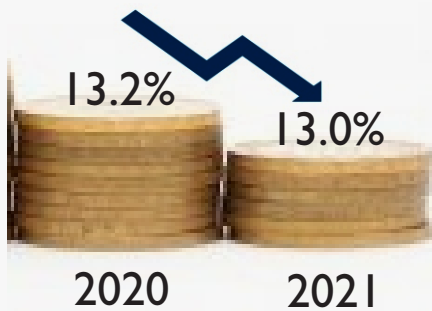




# Citizen Friendly 2021 National Budget Review

*In Pursuit of More Transparent  
and Accountable Budgets*

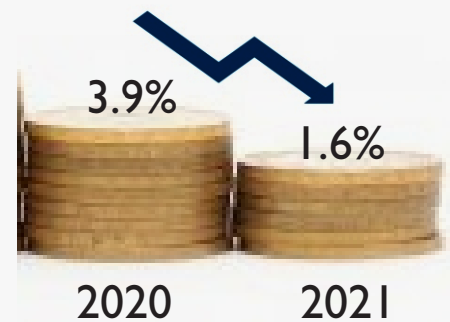
## Education



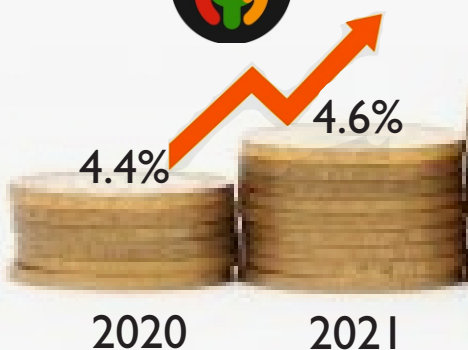
## Health



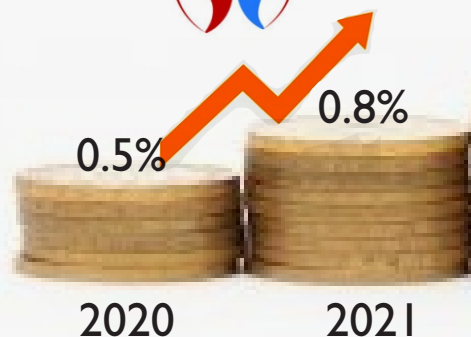
## Social Protection



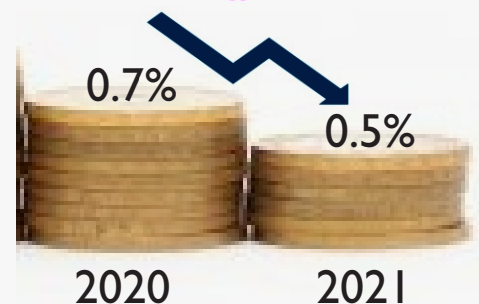
## Devolution



## Youth



## Women



## Introduction and Background

The National Budget which is a revenue and expenditure plan prepared by the government for the coming fiscal year. Ideally, the National Budget should guarantee the realisation of the varying rights, 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 26<sup>th</sup> of November, 2020 under the theme “Building resilience and Sustainable Economic Recovery”. The National Budget will be followed by the approval by Parliament of Zimbabwe paving way for its implementation. The 2021 National Budget marks the beginning of the implementation of the National Development Strategy I (NDSI) 2021 – 2025. Every year, the National Association of Non-Governmental Organisations (NANGO) mobilises Civil Society Organizations and the general citizenry to effectively participate in all the four stages of the budget cycle which are formulation, approval, implementation and audit. NANGO, is alive to the fact that budgets should be from people, by people and for people. 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 of Zimbabwe, unless such consultation is inappropriate or impracticable. Meaningful involvement and effective participation of general citizenry and marginalized groups in the national budget processes ideally guarantees the advancement, realisation and enjoyment of their social, economic, political, environmental, and cultural rights. This is key to ensure that the National Budget as a public policy becomes pro-people and pro-poor. In addition to this, 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 comes at a time when the Zimbabwe like the rest of the world is battling the COVID-19 pandemic which has resulted in further macroeconomic deterioration, currency volatility, loss of formal jobs and opportunities across the economic divide. Thus, the 2021 National Budget is expected to lead the country towards a sustainable COVID-19 recovery path by reflecting on reforms and mechanisms that seeks to redress the challenges presented by COVID-19 pandemic. 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, disaster preparedness and response as well as social development portfolio without undermining fiscal sustainability. Importantly, a people's budget must be strongly aligned with constitutional imperatives and international treaties and conventions' guidelines 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 meet its commitments and obligations to respect, protect and fulfil human rights. Hence, the 2021 National Budget is key in evaluating whether the thrusts enunciated in the NDSI are going to be implemented or not. In the case of Zimbabwe, the National Budget must demonstrate the commitment by government to realise the sectoral targets in the table below:

**Table I: Expenditure targets the government has committed to implement.**

Social	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)	10% government expenditure
Agriculture	Maputo Agreement (2003)	10% government expenditure
Infrastructure	African Union Declaration (2009)	

As a norm, NANGO managed to consult the CSOs/ CBOs across its 10 thematic sectors which are: Women, Children, Disability, Youth, Arts and Culture, Land and Environment, Economic, Health, Human Rights and Humanitarian. The consultations were conducted to submit CSO policy development and fiscal aspirations for the NDSI as well as the 2021 National budget, respectively. The consultations were carried out from 26 to 29 May 2020 on zoom virtual platform in a bid to abide by the measures put in place to curb the spread of the COVID-19 pandemic. These meetings culminated into the development and validation of the CSO priority paper that was submitted to the Ministry of Finance and Economic Development. The four series consultations contributed towards the development of key national priorities, policies, programs and projects in the productive, social and governance sectors for the next five years. To amplify the voice of communities in the NDSI and 2021 National Budget, NANGO carried out community consultations from 14-18 September 2020 covering all the provinces and selected districts. Deliberately, the consultations were carried out in the hard-to-reach areas, which are more often left out during most democratic processes owing to their geographic locations, economic conditions, and state of public infrastructure amongst other reasons. The consultations were carried out in the following areas Kariba rural, Magunje, Mhangura, Mukumbura, Mudzi, Mutoko, Chipinge, Mutare rural, Penhalonga, Mbire, Victoria Falls urban, Victoria Falls rural, Chiredzi South, Silobela, Gwanda, Zaka, Chitungwiza, Mwenezi, Gokwe South, Kwekwe urban and Mangwe. NANGO organised these community consultative meetings with support from UNDP, UNICEF and EU. These consultations aimed at gathering the aspirations and views of communities for inclusion in the NDSI and 2021 National Budget. This was motivated by the need to ensure effective public participation and particularly those that are most marginalised and excluded in national development processes. This budget review gives an evaluation of progress made to-date in the commitment by Government to address the social and economic needs of citizens through an interrogation of the National Budget and the National Development Strategy.

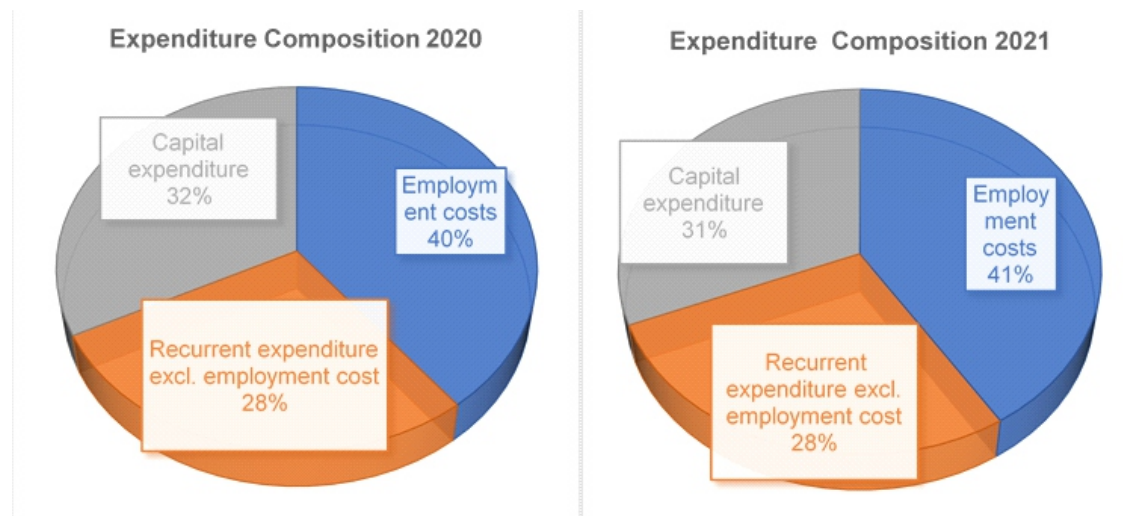
## Implication of the 2021 National Budget

### Macroeconomic Indicators

The 421.6 ZWL billion National Budget presented by Minister of Finance and Economic Development is underpinned by the theme, 'Building Resilience and Sustainable Economic Recovery', as alluded to earlier. This marks the first step towards building a prosperous economy by 2030, as an overall aim of the NDSI. The 2021 National Budget theme was derived from a background of austerity measures enunciated in the Transitional Stabilisation Programme (2018-2020) (TSP) which came to an end by December 2020, and the recent macro-economic shocks presented by Cyclone Idai and COVID-19 pandemic. The 2021 National Budget kick start the implementation of the National Development Strategy NDS I (2021-2025). In terms of the projected expenditure, 2021 National Budget has increased by 542% in nominal terms; from 65.6 billion (ZWL) budget for

2020 to 421.6 billion projected for 2021. In terms of revenues, the 2020 National Budget review has shown revised revenue estimate of 173.4 ZWL billion revenue for 2020, with tax revenue constituting 98.5% of the total revenue collections expected. What is not clear in the 2021 budget is how the Fiscal Authority will mobilise the other estimated 390.803 ZWL 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 worrisome as the 2021 National Budget highlighted 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 above 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 indicated in the National Development Strategy I. Despite the exchange rate stability brought by Auction system, the country continues to face high rate of annual inflation, which is projected at 659.9% inflation rate for 2021. The currency issue remains a cause for concern as characterized by various market distortions, volatilities and imperfections thus, the 2021 National Budget must be supported by robust monetary and fiscal 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 and social development. 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

As shown in **Table I**, some key ministries have registered decline in the percentage allocations compared to 2020 National Budget. In terms of the prioritisation, measured by percentage allocations towards various votes, the top five ministries are Ministry of Primary and Secondary Education (13%), Health and Child Care (12.9%), Lands, Agriculture, Water, Climate and Rural Resettlement (11%), Transport (7%) and lastly Defence and War Veterans (5.6%).

**Education:** The allocation to the Ministry of 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 new curriculum and education 5.0 need to be resourced if the country has to realise the gains. The growing emphasis on digital learning also requires schools especially those in rural areas to be well resourced through financing by the Treasury to achieve a child-friendly and quality education system

**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. 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. From the allocation of 12.9%, 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 dependent on development partners which account for about 80% of the public health expenditure.

**Devolution:** Devolution programme has registered a slight increase in the allocation from 4.4% 2020 to 4.6% in the 2021 National Budgets. Submission by communities during consultations has emphasised the need to increase budget allocation towards devolution programme. Besides, devolution is one of the 14 pillars underpinning the NDSI thus its prioritisation in the strategy should be matched with substantial investments for the programme if the country has to maximise the results from devolution.

<sup>1</sup> <https://cite.org.zw/arv-shortage-hits-zimbabwe/>  
National Association of Non-Governmental Organisations

**Support for Persons with Disabilities:** An allocation of ZWL 40million 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. In view of the challenges faced by an estimated 1.9 million PWDs in Zimbabwe, from anecdotal sources, the allocation is just but a drop in an ocean. Using the RBZ official rate, this is equivalent to USD\$1.73 million hence a 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 to Youth:** The Ministry of Youth continues to get allocation which is less than 1%. The percentage allocation has slightly increased from 0.5% in 2020 to 0.8% in 2021. This insignificant allocation undermines the commitment by the Government to harness the demographic dividend as highlighted in NDS I. Promoting youth participation in the national development discourse at the same time nurturing them through research and development which promotes creativity and innovation, requires more investment from the National Budget. This commitment remains a fallacy if not supported with adequate resources to invest in youth.

**Support for Women:** The allocation to the Ministry of Women's Affairs and Community, Small-Scale and Medium Enterprises Development was reduced from 0.7% in 2020 to 0.5% of the total 2021 budget. This also negates the commitment by the Government to empower women and achieve gender equity and equality. Empowerment of women requires fiscal support thus; the national budget is a key tool for advancing and demonstrating gender equity. However, minimal allocation to the Ministry signifies that the national budget is falling short of the gender based and responsive budgeting principle.

## Review of the Community Submissions for 2021 National Budget

**Table 2** highlights the budget and policy development aspirations which were put forward by the public during consultations. It is important to note that some of the submissions were sector specific thus, it is difficult to comment whether it has been considered or not. Monitoring of the implementation of the budget is very critical to track implementation priorities considered by the government.

<sup>2</sup>2021 National Budget Statement, page 159

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

<sup>4</sup> 2021 National Budget Highlights; page 9

**Table 2: Community Submissions 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.
Allocate more resources towards Social Development	Contrary to this key recommendation from the citizens, 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 in the 2021 Pre-Budget Strategy Paper that the number of vulnerable groups has exponentially gone up. This is also worrisome considering the dire impacts that COVID-19 has presented on vulnerable groups. This also limits the hopes of achieving pro-poor ambitions and progressive realisation of human rights.
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 the number of children eligible for BEAM has gone up as revealed by ZIMVAC Report, first quarter of 2020. Considering that we are in the initial stages of fulfilling the new curriculum, it is imperative to note that there is still a huge need to upscale the allocations towards access to education by the orphans and other vulnerable children.
Provision of free sanitary wear for girls	The treasury has allocated ZWL\$500 million for provision of sanitary wear for girls. Considering the fact that the cost of sanitary wear is continuously increasing, exemptions and incentivising local sanitary wear producers will guarantee improved access and affordability of Sexual Reproductive and Health Rights for women and girls.

Source: Author's Compilation

<sup>5</sup> 2021 Pre-Budget Strategy Paper page 64, section 226

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

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

## Key Takeaways from 2020 National Budget Review

**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. The World Bank projects a 10% contraction in 2020, before recovering to 2,8% growth rate in 2021. In contrast the 2021 National Budget projects a 7.4% growth from a recession of -4.1% projected by end of 2020. Is this realistic?

**ZWL denominated budgets:** The 2020 national budget was denominated in ZWL following the SII 42 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 ZWL65.6 billion and the current estimate stands 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 National 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 the major findings of this review, the following recommendations are made for the treasury:

- Timely implement bold measures enunciated in the NDSI through better policy coordination, synchronisation and harmonisation, that is, ensuring that there is policy consistency in budget execution through alignment of action plans to the key performance indicators highlighted in NDSI;
- Synchronize monetary and fiscal policies to safeguard citizens against the prevailing macroeconomic distortions fuelled by the policy inconsistencies and incoherency.
- Prioritize a pro-poor, disability, gender and child sensitive budgeting approach to address the current economic inequalities and socio-economic challenges being faced by most citizens.
- Continue with the multiple currency system to achieve sustain economic stability, budget balance and domestic resource mobilisation.





(PVO 221/68)

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