Key Messages and Recommendations

- **Monetary child poverty is prevalent, estimated at 61%**. Government is urged to ramp up social assistance programmes and thrive to increase the coverage of social protection programmes to above the current 10%, with focus on the most vulnerable and marginalised children, including persons living with disabilities.

- **To eradicate extreme poverty, enhance equity and build resilience in communities, Zimbabwe needs to put in place well-targeted and shock-responsive social protection programmes.** Government should prioritise implementation of the recommendations of the Social Protection Sector Review. Institutional strengthening is vital, including finalizing outstanding pieces of legislation and policies that protect the vulnerable.

- **Zimbabwe spends 1.2% of GDP or 7.3% of total national budget on social assistance programmes** which is inadequate compared to the current and emerging social protection needs. Zimbabwe should strive to increase social spending to the levels of other regional peers of above 2% of GDP on average.

- **For the 2020 fiscal year, Social Protection was allocated US$117 million, with 85% budgeted from domestic resources and 15% from development partners.** Though the increase in public sector financing is commendable, there is need to further scale up domestic resource mobilisation, to cover the gap created by declining donor support.

- **From the total Social Welfare Budget, social benefits constitute 96% of the total allocation, leaving only 4% for operations and capital expenditures.** The administrative budget for social protection programmes is inadequate to ensure uninterrupted and quality delivery of social protection programmes, and Government needs to consider boosting the operational budget as the current situation poses risk to the smooth delivery of programmes.

- **The capital budget for the Ministry of Public Service, Labour and Social Welfare is very low considering the infrastructure gaps in most government rehabilitation institutions.** Government is urged to increase the allocation to support rehabilitation institutions, which were allocated US$2.5 million for 2020.

- **Although the weak budget execution can partly be attributed to limited fiscal space, weak capacity of the MoPSLSW, particularly the Department of Social Welfare (DSW) is a major stumbling block to budget execution.** Capacity strengthening of the DSW should be prioritised to ensure that the few resources availed by the Ministry of Finance are utilized for the benefit of the vulnerable and marginalised children and their households.

- **Development partner support remains a key pillar of social protection sector financing.** Reforming the sector in line with the recommendations of the Social Protection Sector Review is critical, including strengthening public financial management, will be critical to attract development partner financing in the sector.
1. INTRODUCTION

This Budget Brief explores the extent to which the 2020 Ministry of Public Service, Labour and Social Welfare (MoPSLSW) budget addresses social protection needs of vulnerable and marginalized households in Zimbabwe. It gives an overview of the size and composition of budget allocations for social protection\(^1\), with the main objectives of informing stakeholders and provide key messages to inform decision-making. It provides an analysis of the size and composition of the social protection budget, provides a synopsis of critical issues related to adequacy, allocative efficiency, effectiveness and equity of the current and past social protection spending.

2. BACKGROUND AND SITUATIONAL ANALYSIS

The current macroeconomic environment has generated enormous socio-economic vulnerabilities. The COVID-19 pandemic will compound an already fragile situation, which has for a long period been characterized by weak economic growth, recurrent droughts and rising poverty. This comes at a time when the country is still trying to recover from the devastating effects of Cyclone IDAI. The fiscal consolidation process which is inevitably crucial for the country to address macroeconomic imbalances and create fiscal space for funding of critical social protection programmes, has brought unintended negative effects which further worsened the situation.

Social protection needs have increased. The World Bank estimates that US$950 million is required for 2020 alone to fund the entire social protection caseload. The 2019 Zimbabwe Vulnerability Assessment Committee (ZimVAC) Report estimated that more than half the population are food insecure and require immediate assistance. Social Protection needs are increasing, as the majority feel the impact of these socio-economic shocks, with the poor and the vulnerable being the hardest hit.

Widespread and deep poverty is prevalent, and is on the rise, particularly in urban areas. The 2017 PICES findings show that 70% of the country’s population fall below the Total Consumption Poverty Line, and are deemed poor, with 29% being below the Food Poverty Line and living in extreme poverty. As shown in Figure 1, Zimbabwe is one of the countries with high levels of both multi-dimensional and monetary child poverty rates, estimated at 60% and 61% respectively. Well-targeted and shock-responsive Social Protection programmes are thus a critical tool to fight poverty, build resilience in communities and achieve greater equity. Special attention should be given to the most vulnerable and marginalized children and their households, as well as persons living with disabilities.

Funding for social assistance is declining. Most Development Partners are scaling back on their support. Funding from government, has been decimated by increasing inflation and depreciating exchange rate, and is no match to the increasing social assistance needs. As a result, the main social protection interventions, which include the Basic Education Assistance Module (BEAM), Health Assistance and the Harmonised Social Cash Transfer (HSCT) are facing increased needs against low real value of allocations. As shown in Figure 2 total Development Partner funding for social protection declined from US$24 Million in 2019 to US$18 million in 2020. This represents 3% of total Development Partner Support to Zimbabwe for 2020, down from 4% in 2019 (Figure 3).

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\(^1\) This Brief focuses on non-contributory Social Protection Programmes funded by Government and Development Partners.

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Figure 1: Multidimensional and Monetary Child Poverty Rates in Selected Countries (%)

Source: UNICEF ESARO, Child Poverty Report, 2018

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Figure 2: Sectoral Distribution of Development Partner Support, 2019 - 2020

Source: 2020 National Budget Statement
Notable, however, is the increased budget allocation for the Food Deficit Mitigation (FDM) as the country continues to face recurring droughts and other weather-related shocks in the recent past. Scaling-up coverage of these programmes will be difficult given the current funding challenges, which has been further complicated by the COVID-19 outbreak. As shown in Figure 4, coverage of social protection programmes is only 11%, one of the lowest in Sub-Saharan Africa.

As recommended in the Social Protection Sector Review, the National Social Protection Policy Framework (NSPPF) which provides the strategic guide for social assistance in Zimbabwe, requires refocusing and be aligned to the emerging social protection needs. Strengthening of the institutional and policy framework is thus key for the delivery for social protection services. As such, government should prioritise finalization of the Disability Policy and other key legislative frameworks.

Key Takeaways

- Monetary child poverty is prevalent, estimated at 61%. Government is urged to ramp up social assistance programmes and strive to increase coverage of social protection programmes to above the current 10%, with focus on the most vulnerable and marginalised children, including persons living with disabilities.

- To eradicate extreme poverty, enhance equity and build resilience in communities, Zimbabwe needs to put in place well-targeted and shock-responsive social protection programmes. Government needs to prioritise implementation of the recommendations of the Social Protection Sector Review. Institutional strengthening is vital, including finalizing outstanding pieces of legislation and policies.
3. SIZE OF 2020 BUDGET ALLOCATION

In the 2020 national budget Social Protection was allocated US$222 million, of which US$114 million is under the Ministry of Public Service, Labour and Social Welfare (MoPSLSW), US$57.2 million under the Ministry of Primary and Secondary Education and US$51 million under the Ministry of Agriculture.

4. TRENDS IN SOCIAL PROTECTION SPENDING

Social Protection spending has increased significantly compared to the period before 2017. In nominal terms planned public social protection spending for 2020 is US$222 million up from US$48.8 million in 2019 (Figure 5). In real terms, this is equivalent to US$206 million in 2020 compared to US$45.7 million in 2019. For the period 2014 – 2018, total nominal Social Protection spending averaged US$12.3 million, which is US$11.6 million in real terms. The increased social spending is in light of the increased social vulnerabilities emanating from the recurring droughts, the devastating cyclone Idai and deteriorating macroeconomic environment which has worsened social vulnerabilities.

As a share of the total budget, social protection spending has increased from 6% in 2019 to 7.3% in 2020. On the other hand, as a share of GDP, Social Protection spending in 2020 is estimated at 1.2% up from 0.7% in 2019 (Figure 6). This is mainly on account of two new social protection programmes under the Ministry of Primary and Secondary Education, namely the school feeding programme (US$47.9 million) and the free sanitary wear (US$9.3 million).

Although it is still inadequate considering the need, public spending across all the key social assistance programmes has increased. Box 1 shows the trends in public expenditure on the main social protection programmes. The Basic Education Assistance Module (BEAM) has increased from an average of US$4 million over the period 2015-2017 to US$20 million for 2020 (Figure 7). Similarly, the Harmonised Social Cash Transfer (HSC) has increased from US$1 million in 2017 to US$23 million in 2020 (Figure 9). In responding to the recurring droughts in the recent years which have negatively impacted on food production, government has increased the budget for the for the Food Deficit Mitigation Programme from US$200,000 in 2014 to US$47 million in 2020 (Figure 10).
BOX 1: Trends in Government Expenditure in Selected Social Protection Programs

**Figure 7:** Basic Assistance Module Spending Trends

![Graph showing Basic Assistance Module Spending Trends](image)

**Source:** MOFED Budget Outturns and Author Calculations
Zimbabwe spends only 1.2% GDP on non-contributory social assistance programmes. Public Expenditure on social protection is low compared to other countries. Figure 12 shows public expenditure as a percent of GDP for selected Sub-Saharan African Countries. Zimbabwe should strive to increase social spending to the levels of other regional peers.

Figure 12: Public Spending on Social Assistance Programmes (% of GDP)

Composition by Economic Classification

Out of the US$222 million Social Protection budget, 98% is earmarked for social benefits. The social benefits budget as a share of the total budget has increased significantly compared to 2018. Figure 13 below shows the trend in economic composition of non-contributory social protection budget for the period 2018 - 2020.

Figure 13: Budget allocation by Economic Classification (% of Total)

The total administrative budget allocated (employment and operational costs) for delivering the social protection is low and insufficient for effective delivery of social assistance programmes. At 1.1% of the total social protection budget, the operational budget seems very low to ensure the smooth running of the various social assistance programmes.

Employment costs are unrealistically low, at 0.5% of the total budget, reflecting the extent of wage compression. As a share of the total social protection budget, employment costs have declined from 10% of the total Social Protection Budget in 2018 to 0.5% in 2020. This has a huge bearing on the implementation of programmes as workers may likely to be disgruntled, and as a result, execution of the other budget line items will be compromised. Government needs to strike a balance between expenditure rationalization aimed at reducing the wage bill and ensuring that employees remain motivated to deliver social services.

Similarly, capital expenditure is disproportionately low at 0.4% of the total MoPSLSW budget. Although social protection programmes mostly are recurrent in nature, the capital budget is extremely low. This is certainly inadequate to address the infrastructure needs of the various rehabilitation and care homes throughout the country. The construction works for some rehabilitation centres (such as Longden) have gone for years to complete due to lack of funding.

Key Takeaways

- Zimbabwe spends 1.2% of GDP or 7.3% of total national budget on social assistance programmes which is inadequate compared to the current and emerging social protection needs. Zimbabwe should strive to increase social spending to the levels of other regional peers.
Composition by Programme

The Food Deficit Mitigation (FDM) programme was allocated 21% (US$ 47 million) of the total Social Protection budget (Figure 14). The MoPSLSW targets to distribute food to more than 7 million people in 2020. The School Feeding Programme under the MoPSE was allocated US$48 million, which translates 22% of total Social protection Spending. For the 2020/2021 agricultural season, Government has set aside US$1 million for agricultural inputs for the poor and vulnerable households, which constitutes 23% of the total social protection budget.

In 2020, Government plans to scale up HSCT coverage from the current 23 districts to 33 in an effort to cushion vulnerable communities. In the budget HSCT was allocated 11% (US$23.3 million). The districts that will not be targeted under the HSCT will continue to be assisted under the Public Assistance Programme.

The Basic Education Assistance Module (BEAM) budget allocation was increased by 12% from US$16 million in 2019 to US$20.9 million in 2020. Government targets to scale up coverage of the programme from the current 415,000 to 700,000 children in 2020. With the rolling-out of the free basic education under the Ministry of Primary and Secondary Education, there is need to harmonise the targeting for the two programmes to ensure maximum value and benefit to children. As indicated in the budget, prioritizing the implementation of the Management Information System becomes priority to stem out duplications.

As indicated in Figure 14, other Social Assistance Programmes allocated funds in the 2020 budget are Decent Work Programme (DWP) (US$14 million), sanitary wear (US$9.3 million) support to disabled persons (0.3 million), support to Government social protection institutions (US$2.5 million), sustainable livelihoods (US$2.3 million), health assistance through the Assisted Medical Treatment Orders (AMTO) (US$1.9 million), Social Protection MIS (US$0.5 million), Children in Difficult Circumstances (CDC) (US$0.6 million), and support to people living with disabilities (US$0.5 million).

Figure 14: Composition of 2020 Social Protection Budget by Programme

Key Takeaways

- Social benefits constitute 96% of the total Social Protection budget, leaving only 4% for operations and capital expenditures. The administrative budget for social protection programmes is inadequate to ensure quality delivery of social protection programmes. Government should consider boosting the operational budget as skewed budget allocation poses risk to the smooth delivery of programmes.

- The capital budget is very low considering the infrastructure gaps in most government rehabilitation institutions. Government is urged to increase the allocation to the Support to the Government to rehabilitation institutions, which was allocated US$2.5 million.
6. BUDGET CREDIBILITY AND EXECUTION

Execution of the overall Social Protection Budget is improving, with the 2019 budget underperforming by 3% (Figure 15). Out of the US$49 million budget allocation in 2019, US$47.5 million was utilized. Figure 16 shows budget allocations and actual expenditure over the period 2015-2020.

The issues impacting implementation if not addressed, will continue in 2020, yet vulnerabilities affecting the poor and vulnerable households are increasing. As revealed by the Social Protection Sector review, the Department of Social Welfare has limited capacity to implement the various programmes under its purview. As indicated in Figure 18, as at end September 2019, overall only 36% of the allocated budget had been utilized. Of concern is the Family, Social Protection and Repatriation budget line item which had utilized 18% of the ZWL$825 million allocated for the period under review.

Overall program utilisation of the budget has improved, though with some inconsistencies across the various programmes. Budget execution rates vary across the various social protection components. For the period 2016 and 2017, BEAM actual expenditure was below annual allocations, by margins of over 50%. For the period 2018 and 2019, there are budget overruns of 128% and 93% respectively (Figure 17). On the other hand, execution of the Health Assistance Programme, and Support to Government Rehabilitation Institutions has improved significantly. The Harmonised Social Cash Transfer has been persistently underperforming, with an under expenditure of 61% in 2019.

Although the weak budget execution can partly be attributed to limited fiscal space, the main challenge which was confirmed by the Social Protection Sector Review is related to the weak capacity of the MoPSLSW, particularly the Department of Social Welfare (DSW). Capacity strengthening of the DSW should be prioritised to ensure that the few resources availed by the Ministry of Finance are utilized for the benefit of the vulnerable and marginalised children and their households. Low budget execution, coupled with already inadequate budget allocation, inevitably results in social protection weak outcomes.

Key Takeaways

- Overall budget execution has improved, however, it is not consistent across all programmes. There are inconsistencies among the various social protection components, characterized by huge deviations from the approved budget. Low budget execution, coupled with already inadequate budget allocation, inevitably results in poor outcomes of social protection results.
- The MoPSLSW needs to prioritise institutional capacity strengthening for all sections within the Department of Social Welfare to ensure budget execution for all programmes is enhanced.
7. SOCIAL PROTECTION SECTOR FINANCING

The total financing for Social Protection in 2020 amounts to US$239 million, of which 93% (US$222 million) will come from the budget. Government financing has increased considerably compared to the period prior 2017 when it averaged approximately 32% of total social protection financing. The increase in budget financing is commendable, though it is inadequate considering the growing social protection needs. The World Bank estimates that US$950 million is required in 2020 to finance the various social assistance programmes. Figures 19 and 20 show the trend in social protection financing.

Addressing the concerns of the Development Partners, which include strengthening the Public Financial Management, and increasing the government counterpart financing is key to attracting more resources.

Zimbabwe has to step-up domestic resource mobilisation considering the fiscal shock related to the COVID-19 outbreak, which will overstretch the purse of all traditional donor countries globally. The funding gap in 2020, is likely to be widened, as the traditional donors will face huge fiscal outlays in fighting COVID-19 thereby reducing resources available for official development assistance.

Key Takeaways

- The 2020 Social Protection sector financing amount to US$117 million, of which 93% is from domestic sources and 7% from development partners. The increase in public sector financing is commendable, however, there is need further scale up domestic resource mobilisation, to cover the gap created by declining donor support.

- Development partner support remains a key pillar of social protection sector financing. Reforming the sector in line with the recommendations of the Social Protection Sector Review is critical, including strengthening public financial management, will be critical to attract development partner financing in the sector.