Breakfree!

GIVE US A PEOPLE-LED BUDGET

2021 NATIONAL BUDGET EDITION
1, DECEMBER 2020

"Celebrating 20 years of People driven Social and Economic Justice in Zimbabwe"
Please Connect with us, visit: http://www.zimcodd.org/or follow us on Twitter, Facebook
Website: www.zimcodd.org |Twitter: @zimcodd1 | Facebook: zimcodd

20th ANNIVERSARY
ZIMCODD
ZIMBABWE COALITION ON DEBT & DEVELOPMENT

2021 NATIONAL BUDGET, ASSUMPTIONS, HIGHLIGHTS AND PROVISIONS

The 2021 National Budget Statement titled 'Building resilience and sustainable economic recovery' heralds the second leg of the Government of Zimbabwe's 'reform and development Agenda' aimed at achieving Vision 2030 of Zimbabwe becoming 'a middle-income country by 2030.'
Underpinning the Budget is the National Development Strategy 1 (NDS1), running from 2021 to 2025. NDS1 seeks to 'consolidate and advance stabilisation and supply strides made under the TSP and further give the economy momentum for faster growth, with capability to create jobs, increase economic resilience and create a more competitive economy.'

Stakeholder expectations raised during budget consultative processes ranged from calls for stimulus packages to buttress growth and aggregate demand as well as increased public service allocation to fund improved social safety nets and social protection, water and sanitation, employment creation. Emerging consensus placed emphasis on the needs for sound macro-economic stances to instill confidence, certainty and stability in the economy, just measures to quell civil service unrest around a living wage and stringent measures to stem corruption and contain the pressing debt problem. The Zimbabwe Coalition on Debt and Development (ZIMCODD) in its People Led Campaign urged a public sector led recovery to create jobs, strengthen public service delivery in response to Covid 19, provide economic stimulus to the informal sector and free Zimbabwe from debt bondage.

Government's positive assessment of the successes of the Transitional Stabilisation Programme is used to justify the private sector led growth trajectory and the imposition of policies of austerity, deregulation and privatisation. However, the reality of recession, institutional decay and stalled human development challenges this assertion.

KEY ASSUMPTIONS UNDERPINNING THE 2021 NATIONAL BUDGET

The 2021 National Budget is anchored on the following assumptions:

- Recovery from Covid-19 pandemic;
- Resumption of global economic activity;
- Good agricultural season;
- Enhanced revenue collection;
- Sustainability of the auction system;
- Tourism and trade resumption;
- Materialization of mining investment targets;
- Firming international mineral prices;
- Recovery in domestic aggregate demand;
- Macro stability (currency stability, declining annual inflation and fiscal stability);
- Domestication of value chains;
- Further control of wasteful expenditures and value of money on all expenditures.

MINISTRY BUDGET ALLOCATIONS

The total 2021 budget is pegged at ZWL 426.1 billion. Budget allocations for selected ministries are presented hereunder.

Ministry	Allocation (ZWL billion)
Primary & secondary education	55.221
Health and Child Welfare	54.705
Lands, Agriculture, Water, Climate and Rural Resettlement	46.259
Transport and Infrastructural Development	30.064
Defence and War Veterans	23.754
Higher & Tertiary Education, Science and Technology Development	14.368
Youth, Sport, Arts and Recreation	3.447
Industry and Commerce	2.345
Women Affairs, Community, Small and Medium Enterprises Development	2.157
Energy and Power Development	1.641
Mines & Mining Development	1.399
Zimbabwe Anti-Corruption Commission	0.317

MAJOR NATIONAL BUDGET HIGHLIGHTS AND PROVISIONS

The 2021 National Budget prioritizes inclusive growth and macro-stability, developing and supporting productive value chains, optimizing value in natural resources, infrastructure, ICT and digital economy, social protection, human capital development and well-being, effective institution building and governance as well as engagement and re-engagement. The Government is targeting an economic growth rate of record a 7.4% growth in 2021 leading to the recovery of 150 000 formal jobs lost during the lockdown of 2020. Associated monetary policy measures seek to ascertain exchange rate and price stability by engendering a stable financial sector, tight money supply management and stability of the foreign exchange rate.

The fiscal policy targets a budget deficit of -1.3% of GDP (an NDS1 guideline) through:

- Adhering to budget stipulations on expenditure;
- Borrowing only for expenditures defined by the budget;
- Making use of Open Market Operations (OMOs) in borrowing;
- Discontinuing recourse on RBZ loans;
- Steady reduction of the wage bill;
- Constant review of public service positions and benefits
- Observe new public procurement provisions
- Limit subsidies to budgeted and deserving cases
- Advancing tax systems
- Public pension scheme reform (adopt a funded pension scheme

2021 BUDGET: THE TAXES

Finance and Economic Development Minister Professor Mthuli Ncube 2021 National Budget seeks to widen Government's tax collection net, a development that is expected to pile more tax misery for hard-pressed Zimbabweans. To fund the ambitious $421.6 billion budget the Treasury Chief introduced a cocktail of tax measures that will likely squeeze the country's citizens, especially the poor, of their hard-earned dollars. Minister Ncube's budget proposals include new taxes for Small-Medium Enterprises while offering very little tax relief to low income earners.

Below we look at some of the new and recalibrated taxes in the 2021 budget.

MORE IMMT MISERY

Minister Ncube gave the clearest indication that the Inter-mediated money transfer (IMMT), also known as the 2 percent tax, is not going anywhere any time soon.

The unpopular tax regime, introduced two years ago, was recalibrated marginally with transactions below $500 now exempted up from the current $300.

For transaction in US dollars, the tax will apply for transactions above US$5.

For businesses, the maximum a business can pay has been raised from $25 000 to $800 000 on transactions with values exceeding $40 million, with effect from 1 January 2021.

This is unlikely to provide much relief for citizens and business who have been calling for the scrapping of the tax.

"SIN TAX" FOR DRINKERS, SMOKERS

Excise duty on tobacco and alcohol is going up to the equivalent of US$5 per 1 000 cigarettes plus 20% of the ex-factory price.

In short, excise duty on tobacco is up by 300%, 700% for spirits and 600% for beer.

LITTLE RELIEF FOR LOW INCOME EARNERS

The Finance Minister proposed to raise the income tax-free threshold to $10 000 per month up from $5 000, ostensibly to provide low income earners with more disposable income.

The new measure will, however, provide little relief given that the poverty datum line, according to Zimstat, stood at $18,750 for the month of October.

Further, the lowest paid Government

worker earns around $14 000 a month after last month's salary review.

Commendably, the bonus tax-free threshold was raised to $25 000 effective November 1.

SMES PLACED UNDER THE COSH

Small business operating from stalls at shopping complexes dotted around the country are likely to reel under the new tax regime which compels them to pay up to US$30 in taxes for a single stall. Also include in this category are restaurant and bottle store operations which will now pay $10 000 a month to the tax authority.

Hair saloon operators will pay $2 500.

LANDLORDS TAKE A HIT

Owners of business complexes from where small businesses operate are now expected to make sure that their tenants pay up monthly presumptive taxes to the taxman.

Failure of one's tenants to pay the taxes will attract a penalty equivalent to the amount of tax payable and interest.

Zimra will establish an enforcement unit to enforce this new rule.

TAX FOR THE SELF-EMPLOYED

Small businesses with no tax clearance will now be expected to pay monthly presumptive tax for their operations.

Doctors, engineers and lawyers will now have to pay $500,000 in presumptive tax per month, while architects are expected to pay $250,000.

Realtors will bear the full brunt of this tax as they will now pay up to $1 million monthly to the taxman.

MORE FOR FUEL IMPORTATION

The price of diesel will likely go up, after excise duty for the fuel was increased by US$0.05 to US$0.30.

A petroleum import duty of US$0.05 will also now be added to fuel imports that come into the country by road.

Government wants to cajole fuel importer to us its Beira fuel pipeline.

This will likely see Zimbabweans having to pay more fuel at the pump while operational costs for business will also increase, having the domino effect of price hikes.

PEOPLE-LED BUDGET KEY ASKS

We urge our Parliamentarians to represent our voices and desire for a People-led 2021 National Budget. We want ...

1. A budget to unlock the power of Government spending in order to secure the future, help Zimbabweans recover from the impacts of the Covid-19 pandemic, grow the economy, create decent jobs and protect the vulnerable - particularly the elderly and people with disabilities.

2. A budget to give the children and youth of Zimbabwe a chance to make it in life, through a Universal Basic Income Support Grant; free Early Childhood Development in rural and peri-urban areas; school feeding programmes in all food insecure areas, free menstrual hygiene products for secondary school girls and grants for students in University and Tertiary Education Institutions.

3. A budget to eliminate gender-based inequalities and empower women and young girls by increasing support towards the Victim Friendly Unit and other gender responsive public services; providing capital and ring-fenced public tenders for female entrepreneurs; facilitating women and young girls' participation in the 12 Billion Mining industry and strategic gender sensitive capital expenditure to expand women and girls' equitable access to water and sanitation, renewable energy, legal justice, health and education services.

4. A budget to safeguard the nation's health by urgently addressing medical professionals' legitimate concerns and spending at least 15% of the total budget to improve public health service delivery with an emphasis on establishing a Universal Health Insurance Scheme, strengthening primary health care and enhancing existing public health facilities' capacity to cope with the Covid -19 pandemic, sexual reproductive health, malaria, cancer, TB, cholera, typhoid, mental health and other critical health challenges today.

5. A budget to provide economic stimulus to Small and Medium Enterprises and the Informal Economy through inclusive financing and income substitution to help local SMEs, Smallholder Farmers, Transport Operators, Vendors, Cross-border Traders, Artisanal Miners and various trades in the informal economy to recover from income losses incurred during the lockdown period.

6. A budget to free Zimbabwe from debt bondage through a sustainable public debt management framework and concrete measures to protect Zimbabwean households from unfair, abusive and predatory lending practices by private lenders.

7. A budget to devolve economic power and authority, reform the Public Sector and give Zimbabwean Civil Servants fair remuneration and a dignified standard of living.

8. A budget to enhance domestic resource mobilisation and operationalise the Sovereign Wealth Fund committed to in 2014 through an Act of Parliament by ensuring that all Zimbabweans especially wealthy individuals and Corporate bodies pay their fair share of taxes through the introduction of a Wealth Tax; and increased support for Parliamentary oversight over all tax incentives and mega-deals with foreign investors and mining companies.

9. A budget to recognise and incentivise the contributions of Zimbabweans in the diaspora by facilitating their inclusion and participation in key democratic decision-making, electoral, investment and cultural initiatives using digital and other innovative mechanisms.

10. A budget to strengthen democratic oversight and constitutional safeguards against the looting of national resources rampant through tax evasion, rent seeking behaviour, public tender corruption, illicit financial flows, the selling off of mines and other strategic assets on terms detrimental to the national interest; the privatisation of public services and the mortgaging of national assets in debt deals without adequate regulation, legislative scrutiny, popular consent, and due concern for the sustainability of our environment.

BUDGET DOES LITTLE FOR SOCIAL PROTECTION, POVERTY ALLEVIATION: EXPERTS

The 2021 national Budget presented by Finance and Economic Development Minister Professor Mthuli Ncube recently, does little to address poverty alleviation and social protection for the vulnerable households, experts have concluded.

The budget proposes a raft of tax measures that are expected to affect the poor predominantly.

The tax measures include presumptive taxes for small businesses, an increase in fuel import duty and insufficient Pay as You Earn relief for low income earners.

Speaking during a debate on ZTN television hosted by the Zimbabwe Coalition on Debt and Development, economic and social justice expert said tax concession proposals in the budget do little to provide relief for the poor.

Zimcodd executive director Janet Zhou said the widening of PAYE tax free thresholds remains below the Poverty Datum Line.

Treasury proposed to raise the income tax-free threshold to $10 000 per month up from $5 000, a concession which remains below the PDL at around $19 000.

"The big issue here is the expansion of tax bands and thresholds and the tax free bonus threshold," she said.

"But this has been a case of giving with one hand and taking back with the other.

"One of the issue with this budget is the issue of the shrinking tax base and in trying to widen the tax base.

"He (Minister Ncube) introduced new and higher taxes – presumptive taxes for the informal sector, those that are supposed tom pay about US$30 per month, talk about the toll fees where now you have an option to pay in US dollars, increase in the fuel import duty.

"In a country where we are talking about currency stability, we don't expect price hikes, what we expect is stability but the budget is not giving us that.

"So I think that is the major challenge.

"We were given by the right hand and we had the left hand take everything back.

"We talk about the tax bands being widened to $10 000 but our poverty datum line is at $19 000.

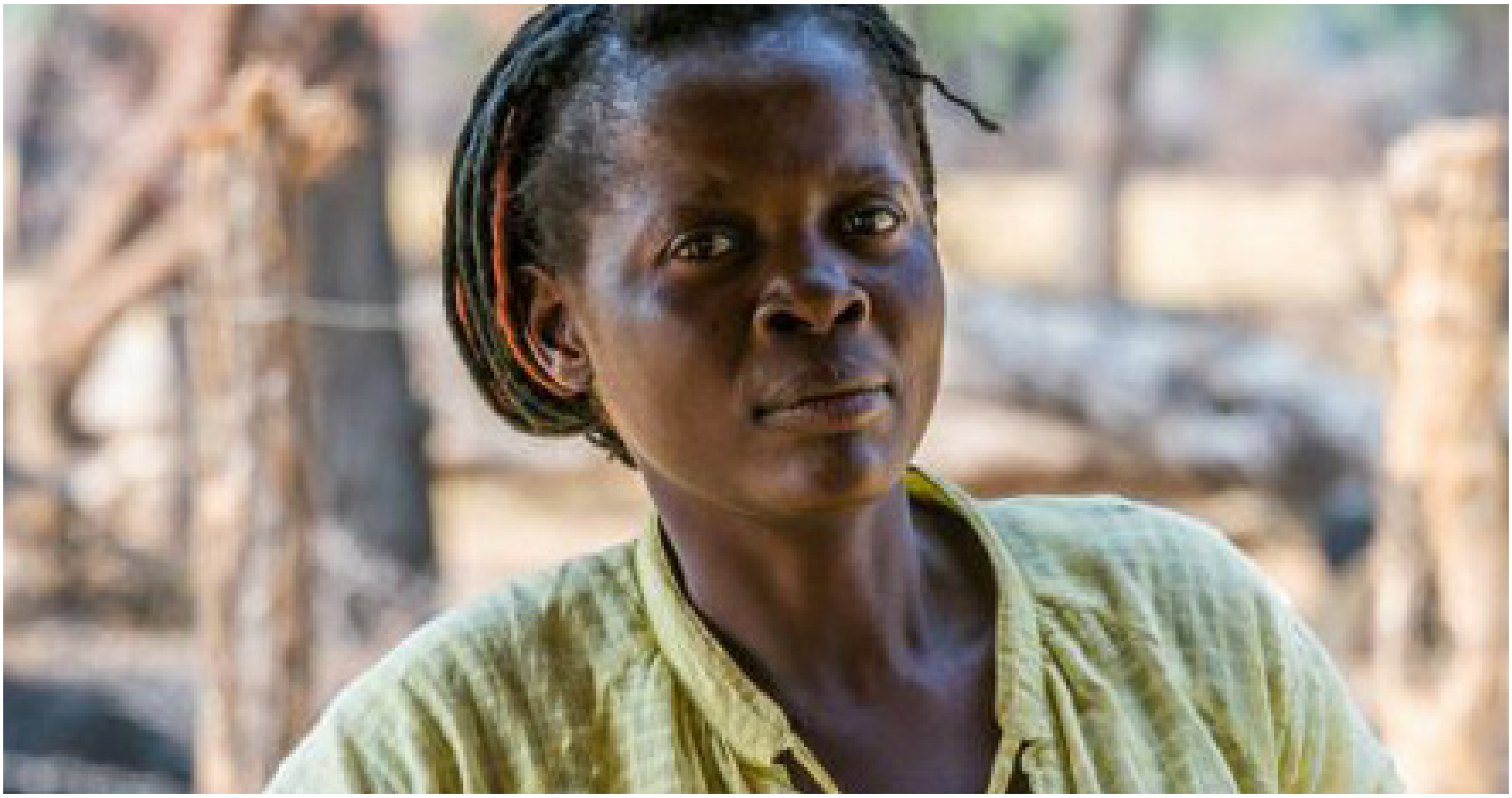
"So, it is a question of how far the Minister has gone in cushioning households and have them above the poverty datum line."

She concluded that the poor will bear the brunt of the new tax measures.

Labour and Economic Development Research Institute of Zimbabwe (LEDRIZ) economist Prosper Chitambara said spending on social services remains low.

He said spending on education had declined marginally despite an increase in allocation towards health.

"Some of my expectations that were not met were with respect to allocations towards critical social expenditures like health for example.



"Yes, there has been an improvement in health allocation from around 10.1 percent to around 13 percent but we are still below the Abuja declaration target at 15 percent.

"For education it's the same thing, in fact in education there has been a slight decline from around 13.3 percent this year to 13.1 percent for next year.

"Social protection there has been a significant decline from about 0.7 percent to about 0.4 percent.

"For water and sanitation, it's the same thing."

He said, however, the budget does have clear targets with regards to employment targets.

"We saw the Minister mainstreaming the NDS1 – issues of employment and issues of poverty reduction.

"Also coming up with clear employment targets, clear poverty reduction targets and that is positive.

"We have also seen now the thrust in terms of financing, I think we are going more and more towards domestic resource mobilisation.

"If you look at the tax reforms that the Minister is proposing, I think they are aimed at ensuring that at least we rely more on our own domestically generated resources."

Speaking separately Confederation of Zimbabwe Retailers president, Denford Mutashu described the blueprint as a mixed bag which does not address issues affecting business.

"It's a mixed bag. That health got the biggest chunk was expected owing to the continued fight against Covid-19.

"The issue concerning Value Added Tax on rice was not attempted, surprisingly, yet it is a matter bedevilling business as ZIMRA piles pressure demanding payments backdated to 2017 despite businesses having not collected anything due to policy confusion on the matter," he said.

He said the ramping up of the tax-free threshold by the minister was an attempt to stimulate aggregate demand which is depressed due to inflation hovering above 450%.

"The country should therefore focus on poverty eradication, realistic employment creation targets, import substitution anchored on a robust export strategy," he said.

Economist Persistence Gwanyanya said: "There is no link between the projected to what will drive it.

"Stability is just there as a foundation, but it cannot form a springboard to accelerate the desired growth single-handedly.

"Currently, indications are that the economy does not have enough investment to match the growth projections."

He added: ""The budget is failing to outline exactly how the growth will be funded and as a result, it appears there will be more reliance on domestic sources of capital like taxation of the citizens."

MEAGRE BUDGET PROVISIONS FOR THE POOR AND MARGINALISED DECRIED

Civic society and economists have expressed reservations on the 2021 national budget saying while it provided some tax relief, that cushion was not enough to help ordinary persons given Poverty Datum Line that remain high.

They also noted that Finance and Economic Development Minister Profesor Mthuli Ncube was not courageous enough to identify few areas to provide funding in a significant way than a "spirit of appeasement" where he tried to allocate money to every sector which had no impact.

Zimbabwe Coalition on Debt and Development executive director, Janet Zhou said while Minister Ncube had evenly allocated money to every sector to enable it to recover from the effects of Covid-19, the money was too little for it to transform the lives of ordinary people.

"The Minister covered all sectors that we were looking at, we were looking at unlocking Government spending towards Covid-19 so we saw allocation on social safety nets, health, youth, women, people with disability in terms of post Covid-19 recovery because of the shocks. But I think he was not brave enough in terms of giving more to the people, the resources ended up being spread too thinly," said Ms Zhou.

"He looked at venture capital fund, sovereign wealth fund, financial inclusion and I think these are good tenets of a budget. He talked of prudence in debt management, public management system and I think these are key issues that he raised. He has made quite significant commitments in the national budget that we will need to continue follow through as civil society"

On devolution, Ms Zhou said there was need to provide funding to provinces so that they could come up with their own Gross Domestic Product.

"On the issue of expanded tax free threshold, Government gave out with one hand and took away with another hand. The majority of people will not enjoy the expanded tax free benefits because of the burden of taxes," she said.

Renowned economist noted that Minister Ncube had limited fiscal space to move.

"It is a Catch 22 situation. The Minister wants to be generous by raising salaries but at the same time raise inflation rate. Tax free threshold of $10 000 might not be of significance when Poverty Datum Line is pegged at around $20 000," he said.

He said there was need for a vibrant commodity exchange rate modelled along the tobacco sales.

Confederation of Zimbabwe Industries economist Ms Tafadzwa Bandama said the economy still suffered from low aggregate demand.

Harare Residents Trust executive director, Mr Precious Shumba said the national budget ought to have addressed areas social protection and vulnerable members of society.

He said there was need for Government to release more funding on devolution in fulfilment of the country's constitution.

"We are however pleased with the upward review of that money, but we also need to say the Minister ought to be bold enough to prioritise social services. It is not prudent to make provision for the security sector," he said.

BUDGET TOO AMBITIOUS – BUSINESS,

Business and labour have described as ambitious the $421 billion 2021 national budget presented last Thursday by Finance and Economic Development Minister Mthuli Ncube.

They said while Minister Ncube had tried to juggle and balance a lot of competing interests, there were fundamental issues that were left unattended.

Some of the issues that they felt ought to be revisited include sustainability of the exchange rate, erosion of wages and the need to come up with realistic growth rates and inflation rate projections.

In an interview, Employers Confederation of Zimbabwe Dr Israel Murefu said the projected figure of economic growth was realistic as it was not consistent with fundamental challenges that the economy was plagued with.

"The budget, in my view, is both ambitious and progressive. There is need to do more around sustainability of the exchange rate stability, creating confidence in local currency and lowering inflation rate which obviously is still high and unsustainable. Otherwise the Minister tried his best to juggle around national priorities and objectives in a situation where external budgetary support is almost not there. There is therefore need for all of us to support efforts to achieve what is in the plan we could get to somewhere in 2021," said Dr Murefu

"The 7,4 percent projected growth figure of the economy, while good and encouraging, may be difficult to achieve because we have covid19 related disruptions and other legacy issues such that include drought and other national disaster such as Cyclone Idai that had a toll on our resources. We are still grappling with some of these national disasters and this may militate against the desired growth target," he said.

Dr Murefu said as business they were encouraged by the focus on upgrading and modernisation of infrastructure as that augured well for business in reducing operational and access to markets costs.

"Water is also critical for business in the same manner as power and fuel. The widening of tax bands augurs well for both employees and business because it increases spending power in the hands of workers and businesses benefit from increased consumption of their products and services which grows with increased spending," he said.

Harare Residents Trust said while it was commendable that Government had earmarked money for devolution there was need for local authorities to play an active role in deciding how to spend it.

Renowned economist, Gift Mugano said Government was a Catch 22 situation in that by trying to raise salaries for civil servant it was raising inflation.

Zimbabwe Congress of Trade Unions president, Peter Mutasa said there was little to cheer for the budget given that wages were, just as there was low productivity in the country.

"This was not addressed and we will witness more job cuts as companies rile under low demand due to low wages. The issue of low salaries is not just a labour issue but an imperative for economic recovery. Without addressing this, the budget statement means nothing to workers. In-fact with a host of other taxes in foreign currency, it spells more misery to the working class," said Mutasa.

He slammed the decision by Government to restrict the importation of second-hand vehicles saying it had adverse effect on low income earners who yearn to own cars.

"The ban on second hand cars is another elitist approach by the government, an anti-poor people policy. They are not concerned about the rich bringing in vehicles worthy over half a million American dollars. They are after the poor who are trying against all odds to have some minimum comfort. They are after the poor who are now relying on second hand clothing," said Mutasa.

OPINION: SEEKING JUSTICE IN THE NATIONAL DEVELOPMENT STRATEGY 1 (NDS1)

Building on the successes of the of the TSP and taking note of its failures, the Government of Zimbabwe has launched the National Development Strategy 1 (NDS1) 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 is aimed at realising 'Vision 2030' with priority on economic growth and stability, food and nutrition stability, governance, human capital development, housing delivery, health and well-being, and devolution among other priorities.

Zimbabwe's past economic blueprints have been high sounding and ambitious on paper but have consistently failed to live up to their expectations. It is important for the government and policy makers to note that citizens do not necessarily need economic performance statistics to convince them that certain policies are working. 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, and 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 happy and dignified life as codified in section 4 of the 2013 constitution or the bill of rights.

Since independence in 1980 to date, Zimbabwe had a number of economic blueprints that aimed at achieving sustainable socio-economic growth. These blueprints include the infamous ESAP (Economic Structural Adjustment Programme), followed by a plethora of such other such economic programmes, which had various acronyms ranging from ZIMPREST, to NERP to MERP, to STERP to ZIMASSET and now NDS via the TSP. These blueprints were associated with mixed growth fortunes, and some failed to deliver their expected outcomes.

Despite the crafting of economic blueprints, Zimbabwe has over the years failed to achieve sustainable economic growth, and the macroeconomic environment has largely been volatile , with severe socio-economic challenges like unemployment, poverty, poor service delivery in urban areas and high inflation among many others.

Immediately preceding the NDS is the Transitional Stabilisation Program (TSP) running from October 2018 to December 2020.

The TSP is rooted in austerity measures as a means to achieve macroeconomic and financial stability. 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 expansion . 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 if the exchange rate. However, stability in the prices of basic goods and services is yet to be witnessed in the economy.

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 NDS1 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 of the NDS1 include maintaining economic 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.

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 NDS1 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 targets are plausible, further analysis reveal that they might be overambitious and might therefore be unattainable. Trends in maize production indicate over the past decade, the government has consistently failed to reach the targets , 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 document overlooks the issue of natural occurrences like cyclones, thus it does not address how farmers would be compensated in the event of natural disasters.

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

In line with the constitution of Zimbabwe, every citizen has a right to safe and affordable housing. The NDS1 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.

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 over the past weeks. Recently, there have been situations where houses were being demolished in Harare and Chitungwiza, leaving hundreds of people homeless. What is disturbing 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.

As with the 2021 Budget Strategy Paper, the NDS1 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. 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 polices 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.

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 over-crowded urban areas. The NDS 1 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 1 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 NDS1 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 and the 2021 budget must prioritise healthcare funding.

In terms of access to water, sanitation and health environment, the NDS1 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 on 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 not a bad idea when it comes to 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. 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.

TAX JUSTICE AND DEBT

Further, other issues to take note of in the NDS1 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 high inflation 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 GDP . To address the debt question, the 2021 Budget should focus on ensuring effective debt management systems; continue with fiscal consolidation; zero tolerance to overdrafts with the RBZ to reduce domestic; and, to continue negotiations with International Financial Institutions and avoid contracting new debt to repay old debts.

CONCLUSION AND RECOMMENDATIONS

The NDS1, 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 a great move towards making sure that targets are strictly pursued. However, the NDS1 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 these types of targets which only looked good on paper, with nothing much translating to the improvement of people's lives. Policy implementation remains a challenge in Zimbabwe and has been marred with policy reversals and policy inconsistences. 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 successful implementation of policies.

Muchanyara Midzi is the ZIMCODD Research and Evidence Officer

Our Goal

The goal of the ZIMCODD 2020-2023 Strategic period is

"To contribute towards sustainable social and economic justice in Zimbabwe"

Our Vision

Socio-economic justice in Zimbabwe anchored on a vibrant people-based movement

Why We Exist

To take action against the debt burden and socioeconomic injustices through movement building and alternative policy formulation.

Thematic Focus Areas

The thrust of ZIMCODD's work is to address social inequality and ensure shared economic prosperity for every Zimbabwean. It does so through the following thematic areas:

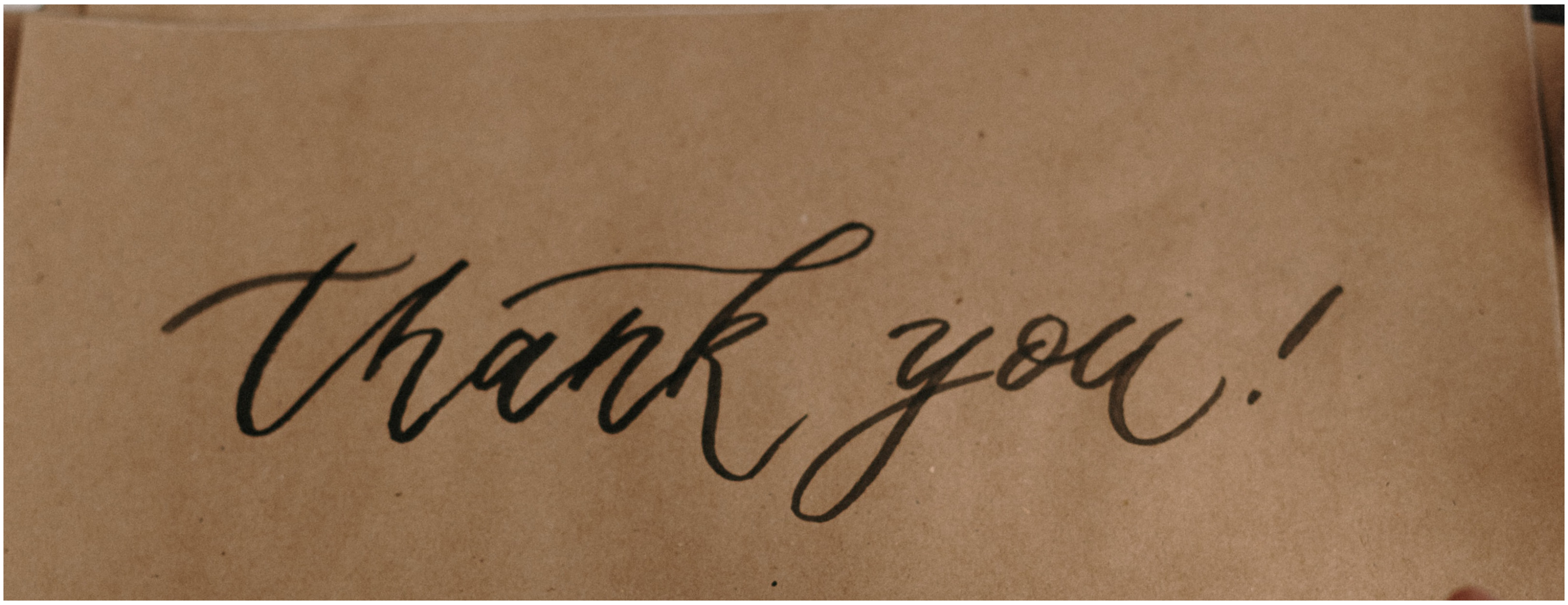
i. Domestic Resource Mobilisation (DRM)- This thematic area emerges from a realisation of the importance of domestic resources for driving sustainable development.

ii. Public Resource Management (PRM)- There is a growing realisation of the need to promote prudent stewardship of public resources as an enabler of social and economic justice.

iii. Trade Justice and Livelihoods (TJL)- This thematic area ensures that ZIMCODD remains rooted in the issues and struggles of the grassroots.

iv. Organisational Development (OD)- This thematic area acknowledges that Successful delivery of objectives outlined in the strategic plan (2020-2023) will depend on the strength and suitability of the organisational structure.

WITH MANY THANKS TO OUR PARTNERS



OXFAM

im INDIVIDUELL MÄNNISKOHJÄLP SWEDISH DEVELOPMENT PARTNER

CAFOD Catholic Agency for Overseas Development

FRIEDRICH EBERT STIFTUNG

actionaid

NORSK FOLKEHJELP

NORWEGIAN CHURCH AID actalliance

OSISA Open Society Initiative for Southern Africa

USAID FROM THE AMERICAN PEOPLE

TRACE

Breakfree!

GIVE US A PEOPLE-LED BUDGET

Zimbabwe Coalition on Debt & Development [ZIMCODD]
Address: 9 Bargate Road, Mount Pleasant, Harare
Tel: +263242776830/1/5
Website: www.zimcodd.org