in which debt can be incurred in Zimbabwe. Under section 11 of the Act, the borrowing power of the Minister are limited to an amount that has to be proposed in the House of Assembly for approval. In addition, the External and Domestic Debt Management Committee is empowered to recommend the maximum amount of new Government borrowing and Government guarantees which may be undertaken throughout the year. To ensure sustainability of borrowed funds, any funds borrowed should not result in the total outstanding public and publicly guaranteed debt as ratio of gross domestic product at current market exceeding 70% at the end of any fiscal year. Overall, the legislative reforms can be considered effective in managing domestic debt expansion.

In terms of policy strategies, the first attempt at a comprehensive debt strategy only came under the inclusive government, when government adopted a Sustainable and Holistic Debt Strategy in 2010. The thrust of the strategy was mainly two fold; it embraced the traditional debt resolution strategies by a creative initiative to leverage on the country's natural resources. In other words, existing creditors or new creditors could lend to Zimbabwe in return to access to natural resources, mainly minerals. However, as a product of the inclusive government, removal of sanctions was also included in the hybrid debt clearance strategy[16]. The 2010 strategy was

16. See paragraphs 427-429 of the 2010 Mid-Year Fiscal Policy Review Statement announced by Finance Minister Biti on 14 July 2010

eventually subsumed into the Zimbabwe Accelerated Arrears Clearance, Debt and Development Strategy (ZAADDS), which was produced in 2010, before being officially launched in 2012. Thus, the provisions in the Sustainable and Holistic Debt Strategy in 2010 can be assessed within the context of ZAADS.

ZAADS was launched on the 16th of March, 2012 by the inclusive government. It continued with the initial thrust that had been indicated in the Sustainable and Holistic Debt Strategy as a hybrid strategy adopting the traditional debt resolution strategies as well as leveraging of the country's natural resources. However, although the strategy had a number of focus areas, the following five areas stand out:

- ZAADS focused on the establishment and operationalisation of a debt management office in the Ministry of Finance, which had been talked about since 2010;
- ZAADS also focused on the need to undertake a validation and reconciliation exercise of Zimbabwe's public and publicly guaranteed external debt database with all creditors, to ensure that they were starting on the same picture;
- The strategy also focused on negotiating with creditors and the development partners for arrears clearance, debt relief and new financing;
- Re-engagement with the international community on sanctions removal was also maintained; and
- Leveraging on Zimbabwe's natural resources in pursuit of debt relief.

The debt management office, the Zimbabwe Debt and Aid Management Office (ZADMO), had been introduced in 2010 and was already partly operational. The establishment of this unit was critical as it performs critical functions necessary in debt management. These critical functions include the maintenance and timely dissemination of external debt database, which contains all loans by Government and its agencies. They also include the setting up of guidelines for the management of Zimbabwe's financial risks and currency exposure to external loans, mobilization of resources, and providing of advice to Government on how debt obligations can be restructured and refinanced. Also critical in the functions of ZADMO is to ensure that Government subscribes to the principles of prudent debt management, which would ensure that only sustainable borrowing and effective utilisation of borrowed resources happens. The Public Debt Management Act [Chapter 22:21] gives the legal backing to ZADMO, and is thus expected to be successful in debt management.

The other strategies for ZAADS, namely negotiating with creditors for debt relief and new financing have not yet borne much fruit. The same is also true with the strategy targeting the removal of sanctions. In line with the ZAADS strategy, the Government was able to negotiate new loans with China while leveraging on natural resources, especially mining. However, the modalities on how the actual repayments will be made are yet to be seen.

The second debt strategy that has been credited with some level of impact on debt is the Strategies for Clearing External Debt Arrears and the Supportive Economic Reform Agenda of 2015, which is also known as the Lima Agreement after it was agreed to by international finance institutions at a meeting in Lima, Peru in October 2015. The plan sought to resolve the country's external arrears to multilateral institutions through a combination of the country's own resources, bridge financing from a regional financial institution, and use of medium to long term loan facility from bilateral creditors. The strategy received support from creditors and development partners.

A look at the Lima Strategy reflects that it was mainly focused on clearing multilateral debt, which would then be a crucial step towards seeking a debt strategy with the Paris Club. Specifically, the Lima Strategy, which targeted IMF, Wold Bank and the AfDB, included:

- Use of domestic resources to clear arrears to the IMF;
- Use of a bridge loan to clear AfDB Group debt arrears; and
- Use of a medium to long-term loan facility to clear arrears to the World Bank Group.

The strategy envisaged using a bridge loan from the African Export-Import Bank (Afreximbank), to clear the outstanding arrears to AfDB of US$585 million by 31 December 2015. It also focused on using the Government's Special Drawing Rights (SDR) holdings to clear the US$110 million external payment arrears owed to the IMF. A loan facility to the tune of US$ 1.1 billion would be used to clear outstanding external payment arrears to the World Bank Group comprising of IBRD (US$ 896 million) and IDA (US$218 million) by the first quarter of 2016.

An assessment of the results shows that the Lima strategy partly worked, as arrears to the IMF-administered Poverty Reduction and Growth Trust (PRGT) were cleared in October 2016, allowing Zimbabwe's PRGT eligibility to be restored and the declaration of non-cooperation to be lifted (Chigumira, Mupunga and Chipumho, 2018). The other phases focusing on the World Bank and AfDB debt are yet to be implemented to date. However, the use of loans to pay other loans can largely be seen as a temporary reprieve, as the new loans would still need to be serviced in future. Thus, the use of domestic resources, including the mortgaging of minerals, can still be a better option if there are strategies in place to ensure that the minerals involved are fairly valued and the rights to exploit them do not give an unfair advantage to the creditor. Overall, the crafting of debt strategies helped improve relationships with the creditors, which also helped improve debt servicing. For example, there was a gradual improvement in debt servicing, given that debt servicing as a percentage of inflows (exports of goods, services and primary income), which was 12% in 2014 increased significantly to 16% in 2015 and 29% in 2016[17]. Although there are still some aspects of the strategies that are still to bear fruits, they have helped improve relations with the creditors.

6.2 Impact of austerity measures on debt

Austerity was introduced in Zimbabwe through the 2019 National Budget presented on 22 November 2018. Produced under the theme 'Austerity for Prosperity', it focused on a reduction of government spending and an increase in taxes with the intention of dealing with budget deficits. Austerity focus was mainly on correcting the fiscal imbalances, in particular, the high budget deficit, which has been mainly responsible for debt accumulation and foreign currency challenges. Austerity ended with the announcement of the 2020 National Budget, which tried to define a transition from austerity to a growth stimulation and employment generation era.

Although austerity was designed to reduce government expenditure as a way of managing budget deficits, the impact of reduced spending had an implication of social expenditure and safety nets, which could have cushioned the vulnerable. In addition, one significant measure was to change the Intermediated Money Transfer Tax (IMTT), which had been introduced in 2003 as five cents per every intermediated money transfer. In October 2018, there was an amendment through Statutory Instrument 205 of 2018, which saw the rate being increased from to two cents for every dollar transferred, the rationale being to tax the informal sector. Given that the informal sector is mainly characterized by women, this significantly eroded returns from the businesses which women undertake using their limited time from unpaid care work.

Under austerity, debt repayment was not considered a priority as government tried to reduce spending to manage fiscal deficit. However, in order to indicate some measure of commitment to debt clearance, some token payments to international finance institutions was made in 2019. A look at the debt servicing in 2019 shows that it was mainly focusing on settling maturing domestic debt than external debt. A total of ZWL$378.5 million was devoted to debt servicing[18]. Out of this, only ZWL$88.6 million serviced external debt, constituting 23.4% of the total debt service. Effectively, only about US$5.3[19] million was used to service external debt, which is low, given that in 2017 about US$32.9 million had been used to pay interest on foreign debt[20]. This generally shows that the impact of austerity was to avoid prioritisation of external debt servicing at the expense of programmes aimed at economic expansion. This also effectively means that the debt burden actually increased due to limited external debt financing under the austerity programme.

However, despite austerity, new external debt was acquired in 2019. Unlike the previous debt accumulation, in 2019 this was specifically focused on enabling infrastructure financing, particularly targeted at power generation.

The effect of austerity on debt is more pronounced on domestic debt creation. Due to the emphasis on fiscal discipline, government began to run fiscal surpluses in 2019. This saw restrictions on Treasury bill issuances, which had been the main sources of domestic debt expansion. In particular, a new thrust of zero recourse to RBZ financing, including the overdraft facility and limited issuances of Treasury bills through private placement, as well as the introduction of the auction system restrained domestic debt growth.

17. Total debt service (% of exports of goods, services and primary income) statistics for Zimbabwe on World Development Indicators by World Bank
18. See Consolidated Statement of Financial Performance of the Consolidated Revenue Fund for the Period Ended 31 December 2019, Government of Zimbabwe
19. Based on the end of year period exchange rate of 16.7 as published in RBZ (2019)
20. 2017 Fiscal Outturn figure available at website http://www.zimtreasury.gov.zw/index.php?option=com_phocadownload&view=category&id=18:budget-out-turns&Itemid=759

Underfunding the health sector has a direct bearing on the quality of neonatal and post-natal services, having an impact on women's own health as well as their children.

PHOTO: DONALD CHIDOORI/ACTIONAID

7. Conclusion and Recommendations

Based on the analysis of Zimbabwe's debt dynamics from 1980 to 2019, it is quite apparent that the country is in huge debt distress, arising mainly from historical debt incurred in the 1980s and 1990s. This means that the fiscal capacity of government to respond to gender responsive public service delivery will remain constrained as long as this legacy debt remains in place. Although there has been limited new debt acquisitions, the arrears arising from the historic debt have accumulated to such an extent that they constitutes about 64% of total public and publicly guaranteed debt. After 2000, there have been limited new external debt, which has mainly come from China. Debt servicing as a percentage of total revenue has become low, but given that it is mainly servicing debt that was incurred decades ago, this still represents an expenditure diversion of resources that could have been used productively elsewhere.

The ratio of debt to government revenue shows that revenues t were way above the acceptable threshold went towards debt servicing, mainly during the period when government was trying to get new debt. However, debt service constitutes a very significant component of total allocations towards water and sanitation, demonstrating the resource diversion impact of debt.

The water and sanitation sector, which did not benefit much from the usage of borrowed resources, is now characterised by challenges, which are compounded by debt distress. Water and sanitation service indicators are showing a gloomy picture, at a time when water provision is a critical human right and constitute a significant component of women's total unpaid care work.

The study has also reflected that the strategies that government has recently been developing to help debt distress have only achieved limited success. However, one key achievement of the strategies is to avoid future domestic debt accumulation beyond the capacity to repay by putting limits on the maximum that can be borrowed, as well as giving Parliament oversight on borrowings. For external debt, only strategies which can result in debt relief can help, as the capacity to repay remains subdued.

The study has revealed that debt distress had a lot of negative implications on gender equality. Most of the activities and programmes in the 1980s and 1990s which were the basis for incurring debt did not help address gender imbalances. In addition, there were limited loans that were specifically designed to ensure that the social services, including health, education and water would be adequately funded to reduce the amount of unpaid care work for women. The failure of debt to enhance income and employment opportunities had a compounding effect on women, who have to balance between unpaid care work and earning income. There is also significant evidence of debt service crowding out effect, given that some resources which could have been more than enough towards promoting women rights and the protection of the girl child are currently being used to service debt. Thus, in the overall, debt accumulation in Zimbabwe has militated against sustainable strides towards gender equality and mainstreaming.

Based on these findings the following can constitute key recommendations for the study, which are all aimed at the Government:

- Government should urgently resolve the historic debt challenge, as this will remain a stumbling block towards gender responsive public service delivery. Addressing the debt issue would help avoid transferring that debt to the current tax payer and future generations that did not benefit much from the loans.
- Given the current state of incapacitation for government to adequately mainstream gender, it is recommended that any debt in future should embrace gender mainstreaming. This also includes borrowing to enhance financing of programmes aimed at enhancing awareness as well as expanding capacity and creating institutions that represent the interest of women and the girl child.
- Government should strive to ensure that it has the capacity to finance water and sanitation. The sector should not be left to development partners, as such financing is not sustainable. The sector is severely underfunded, at a time when it has a huge bearing on health outcomes, which further enhance the burden on unpaid care work.
- Debt should also have a bias towards improving social infrastructure, as this sector has crucial implications on livelihoods. This includes financing and sustaining health infrastructure projects such as building hospitals and increasing the capacity of existing health institutions to cope with any health crises. Financing social services would also help enhance the government's response capacity to gender equality, as this would lessen the burden of women, especially in unpaid care work;
- As much as possible, government needs to pursue other financing methods outside debt, especially in response to emergencies and crisis. High interest debt from private and bilateral creditors has only compounded the country's economic woes;
- Government should facilitate access to land and water for productive use by women, who are denied income enhancing time as they concentrate more on bearing the brunt of the outcomes of underfunding of public service delivery. Agriculture activities remain the low hanging fruit compared to other commercial activities which could be difficult to balance with unpaid care work.

· Agriculture activities remain the low hanging fruit compared to other commercial activities which could be difficult to balance with unpaid care work.

PHOTO: DONALD CHIDOORI/ACTIONAID

Debt should also have a bias towards financing and sustaining health infrastructure projects such as building hospitals and increasing the capacity of existing health institutions to cope with any health crises.

PHOTO: ESTHER MBABAZI/ACTIONAID

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