



Investing in People for Social and Economic Justice

Opinion Paper on National Development Strategy I (NDSI): Seeking Socio-Economic Justice in the National Development Strategy I

Introduction

Building from the TSP and taking note of its failures, in November 2020, the Government of Zimbabwe launched the National Development Strategy I (NDSI) which will run from January 2021 to 2025 under the theme “Towards a Prosperous and Empowered Upper Middle-Income Society by 2030”. The 5-Year Medium Term Plan which is aimed at realising ‘Vision 2030’ with priority set on economic growth and stability, food and nutrition stability, governance, human capital development, housing delivery, health and well-being, and devolution among others.

On paper, the NDSI is well crafted and commendable on a number of aspects that previous economic blueprints have failed to take into account, and it has all the potential to succeed if properly implemented. Firstly, the development strategy clearly articulates the implementation plan or matrix, emphasising on strong need for monitoring and evaluation of progress made. Strictly adhering to the implementation plan is essential in the achievement of ‘Vision 2030’. Secondly, the Minister of Finance, Professor Mthuli Ncube said that the NDS shall be made available in different Zimbabwean languages which is a positive move taking into considering that the previous blueprints were only available in English. Thirdly, the plan to hold road shows countrywide to help launch the NDSI is commendable because it allows citizens to add their voice, thus enabling collective efforts in realising Vision 2030. However, the NDS comes with its shortfalls, and the purpose of this opinion paper is to give a critical analysis of the development strategy from a socio-economic justice perspective. The first section gives a brief background of Zimbabwe’s macroeconomic situation, followed by a discussion of some of the aspects that appear to lack emphasis and a clear implementation plan. Focus will be on health, education, food security and nutrition, housing, poverty alleviation as well as job creation.

Background

Since independence in 1980 to date, Zimbabwe had a number of economic blueprints that aimed at achieving sustainable socio-economic growth. However, it was from 1990 that these economic blueprints started to be more visible¹, with the famous ESAP (Economic Structural Adjustment Programme), followed by a plethora of such other economic programmes, which had various acronyms ranging from ZIMPREST, to NERP to MERP, to STERP, ZIMASSET you name it (Munro, 2014). These several blueprints were associated with mixed growth fortunes, and some failed to deliver their expected outcomes. Despite the crafting of economic

¹ Munro L.T (2014). A Tale of Two Plans: Comparing Zimbabwe’s Medium-Term plan with the Zimbabwe Agenda for Sustainable Socio-Economic Transformation in Machakanya P (Ed)

blueprints, Zimbabwe has over the years failed to achieve sustainable economic growth, and the macroeconomic environment has largely been volatile², with severe socio-economic challenges like unemployment, poverty, poor service delivery in urban areas and high inflation among many others. Cognisant of the failures of the past blueprints, Government of Zimbabwe, under the new dispensation sought to deal with the many economic challenges that have bedevilled the country by coming up with the Transitional Stabilisation Program (TSP) that ran from October 2018 to December 2020. The TSP was deep rooted in austerity measures as a means to achieving macroeconomic and financial stability which are undoubtedly pre-requisites for sustainable economic development. Notable achievements of the TSP include fiscal consolidation, external sector balance and exchange rate stability. However, the program failed to achieve economic growth rates of above 5 percent and failed to address the everyday socioeconomic challenges faced by citizens.

Prior to the launch of the TSP in October 2018, Zimbabwe was faced with a very unstable macroeconomic environment headlined by high inflation and volatility in the exchange rate against the background of excessive monetary expansion³. The Ministry of Finance and Economic Development (MoFED) (2020) notes that unstable macroeconomic environment, together with prolonged droughts, cyclones and the recent outbreak of the COVID-19 pandemic have resulted in the contraction of national output, with economic growth contracting by -6% and -4.1% in 2019 and 2020, respectively. Despite the contraction, the MoFED acknowledges that there was progress made in achieving macroeconomic and financial sector stability by managing to contain the fiscal deficit and the current account balance. The Government reported budget surpluses in 2019 and the first half of 2020 which was a result of the fiscal consolidation measures put in place under the TSP.

Further, growing instability in the exchange rate that was exacerbated by the black-market illicit activities saw the government coming up with interventionist measures aimed at stabilizing the exchange rate that was fuelling inflation. This saw the Reserve Bank of Zimbabwe (RBZ) launching a weekly Dutch Foreign Currency Auction System on the 23rd of June 2020 which has seen some stability in the exchange rate. However, stability in the prices of basic goods and services is yet to be witnessed in the economy.

However, despite some notable macroeconomic stability achieved under the TSP, public debt remains high and unsustainable, standing at \$US8.1 billion as at December 2019². This continues to constrain the country from accessing foreign financing due to the outstanding arrears with multilateral and bilateral institutions, further discouraging foreign and domestic investment. The NDSI is premised on continued reengagement with the international community and improving debt management system, targeting a public debt of below 60% of Gross Domestic Product (GDP). Among other targets, the NDSI seek to maintain economic

² Ministry of Finance and Economic Development. (2019). The 2020 National Budget Statement. *Gearing for Higher Productivity, Growth and Job Creation*. Harare

³Ministry of Finance and Economic Development (2020). NATIONAL DEVELOPMENT STRATEGY I: “Towards a Prosperous & Empowered Upper Middle Income Society by 2030”. Print flow, Harare.

growth rate of 5% per year, achieving single digit inflation, increasing foreign currency reserves and creating 760 000 jobs in the coming 5-years period.

Analysis of NDSI Key Pillars from a Socio-Economic Justice Perspective

Zimbabwe's past economic blueprints have been ambitious but unable to achieve the expected results. It is important for the government and policy makers to note that beyond economic performance statistics, Citizens are inspired by what they see on the ground, and what they experience in their everyday lives. It is the purchasing power of their salaries, their daily food, the quality of education, and quality of service delivery, the right to affordable healthcare and housing, as well as jobs that matters most to the citizens. As such, policies should be able to precisely target and address these aspects as these would go a long way in creating a society that live a fulfilling and dignified life as codified in section 4 of the 2013 constitution or the bill of rights. This section looks at some of the shortfalls of the NDSI in dealing with aspects of socio-economic justice.

Food and Nutrition Security

Government's target to improve food self-sufficiency and to retain the country's regional breadbasket status is commendable as it is a stepping stone in alleviating food poverty in the country. The government is aiming at increasing food self-sufficiency from the current level of 45% to 100% and reduce food insecurity from 59% recorded in 2020 to less than 10% by 2025². Further, the NDSI proposes to increase maize production from the projected 907 629 tonnes in 2020 to 3 million tonnes by 2025. This will be anchored on robust intervention in the agricultural sector, promoting small scale agriculture and reviewing contract farming. Though the targets are plausible, further analysis reveal that they might be overambitious and might therefore be unattainable. Trends in maize production indicate that over the past decade, the government has consistently failed to reach the targets⁴, thus calling for robust strategies to be put in place in order to produce the desired target. Most of the strategies to ensure food security are based on how to make the land productive or how to increase production instead of majoring on how to motivate and encourage farmers to be productive as they are the backbone of the agriculture sector. Again, the strategy overlooks the issue of natural occurrences like cyclones and how farmers would be compensated in the event of natural disasters. The NDSI also does not have policies to protect farm workers and safeguarding their welfare.

Given that women constitute about 61 percent of farmers and provide 70 percent of labour in agriculture³, there is need for government to robustly implement policies that ensure equitable access to land by women, protection of property rights as well as easy access to credit. Lastly, the government should seriously consider the issue of climate change, and invest heavily in irrigation facilities, especially in the rural areas, deliberately targeting women and youths in these irrigation schemes.

Housing delivery

⁴ Food and Agriculture Organization (FAO) of the United Nations accessed at <http://www.fao.org/3/ca6624en/ca6624en.pdf>

In line with the constitution of Zimbabwe, every citizen has a right to safe and affordable housing. The NDSI also prioritises housing delivery both in rural and urban areas over the 5-year period taking note of the huge backlog in housing infrastructure. With the help of partners in the public, private and non-governmental sectors including local communities and international development partners, the government is targeting accumulation of 220 000 housing units to be delivered as a function of effective demand over the 5-year period. Again, the recognition by the government that housing is a constitutional right for every citizen is commendable. However, the development strategy fails to mention and address the issue of illegal housing structures that has dominated the headlines in recent times. Recently, there have been situations where houses were being demolished in Harare and Chitungwiza, leaving hundreds of people homeless. What is of concern is that most of these housing schemes that are deemed illegal in suburbs especially in Harare were acquired on political grounds as a vote buying tool. The land barons who are involved in these deals are rarely prosecuted with the poor having to bear the brunt. On humanitarian grounds, this poses a few questions: If the government could not afford suitable accommodation for affected individuals how will it manage to provide accommodation for 220 000 households? What policies has the government put in place to protect individuals who will face the risk of getting their houses demolished? Further, the development strategy does not make a provision for households which are affected by natural disasters such as cyclones and earthquakes. Some of the victims of Cyclone Idai to date have no proper housing facilities. As with the 2021 Budget Strategy Paper, the NDSI intends to revive the Housing Fund and the National Housing Guarantee Fund. However, these initiatives are not really inclusive since they benefit the high and middle-income class, thus neglecting vulnerable women and youths who are largely informally employed. Again, they are targeted especially for the urban areas, leaving out people in rural areas without decent shelter, and usually women are the most affected since majority of them live in rural areas.

Access to Quality, Equitable and Inclusive Education

The Government acknowledges the challenges in accessing quality and inclusive education especially for the disenfranchised populations that are found in remote places and overcrowded urban areas. The NDS I will target broadening participation to quality, equitable and inclusive education through a number of strategies which include, among others, capacity building initiatives of key public institutions, diversification of revenue sources for higher and tertiary institutions, adoption of technology that support effective learning and strengthening provision of loan facilities for underprivileged students. The NDS I proposes to achieve the targets by implementing programs that increase capacitation of national strategic institutions and infrastructure development in schools. Achieving these targets requires huge budget allocations to the education sector and priority should therefore be given to infrastructure development and funding for the poor and vulnerable students.

The government must allocate more resources to the BEAM programme and reduce corruption and biases on the selection of needy children. The advent of COVID-19 exposed the government deficiencies in terms of inclusive education provision, which has seen the children especially from rural areas failing to take up online classes. To address these

challenges, the government should consider implementing free primary education, and also focusing on infrastructure development especially in remote rural areas.

Health and Well-being

Health of citizens is central to economic development. The Zimbabwean health system has been facing serious challenges in terms of shortages of drugs, dilapidated health infrastructure, obsolete equipment and industrial actions that have seen hospitals going for months without sufficient staff. All these challenges call for Government to seriously consider health as a priority. The NDSI makes provision for enabling access to quality healthcare and improving the health infrastructure which is commendable. Strategies proposed to deal with challenges facing the health sector and improving access to health across the population are all high sounding but like any other past economic blue prints, the challenge is on implementation. The government should consider providing affordable primary health care, to cater for the vulnerable, especially in the rural areas. The government should also ensure that there are drugs in public hospitals. Given the foregoing, there should be concrete plans to address this including budgetary allocations to finance health.

In terms of access to water, sanitation and a healthy environment, the NDSI proposes to implement national campaigns that discourage open defecation and encourage effective waste management. National campaigns are key in informing and raising awareness to the public but when it comes to effective waste management, local authorities should lead the way and make sure that efficient service delivery is in place to avoid resurgence of cholera, typhoid and other diseases. Thus, emphasis should be put on holding local authorities accountable and adequately resourcing local authorities to effectively discharge their mandate.

Devolution and Decentralisation

One of the core values of Vision 2030 is decentralisation which seeks to empower competent provincial councils and local authorities, thus giving community a chance to participate in local developmental issues. Decentralisation is promotes inclusive governance and socio-economic development as it gives autonomy to local authorities to deliver basic socio-economic services to citizens. Government proposed to disburse at least 5% of collected revenues to eligible sub-national tiers. Recently, local authorities have increasingly come under fire for their inefficient service delivery in towns and cities, and in their defence, they blame the central government for not disbursing the required funding for service delivery. Despite being given mandate to manage their own revenues, local authorities have faced challenges in revenue collection due to defaults in rate payments by citizens as well as corruption. Government has viciously criticized local authorities in urban areas for poor service delivery, yet it is the duty of the central government to hold the local government accountable. Further, it is also important to note that effective decentralisation requires accountability of provincial and local authorities to the electorate, as well as delivering of efficient public services. To ensure efficient service delivery system in urban areas, the local authorities must be sufficiently resourced. The central government must immediately implement full devolution, and provide for strict accountability measures to the local authorities to deter corruption. The government should allocate the pledged 5%, to improve service delivery like water, and waste

management which will benefit the vulnerable groups especially women and girls who spent most of their time queuing for borehole water in towns.

Cross cutting issues

It is plausible that Government recognizes the role of youth and women when it comes to economic development. The NDSI's emphasis on inclusive and shared growth is well articulated, making provisions for youth and women empowerment and increased participation in the mainstream economy. The government acknowledges the challenges faced by women and the barriers they face in ascending to commanding positions in the national economy. Strategies to empower women and reduce gender disparities are based on the need to create equal opportunities for all, and this is commendable. However, the government must cultivate policies that are inclusive of youths to benefit from the demographic dividend. There should be increased access to the resources by these youths and women to enhance inclusive growth. It is commendable to put in place support initiatives for women such as the Empower Bank. Nevertheless, through such initiatives, the government has failed to empower all women, including the vulnerable who often lack information and access to such facilities because of structural and systematic barriers.

Other issues to take note of in the NDSI include tax justice and debt. Government reemphasised the need to fund the national budget through domestic resource mobilisation especially through taxation. The unsustainable debt situation further places a heavy tax burden on taxpayers who are already struggling to make ends meet considering poor remuneration and the high inflationary environment which has weakened their purchasing power. Both domestic and external debt remain high and unsustainable, with external debt currently in excess of 70 percent of the country's total output and domestic debt exceeding 60 percent of GDP which is above the SADC targets of keeping public debt below 60 percent of GDP⁵. To address the debt question, the government should focus on ensuring effective debt management systems; continue with fiscal consolidation; zero tolerance to overdrafts with the RBZ to reduce domestic debt; and to continue negotiations with International Financial Institutions and avoid contracting new debt to repay old debts.

Conclusion and recommendations

The NDSI, like any other economic blueprints before, covers almost all aspects of socio-economic development, with an outline of the strategies to be implemented in line with the set targets. The plan to align national budgets to the development strategy in terms of priorities is commendable as it will ensure that targets are strictly pursued. However, the NDSI sets high targets, most of which are over-ambitious, for example, the issues of unemployment benefits to all, national insurance for the vulnerable and job creation. Considering that previous economic blueprints had also set similar targets which only looked good on paper, with nothing much translating to the improvement of people's lives it is natural to doubt the ability of the government to deliver this time. Policy implementation remains a challenge in Zimbabwe and has been marred with policy reversals and policy inconsistencies.

⁵ IMF. March 2020. 2019 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Zimbabwe. IMF Country Report No. 20/82

This time around, the Government has to prove to citizens that it is committed and willing to implement economic policies in the best interest of the nation as a whole. These economic blue prints should better the lives of ordinary citizens and translate into tangible benefits to the people. Political will and good governance are key to the successful implementation of policies.

Contact Details

9 Bargate Road, Mount Pleasant, Harare

Email: zimcodd@zimcodd.co.zw

Tel/Fax: +263-242-776830

Website: www.zimcodd.org

Facebook Page: Zimbabwe Coalition on Debt and Development

Twitter @zimcoddI