

1. Introduction and Background

- 1.1. The Zimbabwe I-PRSP is guided by the PRSP's core principles of creating a country driven policy which promotes ownership of strategy through broad participation of all stakeholders in the economy to ensure that poverty is eradicated in a manner that tries to provide feasible outcomes on sustainable development. The paper is informed by the country's Economic Blueprint Zimbabwe Agenda for Sustainable Social and Economic Transformation (ZIMASSET) (2013-2018), and the President's 10 Point Plan. The paper seeks to contribute towards realization of the goals and objectives of the two main ZIMASSET clusters that are directly linked to poverty eradication.
- 1.2. I-PRSP also connects to the Sustainable Development Goals (SDG), 2015-2030 which comprises of 17 goals of which Zimbabwe has prioritized 10 goals. These ten fall mainly in the category of food security; better health facility; better education and sustainable economic growth.

2. Overall review of the I-PRSP

- 2.1. The Zimbabwe I-PRSP defines poverty to manifest as a volatile disorder where there are deprivations and lack of access to productive resources, physical goods and services and income. It manifests itself through food insecurity, ill-health, lack of education and health facility among other socio-economic challenges. This definition is constructed based on consultations from the grass roots.
- 2.2. The main causes of poverty identified through the consultations include; poor agriculture and agricultural practices, governance issues such as corruption and mismanagement, poor economic policies and performance.
- 2.3. It is important to note that despite government's effort to empower the poor through policies such as land redistribution major draw backs have been experienced hampering effective utilization of land, and productivity negatively affecting through-put from agriculture. These developments have since 2000, accounted for lack luster performance of the agriculture sector, compounding food insecurity that has stoked Zimbabwe for years.
- 2.4. Apart from this, unfavorable trade terms have also had a negative bearing on the country's export earnings, whilst economic sanctions imposed by the West have eroded the country's policy making space and hence heightened the country's

sovereign and political risk profile. These factors have no doubt weakened international business sentiment, and hence the country's capacity to attract any meaningful foreign investors to invest in Zimbabwe due to tainted relations

- 2.5. According to ZNSS (2016) the poverty prevalence trend from 1995 to 2012/12 has a percentage rate of those extremely poor slightly declined, though the percentage of those who are poor has remained constant at both individual and household levels with a range between 72.3% -75.6% and 60.6- 63.3 respectively. In further analysis poverty is more persistent in rural areas than in urban areas at both individual and household level.
- 2.6. In light of these, the I-PRSP proposes a framework built around five programme pillars that will anchor interventions to promote sustainable economic development and eradication of poverty. These pillars are:
- Pillar 1:** Social services Policies and Expenditure;
 - Pillar 2:** Agriculture Productivity, Growth and Rural Food security;
 - Pillar 3:** Private sector;
 - Pillar 4:** Environment and Climate Change and
 - Pillar 5:** Strengthening Governance and Institutional capacity.
- 2.7. As such the critique of I-PRSP will be done in the section below focusing on each of the above pillars:

2.7.1. Pillar 1: Social services Policies and Expenditure

The pillar focuses on strategies, programmes and expenditures in Health, Education, water and sanitation, Social Protection, housing, Gender and women development and Youth development. The government through various Ministries has set strategies to assist the poor effectively. However, there are always challenges associated with the political economy of public resource allocation which has bearing on the expenditure mix, prioritization and utilization.

It is also worth noting that although the I-PRSP follows the guideline of the World Bank and IMF, a people-driven policy framework much as it ensures broad based ownership, it in the ultimate should be informed by capacity to deliver interventions sustainably beyond the initial public resource investments so as to manage the risks of dependence.

Take for instance the cost free birth delivery which is endorsed by the Safe Motherhood Policy, will on the other hand strain population control endeavors. Though it is a very good way to increase chances of both mothers and children to survive during birth it cuts the costs of bearing more children.

Another cause for concern is on good and proper housing allocation. The pillar fails to provide some criteria on how housing provisions will be allocated to ensure that gender

is balanced and also that every poor person of every tribe, political affiliation, and race is assisted by the government.

2.7.2. Pillar 2: Agriculture Productivity, Growth and Rural Food security

This pillar seeks to ensure food security and create employment and foreign currency earnings. It is guided by the Ministry of Agriculture, Mechanization and Irrigation Development (MAMID)'s draft agriculture sector policy document; that is the Comprehensive Agriculture Policy Framework, 2012-2032. Its main objective is to improve crop and livestock production, marketing and trade.

In accordance with international best practices, the I-PRSP follows similar models of countries such as Uganda and Mozambique with Uganda having set PRS goals in 1999 to help eradicate poverty by improving agricultural production of products such as coffee and tobacco. The pillar however, has limitations mainly on the Land Reform policy which has a lot of irregularities that include underutilization of arable land which is held by resettled farmers.

Whilst government has tried to solve this problem especially during the first decade of Land Reform policy by providing inputs and increasing irrigation farming, this has been to no avail and has even caused serious dependencies by farmers on government while output remains low.

2.7.3. Pillar 3: Private sector

The pillar which covers private sector has categories that range from mining, manufacturing, tourism, inclusive banking MSME development Energy and Indigenization and Economic Empowerment. Government seeks to restore industry and commerce, financial sector development, and empower the indigenous by driving various strategic programmes across key sector ministries. We will initially focus on trade related issues to private sector development before covering other sectoral aspects of the pillar.

2.7.3.1. Global Trade Poverty Nexus

Trade Liberalization

The trade practices that have been developed since the formation of WTO have not been of real benefit to developing countries especially when it comes to poverty eradication. This is mainly due to the fall in prices of products that are directly linked to agriculture and mining, lack of diversity and value addition. In a research by AFRODAD (2014), the exports merchandise for the African continent fell from 6.3% to 3.2% over a period of 32 years to date.

Such a fall in value has had significant impact on agricultural practices and food security as it lowers the incomes attained from agricultural activities due to trade practices which lobby for the reduction of poverty through opening up markets to ensure that incomes of people increase from under a dollar a day. These trade

practices have made developing countries uncompetitive globally and increased balance of payments deficits thus eroding these countries' debt servicing capacity

2.7.3.2. Trade Liberalism in Zimbabwe

In Zimbabwe special mention is devoted to the failed Economic Structural Adjustment Programme (ESAP) during the period 1991-1995 implemented with the support of the World Bank and IMF which opened the economy to global trade at the time, wiping the entire domestic industrial capacity due to competition. Trade policies during the ESAP era made Zimbabweans poorer.

Moreover, the fact that less importance is placed on agricultural and mineral products by the trade agreements has contributed to gender inequalities in terms of income level especially in the background of a large proportion of labour in the agricultural sector being provided by women. In Zimbabwe, a large percentage of women have lower incomes as compared to their male counterparts due to the unfavorable trade practices.

Given such unfair trade practices the Pillar of Agriculture and the Private sector on the I-PRSP stands to face challenges with regards to implementation and success rate. The revenues realized from these sectors will be subject to decline in the long-run and if new trade consensus is not reached the production of certain food crops such as maize will decline as it is not profitable to produce leading to more food insecurity and low income resulting in more poverty.

2.7.3.3. Key considerations and recommendations

For the I-PRSP to work effectively a best practice approach would be the creation of an export oriented trade policy that can be adopted drawing lessons from regional peers such as Mauritius and Supplementing successful measures adopted by other Fragile states with special recognition to the Rwanda magic. NEPAD and the World Bank in its Africa Action Plan presented the importance of shared growth through private sector promotion, exports, and infrastructure investments (WB, 2005) in order to execute a successful PRS.

The model of Mauritius is one that exemplifies that trade can reduce poverty through the implementation of sustainable policies that support diversity and value added services. Such a policy ensures higher price premiums on value added manufactures, as demonstrated by the evolution of the clothing and textiles industry in Mauritius and its economy-wide attendant benefits.

On the other hand, trade openness should be balanced against the need to grow local capacity so as to limit future outflows of foreign currency and hence build some measure of self-reliance.

In addition, the best model by I-PRSP should work hand in hand with the G33 proposal which removes WTO obstacles to food security by updating international reference price which might make any administered price today seem like a massive subsidy.

2.7.3.4. Other related challenges with Pillar 3

a. **Land reform and agriculture sector viability:** The dependency on agricultural inputs for production by the manufacturing sector while agriculture is underperforming exacerbates overheads as inputs will be imported leading to scaling down of business that increases unemployment. This causes policy inconsistencies for the I-PRSP and may not directly generate positive spinoffs that benefit the poor and the marginalised.

b. **Financial sector stability:** Banking and Financial inclusion in the wake of the recent cash challenges, delays by government to pay civil servants and the introduction of the bond note system brings drawbacks to the little confidence the banking sector have achieved. One ought to consider the way in which individual households' expectations are affected by financial sector confidence, as well the level of policy uncertainty engendered when government policy credibility is lost. In circumstances the poor are hit hardest.

Unless government offers holistic and durable policies to stem the current bond note induced bank-run, it will be difficult to stabilize the financial sector in the foreseeable future, as citizens are still to fully recover from the 2008 financial crisis that eroded domestic savings on the height of hyperinflation.

c. **Indigenization and Economic Empowerment:** The current efforts towards improving the ease of doing business environment, as well as noble gestures to mobilize foreign funding to defray our IFI external arrears is at variance with the Indigenization and economic empowerment policy which is perceived to be hostile to foreign investment. Although it is crucial to protect our resources and interests, we cannot attract FDI which is required to create jobs and increase income levels for the poor with such a policy.

Moreover, the pillar has very complex goals which the poor cannot decode and cannot use no matter how we try to elevate them. For instance information asymmetry will always exist to allow the rich to get first hand business opportunities and if the pillar doesn't work towards creation of jobs for the poor, only a small percentage of the poor people would stand to benefit from it.

2.7.4. Pillar 5: Strengthening Governance and Institutional capacity

The prime cause of concern on the Governance strategies pillar is corruption and mismanagement of resources. The various considerations in the I-PRSP of coming up with a Code of Ethics and Corporate governance boards are all good attempts but the problem of corruption emanates mainly from poor internal controls, limited degrees of transparency and lack of independence by organizational entities from political grip. Leaders conduct corrupt activities and hide under the veil of politics escaping prosecution.

Though the Zimbabwe Anti-corruption Commission now rests in the Office of the President Cabinet, the executive in the country has to bear with so much political pressure in their duties making it difficult to guarantee independence of all the arms of the state. We are still to witness a high profile case of corruption in Zimbabwe since the Willowgate Scandal of the eighties.

To complement the current anti-corruption initiatives scope should be provided for independent forensic audits of public funds and life style audits to be undertaken on a regular basis, as well as declaration of assets by all persons in public office, e.g. Parliamentarians, Ministers and senior civil servants.

3. Overall Recommendations

- i. ***Addressing financing needs:*** The government should partner with the Zimbabwe Microfinance Fund to integrate the business model it is currently using with I-PRSP's Pillar 1 ;2 and 3. The model by ZMF solves the donor aid dependency syndrome by providing affordable microloans for funding on income generating projects with special attention placed on gender equality. The model has lenient lending conditions while at the same time teaching the poor to be responsible. Some of the projects ZMF has covered includes funding Microfinance institutions such as Thrive Microfinance, Viri Microfinance, Untu Microfinance, MicroPlan Microfinance among others. The advantage of this model would be the ability to achieve financial inclusion and provision of financial services to the poor who cannot get funding from the traditional banking system. There is also need to ascertain whether financial illiteracy is another main constraint in addressing financial needs and putting measures to educate the poor.
- ii. ***Rationalize Land Reform policy to enhance agriculture sector revival:*** There is need to rationalize the land redistribution policy to help achieve I-PRSP's Pillar 2. This could include undertaking land audits to establish the factors behind poor land utilization, and underutilization, as well as the persistent weak productivity levels stoking the newly resettled farmers. Specific criterion on how to deal with such controversial topics can be drawn from Rwanda where the Government has established economic and social changes through the dubbed Imudugudu or villagization policy. The policy has the potential to increase output by ensuring increased land access and productivity with special attention on who benefits and who loses with mitigations put in place solves tension between equity and efficiency (USAID, 2005).

Also, there is need to seriously adhere to the six farming regions that are in Zimbabwe by farmers and grow crops which thrive in those regions to promote food security and increase sources of income for the poor. Such adherence to farming regions helps to increase agricultural yields and hence maximize returns from the agro-ecological diversities of the country. This will in the medium-long-term build economies of production and surpluses that can trigger trade across the regions and stem poverty country-wide.

- iii. **Industry and trade policy:** The I-PRSP paper should factor the unfavorable trade policies and the rampant smuggling of goods and services in the country. Such practices have left the country having a high balance of Payment deficit as the country imports all manner of products ranging from food, clothing to capital goods causing the government to lose revenue manufacturing companies being unprotected to stiff competition of manufacturer who already have economies of scale.
- iv. **Infrastructure investment:** In addition, there is need to consider the stock and quality of other economic infrastructures other than housing and good sanitation. The majority of areas where the poor live have poor transport infrastructure and unreliable electricity supply with some areas having no electricity. It is quite costly for most remotely positioned rural areas to effectively The I-PRSP should ensure that such service are proved and also try to make local societies to benefit from sectors which mainly exploit their natural resources such as mining in the provision of better infrastructure such as roads, hospitals and schools in a manner that benefits the poor and improves their living conditions.
- v. **Urban versus rural poverty:** Poverty is location based, certain factors that account for the incidence of poverty in urban areas are quite peculiar to socio-economic and political factors that shape urban life, yet these are quite different from those that define poverty in rural areas. Rural Poverty Reduction strategy vs Urban Poverty Reduction Strategy. Transient factors that have contributed to the high poverty levels in Zimbabwe include: the non-delivery of the economic reform programmes carried out during the 1990s; the unprecedented economic recession of 2000-2008 in which almost half of the country's real GDP was lost. This seems to be the most common type of poverty and therefore the strategy should be based on this.
International development aims at stopping fragile states into converting into failed states.

Special Lessons from Rwanda: It is worth mentioning that although the term Fragile state sounds like a harsh reference to Zimbabwe. Its general definition is referred to as the persistent, systematic and significant existence of social, political and economic uncertainties (USAID, 2005). With that in mind Consideration of Rwanda once a fragile state which doesn't have oil field and a few mineral but with an abundance of well-placed friends is worth considering. To date Rwanda has cemented relations with major investor

with the Rwandese President Paul Kagame working effortlessly to secure investment and trade relations. Such relations are meant to rope in investors who can fund projects that include the boosting tourism with a Dubai and USA company investing millions in hotels.

Securing the export of Coffee beans to the western World with USA being their biggest exporter has helped secure revenue for a country that has about 9 out of 10 people being subsistence farmers.

In addition, improved political will has been key to success with the setting up of a Presidential Advisory Council in 2007 which has a high-level, low-profile dispatch team and brain trust from all over the world.

Having this in focus, the I-PRSP should also desist from focusing mainly on development aid as this dependency is dehumanizing and robs of dignity with no country having had attained economic development from it.

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