POLICY BRIEF

An Analysis of the Percentage Share of Social Spending in Government's 2021 National Budget

PREPARED FOR

ZIMCODD
ZIMBABWE COALITION ON DEBT & DEVELOPMENT

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CONTENTS

1. INTRODUCTION

Social spending remains a key facet of the social contract between government and the citizens and is designed to stow human rights and Sustainable Development Goals (SDGs) such as zero poverty and hunger, good health and well-being, quality education, clean water and sanitation and reduced inequality.

Government's commitment to social spending is attested to by the socialist ideologies and the development of a welfare state post-independence. However, Zimbabwe's social sector continues to benefit from donor financing through various instruments such as the Education Development Fund (EDF), the Health Development Fund (HDF), the Child Protection Fund (CPF), and Global Fund for HIV and the Zimbabwe Reconstruction Fund (ZIMREF) for water, sanitation and hygiene.[1]

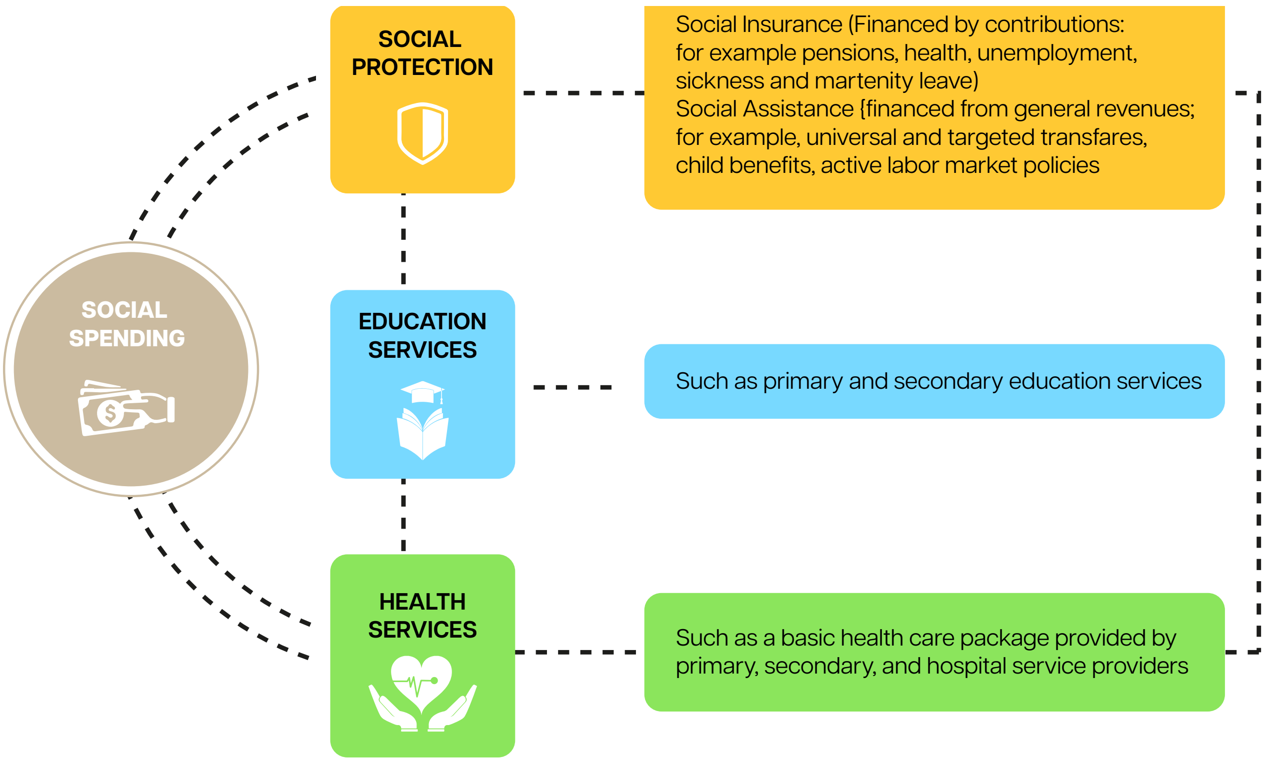
Despite government and donors' concerted effort, vulnerability has worsened given the macro-fiscal challenges, the recessionary nature of COVID-19 lockdowns, the prevalence of extreme poverty, the emergence of the working poor social class, pervasive food poverty and persistent hunger, and rising unemployment. These vulnerabilities place the elderly, the sick, the young (children), the unemployed, the excluded and the rural populace in a worse-off position — calling for a resilient and inclusive framework for safety nets. Accordingly, in an effort to understand government's exclusive social investment in dousing the increasing vulnerabilities, this Policy Brief seeks to; unpack social spending, present historical trends of fiscal allocation towards social spending in Zimbabwe, project Zimbabwe's social spending model, examine the impact of social spending policies against international benchmarks, evaluate alternative social spending funding models for Zimbabwe and present policy recommendations.

1. Development partners (23 NGOs and UN Agencies) planned to spend US$ 507 million in 2021 towards children, food security, health, nutrition, protection, shelter, WASH and refuges in Zimbabwe. Official Development Assistance totaled $726m, $795m and $975m in 2017, 2018 and 2019 respectively.

2. Unpacking Social Spending

Social spending or social expenditure encompasses tax breaks with social purposes, direct in-kind provision of goods and services and cash benefits[2]. The benefits may be aimed at the elderly, the unemployed, the sick, young persons, low-income households and the disabled. The theory of social spending seeks to bridge the gap between the elite and the poor/vulnerable (redistribution of wealth)[3] with the intention of empowering marginalized and vulnerable communities[4]. The concept of social spending is illustrated in Figure 1.

FIGURE 1: CONCEPT OF SOCIAL SPENDING



Source: IMF (2019)

Social spending comprises social protection, education and health services. Dissecting social protection gives social insurance (contribution based pension schemes that support work-related health/sicknesses, unemployment and maternity leave) and the general revenue financed social assistance covering universal and targeted cash transfers, child benefits and active labour market policies. Education services are an intervention meant to enhance access to basic education (primary and secondary) whilst health services allow for free access to basic health care for the vulnerable and the poor. The operation and combinations of social

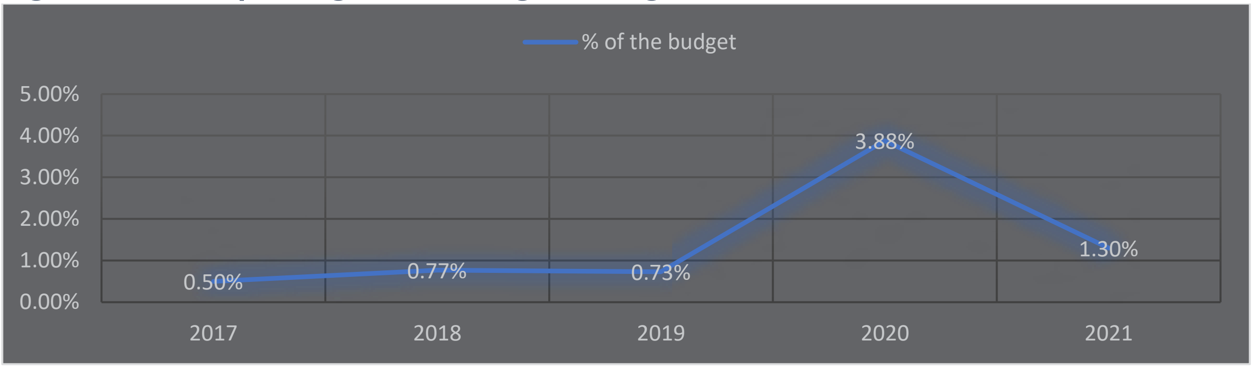
2. OECD (2021), Social spending (indicator). doi: 10.1787/7497563b-en (Accessed on 10 June 2021)
3. Esteban Ortiz-Ospina and Max Roser (2016) – "Government Spending". Published online at OurWorldInData.org. Retrieved from: www.ourworldindata.org/government-spending
4. Armingeon, Klaus, Christian Isler, Laura Knöpfel, David Weisstanner and Sarah Engler. (2016). Comparative Political Data Set 1960-2014. Bern: Institute of Political Science, University of Berne.

spending vary with jurisdictions and the availability of resources. Notably, prudent fiscal policies that foster transparency and accountability increases the efficacy of social spending and concurrently address social and economic injustices[5].

2.1 Historical (five-year) trend of fiscal allocation towards Social Spending

Social spending in Zimbabwe between 2017 and 2021 remains below the 2008 Social Policy for Africa Framework (SPAF) benchmark of 4.5% of the GDP (see Figure 2). Social spending captured in the trend analysis covers the Basic Education Assistance Module (BEAM), the Harmonized Social Cash Transfer Programme, the Drought Mitigation Programme, the Health Assistance Programme, and the Child Protection Services. Despite the modest increase in social spending from 2017-2021, the allocations remain below the SPAF benchmark — reflecting minuscule investment in social spending against increasing vulnerability. The narrowing fiscal space explain the scanty resource allocation towards social spending[6]. This policy brief presents the social spending models adopted by government in understanding allocations, distribution channels and patterns as well as the overall impact.

Figure 2: Social Spending as Percentage of Budget



Source: Compiled by ZIMCODD from 2017-2021 Zimbabwe National Budget

5. Gupta, S. and M. Verhoeven, 2001, "The Efficiency of Government Expenditure: Experiences from Africa", Journal of Policy Modelling, Vol. 23, pp. 433-67
6. Zimbabwe Labour and Economic Research Institute of Zimbabwe (2020). Review of the Transitional Stabilization Programme. Available at https://kubatana.net/2020/08/20/review-of-the-transitional-stabilisation-programme-tsp/

3. Zimbabwe social spending model and allocations

Zimbabwe seem to have adopted the Residual Welfare Model[7] that deliberately targets the disadvantaged/vulnerable/poor given the strong positive impact of such targeting on poverty and inequality.

With reference to Figure 1 (page 3), government adopted a raft of policies and frameworks to reduce poverty and vulnerability through social protection (social insurance financed through contributions to the National Social Security Authority (NSSA) catering for pensions, work-related health/sickness; social assistance financed through the general revenue fund and executed through targeted cash transfers, child benefits and labour market interventions, feed drought-stricken families, improve health access by the vulnerable, safeguard the welfare and safety of children and support of the elderly and people living with disabilities), and enhance access to education by children from poor backgrounds (BEAM).

International development institutions (the World Bank, the International Monetary Fund and the United Nations Department of Economic and Social Affairs) recognizes social spending as the nerve-center of societal and community transformation in developing nations.

Despite government's modest intentions, funding gaps still exist in social spending and are expected to worsen in 2021 given the increasing COVID-19-induced vulnerability and the dwindling fiscal space given Domestic Resource Mobilisation (DRM) challenges. Estimates from UNICEF show that, for 2021; 2.7 million people require safe water and sanitation, 4.6 million children need formal and non-formal education; and 2.2 million people in urban areas require social protection.[8] Given the funding gaps inherent in the Zimbabwean Social Spending Model, it is intriguing to explore how the meagre resources are distributed by manner of channels and patterns.

3.1. Social spending distribution channels and patterns

The distribution of resources earmarked for social spending is two-pronged, that is, government channels and private structures (where donors and other players are involved). Resources distributed through government channels normally move through ministerial structures cascading to provincial, district and ward-based channels. For example, BEAM funding system is distributed through the Ministry of Primary and Secondary Education. However, allegations are that, government structures are not observed as political party structures dictate the distribution of resources meant for the vulnerable leading to the politicization of social protection resources[9] . Beyond the politics, the government has failed to invest in setting up and updating databases for the vulnerable leading to a muddled distribution process acerbated by unskilled staff.

With respect to the pattern of social spending, government mostly reacts to pressing social challenges in a given fiscal year. Accordingly, in a drought inflicted year, drought relief is availed and where natural disasters wreak havoc, social spending is directed towards the same. In 2020 and 2021, government allocated resources for the vulnerable households during the COVID-19 induced lockdowns. Earlier in 2018/2019, government directed social spending to mitigate drought and Cyclone Idai-induced vulnerabilities.

As COVID-19 eases, such allocations might be disbanded as new societal challenges

7. D'Souza, A. A., (2019). Social Policy and Planning for Social Development, s.l.: Rani Channamma University, Belgium
8. UNICEF (2020). 2020 Social Protection Budget Brief. UNICEF Zimbabwe.
9. Mutizwa, B. (2020). An investigation into Organisational Capacity for National Disaster Management in Zimbabwe: The Case of the Department of Civil Protection, MSc Thesis, University of Zimbabwe

get allocation attention. Given this social spending pattern, it is objective to focus on the intended impact of government-funded social spending programmes against the actual impact achieved

3.2. Intended impact Vs actual impact achieved

The impact of social spending programmes is examined hereunder with the intention of understanding the gaps in the efficacy of the same.

Harmonized Social Cash Transfer Programme (HSCTP)

The HSCTP has made little impact in the livelihoods of Zimbabweans. As of 13 November 2020, approximately 5 708 households of families of one were receiving ZWL 250 and 6 274 households of family of 2 were receiving ZWL$ 375 while 41 389 households of family of 4 and above were receiving ZWL$ 625. As from 1 January 2021, government reviewed the transfers and a family of one is now receiving ZWL$ 1000, family of 2 now receiving ZWL$ 1500 and family of 4 and above now receiving ZWL$ 2500. Despite the review in the monthly transfers, the money is insufficient to carter for the needs of the families.

The maximum amount paid (ZWL 2500) is equivalent to USD $19 and when shared amongst 4 family members, each gets USD4.80 per month — an amount too meagre to have any impact on extreme poverty. Inflation also erodes the value of the transfers and government takes long to make reviews. The same amounts are less than the food poverty line for an individual pegged at ZWL4 139.10 in May of 2021. Against this background, extreme poverty is expected to afflict 49% of the population in 2021[10]. Extending the coverage of the HSCTP might help in countering the sprouting extreme poverty.

Basic Education Assistance Module (BEAM)

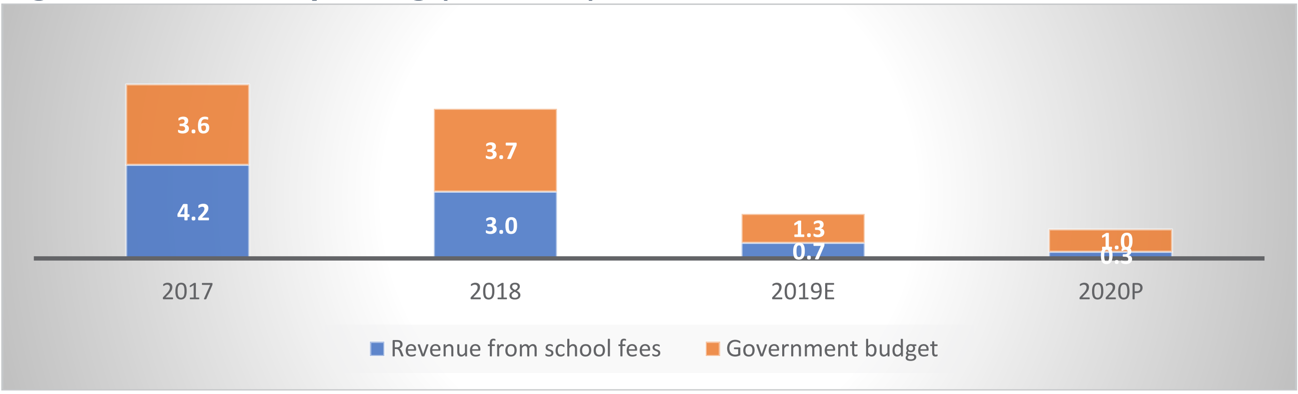
School fees in Zimbabwe has become relatively expensive as salaries for the majority of workers are below the poverty datum line. Boarding schools are averaging a minimum USD300 or equivalent in local currency whilst secondary day schools charge about USD30 per term in urban centres (Mate, 2018). Examination fees have also gone beyond the reach of the majority as Ordinary Level examinations are priced at USD15 per subject.

These charges restrict access to education especially for the marginalised poor children. Government's education spending has been declining since 2017 (Figure 3) thereby limiting the coverage of BEAM across the country. This has worsened inequalities in access to education given the exacerbation of the same by lack of tech-based learning solutions for rural children in the face of COVID-19 lockdowns.

In 2019 the government supported 415 000 children under BEAM and the coverage increased to 1 million children in 2020 against 4.6 million children in need of formal and informal education[11]. Whereas the uptick in BEAM coverage is commendable, government must further expand the coverage given the increased incapacitation of many families due to COVID-19 induced job and income losses. Redeeming the education sector requires an increase in education spending given the negative trend ensuing since 2017 (Figure 3).

10. Mutizwa, B. (2020). An investigation into Organisational Capacity for National Disaster Management in Zimbabwe: The Case of the Department of Civil Protection, MSc Thesis, University of Zimbabwe
11. UNICEF (2020). 2020 Social Protection Budget Brief. UNICEF Zimbabwe.

Figure 3: Education spending (% of GDP) 2017-2020



Source: World Bank (2021)

The Health Assistance Programme

The health assistance programme allocations increased from US$ 1.35 million in 2017 to US$4 million in 2019 and US$ 10.5 million in 2020. However, the allocations are deficient given the aged infrastructural gaps. The Minister of Health admitted that the health sector was incapacitated[12] operating with only 134 ambulances[13] for a population of 15, 062,998 as of 11 June 2021[14] . Thus, health assistance programs have been gravely impaired by a decrease in expenditure towards capital expenditure and drug acquisition[15]. The population's health status is compromised as evidenced by a decline of most poverty sensitive health indicators as shown in Table 2. The indicators show the poor health delivery system in Zimbabwe compared to other countries in the region. The failure of government to quell industrial action in the health sector for many years and the lack of basic drugs has worsened the plight of the vulnerable hence the poor health indicators.

Table 2: Key Health Indicators for Selected Countries

Country	HDI	GGE	PDP	NMP	MDP	UMR	MMR	LEB
Botswana	0,72	8,84	0,38	2,73	5,27	41,60	144,00	66,10
Namibia	0,65	13,86	0,37	2,76	4,18	42,40	195,00	63,70
South Africa	0,70	14,23	0,82	5,23	9,05	34,50	119,00	63,60
Zambia	0,59	11,31	0,09	0,89	11,87	61,70	213,00	62,30
Zimbabwe	**0,54**	**8,49**	**0,08**	**1,17**	**2,10**	**54,60**	**458,00**	**61,40**

Source: World Health Organisation, 2019

Where:
HDI — Human Development Index (2017);
GGE – General Government Expenditure on health as % of GDP (2014);
PDP – Physicians density (per 1000 population) (2016);
NMP – Nursing & midwifery personnel density (per 1000 population) (2016);
MDP – Medical doctors (per 10 000 population) (2018);
UMR – Under-five mortality rate (probability of dying by age 5 per 1000 live births) (2019);

12. www.newsday.co.zw/2021/06/chiwenga-admits-health-sector-collapse/
13. www.sundaymail.co.zw/govt-buys-100-ambulances
14. www.wolrdometers.info/wolrd-population/Zimbabwe-population/
15. UNICEF 2020 Zimbabwe Health Budget

MMR – Maternal mortality ratio (per 100 000 live births) (2017); and
LEB – Life expectancy at birth (years) (2016).

The table paints a gloomy picture of Zimbabwe's health status compared to her neighbours. The clearest indicator of the health crisis in Zimbabwe is the 'maternal mortality ratio per 100 000 live births': 458 children are dying compared to 119 in South Africa. All the other countries are better ranked on all indicators except Zambia which is the least ranked on 'nursing and midwifery personnel density' and 'under five mortality rate'. Of concern is the 'medical doctors per 10 000 population' which is around 50% less compared to neighbours Botswana and Namibia and lesser by 75% of neighbours South Africa and Zambia. In the same vein, 'nursing & midwifery personnel density per 1 000 population' is lessor than that in Botswana and Namibia by 50% and lessor than that in South Africa by almost 78%. The continued industrial action by health personnel due to incapacitation worsens the prospects of improved health care provision for the poor.

The Child Protection Services

In 2017 child protection service received US$ 1.35 million, it increased to US$ 1.6 million in 2018, decreased to US$ 1 million in 2019 and increased to US$ 1.2 in 2021. Given the allocations, the Zimbabwe National Council for the Welfare of Children (ZNCWC) has been financially crippled to undertake its mandate. Key programmes such as the Victim Friendly System, National Residential Child Care Standard, Social Protection interventions for Children in Zimbabwe and the Child Led Protection Committees have failed to execute their duties[16] . Accordingly, the number of children in need of humanitarian assistance has increased. Approximately 2.6 million children are in need of assistance as Severe Acute Malnutrition (SAM) has increased from 0.2% in 2018 to 1.4% in 2019[17] . SAM for 2021 stands at 38 425 whereas wasting affects 74 267 children according to the 2021 Humanitarian Needs Estimates.[18] The numbers have since gone up as approximately 2.7 million children are in need of assistance. Despite such increase in SAM the government in 2019 reduced its allocation to child Protection Service, a clear anomaly in government spending prioritization. As of November 2020, approximately 3 526 children had received ZWL$ 400 which was later reviewed to ZWL$ 1 500 in January 2021 — an amount too small to make meaningful changes to the lives of children. The fact that the government only helped 3 526 children against 2.6 million children is a clear testimony of incapacitation.

The support of the elderly and people living with disability

Despite their inclusion in the social support services, the majority of them complain of exclusion and those who receive assistance protest about its inadequacy. Just like children, the elderly were receiving ZWL$ 400 in November 2020 and it was increased to ZWL 1500 in January 2021. Since then, the allocation has not been reviewed yet inflation is increasing incessantly and the poverty datum line for an individual stood at ZWL$ 4,139.10 per month as of May 2021. The scanty support rendered to elderly tells of the abject poverty and hunger they are exposed to given the worsening economic situation in Zimbabwe. Of concern is that pensioners are getting ZWL $ 840 (USD 9.88) per month as of 25 June 2021 and they do not have any other source of livelihood. This is way below the poverty datum line for one person as reflected above thus the elderly are exposed to extreme poverty.

16. UNICEF 2021 Zimbabwe Humanitarian Situation Report: February- March
17. www.reliefweb.int/report/zimbabwe/humanitarian-action-children-2020-zimbabwe
18. https://www.unocha.org/southern-and-eastern-africa-rosea/zimbabwe

Drought Mitigation Programme

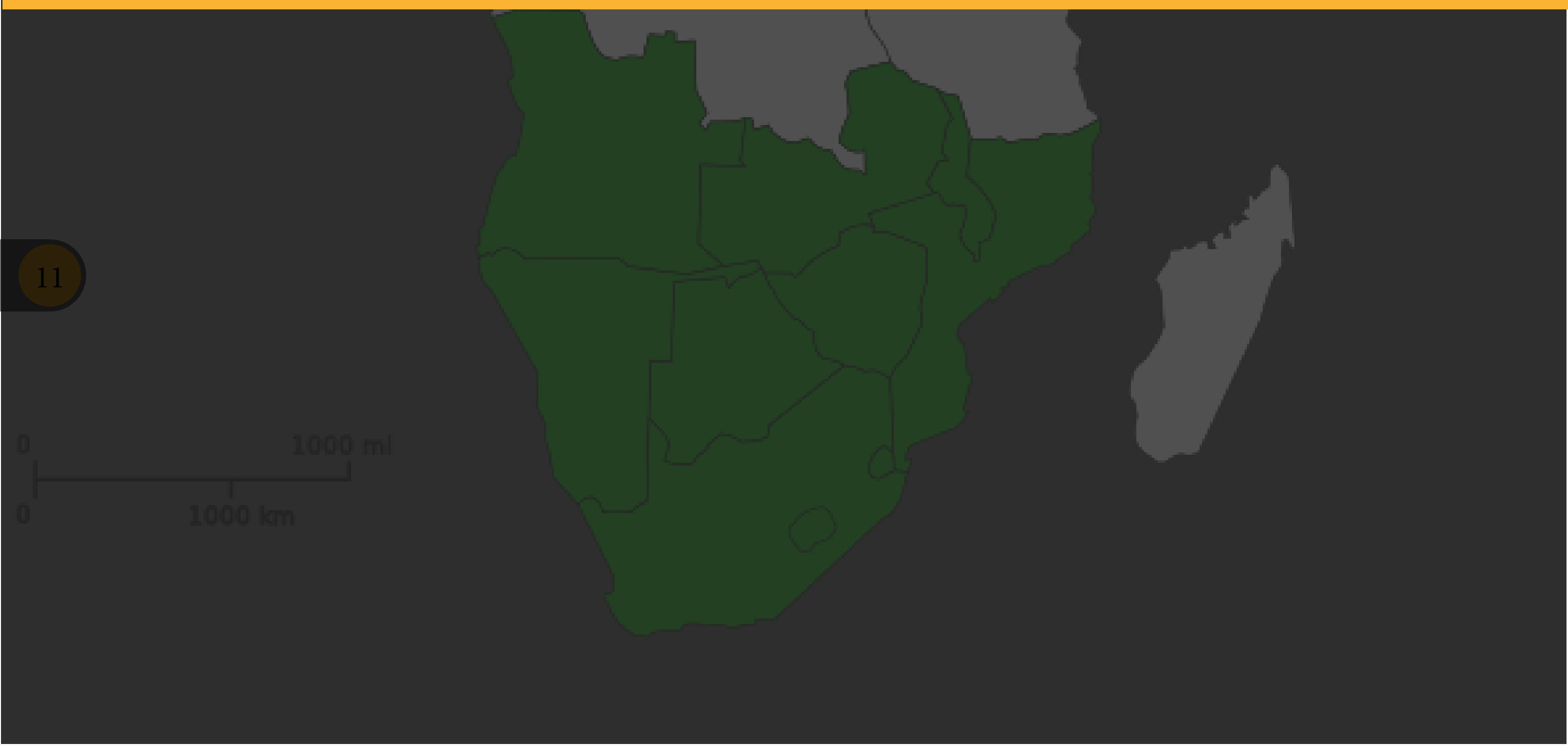
Despite the good rains received in the 2020/2021 rain season, the Food and Agricultural Organization's Food Security Monitoring Report of May 2021 show that food security is deteriorating over the past two years and the borderline food consumption has increased from 45% in 2018 to 69% in 2020[19]. The government has failed to make much impact in drought mitigation programme due to limited financial resources and unsystematic food distribution channels. This has left many rural communities and towns under the care of donors.

The World Food Programme through partnerships with various local organizations undertake numerous humanitarian activities such as Cash Transfer Programs and Lean Season Assistance Programme aimed at distributing food to the most vulnerable communities. Thus, the government needs to revitalize its drought mitigation program and not rely on donors as 5.6 million people are expected to be food insecure in 2021 against government's intention to serve 5.5 million food-insecure people.[20] History has shown that government underperforms on its food relief commitments hence the planned intervention to serve 3.8 million people by 23 development partners (local and foreign NGOs and UN agencies) in 2021.

19. FAO. 2021. Zimbabwe | Agricultural livelihoods and food security in the context of COVID-19: Monitoring report — May 2021. Rome. https://doi.org/10.4060/cb4333en
20. OCHA 2021. Zimbabwe Humanitarian Response Plan.

4. Regional Social Spending lessons for Zimbabwe

This Policy Brief notes lessons from regional economies such as from South Africa, Namibia and Botswana.



Case 1: South Africa

South Africa has managed to spend at least 4% of its GDP consistently on social welfare, with the allocation reaching close to 10% of GDP in some fiscal years — a measure double the SPFA benchmark. Social spending increased from R193.4 billion in 2018/2019 to R223.9 billion by 2020/2021, implying a 7.9% annual growth. The South African social grants system inculcates several attested grants meant for the elderly, the poor and their families, foster families, the crippled/ disabled as well as war veterans.

With respect to coverage, about 30% of South Africans (15 million people) receive social grants. The Child Support Grant reaches about 10 million children whilst the Old Age Grant is extended to over 2 million elderly people. Surprisingly, social grants contribute in excess of 60% of income of the poorest 20% of South African households as supported by household survey data. These social grants are supported by the general tax revenues and constitute more than 10% of government's spending. South Africa's Social Protection Framework is based on comprehensiveness given an array of programmes meant to reach all sections of the needy.

Case 2: Botswana

Botswana is amongst African countries that allocate substantial fiscal resources to social spending. The 2017/18 national budget allocated P7.4 billion — constituting 4.4% of GDP to social protection thereby confirming the government's sincerity in supporting the vulnerable sections of the society. The allocations towards social protection have been increasing over the years as P5.3 billion was allocated for social in 2013/14 against the P7.4 billion in 2017/18[21]. The entire social expenditure for Botswana is funded by the fiscus and labor market programmes. The consistency in funding social expenditure culminated in significantly reducing poverty and inequality levels. Social protection targeting children is above the average for Upper Medium Income Economies implying Botswana's unmatched affinity to better its society. Botswana is also in the process of crafting a National Social Protection Framework meant to harmonize the fragmented approach to social protection. The mature social protection system in Botswana comprises of universal and targeted programmes designed to reach nearly all the needy citizens.

Case 3: Namibia

Namibia has a high degree of state provision of social protection as evidenced by the complementary contributory and non-contributory programmes. The government funds the basic access to health and education, food/cash for work, War Veterans' Subventions, Maintenance Grant, Foster Parent Allowance, Funeral Benefit, Disability Grant, Old Age Pension, Places of Safety Allowance, Special Maintenance, TIPEEG[22] and Motor Vehicle Fund. The coverage of these social programmes has improved over the years with the Basic Social Grant covering 95% of the elderly as of 2018.

The Social Grants have done well in reducing poverty of rural households. The Constitution makes primary education compulsory supported by total government financing. As of 2017/18, the comprehensive social protection systems in Namibia constituted 4.5% of the GDP — tallying with the SPFA. Despite the dominance of inequality, cash transfers in particular have contributed much in reducing poverty and inequality. Although gaps exist in the private sector, civil servants are well covered by social insurance[23].

21. The allocations took dip in 2015/16 and 2016/17.
22. Targeted Intervention Programme for Employment and Economic Growth.
23. Schade, K., La, J. and A. Pick (2019), "Financing Social Protection in Namibia," OECD Development Policy Papers, No. 19, OECD Publishing

5. Alternative social spending funding models for Zimbabwe

The contraction of the Zimbabwean economy has reduced the allotment of resources for social spending.[24] In line with the recommendations proffered by international development institutions,[25] the government must consider the following social spending financing options:

24. Zimbabwe experienced a recession in 2019 (-6.4%) and in 2020 (-10%).
25. ILO (2018). Financing social protection for the future of work: Fiscal aspects and policy options. International Labour Organization, Geneva; UNRISD (2018). Financing Social Policy. Available online at: www.unrisd.org; UNICEF (2020). 2020 Social Protection Budget Brief. UNICEF Zimbabwe; IMF (2019). IMF policy paper a strategy for IMF engagement on social spending. International Monetary Fund, Washington D.C.

Public debt management and restructuring

Zimbabwe has a public debt overhang stretching into several billions with the actual estimate of the debt stock in doubt as different authorities give varied approximations. This debt can be analyzed with the intuition of restructuring it and channel debt-servicing savings to social spending. Firstly, Zimbabwe has to declare itself poor, secondly it has to re-negotiate the terms of public debt as well as seeking debt forgiveness given that many countries benefitted from the same in the past.

Zimbabwe has not benefitted from the International Monetary Fund (IMF) and World Bank (WB)'s Highly Indebted Poor Countries (HIPC) Initiative which has enabled many countries reduce their debt payment commitments by 1.8% of GDP. This is because she was not regarded as poor nation. The restructuring of debt is likely to set free resources that can enhance the education and health sectors whose indicators continue to wane.

Re-allocating public expenditures

This requires the assessment of national budget allocations and devise ways of replacing high-cost, low impact investments with high impact social programs. The re-allocation of public expenditure takes out inefficient public spending and tackles corruption thereby making savings that can be channelled towards social spending. The re-allocation of military expenditures to health and education might deliver the necessary social impact.[26] Also, the savings from the abolition of subsidies on fuel can be directed to social expenditure as in the case of Ghana, Indonesia, and Iran.[27] Care however must be taken to affect a gradual withdrawal of subsidies to ensure a smooth welfare adjustment. Preferably, a reduction in subsidies might be considered in place of a total removal of the same.

Eliminating illicit financial flows and corruption

The measure of resources lost through illicit financial flows (IFFs) and corruption cannot be verified with precision given the illegal nature of IFFs and corruption but estimates show that Zimbabwe lost approximately US$ 32.179 billion to illicit financial flows in the last two decades.[28] Also, government did not act to recover US$15 billion allegedly lost in the diamond sector, neither did it act on the 2018 Auditor General's revelation that US$5.8 billion was lost through irregular and unsanctioned (corrupt) public expenditure.

These resources could extinguish the country's total Public and Publicly Guaranteed (PPG) Debt and expand investment in social spending and meet Sustainable Development Goals (SDGs). Eliminating IFFs and stamping out corruption avails plenty resources capable of magnifying social spending. Government is still to show its sincerity in fighting both IFFs and corruption given its repeated catch and release stunt . [29]

Increasing tax revenues through innovative, equitable and efficient tax systems

The Monterrey Consensus of 2002 and the Doha Declaration of 2008 emphasize the importance of domestic resource mobilization in supporting social policy through sweeping tax reforms meant to scale the impact of social policy. The stability and distributive justice potential elevates tax revenue as a superior social spending financing instrument capable of supporting universal social programs. Financing social policy through tax systems proffers ownership and accountability compared to foreign funding which is susceptible to conditions.

28. Chikono, M. (2020) Zimbabwe losses US$ 32bn due to illicit financial flows.
29. An allegation that the government only arrest and release high profile people without prosecution.

26. Costa Rica and Thailand managed to re-allocate military expenditure to health and education sector successfully. In the Zimbabwean case, trimming the 5.63% military budget allocation to 5% as well as cutting the home affairs allocation from 5.59% to 4.9% might avail more resources to finance the health and education sectors and address the looming crises (2021 Budget).
26. Iran managed to finance cash transfers and universal health access through energy subsidy reform

However, government ought to address the economy's weak tax capacity as defined by the structure of the economy (share of extractive industry production[30], the size of the informal sector, trade dependency and paid labor), institutional legacy and state capacity and credibility. Most importantly, tax reforms ought to be progressive instead of regressive and must alter various types of taxes such real estate, corporate, consumption, imports and exports, natural resources and income amongst many taxes as well as increasing tax compliance. The Government can also ring fence specific taxes to target the social sectors.

Adopting a more accommodating macroeconomic framework

Addressing pressing developmental needs calls for the relaxation of strict fiscal controls and the adoption of an accommodative macroeconomic framework associated with the incurring of deliberate budget deficits that are meant to support job-creating and poverty reducing investments. Government must avail resources for social spending whether a surplus or a deficit is attained. Also, an accommodative monetary policy must undo economic uncertainties, attract investments, and enable poor households to afford basics without government's assistance. This lessens the social spending bill for the government thus government must pursue and maintain stable inflation.

Increasing social security coverage and contributory revenues

Since Zimbabwe's fiscal space continues to shrink, its tax revenue cannot support the ballooning social security needs. It is therefore worthwhile to consider the expansion of contributory social security. Contributory social security schemes are reliable and predictable and reduces government's social security bill. Effectively, the increase in workers and families contributing to social security, the less prone they are to fall into poverty when they retire, fall sick, unemployed or are on unpaid maternity. Zimbabwe's growing informal sector retards the expansion of social security coverage and government must pursue the reversal of the growing informalization of the economy and scale social security coverage and the revenues thereof.

Lobbying for aid and transfers

Official Development Assistance (ODA) has the capacity to enlarge allocations for social spending despite the uncertainty of the same. Where aid is availed, the government must adhere to conditions attached to aid, address aid fungibility, the likely policy incoherence, and the instabilities linked to the Dutch Disease. Given Zimbabwe's international pariah status, moulding trust with international development agencies and multilateral institutions is a huge step towards securing aid and transfers. Government also must address the exorbitant taxes/fees on transfers so as to maximize social impact of foreign transfers.

Taxation of natural resources

Zimbabwe being a mineral rich country can leverage on its mineral resources and earmark resources from the taxation of minerals to the expansion of social spending and enhance the distribution of national wealth obtained from natural resources. However, this financing option requires a great deal of transparency so as to limit smuggling and under-invoicing of mineral exports. Also, care must be taken to avoid the natural resource curse (Dutch Disease) associated with abundance of natural resources.[31]

30. This is linked to commodity dependency where exports are unprocessed and are mostly from the primary sector.
31. ILO (2016). Delivering Social Protection for All. Inter-Agency Task Force on Financing for Development, Issue Brief Series, International Labour Organization.

6. Recommendations

The recommendations are construed to address the efficiency of budget allocation in alleviating poverty, entrenching tax justice in financing social spending, ensure the availability of adequate resources for social spending, a logical allocation stratagem as well as an inclusive administrative strategy

Poverty Alleviation

To exterminate extreme poverty, government must:

- Increase the coverage of social protection interventions and give preference to the most vulnerable groups such as children, the old, the poor and the disabled.
- Enhance equity and establish resilient communities as supported by well-targeted and shock-responsive social protection programmes. This calls for the political will by the government for enactment of legislative provisions and policies to protect the poor;
- Transition to conditional cash transfers (CCTs) to enhance impact on variables such as school enrolment. Evidence from Malawi and Burkina Faso acknowledge the superiority of CCTs over unconditional transfers.

Tax justice

The desirable financing instruments of social spending must observe progressive distribution of resources to the vulnerable, the poor, the elderly, the sick, the rural populace and minorities. Government must adopt direct taxes on personal and corporate income as well as taxes on property as these taxes are redistributive and gender equalizing compared to self-provisioning, user fees, pre-paid schemes and indirect taxes (UNRISD, 2018). Entrenching tax justice requires that the rich contribute more to social spending whilst safeguarding the little earned by the low-income earners.

Resource availability

Government must consider a funding mix that stretches financing for social spending such as the taxation of natural resources, restructuring and management of public debt, re-allocating public expenditure, eliminating illicit financial flows, increasing tax revenue through equitable and efficient tax system, lobbying for aid and international transfers (reforms to inculcate transparency in Public Finance Management are critical in attracting development partners), increasing social security coverage, and adopting accommodative macro-economic framework. Also, there is need for building strong institutions that not only lobby for social protection funding but holds government accountable for all resources earmarked for social spending through transparent and factual reporting of the social spending budgetary process

Allocation

The government must at least observe the minimum Social Policy for Africa Framework (SPAF) social spending benchmark of 4.5% of the GDP as a starting point. Whereas the allocation process is done by the elite, it is vital to note the changing socio-economic landscape given the impact of COVID-19 on the economy, the emerging 'working poor' class and the excruciating and worsening extreme poverty. Effectively, more resources ought to be allocated to social spending as more people are now vulnerable.

Administration and utilization

- The capital budget for the Ministry of Public Service, Labor and Social Welfare (MoPSLSW) is meagre and cannot meet infrastructure cavities and the rehabilitation needs of its institutions. This cripples the operations of the MoPSLSW in administering social spending. Government must increase its allocation to this ministry to ascertain its efficiency,

- The Department of Social Welfare must be capacitated to sharpen execution and limit the possibility of diverting resources meant for the vulnerable to meet operational obligations,

- The Department of Social Welfare must publicize the methods it uses to determine the vulnerability states of individuals, which then is used to select beneficiaries of its programs so as to eliminate opacity and corruption allegations in the distribution/administration of social funds,

- Periodic reports detailing how resources are utilized is critical in rooting transparency.

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