UNPACKING THE LINKAGE BETWEEN DEBT, EXTRACTIVES SECTOR, INEQUALITY AND ILLICIT FINANCIAL FLOWS:

A CASE STUDY FROM ZIMBABWE

2020

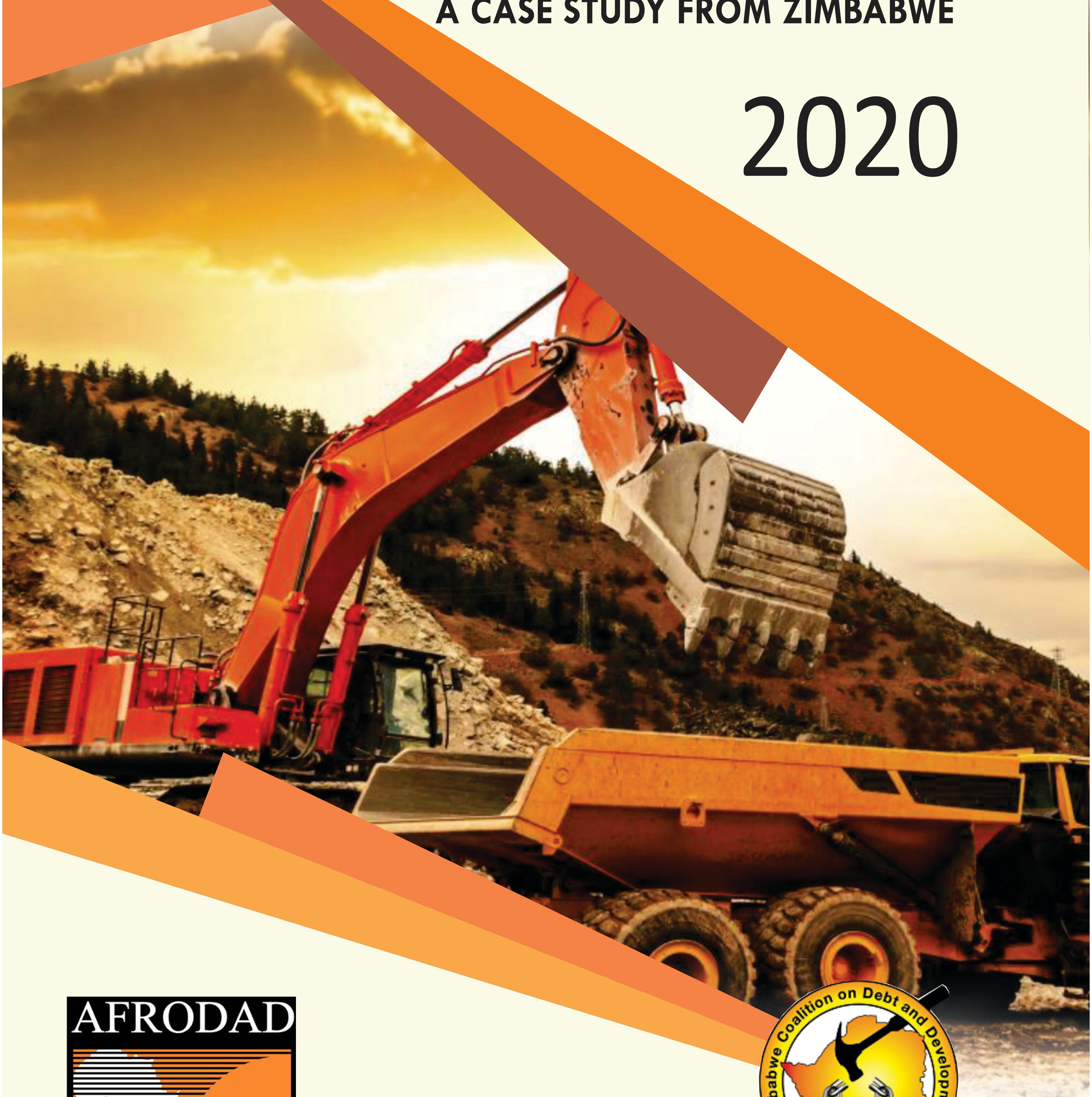

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Table of Contents

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Acronyms

AfDB	African Development Bank
AFECC	Anhui Foreign Economic Construction Company
AFRODAD	African Network and Forum on Debt and Development
EIB	European Investment Bank
EITI	Extractive Industry Transparency Initiative
ESAP	Economic Structural Adjustment Programme
EURODAD	European Network on Debt and Development
IFF	Illicit Financial Flows
IMF	International Monetary Fund
MDG/s	Millennium Development Goal/s
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PWYP	Publish What You Pay
RBL	Resource-Backed Loan
SAPSN	Southern African Peoples Solidarity Network
SDG/s	Sustainable Development Goal/s
UNDP	United Nations Development Program
UNECA	United Nations Economic Commission for Africa
WB	World Bank
ZIMCODD	Zimbabwe Coalition on Debt and Development

Executive Summary

Public debt, extractives sector, inequality and illicit financial flows have become very topical when discussing issues of human and economic development in resource rich countries such as Zimbabwe.

Public debt, extractives sector, inequality and illicit financial flows have become very topical when discussing issues of human and economic development in resource rich countries such as Zimbabwe. The linkage and the relationship of these four themes have often been linked with economic growth and performance of countries. The study therefore sought interrogate the link between public debt, extractives sector, inequality and illicit financial flows in Zimbabwe and also assess the challenges for Zimbabwean policy makers arising from lack of domestic resources from the four themes. Zimbabwe has not been able to utilise the returns gained from its mineral wealth to sustainably improve its economy or better its citizen's living standards. the Zimbabwean government sought development and economic growth, it faced public sector deficits.

To meet its recurrent and development needs the government placed reliance on bailouts and loan packages which by their nature are conditional. On closer scrutiny, such loans also appear unjustified and odious. Mining is the backbone of the economy in Zimbabwe and has a potential to contribute towards economic and human development. However, the ownership and management of the extractives sector have been at the centre of the patronage system in Zimbabwe. The ballooning debt taken in phases continually reduced government's ability to stimulate human and economic development. The government continues to mortgage the country's resources, especially to its often-touted all-weather friends, the Chinese in the name of infrastructure development. It is important to note that the loan-centred and external revenue generation financing models utilised by the government is associated with major risks and any failings or fallout thereafter is burdened on the poor and the marginalised

Amongst its findings, the research noted that benefits from the extractives sector are not trickling down to the poor and vulnerable groups in the society, the ballooning public debt and the legal framework governing mining in Zimbabwe which has loopholes have fuelled illicit financial flows and the widening gap of inequality. To combat negative effects of public debt, illicit financial flows and inequalities, the study recommends embedding tax justice and sustainable development within the RBL model of governance for the management of the extractives sector so as to protect it against IFFs and perpetuating inequalities. In order to promote transparency and accountability in the extractives sector, the paper recommends that Zimbabwe joins the Extractive Industries Transparency Initiative so that its standards are implemented.

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INTRODUCTION

Using Zimbabwe as a case study, this research paper explores the quadruple link between its extractives sector, illicit financial flows, inequality and the country's debt crisis. The Zimbabwean extractives sector plays a crucial role in sustaining its economy. It contributes about 37% to the country's GDP (Malinga, 2018: p.86), an adequate amount with which debt servicing can be prioritised. However, the sector has been exposed to illicit financial flows which in turn have exacerbated inequalities in the distribution of socio-economic rights in the country on one hand, and on the other, exposed the country to liquidity challenges.

As Zimbabwe's debt continues to grow, it aggravates poverty and inequality. Consequently, the poor are specifically burdened with servicing the accumulated debts. This widens the inequality gap and reduces their purchasing and savings power. At the time of writing this research paper, Zimbabwe faces the economic and fiscal devastating effects of Covid-19, the responses to which have resulted in a nationwide lockdown that could potentially cripple the economy. During this challenging period, failure by the government to provide critical services like healthcare, education, sanitation and other necessary social services has acutely exposed the vulnerable in society.

Further to the decline in economic activity, businesses have been forcibly shut down. As a result, the labour market has been adversely affected – especially the informal sector workers who have no alternative to make ends meet unless supported by state intervention and donor aid (Latif, 2020). With the majority of Zimbabweans reliant on the informal sector to generate their income and meet their consumption needs, the current situation has proved detrimental for most families. This has had the effect of widening the inequality gap in access to resources. As the sovereign debt continues to rise, the available funds that could be directed towards the provision of social safety nets and to improve the country's deteriorating healthcare system are instead channelled towards debt servicing. This rationale points to the debt-inequality nexus. Furthermore, in order to meet its liquidity challenges, this research paper notes that the government has been accused of by-passing parliamentary processes to acquire more debt. Blessed with abundance in mineral wealth (platinum, gold, diamonds, steel, chrome etc), Zimbabwe has not been able to utilise the returns gained from its mineral wealth to sustainably improve its economy or better its citizen's living standards. In fact, data has revealed the extent of erosion of the tax base that has resulted from the extractives sector (Boyce and Ndikumana 2012). This data supports the claim on the link between the extractives sector and illicit financial flows. Having set out the salient features that link together debt, the extractives sector, inequality and IFF, the next sections will unpack how these themes converge to impact Zimbabwe by analysing use of Resource Backed Loans.

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2. Implications of Public Debt in Zimbabwe

Consequently, the World Bank's lending program in Zimbabwe is now inactive due to its unsustainable debt and large protracted arrears to several multilateral creditors.

2.1 Public Debt, Economic Growth and Inequality

The Republic of Zimbabwe is amongst the list of indebted countries that are in high debt distress. The country's arrears to the World Bank, the African Development Bank and the European Investment Bank as at 2019 stood at US$1.2 billion, US$ 0.6 billion and US$ 0.3 billion (IMF 2019: p. 12). AFRODAD (2019: p.14) statistics estimated the Zimbabwean debt at US$ 9.2 billion. Consequently, the World Bank's lending program in Zimbabwe is now inactive due to its unsustainable debt and large protracted arrears to several multilateral creditors. The genesis of Zimbabwe's debt problem can be traced back to the 1980s when the country inherited US$700 million in debt from the then Rhodesian Government (Jones, 2011). Since then the country's debt burden has been mounting from non-concessionary foreign loans in the midst of economic hardships that characterised the country beginning the late 1990s and the recent cyclones followed by the coronavirus pandemic, resulting in liquidity challenges. These factors attributed to the country defaulting on most of its debt owed to multilateral financial lenders, such as the WB, IMF, EIB, AfDB and the African Export and Import Bank.

Zimbabwe's indebtedness has grown in phases. Saungweme and Odhiambo (2017, p.6) identify the evolution of public debt in Zimbabwe in four distinctive phases. The first phase began at the onset of the country's Independence between 1980 and 1989, when government debt was still relatively small but increasing gradually since its public revenues marked by a limited taxpayer base was not adequate to meet public expenditure. The second phase, between 1990-97, was the period during which public sector indebtedness was increasing exponentially, mostly due to the IMF imposed structural adjustment reforms, and the maturity of previous debt which equalled to 25% of national exports and 5% of government revenue (Jones, 2011). Structural adjustments reforms have been criticised for contributing towards inequality. The third phase between 1998-2008, was characterised by international political impasse, sanctions, economic recession and revenue constraints which led to the massive accumulation of public debt arrears. During the fourth phase (2009-2015) the country experienced an economic rebound leading to the paltry repayment of some foreign public debt arrears.

From the above analysis, the following observations are made. One, as the Zimbabwean government sought development and economic growth, it faced public sector deficits. To overcome this situation, the government resorted to borrowing. To meet its recurrent and development needs the government placed reliance on bailouts and loan packages (Muyeche and Chikeya 2014: p.15) which by their nature are conditional. On closer scrutiny, such loans also appear unjustified and odious. Two, the ballooning debt taken in phases continually reduced government's ability to stimulate human and economic development. Saungweme and Odhiambo, (2014, p.17) noted that between 1999 and 2009 there was the suspension of several financial support and poverty alleviating programs, and a reduction in social safety nets. These reductions affected the basic needs of the vulnerable members of society. These reductions also left little money to be spent on health, education and social service delivery (AFRODAD 2019). Clearly, the link between debt servicing and economic growth is closely linked. An important consideration to be made next is extending this link to the extractives sector to understand the causal relationship between public debt and extractives sector and the impact it has on inequality and illicit financial flows (IFF).

2.2 Public Debt and the Extractives Sector

Mining is the backbone of the economy in Zimbabwe and has a potential to contribute towards economic and human development. The ownership and management of the extractives sector have been at the centre of the patronage system in Zimbabwe (Adekele 2019). In the past, Freedom House (2014) has reported that the military had financial interests in the mining industry and that the funds were re-directed to finance the dominant political party. These facts demonstrate a close link between the extractives sector and IFF. Ortega et al., (2020) and Herkenrath (2014) posit a nexus between public debt, the extractives sector and IFFs cause domestic revenue bases to be eroded thereby forcing governments to borrow funds. Concomitantly, tax base erosion exposes countries to fiscal shocks causing the governments to default on debts due to reduced revenue capacity.

Zimbabwe has gone through a period of prolonged economic turmoil despite possessing some of the world's largest natural resource reserves such as gold, diamond and coal. This is so because the revenue generated from the extractives is used to service the debts that date back as far as the 1980s. A report done on behalf of Action for Southern Africa (ACTSA) by Bagree (2019) indicates that US$21.2 billion in debt incurred is illegal because of irregular government borrowings to purchase illegal firearms dating back to the Rhodesian era. As if this is not enough, the government continues to mortgage the country's resources, especially to its often-touted all-weather friends, the Chinese in the name of infrastructure development. The increased maturity of inherited debt clearly deters efficient matching of revenue from the extractives sector to servicing development loans that can bridge the inequality gap.

Rising debt levels, therefore, can become a harsh constraint on government. The negative impacts of debt relate to areas of critical importance in promoting equality and safeguarding socio-economic rights

It is important to note that the loan-centred and external revenue generation financing models utilised by the government is associated with major risks and any failings or fallout thereafter is burdened on the poor and the marginalised. This also has had an impact on the attainment of the Sustainable Development Goals (SDGs) with serious gaps in healthcare service delivery, as budgetary constraints mean allocations towards the health sector are insufficient to cater for the growing population in Zimbabwe. It is important to note that Zimbabwe and most of the developing States already failed to meet the Millennium Development Goals (MDGs) due to a lack of commitment to sustainable domestic funding mechanisms. According to the Final MDG Report for Zimbabwe published by UNDP Zimbabwe (2016: p.16), the following paragraph is pertinent:

> *Zimbabwe needs to make an assertive move away from relying on primary commodity exports towards value-added exports, to optimise the benefits of its abundant natural resources, and maximise its trade share in the relevant regional economic communities (RECs). Finally, finance and debt management should be prudent in the coming.*

Rising debt levels, therefore, can become a harsh constraint on government. The negative impacts of debt relate to areas of critical importance in promoting equality and safeguarding socio-economic rights. These are further exacerbated by IFF. Hence, it is also critical to understand the relationship that exists between public debt and IFFs. These two factors can be classified as drivers of the growing inequality in Zimbabwe. As countries continue to borrow, capital flight accelerates as corrupt politicians and officials divert loans offshore. This claim resonates with Zimbabwe where, like in other developing countries, capital flight has worsened the debt crisis (Naylor, 1987). The increase in IFFs in Zimbabwe has negatively affected spending in social sectors. IFFs have become a major issue hindering development in Zimbabwe, as they drain the scarce public resources that should instead be availed to social and health services. The resource leakages condemn the vulnerable to suffering that could otherwise be avoided. According to Ortega et al (2018: p.224) IFFs that dominate the extractives sector are earned through kickbacks being transferred offshore by corrupt public officials and tax evasion practices by mining entities. The UN Human Development Report (UNDP 2016: p.141) warns of the challenges of IFFs to developing countries pointing out that these flows weaken the government and reduce consumption, investment and social spending. While IFFs have long term effects, their immediate impact can be felt by the erosion of the tax base which then undermines the ability of the government to service its debt. IFF are at the core of facilitating inequality, force the acquisition public debt and erode revenue from the extractives sector. The next section further unpacks IFFs.

3. Illicit Financial Flows

There are many factors that make the extractives sector prone to IFFs. The sector comes under high level discretionary political control that enables IFFs. It is prone to secrecy thereby facilitating IFF

IFFs have emerged as a global challenge. The phenomenon has become very topical in the extractives sector. IFFs are a major obstacle to African countries undermining their progress towards development and economic growth. IFFs have caused African countries to lose billions of dollars which could have gone towards financing development. A report produced by the High-Level Panel on Illicit Financial Flows (2015) indicated that the African continent loses close to US$50 billion annually. This is approximately double the Official Development Assistance (ODA) that Africa receives and, indeed, the estimate may well be short of reality because accurate data does not exist for all African countries, and the estimate excludes some forms of IFF that are by nature clandestine (UNECA, 2015). IFFs practices have not been adequately dealt with nor researched, rather much attention has been fixed on ODA and Foreign Direct Investment (Signe et al., 2020). There is no single, agreed definition of IFF. This is, in large part, due to the breadth of the term 'illicit'. The (Oxford) dictionary definition is: "forbidden by law, rules or custom." The first three words alone would define 'illegal', and this highlights an important feature of any definition: IFFs are not necessarily illegal. Flows forbidden by "rules or custom" may encompass those which are socially and/or morally unacceptable, and not necessarily legally so. This research paper adopts the definition of IFF as 'money that is illegally earned, transferred or used' contained in the UNECA High Level Panel on Illicit Financial Flows out of Africa and subsequently in the report of the High Level Panel of Eminent Persons to the UN Secretary General. Over the years, Zimbabwe has lost about 70% of funds emanating from the extractives sector, a huge loss from a sector that has the potential to turn Zimbabwe into an economic powerhouse. IFFs can endanger economic and financial stability as they reduce tax receipts and government revenue (IMF, 2018). A number of preventive solutions have been proposed at both the international and regional levels by governments, but they remain wanting in so far as the African continent is concerned. The latest of these proposed reforms are being rolled out under the OECD's Base Erosion and Profit Shifting project. Within the extractives sector, IFF occur in the form of trade misinvoicing, false invoicing, round tripping, interest deductions from loans borrowed out of a subsidiary in a tax haven, thin capitalisation and so on.

There are many factors that make the extractives sector prone to IFFs. The sector comes under high level discretionary political control that enables IFFs. It is prone to secrecy thereby facilitating IFF. Competition is limited and thus there are few checks and balances leading to collusion on IFFs. The sector involves complex technical and financial processes requiring high degree of expertise which can be manipulated to move IFFs. All these factors taken together undermine placing reliance on the extractives sector for debt servicing or reducing inequalities due to the leakage of funds. Having set out the salient features that link together debt, the extractives sector, inequality and IFF, the next section will unpack how these themes converge to impact Zimbabwe.

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4. The Link between Debt, Extractives Sector, Illicit Financial Flows and Inequality in Zimbabwe

The extractive sector is especially important for Zimbabwe. In 2019, it generated over 60 percent of Zimbabwe's foreign currency receipts and contributed around 16 per cent of the country's GDP (Huaxia, 2020).

Zimbabwe boasts of vast mineral reserves, yet it is failing to finance its development, and this has decimated its middle class while the gap between the rich and poor continues to widen. For one to understand how inequality is driven by debt and inequities in the extractives sector, there is a need to interrogate the link between the two in the context of Zimbabwe. Zimbabwe's debt history stretches back to the 1980s and since then, revenue from the extractives sector has been used to service the debt. The ballooning sovereign debt makes it difficult for the government to fulfil its socio-economic obligation to its citizens. Another critical point to note is that 70% of IFFs emanate from the extractive sector. The extractive sector is especially important for Zimbabwe. In 2019, it generated over 60 percent of Zimbabwe's foreign currency receipts and contributed around 16 per cent of the country's GDP (Huaxia, 2020). In the next paragraph, the problem of inequality exacerbated through public debt will be deliberated on.

The legislation relating to the extractives sector also contribute to facilitating IFFs and inequality, the framework that governs extractives in Zimbabwe takes away transparency and accountability as it is silent and does not serve the interests of mining communities. Matsika, Zano, Hove and Murungu (2014) note that platforms for communities to dialogue with government and mining companies on the impacts of mining on the life in general and livelihoods in particular are very few. Mining communities are often left out, in light of this one can say the lack of participation by communities is an indicator of inequality.

Inequality prevents millions of Zimbabweans from enjoying social and economic rights on a non-discriminatory basis, such as access to adequate housing, healthcare and food. Debt servicing in a sustainable way out of the extractives sector secured against IFF is therefore essential for achieving equality. This, however, is not the case in Zimbabwe. The abundance of natural resources can sometimes be viewed as a curse rather than a blessing, as mineral-rich communities continue to languish in poverty, with outbreaks of violence on locals from both the state and non-state players (Latif, 2019). Communities living along mineral rich areas have nothing to show in terms of development and social structures after mineral extraction. Also, the often-irresponsible extraction of minerals harms the environment and with productive land lost, hunger and food insecurity intensify. With revenue from the extractives sector failing to bring positive change in communities governments tend to contract loans to increase their sources of revenue to finance their budgets. Sometimes, in their bid to secure revenue, governments offer as collateral their mineral wealth, in order words, resource backed lending. Such was the case with the Zimbabwe Chinese debt which was mortgaged with platinum deposits (Malaba et al., 2019: p.80).

The fact that the extractives sector provides an excellent opportunity over resource bargaining with the state has resulted in the formulation of a financing model which has become popular in most developing countries, including Zimbabwe, referred to as Resource-Based Loans (RBLs). This model evidenced by their crippling debt levels has hurt the development of the countries that offer it. Zimbabwe has become a prime candidate for such loans, and it is particularly preyed upon by Asian countries especially China. RBLs are defined by Mihalyi et al., (2020: p. 2) as '*loans provided to a government or state-owned company where repayment is either made directly in natural resource or it is guaranteed by a resource related income stream*'. These loans are primarily designated for infrastructure development. The report by Mihalyi et al indicates that risks associated with RBLs outweigh the opportunities brought about by this popular mode of financing. Analysing the trends on how the funds received through RBLs were used gives one a clear picture of how they benefit a few at the expense of suffering citizens. A clear example that one can use is the activities of China in Zimbabwe, especially in the extractive sector.

Deals and contracts signed between the Chinese government mainly in the mining sector remain a secret. This is because the mining legislation is silent on access to information on mining contracts and deals. Karkkainen (2015) analysed in detail the cases of three Chinese companies: Northern Industries Corporation NORINCO, Anhui Foreign Economic Construction AFECC through its subsidiary Anjin and CMEC, involved in resource backed arrangements. The analysis goes on to show how the companies supplied Hwange Colliery Company with coal mining equipment worth 6.2 million in exchange of coke and oil, joint ventures in mining gold and diamonds when diamond fields in Chiadzwa were officially discovered. Alves (2012) notes that proceeds from mining ventures are used to service the loan.

The analysis above suggests that resource backed loans are not mutually beneficial as they cater for those involved in the negotiations. This is so because these mining communities have nothing to show in terms of development and are often left in the dark in the process of negotiating contracts The fact that the terms of these loans are not disclosed to the public can potentially result in IFF in the absence of public scrutiny. Resource backed loans have resulted in displacement of communities. An example is the case of Chiadzwa, where after the discovery of diamond mines, communities were forcibly removed to pave way for mining. Such action had a negative impact on their livelihoods (Saxon, 2011). Hence, there arises the need to embed tax justice and sustainable development as part of the extractives sector. This will guard against IFF and inequality.

5. Embedding Tax Justice and Sustainable Development as Part of the Extractives Sector to Strengthen Revenue Mobilisation

> Tax transparency can also go a long way in ensuring that the citizens have a clear idea of how much revenue is generated from the extractives sector.

If Zimbabwe is to maximise the potential of its extractives sector specific principles must guide the governance and management of the sector. Key among such principles are transparency and accountability of mining contracts awarded and resulting revenue. Another principle of fiscal responsibility is fundamental to hold mining companies and government accountable in preventing IFF and against perpetuating inequality. The idea of tax justice incorporates these three principles. Consequently, embedding tax justice as part of the extractives sector could result in efficiently managed RBLs. Further, the idea behind sustainable development also cushions against widening inequalities and closing the tax base erosion activities. Prudent regulation is therefore key to minimising revenue leakages and inequality. Relatedly, AFRODAD (2017) has pointed out that the regulatory frameworks governing the extraction and management of mineral resources on the Sub Saharan African continent are still poor and some in nascent stages. Hence, it is important to point out that regulation alone does not serve as an effective mechanism in fostering tax justice and sustainable development as part of the extractives sector.

There are many natural resource governance frameworks, such as the Extractives Industry Transparency Initiatives, Africa Mining Vision and the Natural Resources Charter, which can be adapted to Zimbabwe's regulatory framework on natural resources to increase transparency in its extractives sector. Dhliwayo and Sibanda (2019) proposes that Zimbabwe joins the Extractives Industry Transparency Initiative (EITI) and implements the EITI standards that have been developed to ensure transparency and accountability in how a country's natural resources are governed. Further, Publish What You Pay (PWYP) Zimbabwe can lead in developing a resource-based loans model that incorporates some of the standards set out in the EITI Standards. Extraction of resources should be done in a manner that does not undermine nor threaten their sustainable use by the future generations. This, however, has not been the case in Zimbabwe as multinational companies continue to extract materials paying little attention to the environmental damage.

This research paper has explained the link between the extractives sector and IFFs, consequently, joining the EITI offers an avenue through which IFFs can be curbed. EITI Standards promotes open and accountable management of natural resources using a participatory approach (Dhliwayo and Sibanda 2019) which principles are necessary to embed within the Zimbabwean extractives sector. Tax transparency can also go a long way in ensuring that the citizens have a clear idea of how much revenue is generated from the extractives sector. Embedding tax justice as part of managing the resources out of the extractives sector will cater for bridging the inequality gap. As for the management of debt, Parliament should continue playing its oversight role in monitoring amounts borrowed by the government for development and sustaining livelihoods.

The recent Amendment Bill Number 2 of the Constitution, which proposes debt commitment without approval by Parliament will only widen the inequality gap. The Money Drain report (Bagree 2019) indicates that Zimbabwe has a history of violating limits and procedures imposed by the Constitution and the Debt Management Act. If Parliament's oversight powers are eliminated this will have a trickle-down effect on the ordinary citizens who bear the brunt of paying tax

6. Conclusion

The paper further recognises that Zimbabwe still has a long way to go before it reaps the benefits of its abundant natural mineral resources. As things stand, benefits from these resources are still not trickling down to the poor and vulnerable sectors of the society.

6.1. General Observations

This research paper has confirmed the link between public debt, inequality, the significance of the extractives sector in reducing the debt and inequality, as well as its vulnerability to IFFs. Following this, the paper suggests that resource backed loans can have the capacity to sustainably service matured debts provided EITI Standards are implemented. This would require Zimbabwe joining the EITI. It also recommends embedding tax justice and sustainable development within the RBL model of governance for the management of the extractives sector to protect it against IFFs and perpetuating inequalities.

The paper further recognises that Zimbabwe still has a long way to go before it reaps the benefits of its abundant natural mineral resources. As things stand, benefits from these resources are still not trickling down to the poor and vulnerable sectors of the society. There seems to be slow progress in taking legislative steps that can curb IFFs out of the extractives sector. As the country's formal financial systems continue to be bypassed, the gap between the poor and rich widens in a country where the middle class is at the periphery of decline resulting from the continuous economic instability. Opacity in government policy and a failure to make transparent how funds from natural resources are disbursed means that the extractives industry barely has an impact on the national fisc. Without the development of a policy and legislative framework to tightly regulate the extractives sector, reign in irregular government expenditure and sporadic borrowing, public debt is only set to balloon further, with the poor being the guaranteed losers in such a scenario. To counter the negative effects of rising public debt, IFFs and inequalities as against the extractive sector, the following recommendations are made.

6.2 Recommendations

6.2.1 Policy and legislative level

- Issues of public or national interest such as contract and loan agreements have to be subject to public scrutiny before government approval.
- Joining the Extractive Industry Transparency Initiatives and implementing the EITI standards.
- Parliament to continue with its oversight role over loan negotiation and approval.
- Spending plans for loans made by the government on behalf of citizens and should be updated periodically.
- To ensure sustainability, the government should focus on finding innovative approaches on financing for development, more on value addition and beneficiation of natural resources.
- To bridge the inequality gaps, progressive tax reforms should be imposed in Zimbabwe. The granting of licenses and negotiation of contracts should also be done transparently

The extractives sector provides an excellent opportunity over resource bargaining with the state. It offers an opportunity to create an enabling environment for the servicing of debt provided a prudence based extractive model is developed within which tax base eroding loopholes are addressed, an oversight body is established to match the mobilised funds to bridging inequality gaps and sustainable percentage of funds is used to service the debt.

6.2.2 Advocacy level

- Civil Society must ask for more accountability and continue reaching out to policymakers and push for legislation that clears the myths around mining contracts.
- Increasing community outreach so as find out from the people affected directly by lack of accountability by government and mining companies.
- Civil society should continue being whistle blowers on issues of accountability and transparency in resource extraction.

6.2.3 For Regional and International Institutions

- Regional institutions should advocate for transparency at SADC level and push for member states to be more transparent on how they dispose of their mineral wealth without necessarily infringing on members state sovereignty.
- Regional institutions can push for exploration processes like the Kimberly Process for other minerals, not just diamonds. In this way, greater accountability about not just how minerals are mined but also how the wealth is distributed.

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