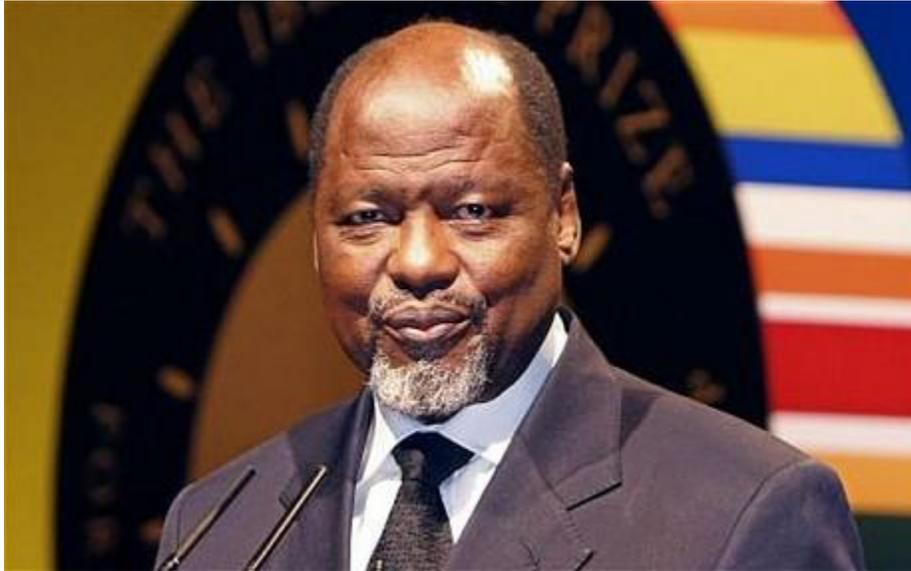


AfDB chief to meet Mozambique's Chissano over Zimbabwe debt

Bulawayo24

14 Feb 2023



File photo: AFP

African Development Bank (AfDB) president Akinwumi Adesina and former Mozambique president, Joaquim Chissano, will meet at the end of this month to map out key actions to be taken on Zimbabwe's debt clearance and arrears, it has been revealed.

As of September 2022, the country's public debt stood at US\$17,63 billion as the government continued to incur external loans using commodities as collateral and widened its domestic borrowing through the issuances of debt securities.

From this amount, US\$670,76 million was owed to the AfDB.

However, in a presentation of Zimbabwe's economic outlook by the bank's local principal country economist, Kelvin Kanswala Banda, on Tuesday this week, as of December 2022 the country owed the bank US\$750 million.

This means between September and December 2022, Zimbabwe accrued a debt of about US\$80 million pointing to the fact that the government has continued to incur more debt.

"Zimbabwe is the only regional member country of the African Development Bank (AfDB) Group under sanctions due to arrears amounting to about US\$736 million," Banda said.

"Because of our limitations as a bank, on the political side, the government also moved forward to appoint former President of Mozambique, Joaquim Chissano, to be facilitating re-engagement with the development partners and this is really a good direction that has been taken by the government.

“And there was a first meeting that took place in December to discuss the strategy and the key issues that should be on the table, and we are expecting the next meeting to be on February 23, 2023, where both president Adesina and His Excellency Chissano will be present to map up the key actions to be taken forward.”

He said the bank hoped this would lead to a debt resolution forum that addresses the key debt issues plaguing Zimbabwe.

Last year, Adesina agreed to spearhead Zimbabwe’s arrears clearance and debt resolution process and has since held several meetings with the government.

“The first high-level dialogue meeting took place on December 1, 2022, which agreed on three main pillars: (i) economic reforms, (ii) governance reforms, and (iii) compensation of former commercial farmers,” Banda said.

The reason why the government has been raising public debt is to fund its expenditure that continues to soar as a result of the depreciation of the Zimbabwe dollar.

For example, on November 24, 2022, Finance minister Mthuli Ncube presented a budget of ZW\$4,5 trillion for the current fiscal year which equated to US\$6,95 billion using the official exchange rate on that day.

However, as of writing this, the Zimdollar has since fallen to ZW\$835,09, against the greenback on the official market, meaning the government’s expenditure for the year is currently underfunded to the tune of US\$1,56 billion.

This is because the 2023 budget of ZW\$4,5 billion, at the time of writing, translates to US\$5,38 billion.

International Monetary Fund resident representative Carlos Caceres, in response to the paper asking about money supply pressures, said: “For us really, the way of addressing that one (money supply) is something that we published after the Article IV mission in December. There is need to address these crucial elements.

“And the second one is this issue of addressing the central bank’s quasi-fiscal operations which generate a lot of liquidity injections into the system and put pressure on that system. These things are critical and should be taken seriously.”

Source: Bulawayo24

<https://bulawayo24.com/index-id-opinion-sc-columnist-byo-227684.html>

<https://clubofmozambique.com/news/afdb-chief-to-meet-mozambiques-chissano-over-zimbabwe-debt-233611/>