



2021 National Budget Review

Prospects for Social Development, Gender Equality and Disability Inclusion
Constrained

Operationalising the National Development Strategy I



Introduction and Background

A national budget is a plan prepared by the government presenting its anticipated revenues and proposed spending/ expenditure for the coming financial year. Ideally, the national budget should guarantee the realisation of the varying needs and aspirations of citizens, particularly the poor and vulnerable, including women, children, people with disabilities and the elderly. The 2021 national budget was presented before the House of Assembly by the Minister of Finance and Economic Development on the 26th of November 2020, and this will be followed by the approval by parliament paving way for its implementation, starting January 2021. Institute for Community Development in Zimbabwe (ICOD Zimbabwe) through its community structures, took part in the 2021 pre-budget consultations spearheaded by the Parliamentary Portfolio Committee on Budgets. The involvement of citizens in the national budget process is derived from section 141 of the constitution which mandates the Parliament of Zimbabwe to a) facilitate public involvement in its legislative and other processes and in the processes of its committees; b) ensure that interested parties are consulted about Bills being considered by Parliament, unless such consultation is inappropriate or impracticable. Meaningful involvement and effective participation of women in the national budget processes ideally guarantees the advancement, realisation and enjoyment of their social, economic, political, environmental, and cultural rights. Section 13 (2) of the constitution provides for the involvement of citizens in the formulation and implementation of development programmes and projects that affect them.

The 2021 National Budget come at a time when the country is battling under siege from COVID-19 pandemic which has resulted in further macroeconomic deterioration across the economic divide. According to the World Bank, emerging data shows that since the outbreak of COVID-19, countries have started registering economic recession and Zimbabwe has not been spared. Thus, the 2021 National Budget is expected to lead the country in COVID-19 recovery path by reflecting reforms and mechanisms to redress the challenges presented by COVID-19 pandemic. Further to that, a pro-poor, inclusive and sustainable national budget framework is one that prioritizes people and their basic needs as well as ring-fencing expenditures thereto. It must boost public spending on health, education and social development portfolio without undermining fiscal sustainability. Importantly, a people’s budget must be strongly aligned with constitutional imperatives such that the bulk of resources are dedicated towards the realization of constitutionally mandated people’s rights. It is through the national budget that the government is able to adhere and fulfil its commitments. In the case of Zimbabwe, the national budget must demonstrate the commitment by government to realise the sectoral targets which includes:

Table 1: Expenditure targets the government has committed to implement.

| Sector | Agreement | Target |
|-------------------|-------------------------------------|----------------------------|
| Social protection | Social Policy for Africa (2008) | 4.5% GDP |
| Health | Abuja Declaration (2001) | 15% government expenditure |
| Education | Education for All Initiative (2000) | 20% government expenditure |

In recognition of the critical role that the national budget plays in socio-economic development of women; and women with disabilities, the ICOD Zimbabwe conducted consultations on the key policy aspirations and asks to input into 2021 national budget with the view to add women voice within the budget. ICOD Zimbabwe extends gratitude to its membership (women and women with disabilities) who dedicated their time towards the consultative process and whose contributions have been considered in the development of the 2021 National Budget. The community adds significant value to the service delivery by the government through the national budget especially if they meaningfully participate in the budget consultative process and the entire budget cycle. ICOD Zimbabwe represents more than 3000 women and women with disabilities and is present in Masvingo and Midlands provinces of Zimbabwe. This 2021 National Budget review was necessitated by the inputs that ICOD Zimbabwe and its membership contributed in the consultation processes to determine the extent to which various asks has been explored by the treasury or not.

The participation of women and women with disabilities in the 2021 National Budget was informed by findings from the analysis conducted by ICOD Zimbabwe in August 2020 which revealed limited participation of women and girls with disabilities in the budgetary processes of Zimbabwe. Thus, the agenda was to influence the 2021 national budget, which is a key instrument to ensure the progressive realization of the social, environmental, economic and political rights of women with disabilities in line with the Sustainable Development Goals Leave No One Behind Agenda. ICOD Zimbabwe has conducted pre-budget sensitization and consultations meetings in Chivi and Chiredzi aimed at equipping women and girls with disability with key budgetary information and knowledge ahead of the consultations held in these areas by the committee. In a bid to expand findings from pre-budget sensitization and consultations, ICOD Zimbabwe convened another meeting with Disabled Persons Organizations across the country and developed the Disability Ten Point Plan

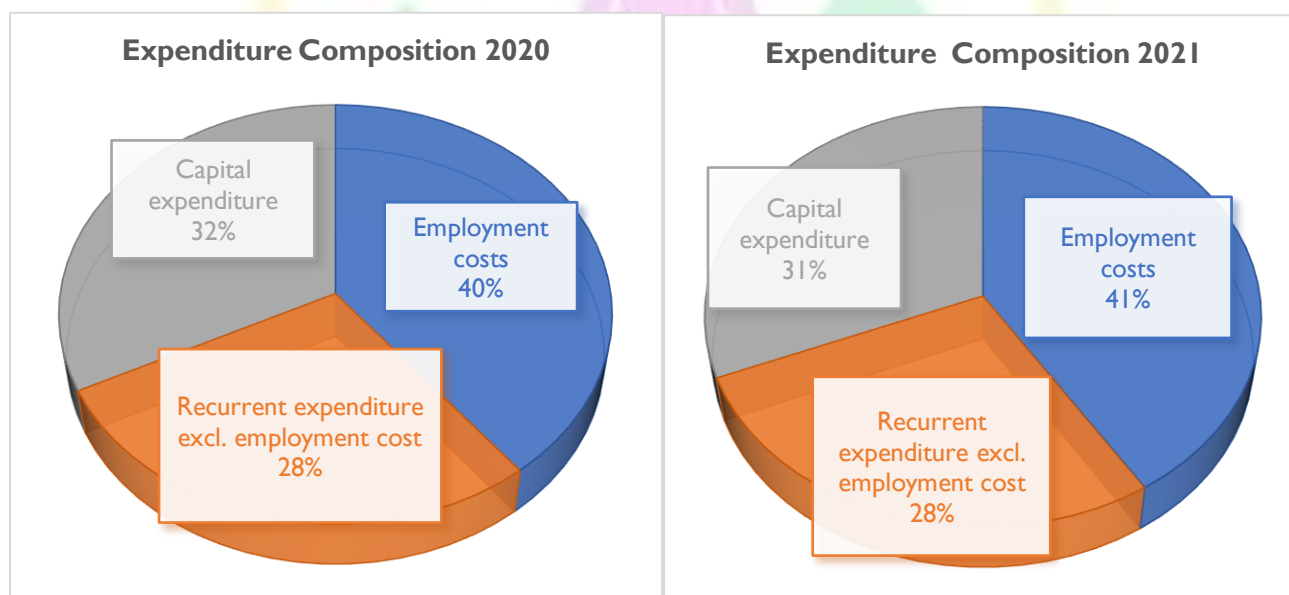
which was presented to the Parliamentary Portfolio Committee on Budgets. This review seeks to unpack the 2021 national budget and its implications for women and women with disabilities as well as an evaluation of the extent to which the key asks dovetailed in the Disability Priority Paper have been incorporated and considered. Apart from a mere look at budget figures in line with the contextual analysis of the prevailing macroeconomic environment, this post-budget review gave an evaluation of progress made to-date in the commitment by government to address the social and economic needs of citizens.

IMPLICATION OF THE 2021 NATIONAL BUDGET

Macroeconomic Indicators

The Minister of Finance and Economic Development presented a 421.6 billion 2021 National Budget titled, 'Building Resilience and Sustainable Economic Recovery'. The theme was derived from a background of austerity measures enunciated in the Transitional Stabilisation Programme (TSP) which is ending this December 2020, and the recent macroeconomic and natural disaster shocks in the last two years that is Cyclone Idai and COVID-19 pandemic. The 2021 national budget marks the kick-start implementation of the National Development Strategy (NDS I: 2021-2025). The 2021 national budget has increased by 542% in nominal terms; from 65.6 billion budget for 2020 to 421.6 billion budget projected for 2021. 2020 Budget Performance review has shown 173.4 billion revenue expected by December 2020, with tax revenue constituting 98.5% of the revenue collections expected. The question for the monetary authority is how they will mobilise the estimated 390.803 billion revenue in 2021? Does it mean taxes on goods and services shall be reviewed upwards given that 38.9% of the people are in extreme poverty? This is worrying as the 2021 national budget underscored that government fees, levies and charges will be reviewed in line with economic developments. Figure 1 below shows the expenditure composition of the 2021 National Budget:

Figure 1: Expenditure Composition for 2020 and 2021 National Budgets



Source: Author's computation from 2021 National Budget Statement, Table 1 page 225

Figure 1 shows slight changes in the distribution of expenditures as the recurrent expenditure especially employment costs continue to take the greater proportion of the budget at the expense of capital expenditure. The country needs to advance the prioritisation of capital expenditures in view to achieve sustainable economic growth and stability as enunciated in the National Development Strategy I. Despite the exchange rate stability brought by Auction system, the country continues to face high rate of inflation which as the country is expected to record 659.9% inflation rate in 2020. The currency issues remained a cause for concern as characterized by various market distortions and imperfections thus the 2021 national budget must be supported by a robust monetary policy reforms to achieve price stability.

Vote Appropriation Analysis

This section reviews the percentage allocations towards key sectors or ministries. This analysis of vote appropriations helps to understand the prioritisation by the government as well as progress in fulfilling commitments made in various sectors of the economy. Table 1 shows the % allocations to selected votes or ministries, and comparison with the 2020 National Budget Allocations:

Table I: Sectorial allocations for 2020 and 2021 National Budget

| Vote/ Ministry | 2020 % Allocation | 2021 % Allocation |
|---|-------------------|-------------------|
| Public Service Labour and Social Welfare | 3.9% | 1.6% ↓ |
| Lands, Agriculture, Water, Climate and Rural Resettlement | 17.3% | 11% ↓ |
| Health and Child Care | 10.1% | 12.9% ↑ |
| Primary and Secondary Education | 13.2% | 13% ↓ |
| Women Affairs, Community, Small and Medium Enterprises | 0.7% | 0.5% ↓ |
| Youth, Sport, Arts and Recreation | 0.5% | 0.8% ↑ |
| Higher and Tertiary Education | 4.4% | 3.4% ↓ |
| Defence and War Veterans | 4.7% | 5.6% ↑ |
| Devolution | 4.4% | 4.6% ↑ |

Source: Author’s Computation from 2021 National Budget Highlights, page 9

Education: The allocation to primary and secondary education has slightly decreased by 0.2% in 2021 compared to 2020 vote appropriations. The 13% allocation is way below the 20% commitment stipulated in the Dakar Declaration. The Disability Ten Point Plan submitted by ICOD Zimbabwe has asked an increase in allocation towards education to facilitate integration of schools in a bid to accommodate learners with disabilities. According to Primary and Secondary Education official statistics for 2019, Zimbabwe has 85 560 learners with disabilities in primary and secondary schools. This is a significant number which the government should consider in prioritizing education for all as enunciated in SDG 4. The allocation for tertiary education has reduced by 1% as shown in Table I.

Health: There is a slight increase in allocation for health by 2.8 % in 2021 National Budget. It’s still below the requirement of 15% in the Abuja Declaration but above 11.3% SADC benchmark. The increase in health allocation is applauded but in light of the further deterioration of the health sector by COVID-19, more resources should have been allocated towards resuscitation of the health system of the country. There are reports and speculations that essential drugs and medicines such as ART are likely to be short in supply which requires the government to secure additional funds for the procurement of these drugs.¹ From the allocation of 12.9% allocation, there are questions on the state’s capacity to service its obligations on domestic financing for health and improving Human Resources for Health (HRH) without undermining procurement of essential drugs and hospital equipment in public health facilities. Whilst we applaud the improvement, more is needed to increase domestic financing for health as the sector is largely depended on development partners which account for about 80% of the public health expenditure.

Support for persons with disabilities: An allocation of ZWL140million was devoted for direct support for persons with disabilities, which translates to 2.5% of the ZWL5.5billion of the social protection allocation for vulnerable groups.² In view of the challenges faced by estimated 1.9 million PWDs in Zimbabwe, this is close to nothing. Using today’s RBZ official rate³, this is equivalent to USD\$1.73 million hence per capita allocation of USD\$0.91 per year. All PWDs are equally qualified for the support as enshrined in the constitution of Zimbabwe section 83 which obliges the government to take appropriate measures, within the limits of the resources available to it, to ensure that persons with disabilities realise their full mental and physical potential, including measures to enable them to become self-reliant. Despite the growing emphasis on disability inclusion as embedded in the Sustainable Development Goals, the country continues to lag behind in prioritising disability as we enter into the last decade of the Sustainable Development Goals agenda for 2030.

Support for Women: The allocation for the Ministry of Women’s Affairs and Community was reduced from 0.7% in 2020 to 0.5% of the total 2021 budget.⁴ This also negates the commitment by the government to empower women and achieve gender equity. Empowerment of women involves costs thus the national budget is a key tool of advancing and demonstrating gender equity. Minimal allocation for women affairs also signifies that the national budget fall short of the gender-based budgeting principle.

Review of the Disability Ten Point Plan Asks

Table 2 indicates disability priorities which have been responded to evaluate if the submissions made by women with disabilities have been considered or note. It is important to note some of the specific asks were sector specific thus it is

¹ <https://cite.org.zw/arv-shortage-hits-zimbabwe/>

² 2021 National Budget Statement, page 159

³ <https://www.rbz.co.zw/index.php/research/markets/exchange-rates/13-daily-exchange-rates/930-november-2020>

⁴ 2021 National Budget Highlights; page 9

difficult to comment whether it has been considered or not. Monitoring of the implementation of the budget is very critical to track disability priorities considered by the government.

Table 2: Disability Ten Point Plan versus the 2021 National Budget

| Ten Point Plan Ask | 2021 National Budget Response |
|---|---|
| Allocate more resources to the health sector | The allocation towards health has been increased by 2.8% compared to 2020. However, the allocation continues to fall short of the 15% Abuja Declaration benchmark by 2.1%. |
| Allocate more resources to the education sector | The allocation to primary and secondary education has slightly decreased by 0.2% in 2021 compared to 2020 vote appropriations. The 13% allocation is way below the 20% commitment stipulated in the Dakar Declaration. |
| Remove import duty on all capital goods meant for use by children with disabilities | It was further announced that import duty on all capital goods meant for use by children with disabilities. However, most of PWDs do not afford to import from outside and they rely on local suppliers which charge high prices for instance a basic wheelchair in South Africa is costed ZAR1450 whereas local suppliers in Zimbabwe sell wheelchairs at USD\$180. It therefore means the prices has remained high, beyond reach of many poverty stricken PWDs. |
| Allocate more resources towards Social Development | Contrary to the ask by PWDs, the allocation for Social Development has been reduced significantly by 2.3%. This is contrary to the submission by the Minister of Finance and Economic Development submission in the 2021 pre-budget strategy paper that the number of vulnerable groups has gone up. ⁵ This is also worrisome considering the dire impacts that COVID-19 has presented on vulnerable groups. |
| 2021 National Budget can consider introduction of concessionary corporate tax rebates for companies employing at least 5% of persons with disabilities. | The 2021 National Budget has noted the proposal to introduce concessionary corporate tax rebates for companies employing at least 5% of persons with disabilities. The ministry of finance and economic development will conduct further consultations with stakeholders to that effect. |
| Increase allocation for the BEAM programmes | Allocation towards BEAM has been marginally increased to constitute 36% of the ZWL5.5 billion allocation towards support for vulnerable groups. This is a considerable 19% increase from the percentage allocation made in 2020. However, it is important to note that number of children eligible for BEAM has gone up as revealed by ZIMVAC Report, first quarter of 2020. |
| Specific budget line for PWDs | The proposal has been considered, a specific budget line for support to disabled persons has been created. However, the allocation is very minimal with estimated per capita allocation of USD\$0.91 for the 1.9 million PWDs in Zimbabwe. |
| Provision of free sanitary wear for girls | The treasury has allocated ZWL\$500 million for provision of sanitary wear for girls |

Source: Author's Compilation

Key Takeaways from 2020 National Budget Review of Performance

Optimism in the determination of the rate of economic growth for the forthcoming year. This 2021 National Budget came when the economy is gradually recovering from the Covid-19 induced business shutdown and when partial dollarization is helping to recalibrate the economy from years of currency distortions, costly consumption subsidies and high levels of inflation. The International Monetary Fund (IMF) expects the Zimbabwean economy to decline by 10.4% in 2020 before registering a 2.5% growth in 2021.⁶ The World Bank projects a 10% contraction in 2020, before recovering to 2.8% growth rate in 2021⁷. In contrast the 2021 National Budget projects a 7.4% growth from a recession -4.1% projected by end of 2020. Is this realistic?

⁵ 2021 Pre-Budget Strategy Paper page 64, section 226

⁶ <https://www.imf.org/en/Countries/ZWE>

⁷ <https://www.worldbank.org/en/country/zimbabwe/overview>

ZWL denominated budgets: The 2020 national budget was denominated in ZWL following the SII42 of 2019. However, the base currencies which is dominant in goods market or real sector is the USD\$ and ZAR as the RTGS continue to erode due to inflation. This has huge implications in the budget execution as it results in huge discrepancies which makes national accounting and planning difficult for instance the initial 2020 national budget was ZWL65.6billion and the current estimate stand at ZWL178.496, signifying 172% variance from the planned budget. Is there guarantee that the 2021 National Budget will not suffer the same?

Low Spending Levels: The 2020 budget review has shown that as of 31 September 2020, 58% of the funds classified under social protection has not been expended. This is against a background where vulnerable groups failed to get cushioning allowances and other social safety nets due to COVID-19 pandemic. Is there any explanation to account for this?

Questions around inflation rate: In the 2020 national budget, the minister of finance and economic development projected a single digit inflation rate by end of 2020. The revised estimate for annual average inflation rate for 2020, according to the 2021 National Budget Statement stand at 654.9%. The minister of finance and economic development further projected a 134.8% annual average inflation rate for 2021. Is this projection realistic?

Recommendations

Based on this review, ICOD Zimbabwe recommends the treasury to:

- timely implement bold measures with better policy coordination, that is, ensuring that there is policy consistency in budget execution through alignment of action plans to the realisation of social and economic rights of women and PWDs;
- adjust the fiscal policy framework towards strengthening gender equality, women empowerment and disability inclusion; and
- synchronise monetary and fiscal policies to safeguard women and PWDs against the prevailing macroeconomic distortions fuelled by the policy inconsistencies and incoherency.

Conclusion

From a social protection perspective, the 2021 National Budget has not change much from the current budget thus it has failed to demonstrate the government’s commitment and support for vulnerable groups especially women and women and girls with disabilities. The economic constraints for the disadvantaged groups may recur. This is worrisome as the World Bank predicts that the number of people living in extreme poverty is projected to increase from 6,6 million in 2019 to 7,6 million (50% of the Zimbabwean Population) in 2020. Economic decline has seen an increase of informalisation with most jobs in the Small to Medium Enterprises (SMEs) where women participate mostly lacking job security, income consistency and insurance. With this in mind, ICOD Zimbabwe was very expectant that the treasury was going to increase its budget allocations for health and child care, basic education, social amenities, disability benefits and other facilities for the socially vulnerable groups such as children and pregnant women. As ICOD Zimbabwe we continue to monitor the budget and track expenditure to make sure that the development aspirations of our members; women and women with disabilities. It is our hope that that the social protection pillar enunciated in the NDSI shall be matched with substantial investment through national budget.

ABOUT ICOD ZIMBABWE

ICOD Zimbabwe is a woman led and founded organisation for women operating in Masvingo and Midlands Provinces of Zimbabwe. The organisation seeks to achieve gender equality by empowering women and strengthen their economic position. Our interventions attempt to address gender norms and equality early in life, before gender stereotypes become deeply ingrained in marginalised women. ICODZIM therefore promotes women’s rights by creating platforms for women to amplify their voices and influence policies and decisions which affect them for socio-economic transformation of the lives of women.

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