Joint Needs Assessment for Zimbabwe

IDENTIFYING CHALLENGES AND NEEDS

WORLD BANK GROUP

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Contents

BOXES

FIGURES

BOXES FIGURES TABLES

Acknowledgments

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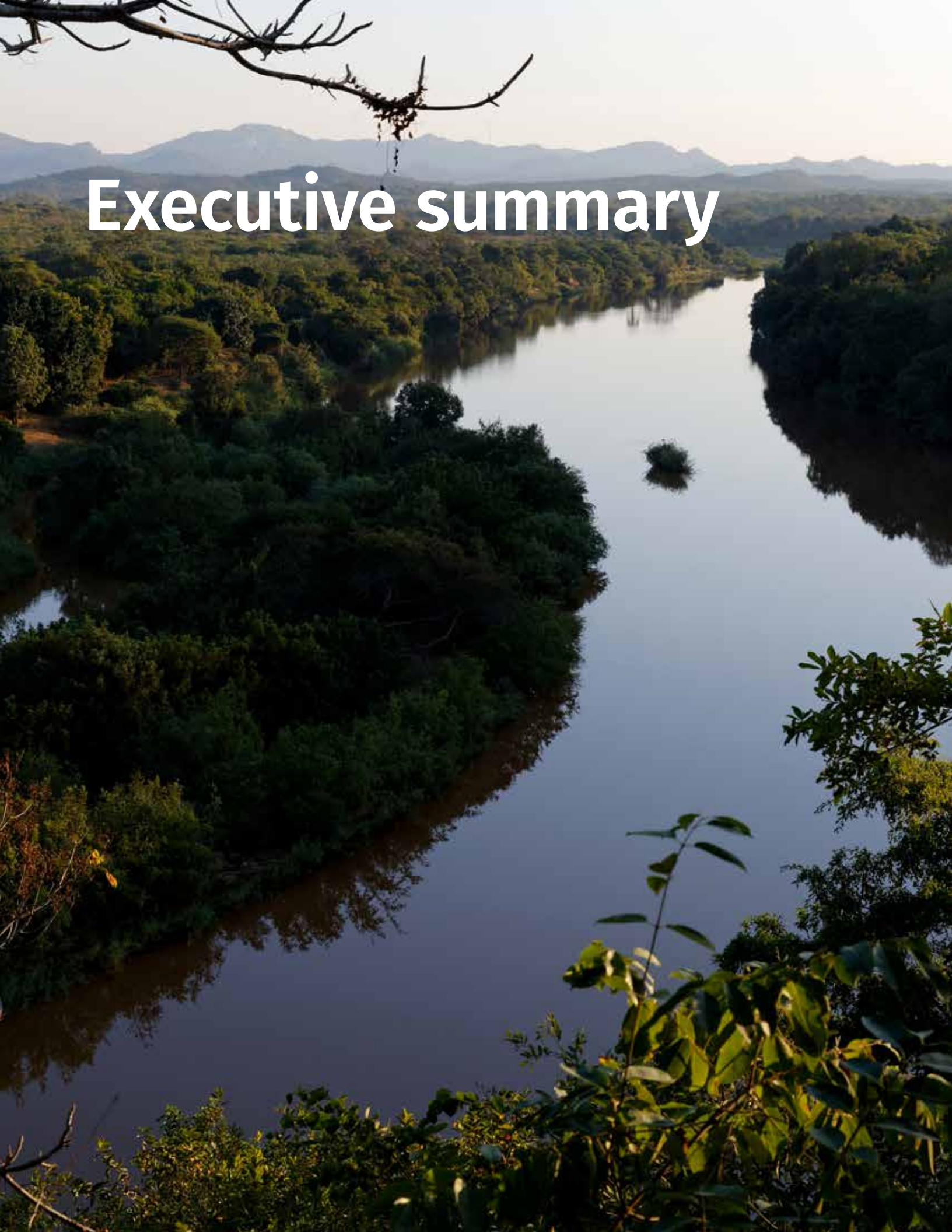
Abbreviations

AfDB	African Development Bank
BAZ	Broadcasting Authority of Zimbabwe
BPO	Business Process Outsourcing
CSO	civil society organization
EITI	Extractive Industries Transparency Initiative
FDI	foreign direct investment
GBV	gender-based violence
GDP	gross domestic product
GoZ	Government of Zimbabwe
FTLRP	Fast Track Land Reform Programme
ICT	information, communications, and technology
IFI	international financial institution
IFMIS	Integrated Financial Management Information System
JNA	Joint Needs Assessment
LA	local authority
M&E	monitoring and evaluation
MoFED	Ministry of Finance and Economic Development
MoHCC	Ministry of Health and Child Care
MoMMD	Ministry of Mines and Mining Development
MPI	Multidimensional Poverty Index
MSME	micro, small, and medium enterprise
MWYA	Ministry of Women and Youth Affairs
NBFI	nonbank financial institution
NDC	Nationally Determined Contribution
NDP	National Development Plan
NPRC	National Peace and Reconciliation Commission
PFM	public financial management

PICES	Poverty, Income, and Consumption Expenditure Survey
PIM	public investment management
POTRAZ	Postal and Telecommunications Regulatory Authority of Zimbabwe
PPP	purchasing power parity
RBZ	Reserve Bank of Zimbabwe
RTGS	real-time gross settlement
SAP	Systems Application
SEP	state-owned enterprise and parastatal
SOE	state-owned expenditure
TSP	Transitional Stabilization Programme
UN	United Nations
USD	U.S. dollar
WASH	water, sanitation, and hygiene
WBG	World Bank Group
ZACC	Zimbabwe Anti-Corruption Commission
ZETDC	Zimbabwe Electricity Transmission and Distribution Company
ZHRC	Zimbabwe Human Rights Commission
ZIMSTAT	Zimbabwe National Statistics Agency
ZINWA	Zimbabwe National Water Authority
ZLC	Zimbabwe Land Commission
ZPC	Zimbabwe Power Company

Executive summary



Zimbabwe is undergoing a transition as it seeks to reengage fully with the international community, attract foreign direct investment, and restore confidence in the economy. The harmonized elections in July 2018 were accompanied by high hopes that Zimbabwe would be in a position to capitalize on its significant potential, taking this unique opportunity to push forward with an ambitious reform program to transform the country by moving toward an open, inclusive, and market-based development model, leading to sustained economic growth. However, this optimism has been dampened by challenges faced in the immediate postelection period and beyond: several unexpected periods of dissonance have exposed fissures in the country's social fabric and have reinforced the importance of dialogue and nation-building measures to promote and consolidate peace, account for past wrongs, and strengthen social cohesion as part of what will likely be a longer transition period.

The ongoing transition presents an important opportunity for Zimbabwe's transformation, but it also comes with significant risks. Undertaking difficult but critical reforms that are likely to have negative short-term effects for the population can increase the risk of instability, making it more difficult to move forward decisively. It is thus vital to recognize the long-term nature of a transition and carefully prioritize and sequence critical path reforms and investments accordingly while simultaneously anticipating and managing emerging challenges and risks along the way. In response to emerging challenges, the Government of Zimbabwe (GoZ) requested support in December 2017 from the African Development Bank, the United Nations, the World Bank Group, and other partners to assess the nature, scale, and scope of needs that would have to be addressed over time. In response to this request, the three organizations have carried out the first phase of a Joint Needs Assessment (JNA-1), which has focused on (1) compiling a detailed overview of the challenges that Zimbabwe will have to overcome to consolidate the transition and (2) outlining and costing sector needs associated with the identified challenges.

The JNA-1 is based on a positive scenario of rapid reengagement with the international community and a significant increase in external financing following the 2018 elections. However, in planning the JNA-1, the team considered other possible scenarios that could arise, leading to a slower and more challenging pathway to economic growth. The positive scenario outlined in the JNA-1 takes an expansive approach in defining a broad range of needs that would have to be addressed for the country to benefit from such a reengagement in a way that promotes inclusive growth and poverty reduction. As events following the elections of July 2018 have thrown that positive scenario into question, a less ambitious scenario is more likely to unfold. With less resources available and a possibly extended transition period before international resources will become available, it is now even more essential that prioritization and sequencing of the many actions identified are ensured and the pathway forward is recalibrated accordingly.

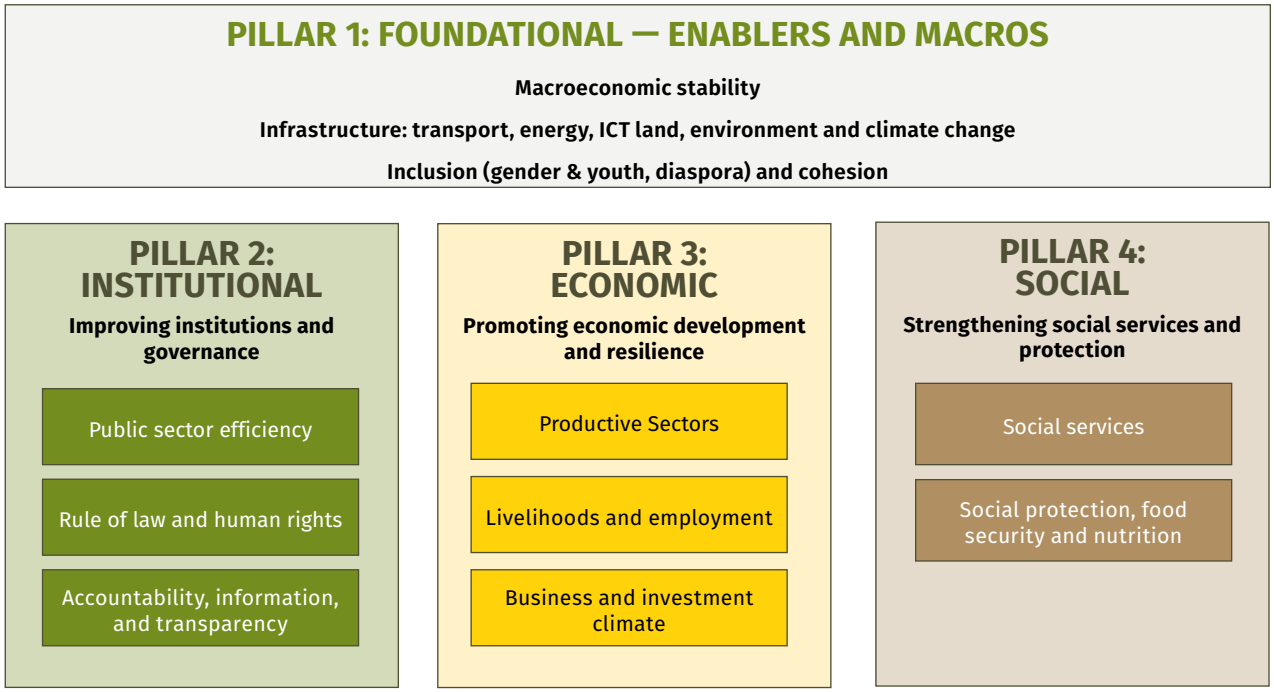
In line with the positive scenario, the JNA-1 has been designed to support Zimbabwe on its path to deliver on the following transitional shifts:

- Moving from a centralized model of governance and decision making toward decentralization, participation, bottom-up accountability, and individual freedoms
- Moving from a public sector–driven, semiclosed, constrained economy toward a stable, open, market-based, inclusive economy with a strong private sector
- Moving from international exclusion toward full integration into the global economy

To deliver on these shifts, Zimbabwe will need to overcome several structural challenges. The JNA-1 has identified many of these, including (1) complex fiscal and macroeconomic challenges that stem in part from unsustainable expenditures and a growing fiscal deficit; (2) challenges of both vertical and horizontal development, with limited avenues for social mobility, poverty reduction, and formal employment; (3) multidimensional poverty, with a high concentration of the rural population in isolated regions, which contributes to entrenched poverty; (4) human development challenges, wherein despite its high literacy rate, repeated outbreaks of cholera and typhoid in major cities underscore the deterioration of Zimbabwe's basic service delivery and social infrastructure; and (5) challenges related to the centralized and top-down system of governance, which has resulted in the public sector accounting for approximately 50 percent of gross domestic product, while the lack of transparency in Zimbabwe's productive sectors has implications for governance and the economy more broadly. Despite the multiple factors of fragility that the country faces, the population has demonstrated tremendous resilience and has relied on coping strategies that have helped it avoid broad-based violent conflict in spite of severe economic and social stresses.

The JNA-1 is organized around four strategic pillars (figure ES.1). Needs have been identified over a five-year period and divided into policy reforms, institutional and capacity strengthening, and investments. Emphasis is placed on identifying key reform requirements and institutional needs that should be addressed to consolidate the transition and make investments more effective. Needs have not been matched against available resources, and the total cost envelope needs to be understood in the context of a positive scenario of rapid reengagement and financial inflow.

FIGURE ES.1 THE JNA-1 FRAMEWORK



The foundational pillar (pillar 1) aims to establish the enabling environment for Zimbabwe's transformation. It covers efforts to promote macroeconomic stability and fiscal consolidation; improve the transport; energy; and information, communications, and technology (ICT) sectors through more strategic investment decisions that focus on maintaining and rehabilitating infrastructure; improve the security of tenure and strengthen land administration; manage climate change, natural resources, and environmental sustainability; and focus on changing Zimbabwe's social contract by promoting inclusion, social cohesion, and citizen engagement; developing opportunities for women and youth; and improving conditions for effective diaspora engagement. These foundations are necessary to successfully implement the needs identified in pillars 2, 3, and 4. Pillar 1—the foundational pillar—has an estimated cost envelope of US$10.926 billion, the majority of which is slated for infrastructure improvements (US$10.556 billion) (table ES.1).

The institutional pillar (pillar 2) aims to realize a people-centered, results-oriented, and accountable public sector and democratic system. The identified needs aim for more effective, decentralized, public sector institutions via a fit-for-purpose civil service, improved budget and planning processes, public financial management, public investment management and procurement, and better-capacitated local authorities and a comprehensive reform of state-owned enterprises and parastatals. Needs also focus on the adherence to and application of the rule of law, with measures to improve access to justice and human rights and to strengthen accountability in public life, transparency, and access to information. Pillar 2—the institutional pillar—has an estimated cost envelope of US$80 million.

The economic pillar (pillar 3) aims to promote a private sector–led and inclusive economic recovery and growth. The identified needs focus on reviving and developing the traditional core sectors of the economy, notably agriculture, mining, and tourism, while also supporting the fast-growing or new sectors in the service industry that are driving current economic growth. Needs also include actions to improve the business and investment climate and develop a well-functioning financial sector in order to leverage the private sector's potential, along with broader measures to promote job creation in the formal sector, entrepreneurship, and improved livelihoods and opportunities for those in the informal sector and the most vulnerable. Pillar 3—the economic pillar—has an estimated cost envelope of US$1.570 billion spread across three components. The vast majority of these costs are associated with needs for the productive sectors (US$1.358 billion).

The social pillar (pillar 4) seeks to improve the delivery of and ensure equitable access to good-quality services to all areas and all citizens. The identified needs focus on improving the delivery of basic social services in education, health, and water and sanitation, notably by finalizing, aligning, and implementing sector policies; strengthening key actors, improving coordination, and scaling up management information systems; and investing in service delivery. Needs also concentrate on strengthening the provision of social protection in a transparent and accountable manner through a coherent system that protects the poor and vulnerable and is aligned with food security and nutrition interventions. Pillar 4—the social pillar—has an estimated cost envelope of US$3.419 billion spread evenly across the component on social services delivery and the component on social protection, food security, and nutrition.

The JNA-1 offers an important bridge between the immediate stabilization efforts outlined in the Transitional Stabilization Programme (TSP) and the need to support the transition over a longer time period, as highlighted in the Vision 2030. It outlines both the preparatory reform actions required during

TABLE ES.1 SUMMARY OF PILLARS, COMPONENTS, SECTORS, AND COSTS

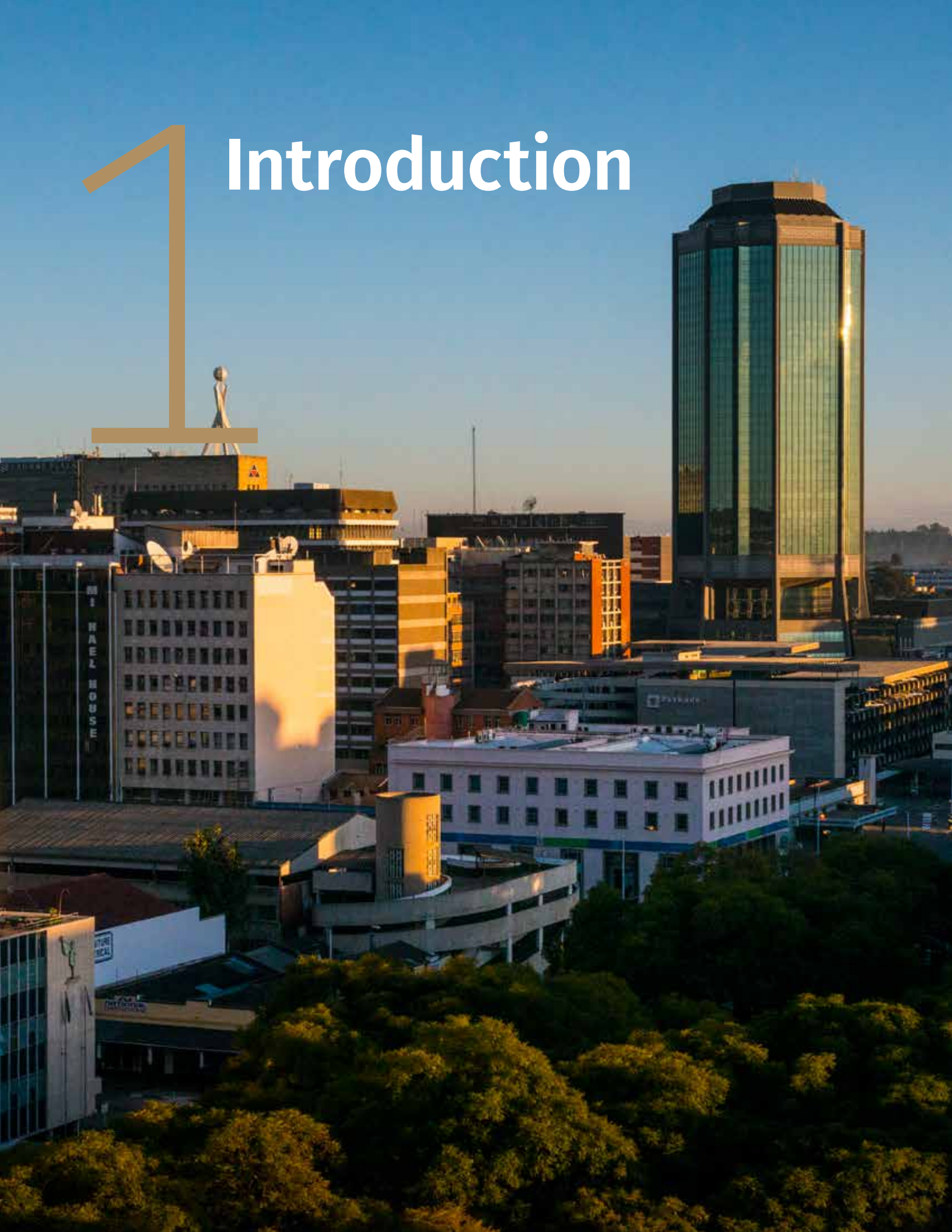
Pillar	Component	Note/sector	Cost (US$)
Pillar 1 Foundational Pillar—enablers and macros	Macroeconomic stability	Macroeconomic stability	Not costed[a]
	Infrastructure	Transport	7,468,460,000
		Energy	1,684,050,000
		ICT	194,060,000
	Land, environment, and climate change	Land	49,000,000
		Climate change, natural resources, and the environment	1,494,030,000
	Inclusion and cohesion	National cohesion and citizen engagement	11,510,000
		Gender and youth	19,510,000
		Diaspora	5,650,000
		Subtotal pillar 1	10,926,270,000
Pillar 2 Institutional Pillar	Public sector efficiency	Public sector efficiency	30,765,000
		State-owned enterprises and parastatals	6,900,000
		Local authorities	6,750,000
	Rule of law and human rights	Rule of law and human rights	28,760,000
	Accountability, information, and transparency	Accountability, information, and transparency	7,210,000
		Subtotal pillar 2	80,385,000
Pillar 3 Economic Pillar	Productive sectors	Agriculture	1,309,000,000
		Mining	48,900,000
	Livelihoods and employment	Livelihoods and employment	54,520,000
	Business and investment climate	Business and investment climate	Not costed
		Financial sector	153,420,000[b]
		Trade	4,000,000
		Subtotal pillar 3	1,569,840,000
Pillar 4 Social Pillar	Social services	Education	158,108,500
		Health	759,872,433
		Water, sanitation, and hygiene	610,120,000
	Social protection, food security, and nutrition	Social protection	914,166,250
		Food security and nutrition	976,610,000
		Subtotal pillar 4	3,418,877,183
		Total	15,995,372,183

a. Key costs associated with the macroeconomic stabilization effort have not been included. These costs would be estimated as part of the parallel ongoing process on the macroeconomic situation led by the GoZ and the IMF, and for the time being are unknown.

b. Costs cover the medium-term reforms, institutional strengthening, and productivity improvements required for the financial sector, but not the short-term macroeconomic stabilization.

the TSP to lay the foundation for a successful national development plan, and it lays out key considerations for the first five-year National Development Plan (NDP) 2021–25. The first five-year NDP 2021–25 should be grounded in the vision broadly outlined in the TSP. Further granularity is necessary to guide policy choices and investments over time. This should be based on a clear understanding and definition of the transformation that Zimbabwe will have to go through, as indicated by the three shifts elaborated above. Given that transitions require sustained attention and careful coordination of both actions and messaging, a robust transition support architecture grounded in the TSP is critical to the success of both the implementation of the TSP and the next NDP. In line with the time frames laid out in the TSP, Zimbabwe has sufficient time to develop its next NDP, and it should use this time to carefully identify critical reform paths and how these could be sequenced over time; rigorously prioritize based on strong analytics and robust criteria; and conduct extensive consultations and engagement of citizens and other stakeholders for an inclusive national development planning process. A multipronged approach that brings together reform requirements, investment priorities, and stakeholder engagement would create the conditions under which to deliver on the promise of Vision 2030.

1 Introduction



Zimbabwe is undergoing a transition as it seeks to reengage fully with the international community, attract foreign direct investment (FDI), and restore confidence in governance and the economy. Over the past 18 years, fiscal excesses, corruption, and uneven implementation of reforms—including land reform—had ushered in the deepest peacetime contraction recorded of any economy (real gross domestic product, GDP, fell by 49 percent between 1999 and 2008), a steep decline in social indicators, and hyperinflation. This decline led Zimbabwe to abandon its currency in 2009 and adopt a multicurrency regime to include the U.S. dollar (USD).[1] During the same period, payment arrears accumulated with international financial institutions (IFIs), bilateral and domestic creditors, and the United States and the European Union imposed political and economic sanctions on Zimbabwe in response to increasing concerns over respect for the rule of law and protection of human rights.

The harmonized elections in July 2018 were accompanied by high hopes that Zimbabwe would capitalize on this unique opportunity to push forward with an ambitious reform program, transform and modernize governance arrangements, and reengage with international partners and financial institutions. High turnout at the polls demonstrated the public's significant interest in the electoral process and its sense of hope for progress and reform going forward. However, this optimism was dampened by events in the postelection period that highlighted the extent of the fissures in the country's social fabric: violence resulted in the deaths of at least seven people, and the opposition filed a legal challenge contesting the outcome. While the Constitutional Court upheld the Presidential election result, the events surrounding the election reinforced the importance of measures to promote dialogue and consolidate peace, account for past wrongs, and strengthen social cohesion as part of the transition process. Divisions remain, and the past methods of quelling popular protest undermine the Government's stated ambition to ensure a more inclusive, transparent, and accountable relationship between the state and its citizens. The fact that the Government has embarked on far-reaching and difficult economic reform measures, including an International Monetary Fund (IMF) staff-monitored program, has led to even more fragile conditions for reform. The protests that followed important policy announcements in October and December 2018 and again in January 2019, and the violent outcome that arose from the state's response in January 2019, all point to a more challenging reform path for the country.

The ongoing transition presents an opportunity for Zimbabwe to transform, but it also comes with significant risks and requires patience and perseverance. International experience indicates that such transitions take a long time to complete upward of 20 years, as per the 2011 World Development Report.[2] While the Government's initial focus is now on macroeconomic stability, recalibrating international relations, and addressing past grievances, comparative cases have highlighted the following challenges of transition processes: difficult reforms that have negative short-term effects for the population can increase the risk of political instability and violence during transitions, which in turn can make it more difficult to advance new reforms. It is thus critical to recognize the long-term nature of the transition and to carefully prioritize and sequence critical reform paths and investments while simultaneously anticipating and managing emerging challenges and risks along the way. Communicating these challenges to the population is also critical to build support for the most difficult reforms.

[1] While nine foreign currencies have been granted official status, the USD is the principal currency.

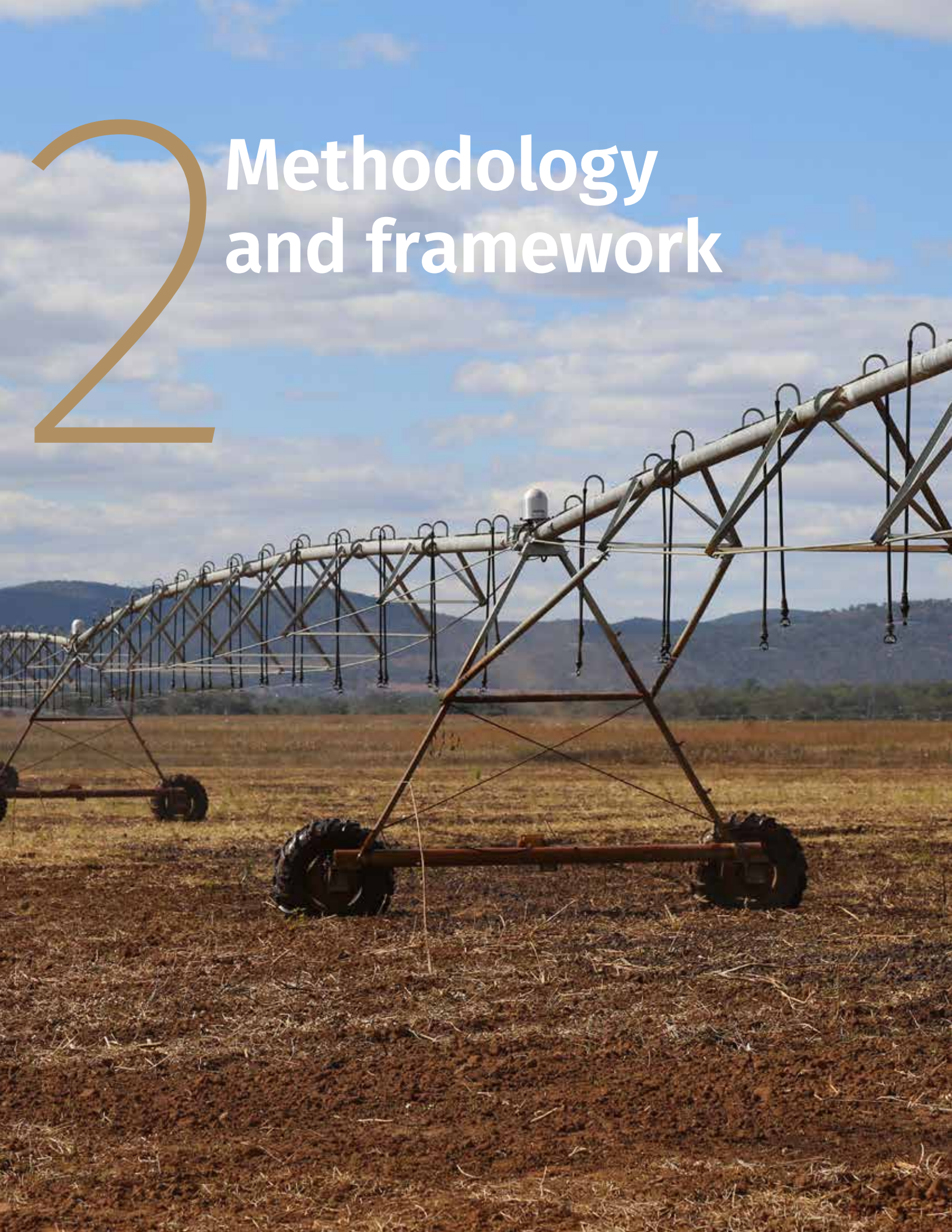
[2] It took the 20 fastest-moving countries an average of 17 years to get the military out of politics, 20 years to achieve functioning bureaucratic quality, and 27 years to bring corruption under reasonable control (World Bank 2011).

Recognizing the challenges ahead, in December 2017 the Government of Zimbabwe (GoZ) requested support from the African Development Bank (AfDB), the United Nations (UN), the World Bank Group (WBG), and other partners to assess the scale and scope of challenges and needs in Zimbabwe. In response to this request, the three organizations carried out the first phase of a Joint Needs Assessment (JNA-1), which focused on (1) compiling a detailed overview of the challenges that Zimbabwe will have to overcome to consolidate the transition and (2) outlining and costing sector needs associated with the identified challenges.[3] The findings of the JNA-1 are presented below. Section 2 explains the assessment methodology and framework; section 3 offers a detailed overview of the many challenges that should be addressed and are associated with the economy, poverty, governance, social development, and international relations; section 4 offers a schematic overview of needs, focusing primarily on reform and institutional needs; and section 5 outlines a possible process for prioritizing and sequencing, as part of preparations for the National Development Plan (NDP).

In recognition of the significant changes that have taken place over the course of the past two years, the JNA-1 has been adapted to align with the ongoing reform program outlined in the Transitional Stabilization Programme (TSP). As such, while the core data was collected between March and August 2018, it has been supplemented by more recent cost analysis collected by January 2019; and it has been updated as needed to take into account recent developments and ensure that the final document remains relevant and useful for the ongoing TSP and the upcoming NDP process. Although the JNA-1 process has concluded, the information gathered will continue to be updated and refined through a separate process (JNA-2) that the GoZ will lead in the effort to lay out a foundation and framework for achieving Vision 2030.

[3] In agreement with the GoZ and partners, the work presented here will be followed by a second phase focusing on prioritization and sequencing and on developing a financing strategy to address identified priorities.

2 Methodology and framework



This section outlines the background and rationale for the JNA, its chosen approach and phasing to fit the national context, its underlying assumptions, and the methodology and steps involved in preparing this report. It also introduces the four-pillar assessment framework that emerged during the assessment process, which was used to identify and cluster different sector needs, along with the specific methodology used to cost these needs.

Background and rationale

In response to the GoZ's request to assess the country's scale and scope of challenges and needs, and as per global good practice, a joint scoping mission took place in January 2018 to define the parameters and utility of an assessment in Zimbabwe and to ensure it would reflect lessons from other assessments. Staff from the AfDB, UN, and WBG joined this mission. The resulting Aide Memoire proposed a phased assessment process, as follows:

- **Phase I (JNA-1)** should be launched immediately following the scoping mission and should focus on compiling and analyzing existing strategies, data, and information from across government, development partners, the private sector, and other stakeholders. This phase should be coordinated by the AfDB, the UN, and the WBG, in close collaboration with the GoZ (via the Ministry of Finance and Economic Development, or MoFED) and other partners, using an established global methodology to assess challenges and identify needs. Recognizing the GoZ's transitional nature in the lead-up to the elections in July 2018, the output of this phase would therefore be a synthesis report that outlines key challenges and needs over a five-year time period, focusing primarily on highlighting key reform requirements and institutional needs that should be addressed to consolidate the transition.

- **Phase II (JNA-2)** would be launched by the GoZ after the July 2018 elections, with the objective of working with partners to further deepen the understanding of the policy options and investment requirements to overcome the challenges and needs identified and to develop a more detailed implementation plan based on a strict prioritization and sequencing of actions and initiatives over time. This phase was expected to include a specific focus on the key reforms required to unblock additional financing as well as a more detailed costing exercise to identify both financial needs and possible sources of funding (public/private; domestic/international), along with the likely implementation modalities.

The JNA is based on a positive scenario of rapid reengagement with the international community following the elections in 2018, and a significant increase in external financing following arrears clearance. In line with this scenario, the JNA took an expansive approach to define a broad range of needs that would have to be addressed for the country to benefit from such reengagement in a way that promotes inclusive growth and poverty reduction. The assumptions underpinning the assessment are that Zimbabwe's transition will take a long time and will require significant domestic and international resources to meet the needs of the population. Careful prioritization would therefore be required given the still limited resource envelope available to the government and the complicated and tough reforms that would have to be carried out to deliver on the government's Vision 2030. Importantly, resources would first be required to maintain and reform systems and institutions that can manage and promote transformative change, and, subsequently, investments would be required to generate economic growth.

Progress toward reengagement has been slower than hoped for. Events following the July 2018 elections, including the postelection violence, the legal contestation of the election results, and the more recent protests in October 2018 and January 2019 against price increases have changed the perceptions of many observers regarding the time frame over which the reform will occur and have dampened the euphoria and optimism that accompanied the leadership change in November 2017. Most international partners are now expecting a longer transition period leading up to reengagement that will require a sustained reform effort on both the economic and political front. This report should therefore be read with this context in mind. However, it should be noted that the analysis conducted has gained even more importance under the current circumstances, as it focuses on measures that will enable the GoZ to manage the transition over a sustained period of time and provide the tools for prioritizing and sequencing the critical reforms required to remove binding constraints and focus all attention on measures required to achieve Vision 2030—a task made more critical by the current resource-constrained environment.

Approach and methodology

The work on the JNA-1 was launched in February 2018. A total of 25 sector teams were mobilized to prepare notes outlining challenges and needs, comprising more than 100 experts from the three organizations (see table 2.1 for a full list of notes).[1] In support of this effort, the AfDB updated the 2011 Infrastructure Action Plan to allow for more relevant costing of needs (AfDB 2018). World Bank staff carried out additional economic, poverty, and fragility analysis to inform the challenges section of the assessment. The overall process was managed by a core team composed of staff from the three organizations, in close coordination with the MoFED. Consultations were organized throughout the process, both by individual sector teams and at the institutional level with government stakeholders, development partners, the private sector, and civil society. Drafts of all sector notes were circulated widely for feedback, and the updated versions were provided to the GoZ in July 2018 as an input to its TSP following the July 2018 elections.

Building on the sector analysis, and recognizing the importance of understanding the long-term nature of the transition in Zimbabwe, the JNA-1 has been organized around four strategic pillars (figure 2.1):

- A **foundational pillar** that aims to help establish the enabling environment for Zimbabwe's transformation. This includes efforts to promote macroeconomic stability and fiscal consolidation; infrastructure development; land reform; environmental sustainability; and a focus on changing the social contract in Zimbabwe by promoting inclusion, social cohesion, and citizen engagement. These foundations are necessary to successfully implement the needs identified in pillars 2, 3, and 4.

[1] The sector notes all follow the same structure to (1) offer a brief analysis of the sector; (2) present existing government strategies and activities in the sector, its main regulatory policies, the institutional setup and constraints, and key investments ongoing and planned; and (3) highlight the main needs that should be tackled over a five-year period to support the transition and to address the challenges outlined in the sector analysis. Each note includes results and cost matrices as appendixes.

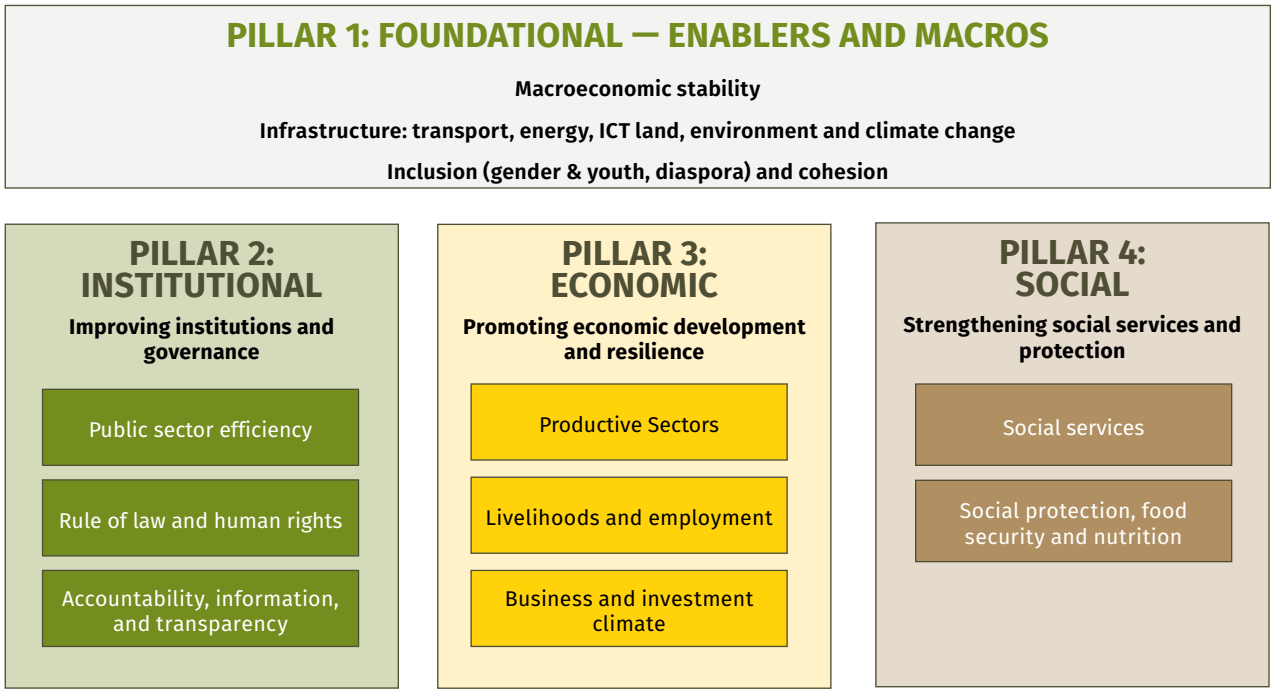
TABLE 2.1 LIST OF SECTOR NOTES

Component	Sector note	Lead organization(s)
Accountability, information, and transparency	Accountability, information, and transparency	United Nations
Business and investment climate	Private sector investment opportunities	World Bank
	Business and investment climate	World Bank
	Financial sector	World Bank
	Trade	World Bank
Inclusion and cohesion	National cohesion and citizen engagement	United Nations
Infrastructure	Transport	AfDB, World Bank
	Energy	AfDB, World Bank
	ICT	AfDB, World Bank
Land, environment, and climate change	Land	United Nations, World Bank
	Climate change, natural resources, and the environment	World Bank
	Gender and youth	United Nations
	Diaspora	United Nations
Livelihoods and employment	Livelihoods and employment	United Nations
Productive sectors	Agriculture	United Nations, World Bank
	Mining	World Bank
Public sector efficiency	Public sector efficiency	World Bank
	State-owned enterprises and parastatals	World Bank
	Local authorities	World Bank
Rule of law and human rights	Rule of law and human rights	United Nations
Social protection, food security and nutrition	Social protection	United Nations, World Bank
	Food security and nutrition	United Nations
Social services	Education	United Nations
	Health	United Nations, World Bank
	Water, sanitation, and hygiene	United Nations, World Bank

Note: Each of the above documents are available on request from the AfDB, the UN, and/or the World Bank.

- An **institutional pillar** that aims to support a change from the top-down governance practices of the past toward a more democratic, participatory, and accountable form of governance, as aligned with the emphasis on devolution in the Constitution. It focuses on the efficiency of the public sector in terms of capacity, budget and planning, public financial management (PFM), and the functioning of local authorities (LAs) and state-owned enterprises. It also looks at issues of access to justice, public safety, and human rights as well as requirements to strengthen accountability in public life.

FIGURE 2.1 THE JNA-1 FRAMEWORK



- An **economic pillar** that aims to reignite a private sector–led economic growth model that is inclusive and focused on job creation. It looks at the core sectors of the economy, notably agriculture and mining; discusses investment opportunities in other sectors, along with required improvements to the investment climate; and considers the broader challenges of how to promote inclusive growth that also targets those in the informal sector and the most vulnerable.

- A **social pillar** that seeks to engender just, cohesive, and equitable social development and access to social services. It focuses on improving the delivery of basic social services (education, health, water, and sanitation) and the provision of social protection, food security, and nutrition.

The framework balances different categories of needs, based on the understanding established during the scoping stage that economic, political, and structural reforms would be particularly critical to facilitating international reengagement in Zimbabwe. To reflect this understanding, the JNA-1 has used the following three categories to define needs:

- **Policy reforms.** These include updating existing policies, developing new policies, or establishing a new strategic direction for better enforcement of existing policies. The needs for immediate policy reforms are also flagged.

- **Institutional and capacity strengthening.** These include needs for operationalizing new systems or strengthening existing ones, needs for better funding or staffing of essential services, and organizational needs (including interministerial and government-development partner coordination).

- **Investments and operations.** These include maintenance, rehabilitation and new investment, and operations.

There are numerous important linkages between the pillars and across sectors. These linkages have informed the analysis and are reflected in the 25 sector notes and throughout the report. Notably, the availability and quality of infrastructure (foundational pillar) has a direct impact on the delivery of social services (social pillar) and the performance of the economy (economic pillar); social service delivery outcomes directly affect productivity (economic pillar); and the efficiency of the public sector (institutional pillar) influences service delivery (social pillar), the provision of infrastructure (foundational pillar), and the business and investment climate (economic pillar).

The JNA-1 covers needs over a five-year period, recognizing that while it is important to extend beyond the immediate stabilization and recovery period, the fluidity of the transition would make longer-term costing difficult. Under a positive scenario of increased availability of domestic and international resources, the technical teams were asked to carefully consider institutional and implementation challenges and to focus their analysis on actions required to address these over time, regardless of the eventual resource envelope that will be available. Across all four pillars, the analysis separates between immediate and longer-term results; in many sectors, it points to needs that extend beyond the initial five-year time frame. The JNA-2 will use this analysis to inform possible prioritization and sequencing over time, including deferring activities to the second NDP as needed. Identified needs are also derived from an analysis of past implementation challenges (see section 4 for more details).

For most sectors, needs have been costed but not broken down across years. Cost calculations were computed for each sector by the sector experts, following the same needs disaggregation outlined before—policy reforms, institutional and capacity strengthening, and investments. Costs are based on data provided by relevant ministries, or drawn from existing official documents, sector strategies, and investment plans. When no government data was made available, sector experts derived costs using secondary data such as project data and evaluations. To the extent possible, unit costs and quantities (beneficiaries/units) were provided, while lump sum estimations were used to develop cost estimates for policy reforms and capacity strengthening. Existing project costs were only integrated when they directly addressed an identified need, and only for the relevant project components. Costs cover the five-year period from the beginning of 2019 to the end of 2023. For needs that would extend beyond the JNA's five-year period—notably large infrastructure projects—only the share of costs to be potentially disbursed in the five-year period were accounted for. Costs for infrastructure mainly derive from the 2011 Infrastructure Action Plan update undertaken by the AfDB as part of the JNA-1 process, which used the same costing methodology.

Needs have not been matched to available resources. As this exercise would require clarity on the macroeconomic framework, the speed of reengagement, and likely international flows, none of which is available at present, it has been deferred to the JNA-2, when prioritization and sequencing activities will be undertaken, assuming that more clarity on resource availability will be gained over the course of the implementation of the TSP. That said, under the positive scenario, the team estimates that total needs identified could be matched with available resources under a reengagement scenario, in particular given an assumed rapid increase in the capital budget and inflow of private sector investments that would follow ongoing economic reforms and the full engagement of development financing institutions that is envisaged in the TSP.

3 Country context and key challenges

From the outset of the JNA-1, it was agreed to ground the definition of needs in a thorough understanding of the challenges that would have to be overcome for Zimbabwe's new government to deliver the promised transformation toward an open, market-based, and inclusive social contract. This section discusses the challenges facing Zimbabwe as it moves forward with its transformation. It focuses on the current political context and fragility, explores challenges associated with the economic situation, and looks at governance, social development, and Zimbabwe's relations with the rest of the world.[1] The section also offers anecdotal evidence to highlight perceptions associated with challenges facing the country.

Political context and fragility

Landlocked and resource rich, Zimbabwe's estimated population of 14.8 million (ZIMSTAT 2015) is largely rural (at 68 percent) and young (with 60 percent under the age of 24) (Chetsanga 2003). Political challenges and economic hardship have had a significant impact on Zimbabwe's human capital base. About half of the professional class and many of the poor are thought to have left the country to seek opportunities farther afield (Chetsanga 2003)—across Southern Africa, mostly in South Africa, the United Kingdom, and elsewhere (World Bank 2018). By 2010, estimates regarding the size of the diaspora range from 2 to 5 million (Muzondidya 2011), with their remittances estimated at over US$1.8 billion in 2014.[2] Agriculture has traditionally been the mainstay of the economy and represents a key source of livelihood for the population. Zimbabwe is also richly endowed with minerals. It has over 40 exploitable mineral deposits, largely untapped. These include some of the most productive gold geology in the world, including the largest diamond finds this century and the second-largest platinum reserves.

Zimbabwe's current vulnerability has neither been caused by—nor resulted in—large-scale violent conflict, but it is associated with a record peacetime decline in welfare.[3] The seeds of this decline can be traced back to before independence and the struggle for political and civil rights. The 15-year armed struggle for independence achieved majority rule against Ian Smith's Unilateral Declaration of Independence government. However, following independence in 1980, the new constitution maintained the disproportionate political representation of former economic elite minorities for a decade and deferred efforts to adopt reforms that would have addressed the historical economic marginalization of indigenous Africans.

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[1] This section was expanded following an earlier review meeting to respond to comments about the utility of a shared and consolidated overview of the current context in Zimbabwe. It was last updated in December 2018, and the fast-changing situation in Zimbabwe might mean that some of the information is outdated.

[2] The value of remittances sent to Zimbabwe are derived from both the official figures, which report transfers through regulated channels and informal ones. The most recent figures regarding remittances received through official regulated channels provided by the RBZ are US$939 million in 2015 and US$799 million in 2016. Remitting through informal channels could be equal to or more than the formal transfers. The estimates do not take into account in-kind remittances.

[3] GDP in 2018 was equal to that in 1965, according to WBG estimates.

Despite the multiple factors of fragility that Zimbabwe faces, the population has demonstrated tremendous resilience. The citizens have called on multiple coping strategies that have helped avoid broad-based violent conflict in the past, despite facing severe economic and social stresses. The country benefits from a high level of social capital within families and communities, a skilled and well-educated population, and a private sector that has historically been robust and competitive, which can, under the right conditions, support economic recovery and growth. There is also a diverse and engaged diaspora that represents a meaningful source of future economic, political, social, and institutional progress, albeit with a strained relationship with the government. Zimbabwe continues to invest about 11 percent of GDP in education, among the highest in Africa, and has the second-highest literacy rate on the continent. It has a strong and fairly modern institutional framework that has helped it rebound from past economic collapse.

Since November 2017, the GoZ has instituted measures to bolster economic growth, address grievances, and reset international relations (box 3.1). Important steps have been taken to begin addressing some of the historical grievances associated with human rights abuses and land reform. The National Peace and Reconciliation Commission (NPRC) Act was enacted and legally mandates the NPRC to ensure postconflict justice, healing, and reconciliation; promote unity and cohesion; and peacefully resolve disputes. The Zimbabwe Human Rights Commission (ZHRC), which took office in 2010, has adopted a robust approach to promoting and protecting human rights. It deployed staff throughout the country for the elections and has continued to deploy teams since the elections to assess the human rights situation around the country. The GoZ has also initiated steps toward resolving land tenure issues, updating information on farm inventories and valuation to prepare for a dialogue with former commercial farmers on the issue of compensation. In addition, it has begun to lift restrictions on foreign ownership of Zimbabwean assets and the indigenization law was—largely—repealed.

To steer the initial transition period, the GoZ launched a TSP reform agenda covering the period from October 2018 to December 2020. The TSP focuses on stabilizing the macroeconomic situation and the financial sector, introducing necessary policy and institutional reforms that are aimed at transforming the economy toward private sector–led growth, and addressing infrastructure gaps (GoZ 2018). Given the level of ambition, successful implementation will require hard choices and trade-offs to make the best use of limited available financing. It will also require the prioritization of critical path reforms to ensure the quick results that create space for more complicated reforms while avoiding implementation bottlenecks. Recent events have highlighted this dilemma: unpopular reforms and austerity measures like the January 2019 fuel-price hike imply that negative short-term effects for the population can increase the risk of political instability and violence, which in turn will make it more difficult to advance new reforms.

Economic challenges

Zimbabwe is faced with a precarious macrofiscal environment. Formerly one of the most advanced economies in Sub-Saharan Africa, the Zimbabwean economy today is among the most vulnerable, with erosion of its industrial and agricultural base. The economic growth trend is now some 2 percent below the average of Sub-Saharan Africa, partly resulting from exchange rate misalignment, volatile weather patterns, and unsustainable fiscal deficit. Zimbabwe had double-digit growth rates shortly after dollarization in 2009, but confidence started to evaporate in 2012 (coinciding with the commodity supercycle

BOX 3.1 KEY POLICY MEASURES TAKEN SINCE NOVEMBER 2017

The transition in November 2017 transition came with the promise of change and progressive steps toward a more democratic future for Zimbabwe. Measures to this end have ranged from the introduction of free state medical care for children and the elderly to the proposed establishment of anti-corruption courts and the arrests of several high-profile figures on allegations of corruption. A three-month amnesty issued in December 2017 to return illegally expatriated funds is said to have seen the repatriation of a large amount of externalized funds. The removal of police roadblocks and spot fines for traffic offenses was particularly well received. There have also been moves to institute measures to provide redress for past crimes and human rights abuses through the activation of a series of commissions. A number of other legal and regulatory reforms are also under way. Specific reform efforts include the following:

- Acceleration of macroeconomic and currency reforms, including budget deficit reduction.
- Implementation of the "Zimbabwe Is Open for Business" agenda to promote private sector–led growth by producing an Investment Policy Statement. A new Investment Act is being drafted to give the policy legal effect and establish an Investment Development Agency.
- Changes to the Indigenization and Economic Empowerment Act so that only diamonds and platinum are now subject to the requirement of 51 percent ownership by Zimbabweans.
- Introduction of a market-based foreign currency allocation system (interbank system) and a Foreign Currency Allocation Committee.
- Formal introduction of a local currency, the real-time gross settlement (RTGS) dollar, which has reduced pressure of the USD and moderated price volatility.
- Imposing expenditure controls, which have culminated in monthly fiscal surpluses in November and December 2018 and in January 2019.
- Implementation of the Public Entities Corporate Governance Act passed in May 2018 to improve the transparency and efficiency of state-owned enterprises and parastatals (SEPs) and initiation of the turnaround of privatization efforts for key SEPs.
- The Public Procurement and Disposal of Public Assets Act, which became effective on January 1, 2018, has been rolled out to all public sector agencies.
- Appointment of the Procurement Regulatory Authority of Zimbabwe (PRAZ) Board on January 8, 2018.
- Passage of the Shop License Act and Insolvency Act passed as part of measures to improve the business and investment climate; other laws, such as the Companies Act, are going through final stages.
- Establishment of anti-corruption courts and commercial courts, which are now being staffed and made functional.
- Ratification of the enabling legislation for the National Peace and Reconciliation Commission (NPRC) in January 2018 and adoption of its five-year strategic plan.
- Reduced high royalties and mining fees in the 2018 Budget Statement and reduced export taxes for the unrefined platinum group of metals and chrome.
- Introduction of 99-year leases to improve tenure security and reinvigorate investment in the agricultural sector.
- Operationalization of the Zimbabwe Land Commission (ZLC) and the adoption of the ZLC Act in February 2018 which gave the ZLC a mandate to ensure accountability, fairness, and transparency in the administration of agricultural land

ending, which particularly hit the mining sector) and the investment-to-GDP ratio declined sharply. Bank lending recovered dramatically after dollarization, but poor investment choices led to a sharp increase in nonperforming loans that reached over 20 percent of the loan portfolio in September 2014. The decline in Zimbabwe's growth coincided with a gradual depreciation of the South African rand versus the USD, which had an immediate impact on Zimbabwe's competitiveness; Zimbabwe used the USD, and South Africa is its largest trading partner.

Zimbabwe's recent macroeconomic challenges partly originated from unsustainable expenditures and a growing fiscal deficit. Zimbabwe's recent macroeconomic challenges partly originated from unsustainable expenditures and a growing fiscal deficit. Since 2016, the GoZ has shifted to an expansionary fiscal policy. Fiscal imbalances are massive and pose a tremendous macroeconomic challenge: in 2017 revenues were US$3.8 billion while expenditures totaled US$6.5 billion, giving rise to a US$2.7 billion fiscal deficit (14.7 percent of GDP). While employment costs accounted for over 90 percent of revenue (figure 3.1), "capital expenditures" (which are actually largely transfers to the agricultural sector) were also more than triple the budgeted amount (figure 3.2). Fiscal deficit resulted in huge debt burden and liquidity challenges, constraining private sector activities. Zimbabwe's large public debt burden and arrears significantly limit fiscal policy options. By the end of June 2018, total public and publicly guaranteed external debt stood at US$7.6 billion (42 percent of GDP), out of which US$5.3 billion are arrears;[4] while domestic debt increased from US$4 billion in 2016 to US$9 billion at the end of 2017 (49.8 percent of GDP); figure 3.3). The public sector's exclusion from most international capital markets also makes it

FIGURE 3.1 CENTRAL GOVERNMENT EXPENDITURES ARE DOMINATED BY THE WAGE BILL

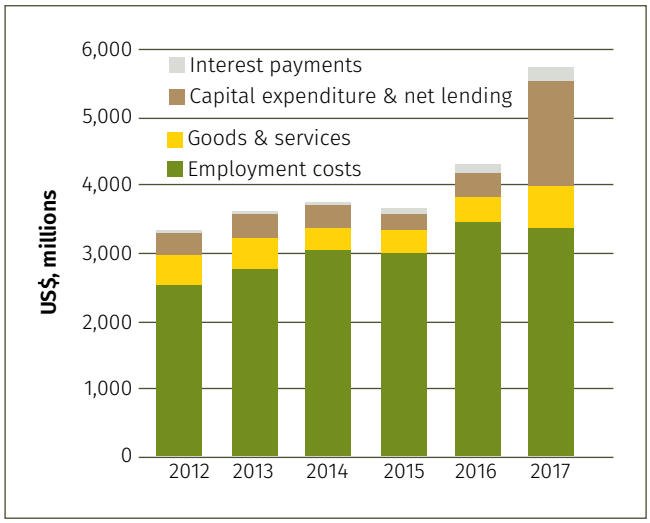
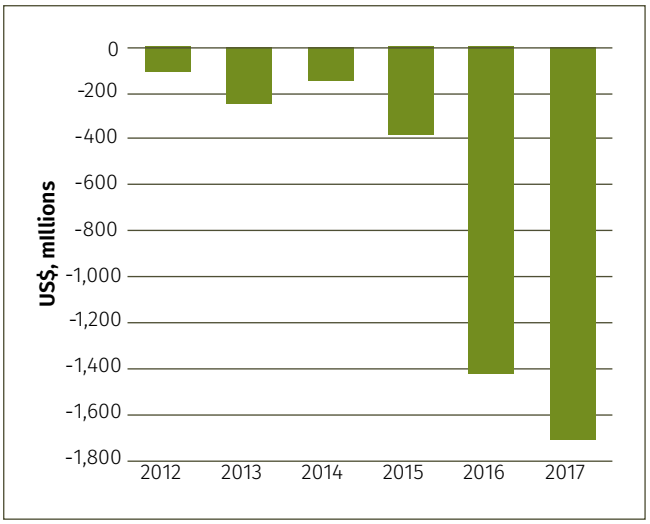


FIGURE 3.2 FISCAL BALANCE DETERIORATED DRAMATICALLY IN 2016 AND A BIT MORE IN 2017



Source: Ministry of Finance and Reserve Bank of Zimbabwe.

[4] Arrears are mainly due to multilateral development banks (World Bank, US$1.2 billion; AfDB, US$649 million; European Investment Bank and others, US$403 million) and to members of the Paris Club (US$2.3 billion). The remainder of arrears go to other bilateral creditors.

vulnerable to fiscal shocks due to a small domestic capital market. Furthermore, the new global banking regulations (such as "Know Your Client") may keep Zimbabwe isolated even after arrears clearance and financial sector restructuring, as IFIs might take time to trade with Zimbabwe.

The financing of the fiscal deficit by the Reserve Bank of Zimbabwe (RBZ) overdraft facility and Treasury Bills in the context of a nominally dollarized economy become the primary cause of liquidity challenges. This overdraft created electronic deposits in the banking system to allow the government to make payments without any concomitant increase in USD cash or nostro accounts. The main drivers of expenditure are employment costs and command agriculture. As a result, demand for cash exceeded supply, leading to the parallel market premium for the dollar and undermining the viability of the financial and foreign exchange regime. The reliance on local banks to finance the fiscal deficit is due to external arrears that limit access to international capital markets (figure 3.4). Due to this overreliance, the banks appear to be profitable, thanks to large interest rate spreads that boost profitability. During 2014–15 bank profits were boosted by purchasing treasury bonds (T-Bills) that had been issued directly to pay for the GoZ's expenditures. These T-Bills were purchased at a discount but were reported at nominal value on banks' balance sheets; consequently, the financial sector has become heavily exposed to T-bills, despite being illiquid assets. Falls in their value would adversely impact the sector.

FIGURE 3.3 FISCAL DEFICIT MAINLY FINANCED BY DOMESTIC BORROWING

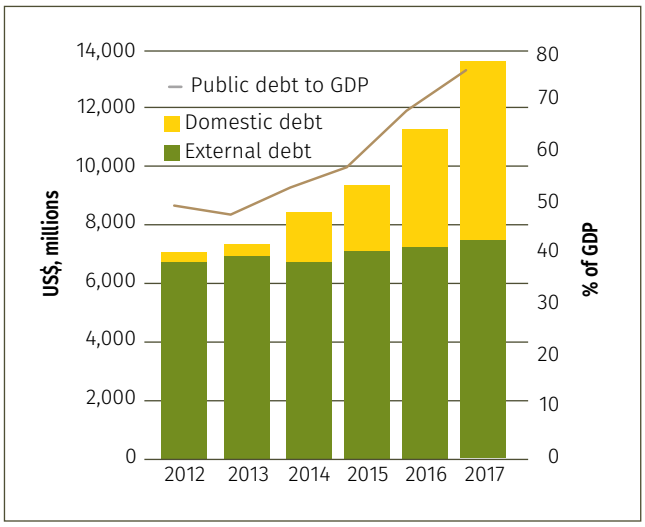
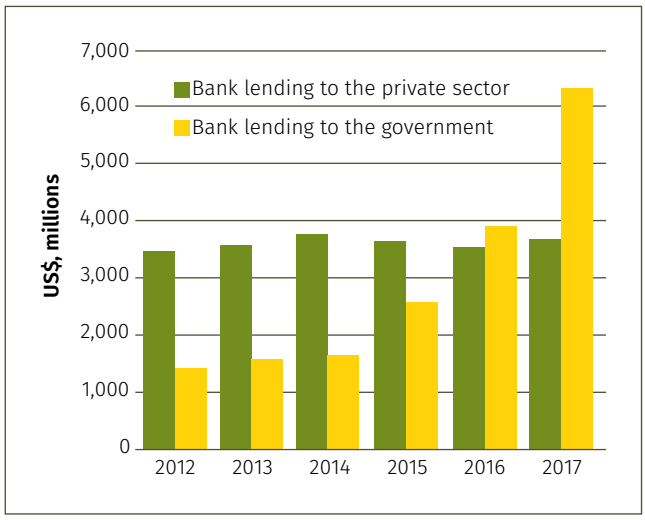


FIGURE 3.4 BANK LENDING TO THE GOZ HAS BEEN SIGNIFICANTLY INCREASING



Source: Ministry of Finance and Reserve Bank of Zimbabwe.

The liquidity shortages and the existence of separate currencies severely affected the economy. New bond notes introduced in November 2016 did not help increase cash supply and liquidity, and shortages of foreign currency intensified further following the separation of real-time gross settlement (RTGS) local currency accounts from nostro foreign currency accounts in October 2018. The parallel market exchange rate of the bond notes weakened to close to US$1:3.4 in the end of 2018. To contain volatility of the exchange rate, the RBZ introduced an interbank foreign exchange market on February 20, 2019, creating a new currency, RTGS dollars (including electronic balances in banks, mobile platforms, bond notes, and coins). The new policy changes helped limit the extent to which the local currency was weakened against

the USD. On the back of low trading volumes, the exchange rate of the RTGS dollar stabilized at 2.5/US$ in the first two weeks of operation of the interbank market, but it is expected to gradually converge to the parallel market exchange rate. The stability of the new currency regime will depend on restoring fiscal policy credibility and effectively coordinating fiscal and monetary policy.

Central government borrowing from the domestic market crowded out private sector borrowing. As fiscal pressures intensified in 2017, bank lending was dominated by net credit to the government that increased by 73.9 percent year-on-year in 2017, while credit to the private sector only increased by 5.8 percent, to US$3.7 billion. The GoZ's reliance on central and commercial banks to fund the fiscal deficit continues to constrain private sector borrowing/growth and is contributing to weakening parallel exchange rates.

The imposition of restrictive trade practices has negatively impacted the economy, as it raised costs for export-oriented firms. Historically, Zimbabwe has pursued import substitution policies in several key sectors. In practice, this has meant the imposition of high average tariffs on imported products and restrictions on imports into key sectors through the use of import licenses for a wide range of products (statutory instrument 122 of 2017). On the other hand, some key imports have been allowed at the official exchange rate, implicitly providing a subsidy for key businesses within the economy. Imports recovered modestly in 2017, possibly because financing conditions eased slightly, drawing attention to implications of monetary arrangements on trade flows and policy. Less than one-third of imports receive financing at the official exchange rate; the remainder are financed by other sources. Increasingly, the parallel market is used as a reference price for imports. Allocation of import financing at the official exchange rate amounts to a subsidy, while export repatriation and surrender requirements are equivalent to an export tax.[5]

Authorities' reform-related efforts since the November transition have included the start of the arrears clearance process, budget deficit reduction initiatives, and private sector–led growth through the promotion of the "Zimbabwe Is Open for Business" agenda. In his inaugural speech, the President expressed his commitment to clear external arrears and normalize relations with Zimbabwe's creditors. Efforts to reengage with both creditors and the international community have since been intensified, and these include discussions of Zimbabwe's arrears clearance options in Washington in April 2018 and of progress related to the GoZ's reform program in Bali in October 2018. During both occasions, the international community stressed that arrears clearance options should be consistent with the objectives of restoring debt sustainability. The GoZ also reconfirmed its commitment to reducing the budget deficit and moving to sustainable policies in the 2018 budget speech.

Important changes to the Indigenization and Economic Empowerment Act made in March 2018 mean that only diamonds and platinum remained subject to the requirement of 51 percent ownership by

[5] Estimates of exchange rate overvaluation vary; whereas the RBZ estimated a 45 percent overvaluation in 2015, the IMF (2017b) Article IV consultation used two different methods, which yielded 23 percent and 47.6 percent overvaluation. Thus, importers who are allowed to import at the official rate receive a discount on the actual rate, but exporters who are required to export at the official rate essentially pay a tax.

"citizens of Zimbabwe" (and no longer only "indigenous citizens").[6] Furthermore, 12 reserved sectors are set aside for citizens of Zimbabwe;[7] exceptions may be granted for noncitizens to invest in a business in a reserved sector by permission of the Minister. However, the status of the regulations and general notices issued under the previous legal regime on indigenization are not yet clear; it is also unclear which Minister has been assigned the new law. These clarifications are urgently needed to secure stability for private sector development. On a positive note, a transparent framework for granting ministerial permission to noncitizens to invest in reserved sectors is set to be developed soon.

Complex fiscal and macroeconomic challenges remain in place, despite early hopes that the transition would help to address Zimbabwe's economic problems. The process of opening up Zimbabwe's economy holds great potential but faces considerable risks and resisting factors. This risk has been highlighted in recent policy decisions to create separate USD nostro accounts, to ratchet up the price of fuel without advance notice, and to allow the exchange rate to float. Being able to benefit from the country's human capital and natural resource wealth, or promoting regional integration to capitalize on its strategic location in a dynamic neighborhood, will depend on building capacity for developing and implementing policy responses and ensuring policy consistency and predictability.

Poverty and human development

Zimbabwe has high and persistent poverty. Monetary poverty using a national consumption poverty line barely changed between 2001 and 2011–12.[8] It stood at 72 percent in 2011 and was 71 percent in 2001. These figures are high due to a relatively high national poverty line of US$4.70 per person per day, measured in 2011 purchasing power parity (PPP). As population size increased, the number of poor rose from 8.2 million to 9.4 million between 2001 and 2011–12. Extreme monetary poverty using the national food poverty line of PPP US$2 per person per day was estimated at 22.5 percent.[9] The PPP US$1.90 per day extreme poverty rate was 21.5 percent that year, which translates into about 3 million people. The Gini coefficient, a measure of welfare inequality, was 42 in 2011, among the lowest in the subregion.

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[6] Amendments are in section 42 of the Finance Act (No. 1 of 2018), pages 19–30, which was gazetted as law in a Government Gazette Extraordinary dated March 14, 2018. It can be found on the Veritas website, http://www.veritaszim.net/node/2353.

[7] Transportation (passenger buses, taxis, and car hire services); retail and wholesale trade; barber shops, hairdressing, and beauty salons; employment agencies; estate agents; valet services; grain milling; bakeries; tobacco grading and processing; advertising agencies; local arts and crafts and their marketing; artisanal mining. But noncitizens who were in business before January 1, 2018, may continue to be subject to registering. Noncitizens wishing to open a business in a reserved sector after January 1, 2018, need the permission of the Minister, which will only be granted in certain circumstances, as stated in the new section 3A of the act.

[8] A new Poverty, Income, and Consumption Expenditure Survey (PICES) was conducted in 2017 and results were released in January and June 2019. A mini-PICES was conducted in April–May 2019, with results expected in September 2019.

[9] Which in Zimbabwe is equivalent to about US$1 per person per day (in Zimbabwe in 2011, US$1 had a PPP of about US$2).

Extreme poverty is associated with having a large family, possessing few assets, and having limited access to quality social services, including health, education, and water, sanitation, and hygiene (WASH) facilities. However, in 2011 net primary education enrollment rates among the extremely poor were almost as high (87 percent) as among the nonpoor (92 percent), and they were similar among boys and girls. Differences in net secondary enrollment were larger: 34 percent among the extremely poor and 58 percent among the nonpoor.

The Multidimensional Poverty Index (MPI) for Zimbabwe also suggests that poverty was a little higher in 2011–12 than in 2001, but it peaked in 2007. It rose from 2001 to 2007, following the deep economic crisis of the mid-2000s, and then dropped again in 2011, although it remained above 2001 levels (figure 3.5). The MPI for Zimbabwe does not directly use consumption as a welfare measure but instead considers levels of education, health, employment, housing conditions, living conditions, assets, and access to services.[10] Unlike monetary poverty, the MPI does not require price information, which makes it easier to make comparisons over time, especially when the period of evaluation covers a period of hyperinflation. Multidimensional poverty is much higher in rural areas than in urban areas, and the impact of the crisis in the mid-2000s on multidimensional poverty was particularly felt in rural areas (figure 3.6).

FIGURE 3.5 MULTIDIMENSIONAL POVERTY TRENDS, 2001, 2007, AND 2011 (%)

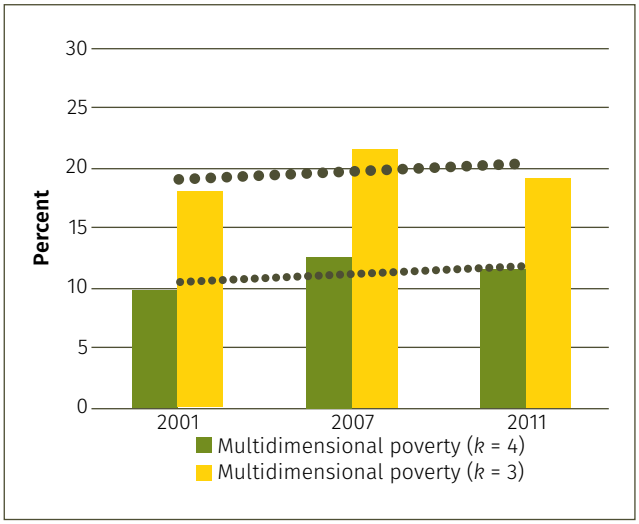
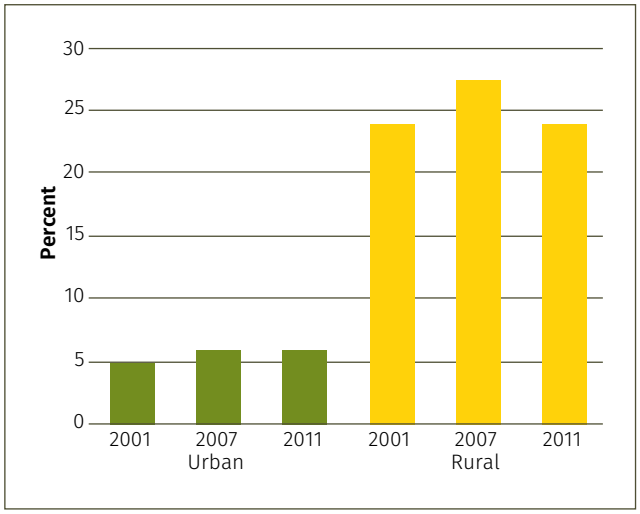


FIGURE 3.6 MULTIDIMENSIONAL POVERTY IN URBAN AND RURAL AREAS (%)



Source: Stoeffler et al. 2015, using ZIMSTAT data (Poverty, Income, and Consumption Expenditure Survey 2001, 2007, and 2011).

The multidimensional poverty rate is highest in Matabeleland North, followed by Masvingo, Matabeleland South, and Mashonaland West. The crisis was particularly felt in the first three provinces and in Manicaland, as the increase in multidimensional poverty levels from 2001 to 2007 was most substantial in these areas (figure 3.7).

[10] For each of these indicators, a threshold is set below the point at which a household is deprived in that dimension. For each household, the number of dimensions for which it is deprived is then determined. A household is declared poor if it is deprived in several dimensions; for example, in three (k = 3) or four (k = 4) dimensions.

In 2011, the number of multidimensional poor was highest in Masvingo Province (385,000), followed by Manicaland (354,000) and Mashonaland West (351,000), while the number of extreme *monetary* poor that year was highest in Manicaland (328,000), Mashonaland West (327,000), and Midlands (299,000). In Masvingo, the number of extreme monetary poor is about half (200,000) the number of multidimensional poor (figure 3.8), which suggests that living conditions there are high relative to its income and consumption levels (and vice versa).

FIGURE 3.7 PROVINCIAL MULTIDIMENSIONAL POVERTY LEVELS IN 2001, 2007, AND 2011

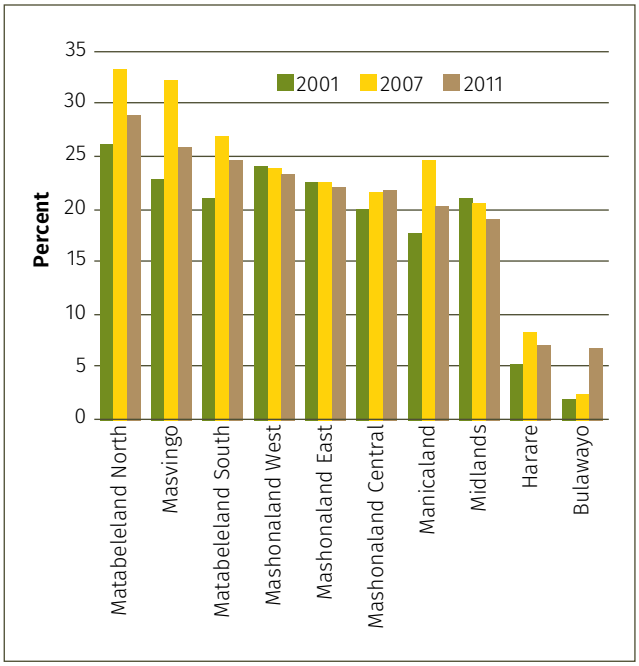
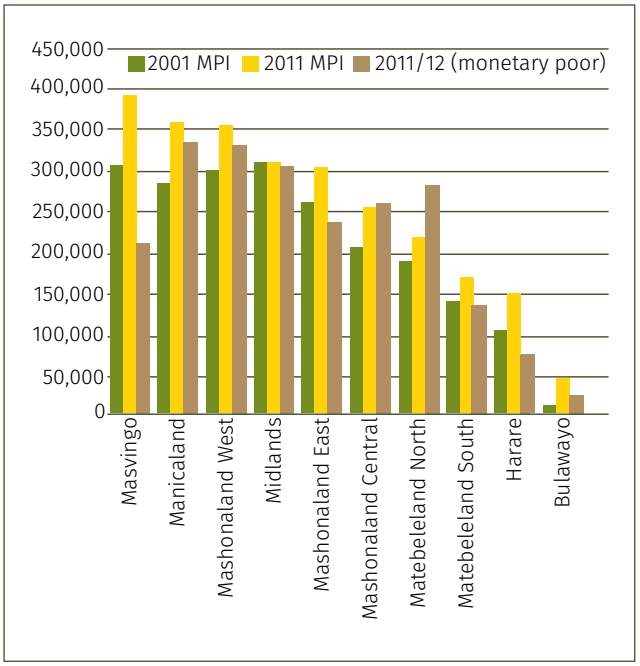


FIGURE 3.8 NUMBERS OF MULTIDIMENSIONALLY POOR IN 2001, 2011 AND MONETARY POOR IN 2011

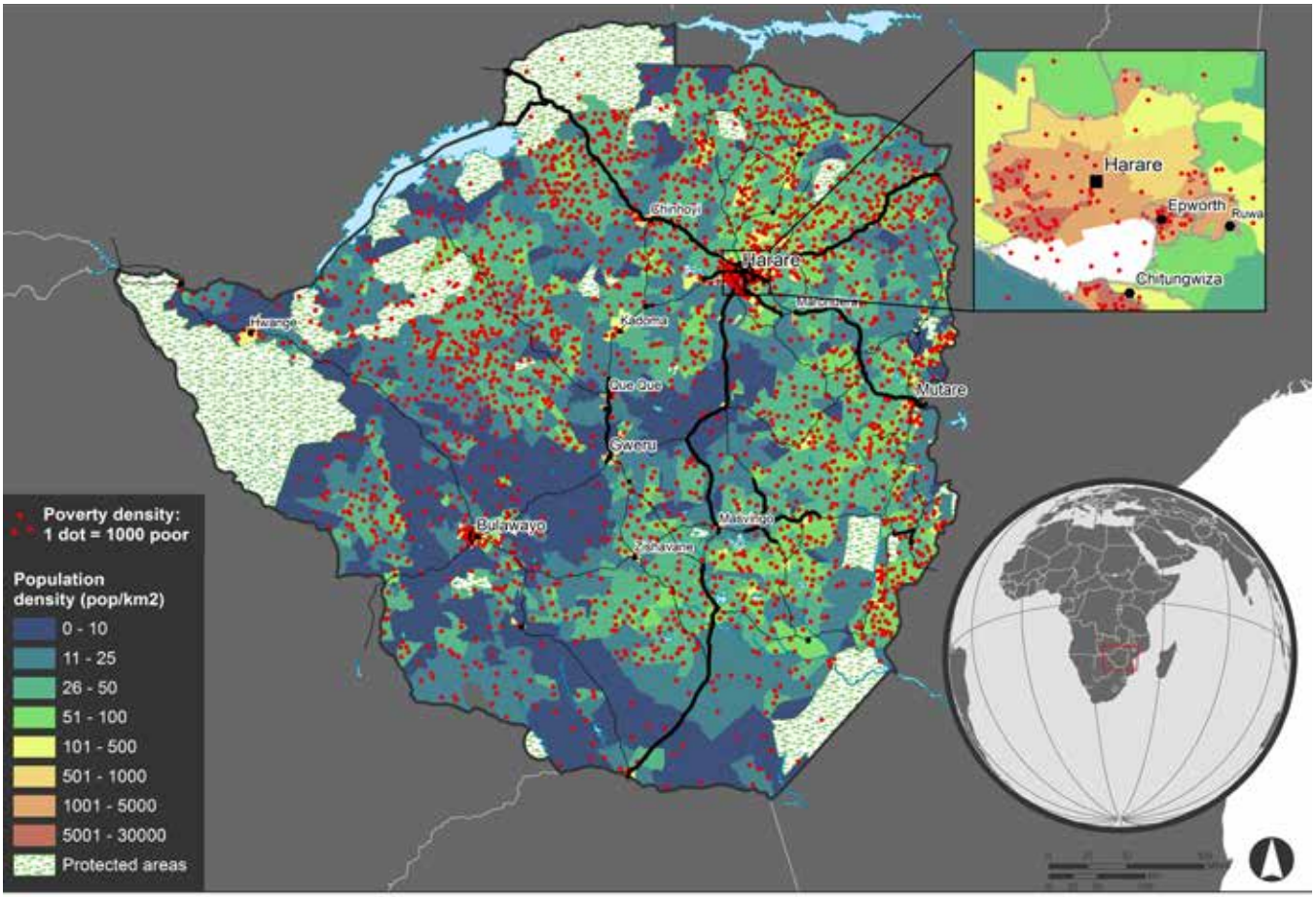


Source: Stoeffler et al. 2016, using PICES data.
Note: Multidimensional poverty: $k = 3$.

The 2012 extreme poverty map (using the food poverty line) that was completed by the Zimbabwe National Statistics Agency (ZIMSTAT) shows that the highest ward poverty rates are found in wards in the country's northwest (for example, in Matabeleland North, the western part of Midlands, and the western part of Mashonaland West) and in pockets in the northeast (around Mudzi District) and southeast (around Chipinge District) (figure 3.9). Around half the number of extreme poor live in the northwest. The high poverty areas overlap with Zimbabwe's drier agro-ecological zones, except in Mashonaland West where high poverty pockets overlap with high rainfall areas. The poorest wards also tend to be the ones with the worst road connections, the lowest average education levels, and to some extent those that also have less access to electricity and improved sanitation than other wards.

The high concentration of the rural population in some remote and isolated regions where agricultural production conditions are not optimal (mostly the communal lands) has contributed to entrenched poverty. The population here is caught in a spatial poverty trap. The highest ward poverty rates are found in these relatively densely populated and remote areas, located away from main roads. Overall,

FIGURE 3.9 ZIMBABWE POPULATION DENSITY AND POVERTY DOT DENSITY, 2012



Source: World Bank Geospatial, based on ZIMSTAT poverty mapping data.

Note: Map shows the density of population (background color), the number of extremely poor people per ward (number of red dots) and the road connectivity (black lines). Large numbers of the extreme poor (red dots) live in densely populated areas (light background color) that are remote and poorly connected (black lines).

the correlation between *rural population density* and *rural poverty* is weak. Social service delivery quality and affordability is often low, resulting in lower service delivery outcomes in the more remote and often less densely populated areas. For example, there is a large concentration of those that have not completed secondary education and are not in school in the outer west, north, and southwestern parts of the country.

Urbanization is often an important driver of poverty reduction. Poverty rates in urban areas in Zimbabwe are much lower than in rural areas, although there are pockets of urban poverty, particularly in the high-density areas. However, Zimbabwe's urbanization process has stalled, and, according to official population data, has even reversed: in 2012 the proportion of people living in urban areas (32 percent) was lower than in 2002 (34.5 percent). The 2002 and 2012 census data suggest that the growth of small towns has been relatively higher than the larger towns and cities. That said, urban infrastructure has barely grown and appears to even have fallen in several urban areas across the country, according to nighttime light data (box 3.2).

BOX 3.2 URBAN DYNAMICS IN ZIMBABWE

Urban dynamics in Zimbabwe vary from what is experienced in the rest of the continent. The urban population growth rate was only 1.5 percent per year during the last decade, which is one of the lowest rates among Sub-Saharan African countries. The period between 1999 and 2008, when the country experienced negative annual GDP growth rates (except in 2001), coincided with a decrease in the urban share of population.

With its 1.4 million inhabitants, Harare is the largest city and has the most significant urban footprint. But between 2002 and 2012 "rural-to-Harare" migration equaled "Harare-to-rural" migration, as jobs disappeared and living conditions became more difficult. Circular migration became common.

Nighttime lights, as obtained through satellite imagery, can be a good proxy for urban infrastructure development. They suggest that infrastructure quality declined, particularly in Zimbabwe's secondary cities and larger towns; these barely grew in size. This trend contrasts with the rest of the continent, where even if capital accumulation lags behind population growth, both are growing on average. Smaller towns witnessed the highest relative population growth (40 percent) during 2002–12, albeit numbers are still small in an absolute sense.

As urban areas become more attractive for investment, they will be ready to reap agglomeration effects and associated increases in productivity and welfare, including through spin-off in surrounding rural areas. In Zimbabwe, such spin-offs are likely to be highest in the smaller towns.

Zimbabwe's achievements with respect to nonmonetary poverty outcomes are variable. The country stands out for its high literacy rate (at 89 percent in 2014), which is above nearly all African countries and even higher than the average for lower-middle-income countries (table 3.1). This is due to the country's primary school enrollment rate, which has been high since independence. However, its secondary enrollment rates are more typical for Sub-Saharan Africa and have remained stagnant at 46 percent for the past 30 years. The country has also attained gender parity in primary school enrollment and literacy. Life expectancy has recovered from its low during the HIV/AIDS epidemic and is now similar to the average of the continent. While HIV prevalence has decreased by 28 percent over the last decade, the prevalence of new infections among young women and girls is on the rise, and HIV/AIDS, along with tuberculosis (TB) and malaria, remain major causes of morbidity and mortality. The maternal mortality ratio remains high, and the under-five child mortality rate is below target. The high burden of communicable diseases such as HIV/AIDS and TB, compounded by the deterioration of the social protection system, is contributing to poverty. The socioeconomic burden of health risks falls disproportionately on poor and rural populations, with the under-five mortality higher in rural areas than in urban areas (92 deaths per 1,000 live births versus 60 deaths per 1,000 live births) and HIV prevalence higher (15.2 percent) in the lowest wealth quintile compared to 11.3 percent in the highest wealth quintile. Access to WASH has declined over the past decade. Zimbabwe ranks 154th out of 188 countries on the 2016 Human Development Index (UNDP 2018).

Over the past 17 years Zimbabwe has been unable to expand its access to social services, and the proportion of the population that has access to electricity, improved drinking water, or adequate sanitation services is not vastly different from 15 years ago (table 3.1). Census data suggests that some regions have experienced increased access to services while others have seen the situation deteriorate. For example, access to electricity has improved substantially in rural Manicaland, although it has fallen in parts of other provinces. Levels of educational attainment are much lower in the border districts (except for in Manicaland) compared to the rest of the country.

Zimbabwe's economy and livelihoods depend on natural resources, with over 90 percent of the extremely poor population residing in rural areas and depending on rain-fed agriculture and forest resources. Zimbabwe's climate has become increasingly variable, and the low level of resilience and capacity to address impacts makes it one of the most vulnerable to climate change in southern Africa. Climate models project a drier and warmer future, threatening forest ecosystems, biodiversity,

TABLE 3.1 KEY SOCIAL AND NONMONETARY POVERTY OUTCOMES

Indicator	Zimbabwe				Average global LMIC value
	Value (year)		Value (year)		
Adult literacy rate (% of 15+ year olds)	84	(2011)	89	(2014)	76
Gross primary enrollment (%)	100	(2000)	99	(2013)	104
Net primary enrollment (%)	84	(2000)	86	(2013)	87
Gross secondary school enrollment (%)	43	(1986)	48	(2013)	68
Stunting (low height for age) (% of 5 year olds)	35.1	(2009)	27.6	(2014)	32
Life expectancy (years)	44	(2000)	60	(2015)	67
Maternal mortality rate (modeled estimate, per 100,000 live births)	590	(2000)	443	(2015)	354
Using at least basic drinking water services (% of population)	70	(2000)	66	(2015)	85
Access to improved sanitation (% of population)	39	(2000)	37	(2015)	52
Access to electricity (% of population)	33	(2000)	32	(2014)	79
Human Development Index (global rank)	130	(1998)	154	(2016)	n.a.
Fertility rate (births per woman)	4.1	(2000)	3.8	(2015)	2.8

Source: World Development Indicators.
Note: n.a. = not applicable. Average values for lower-middle-income countries (LMICs) are according to most recent data.

livelihoods, and the food security of 80 percent of the population. Zimbabwe faces a number of daunting environmental challenges, including deforestation, pollution, soil erosion, land degradation, loss of biodiversity, and contamination and pollution from poor mining practices and domestic and industrial waste management. Zimbabwe is a semiarid country with uneven distribution of rainfall and water. Historically, significant investments in water storage and irrigation were required to safeguard agricultural production, but much of this infrastructure is now poorly maintained or no longer functioning. Urban growth has also outstripped investments in bulk water supply, leaving major urban areas vulnerable to water scarcity.

In 2016, following two consecutive years of drought, the number of people experiencing food insecurity increased to an estimated 4.1 million, or 42 percent of the rural population at the peak of the lean season (January to March 2017) (ZIMVAC 2016). The 2018 harvest saw a decline in average smallholder household cereal production by 33 percent compared to 2017, and Zimbabwe is expecting high levels of food insecurity in both rural and urban areas during the 2018–19 lean season.[11] About a quarter of the population under five years old are stunted (low height for age) which is less than the average for the continent and lower-middle-income countries globally.

[11] According to the Integrated Food Security Phase Classification analysis conducted in May 2018, at least 2.4 million people (28 percent) in the rural areas are projected to be food insecure, with as many as 1.7 million people in phase 4 (emergency) during the peak of the lean season (January to March 2019). Urban food insecurity is the highest in recent recorded history (highest since 2003), affecting around 1.5 million people, or 37 percent of the urban population, and is caused by the deteriorating economic situation.

Governance challenges

Zimbabwe has maintained a centralized and top-down system of governance wherein power is vested in the executive. The office of the President has retained powers across the country's governance structure as a result of a series of constitutional amendments under the previous administration (RAU 2015). Challenges related to the size of the public sector and the wage bill has meant that the government has less budget for investments, while key PFM functions need to be strengthened amid ongoing cash management challenges and limited fiscal transparency. Furthermore, the pivotal role of LAs at the subnational level is hampered by fiscal and capacity constraints.

Zimbabwe's public sector comprises the budgetary central government,[12] local governments, and the state-owned enterprises and parastatals (SEPs), and accounts for approximately 50 percent of GDP (GoZ and World Bank 2017a; World Bank 2017a).[13] Zimbabwe currently faces difficulties redirecting public expenditure from government consumption to investments. The wage bill—which represents 87 percent of the central government's budget, 40 percent of local government expenditure, over 20 percent of total state-owned expenditure (SOE) in 2015 (GoZ and World Bank 2017a; World Bank 2017a), and about 90 percent of public revenue and 66 percent of public spending in 2016 (GoZ and World Bank 2017a; World Bank 2017a)—has often left little room for operations and maintenance and capital investments. The remaining half of public spending is divided across a range of entities, including LAs, statutory extrabudgetary funds (such as the Zimbabwe National Road Administration), and other extrabudgetary funds (such as user fees at schools and medical facilities).

The PFM system largely collapsed during the country's hyperinflation period.[14] While it began to recover after 2009 (post-hyperinflation), there remain significant weaknesses. The system manages substantial public expenditures, including central government expenditures that represented approximately 27 percent of GDP in 2016 (GoZ and World Bank 2017a) and 36.6 percent of GDP in 2017. Zimbabwe's financial management system came under pressure in 2007–08, causing most elements for budget execution, control, and reporting (for instance, Systems Application, or SAP) to collapse,[15] and all government transactions had to be managed and authorized manually. Although it has begun to recover, key PFM functions such as public procurement, state audits, and technical capacity need considerable strengthening. Moreover, there are still important weaknesses in accounting and financial reporting systems, processes, and capacities, as identified by the recent 2017–18 Public Expenditure and Financial Accountability report. As growth has decelerated since 2014, cash management challenges have returned; and as the GoZ was unwilling to make difficult spending trade-offs, arrears accumulated. Fiscal transparency is still very

[12] The central government constitutes the budgetary central government and noncommercial parastatals as well as other statutory authorities and funds (IMF 2017a).

[13] Note that not all entities currently categorized as SEPs are truly commercial enterprises, and discussions are ongoing to reclassify some of them as agencies under the central government as part of ongoing SEP reforms.

[14] Commonly defined as the set of laws, rules, systems, and processes that countries use to allocate public funds, undertake public spending, account for funds, and audit results (GoZ and World Bank 2017a).

[15] SAP was first put in place in 1999.

limited. In addition, multicurrency tax assessments are creating uncertainty about the revenue side of the budget.[16]

LAs play a crucial role in enabling economic growth and promoting social well-being in municipalities, cities, towns, and local boards (GoZ and World Bank 2017b). They provide localized services such as housing and land administration, local road networks, public lighting, solid waste disposal, water supply and sanitation systems, and health and education services (GoZ and World Bank 2017b). While the constitution mandates that at least 5 percent of national revenues be allocated to LAs, intragovernmental transfers do not reach this level (World Bank 2017b), resulting in LA fiscal and capacity constraints. Consequently, as LAs try to raise most of their own revenues internally—through various fees, levies, fines, permit and licensing charges, and property taxes and asset sales—revenue inflow has neither been reliable nor sustainable. In addition to financial constraints, LAs have experienced considerable capacity erosion, skills flight, deteriorated infrastructure, outdated billing and accounting packages, and noncompliant internal planning and monitoring systems. The situation is exacerbated by the near collapse of their revenue base and countrywide debt write-offs. Repeated outbreaks of cholera and typhoid in major cities (such as in Harare in 2008–09 and 2018 and in Chegutu in 2017) provide ample evidence of basic service delivery and social infrastructure deterioration.

The government has adopted several budgetary reforms to strengthen fiscal management. Since 2009, it has focused on reestablishing a well-functioning budget process and improving fiscal planning, budget execution, the integrity of public accounting, and the generation and dissemination of sound management information to support public expenditure allocation and execution. Accordingly, the country adopted a medium-term budget planning system that is supposed to cover performance objectives and targets stated for all votes.[17] In addition, the MoFED took steps to develop a framework for program-based budgeting, which supports more efficient and transparent budget allocation and execution.[18] Furthermore, the country has been making efforts to reengage and normalize relations with creditors, clear its IFI arrears,[19] and address its high debt overhang. However, de facto spending has not been sufficiently restrained to successfully realize these plans, especially once the post-hyperinflation recovery growth started leveling off in 2014.

Maintaining civilian oversight and control over the security and intelligence services are ongoing challenges in Zimbabwe. Both have contributed to an erosion of trust in the security forces, as have (alleged) violations of human rights and the targeting of civil society, the media, and members of the opposition. The perceived partisan application of the rule of law by security forces and the judiciary,

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[16] For more in-depth analysis of the challenges facing PFM, refer to the World Bank's *Rapid PFM Assessment* (2011a). The report thoroughly outlines weaknesses in the tax administration, cash management, payroll controls, general accounting, debt sustainability and budgeting reporting, and oversight. It also provides policy recommendations and identifies areas for further technical assistance and other follow-up activities to rebuild and strengthen the PFM system.

[17] The 2017 Annual Budget included 40 budgetary units (votes)—divided into subvotes—as well as a number of constitutional and statutory votes, such as pensions and debt service, managed by some of the same budgetary units.

[18] Under the results-based management, flagship programs introduced include performance contracts, mission statements, client service delivery charters, and rapid results initiatives.

[19] IFI areas include arrears with the World Bank, the AfDB, and bilateral debts to Paris Club members.

along with restrictions on civil liberties (including freedoms of expression and assembly) and corruption and impunity have further contributed to undermining relations between the state and citizens. This is exacerbated by limited oversight and accountability and lack of redress for violations and abuses, which points to an entrenched culture of impunity. Laws enacted during the colonial period to suppress the opposition were maintained postindependence, while the military arms of then-liberation movements were embedded into the new political parties. The encroachment of security forces into civilian spaces, which some have called the "securitization" of the state, could limit the extent and success of structural reforms where these reforms challenge vested interests. Divisions within the security sector also reflect the factional nature of politics in Zimbabwe, and varying allegiances complicate efforts to professionalize the forces and safeguard a democratic transition. Given the country's legacy of centralized and top-down governance, it will be important going forward for the GoZ and state institutions to reinforce the social contract by building resilient coalitions between the state and various groups.

Vested economic interests have also enabled the outsized presence of the security services and political elites in many of Zimbabwe's productive sectors, including mining and agriculture. The country has a long and persistent history of winner-take-all politics, with patronage as the key mechanism by which resources and rents are controlled and distributed. This has helped to entrench corruption, has contributed to the conflation of state and party, and has blurred the lines between the security forces and political elites. The country's rich diamond finds (Zimbabwe was the fourth-largest producer of diamonds by volume in 2012) presented a potential boon to the beleaguered economy.[20] Although the Kimberley Process shows that Zimbabwe has exported over US$2.5 billion in diamonds since 2010,[21] only about US$300 million of this can be clearly identified in public accounts, according to Global Witness (2017). Improving transparency in general and within the mining sector specifically, alongside efforts to boost productivity, will be crucial if the citizens of Zimbabwe are to reap the dividends of its rich, productive assets.

The lack of transparency and accountability also has implications for governance more broadly. Lack of clarity around financial flows of the key productive sector of mining has facilitated corruption more generally and can impede democratic progress. It also weakened oversight of the security forces through the creation of a new and unsupervised source of funding, and it undermined important checks and balances. Rent seeking has historically been a challenge in Zimbabwe, with public and private actors capturing economic rents through the manipulation of public policies. These practices have often been connected to political financing strategies that may benefit specific factions or individuals. Transparency International's Corruption Perceptions Index for 2018 ranks Zimbabwe 160th out of 180 countries (Transparency International 2018). The legacy of persistent corruption has a negative impact on institutions and on state-society relations. The President has made several statements in which he committed to curbing corruption, and some efforts have been made to this end. He has called for the return of assets that have been stashed abroad. This would be an important step toward greater transparency, followed by urgent reforms of how the country's key productive sectors are governed.

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[20] Production data for the Kimberley Process Certification Scheme is available at https://kimberleyprocessstatistics.org/static/pdfs/public_statistics/2012/2012Charts.pdf.

[21] Data in this section is also from the Kimberley Process Certification Scheme Public Statistics Area (database), https://kimberleyprocessstatistics.org/public_statistics.

Frameworks by which to address some of these challenges are embedded in the 2013 Constitution, which articulates a Declaration of Rights and establishes six Independent Commissions (Electoral, Human Rights, Gender, Media, National Peace and Reconciliation, and Anti-Corruption). The Zimbabwe Anti-Corruption Commission (ZACC) was established in 2006 and is linked to the National Prosecuting Authority. However, capacity gaps remain, and the ZACC has also been affected by the political divisions in government. According to Transparency International Zimbabwe, less than 40 percent of anti-corruption cases have resulted in convictions. The ZHRC was established in 2010 and has thus far taken a robust approach to promoting and protecting human rights despite human and financial resource limitations. Despite the comprehensive human rights normative standards and the constitutional framework, work to promote and protect rights has progressed only modestly, primarily due to the fact that enabling laws have not been aligned to the 2013 Constitution, impeding their full and predictable application.

Social challenges and divisions

Zimbabwe is a resilient nation but a divided one. The country faces several challenges related to social development and cohesion that could hamper economic growth and the empowerment of citizens; likewise, the recent general elections also highlighted the extent of political polarization in the country and the high levels of political and social mistrust between groups.

The events that followed the 2018 elections highlighted the extent of the divisions within the population. Questions around the outcome and concerns about the opacity of the management of the electoral process underscored the erosion of trust in political and electoral processes and institutions—and highlighted the concurrent efforts that will be needed to overcome this deficit (box 3.3). This perception was reinforced by Afrobarometer public survey opinion data from between 1999 to July 2018, which found high levels of social and political distrust, particularly among supporters of opposition political parties, and a political divide that is "deeply embedded in demographic structures" (Afrobarometer 2018b). It noted that an ever-widening partisan trust gap means that Zimbabwe is the most polarized of all the countries on the continent that the organization currently surveys. The postelection violence of August 2018 and the social unrest of January 2019 also brought to the fore key structural challenges that include a culture of intolerance across the political divide. It raised questions around the capacities of key institutions at national and subnational levels to anticipate and prevent the escalation of violent disputes in a timely and peaceful manner. An important test for the country moving forward will be its willingness and capacity to address reforms based on lessons learned as well as its ability to apply electoral observers' recommendations to future electoral processes.

Protracted succession and leadership challenges have driven schisms in political parties and limited the space that exists for voice and dissent. Historically, politics in Zimbabwe has been heavily contested and riven by factions. These contestations have typically played out at the ballot box, and elections have been marred by episodes of violence and irregularities (Makumbe and Compagnon 2000; Reeler 2009). Competition plays out between parties but also between factions within parties. Protracted succession struggles between opposing factions have left deep divisions in both the ruling party and the key opposition party and have weakened intraparty bonds. The political landscape is also increasingly characterized by the presence of security personnel in the political administration. There is a deficit of trust in the police, the military, and the courts (Afrobarometer 2018a). The historical diminution of the

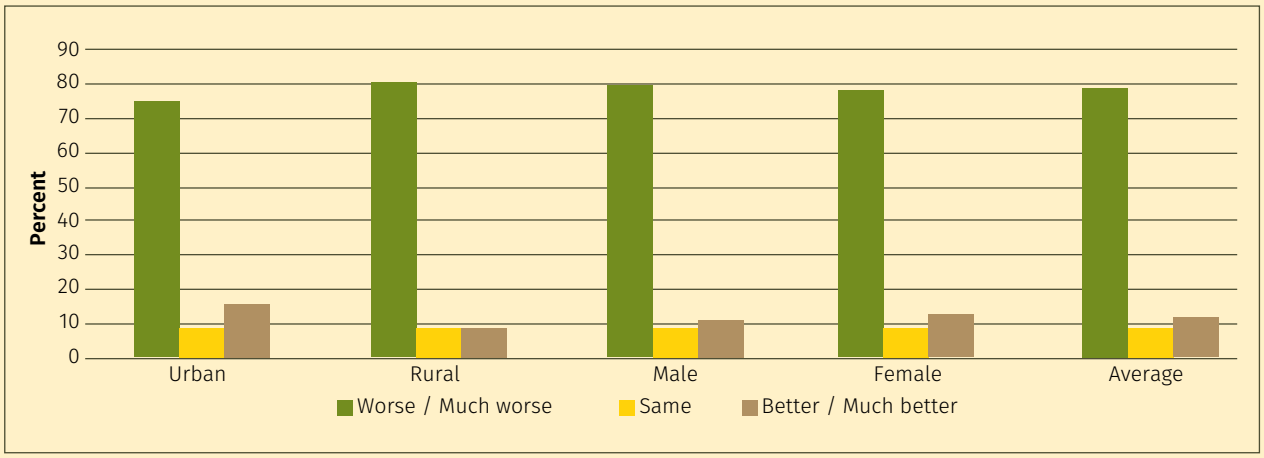
BOX 3.3 CITIZENS' PERCEPTIONS ON THE TRANSITION

The November 2017 transition raised hopes for political and economic recovery after years of stagnation. The ushering in of a new Government with promises of a different culture of governance revived hopes for better economic prospects and political development in Zimbabwe. In contrast the most recent data from a survey conducted by the Mass Public Opinion on behalf of the World Bank in December 2018 shows a dampened public mood. The survey reveals that an overwhelming majority, 87 percent of the adult population view the economic conditions of the country as fairly or very bad. A significant number, 79 percent of the adult population indicated that macro-economic conditions have worsened in comparisons to a year before the survey was conducted (see figure below).

Citizen have not yet noticed an improvement in public accountability and transparency. The survey results show that the majority of Zimbabweans do not know how to access information about budgets at both the central (83 percent of respondents) and local level—Rural District Council or Town Council—(88 percent of respondents). Only 4 percent of respondents indicated that they knew how to access information about the national budget and had seen it for this year, while 13 percent said they knew how to access this information but had not seen it. At the local level, however, only 3 percent said they knew how to access the budget and had seen it for this year, and 9 percent indicated that they had not seen it.

Citizen engagement at the local level is not yet effective. The survey reveals that when asked if they had ever heard about a public meeting held by the government to get input into the budget in their area, a huge majority of respondents (86 percent) said "no" while 5 percent professed ignorance over the subject matter. A paltry 3 percent said they were aware of such a meeting and had attended, while 6 percent were aware of such a meeting but had not attended.

FIGURE MACROECONOMIC CONDITIONS IN NOVEMBER 2018 VS. 12 MONTHS BEFORE BY URBAN-RURAL LOCATION AND GENDER, 2018



protection of civilian rights and human rights, the increase in corruption and impunity, the weakness of the rule of law, and hard security response in response to violence has eroded and undermined trust in these key institutions (box 3.3).

Citizen engagement frameworks in Zimbabwe are underdeveloped, and the youth have been observed to be risk averse, passive, and reticent. Fear of violence has served as a deterrent to political participation, with a 2009 survey finding that 51 percent of Zimbabweans have personally experienced politically

motivated threats or intimidation, and the 2018 preelection Afrobarometer surveys found that 44 percent of Zimbabweans considered it somewhat or very likely that there would be violence after election results were announced. Although there has recently been a push for greater transparency and to provide some recourse for past ills and abuses, the protection and promotion of rights remains critical to the quest for national cohesion and to promote economic growth and development.

Challenges related to limited avenues for social mobility, poverty reduction, and formal employment opportunities pose a risk to stability going forward if left unaddressed. The country's structural problems have resulted in fewer inclusive and sustainable sources of productive livelihoods and employment, which are traditionally a mechanism by which to reduce poverty. Unresolved land issues have deepened disregard for the rule of law, inadvertently marginalized some population groups (such as women and youth), and resulted in low production and productivity from the land. This has led to a heavy reliance on the informal economy as a source of livelihood, despite it being characterized by low productivity and underemployment. The population's reliance on the informal economy increased from 27 percent of the labor force in 1991 to 94 percent in 2014—a shift that largely impacted women (see section 4, Component 2 on livelihoods and employment). Opportunities for inclusive and sustainable livelihoods and employment are also limited for youth, among whom total unemployment is highest at 15.3 percent and 37.5 percent for urban youth (ZIMSTAT 2014).

Zimbabwe has made decent progress on gender equality. However, the country still ranks low on this measure and has a high prevalence of gender-based violence (GBV) that disproportionately affects women and girls. There has been an increase in the participation of women in political decision making—the country is consequently ranked 27th out of 188 countries on the Inter-Parliamentary Union's World classification of women in parliament. The 2013 Constitution has gender equality as one of its founding values and recognizes women's rights. It also provides for equality and the prohibition of discrimination on the grounds of age, sex, marital status, pregnancy, disability, and economic or social status. Despite these achievements, Zimbabwe ranks only 112th along the gender inequality index, mostly due to its relatively high maternal mortality rate and relatively low reproductive health status (FAO 2017).

Once known for its efficacy and range, Zimbabwe's social protection system has eroded due to recurrent emergencies. The country has experienced a major decline in human development indicators since 2000, with some 72 percent of the population deemed poor in 2011, of whom 23 percent are extremely poor (ZIMSTAT 2013). Today, the overall social protection system is inefficient and financially unsustainable, with interventions targeting the poor and vulnerable heavily dependent on development partner financing, which has fluctuated. The social protection system supports an array of programs, many of which are fragmented and suffer from uneven coverage; the inability to provide equitable coverage; and poor performance, such as poor targeting, high exclusion errors, and transparency concerns. Likewise, the system is hampered by institutional weakness.

The legacy of conflict and violence risks being a stumbling block to national unity and progress. Zimbabwe has unresolved historical traumas derived from human rights abuses that date back to the pre-independence period. Social cohesion is challenged vertically and, to a much lesser degree, horizontally. Relations between citizens and the state are weak, especially with people from the Midlands and Matabeleland regions, where politically motivated violence has taken place in the past. The legacy of the liberation struggle and the injustices perpetrated during the postindependence period can feed

into present-day grievances if left unaddressed. These include the large-scale abuses in the postindependence period, such as the Gukurahundi massacre of the Ndebele people in Matabeleland in the 1980s and the 2005 slum clearances through Operation Murambatsvina.

BOX 3.4 CURRENT SANCTIONS AND RESTRICTIONS

Zimbabwe currently has sanctions imposed on it by four jurisdictions—the United States, the European Union, Canada, and Australia:

- The United States maintains sanctions on Zimbabwe that consist of (1) the Office of Foreign Assets Control listing of individuals and firms on which it has imposed an asset freeze and with which it prohibits U.S. citizens and firms (including U.S. correspondent banks) from doing business, in line with Executive Order 13288 issued on March 7, 2003; and (2) the Zimbabwe Democracy and Economic Recovery Act of 2001, which, among other restrictions, instructs U.S. representatives to international financial institutions to vote against the provision of new loans to Zimbabwe.
- As per Council Common Position 2004/161/CFSP of February 19, 2004 (and its several amendments), the European Union maintains (1) an arms embargo on Zimbabwe, (2) travel restrictions and an asset freeze on Robert Mugabe and Grace Mugabe, and (3) economic sanctions on Zimbabwe Defence Industries. Travel restrictions on 89 other people are currently suspended.
- In 2002, Australia imposed sanctions on Zimbabwe that include (1) an arms embargo and (2) a travel ban on—and prohibition on Australian individuals and businesses doing business with—Robert Mugabe, Grace Mugabe, five former and serving service chiefs, and the Zimbabwe Defence Industries.
- Likewise, Canada imposed sanctions on Zimbabwe in 2008 under the Special Economic Measures Act, which consist of (1) an arms embargo, (2) a ban on Zimbabwean aircraft flying over or into Canada, and (3) an asset freeze on 181 Zimbabweans.

The transition represents an opportunity to foster trust and social cohesion and to reinforce national unity by addressing key structural challenges related to exclusion, corruption, and adherence to the rule of law. The GoZ has taken some key measures to this end under the framework of the 2013 Constitution. In addition to establishing the NPRC, the President also appointed a senior adviser on peace and reconciliation to enable government outreach and initiatives with civil society, political parties, and other key stakeholders during the transition period. Following the aftermath of the contested and harmonized elections in July 2018, the President also appointed a seven-person commission of inquiry into the postelection violence. However, there remain gaps in capacity and in the legal frameworks by which to implement human rights and values enshrined in the Constitution. These challenges once again underscore the fact that transition periods can trigger risks of violence, which need to be carefully managed.

Constrained external relations

Zimbabwe's history and global standing has historically been defined in part by its engagement with the rest of the world. Since even before it gained independence, its relationship with the international community was constrained and volatile: the country has been under economic or political sanctions for 30 of the past 50 years and has undergone periods of global isolation at various stages (box 3.4) before taking partial steps toward reengagement. This recurrent tension has had substantial implications for the country's development trajectory and economic health. The isolation restricted aid flows and contributed to a buildup of arrears to multilateral and bilateral partners while fueling a tendency toward ideology-driven policies that trumped economic realism. It also contributed to a growing diaspora of well-educated and upwardly mobile citizens who could have helped to power economic growth had they remained in Zimbabwe.

Decades of volatility that left the country isolated on the global stage have created a dual narrative about Zimbabwe. For the GoZ, continued sanctions and restrictive measures targeting individuals and companies have provided grist for domestic and pan-African politics. For international donors, reengagement has become tied to improvements needed in governance, human rights, land tenure security, and electoral reforms. This disconnect in the narrative will need to be reconciled, as Zimbabwe now seeks to normalize relations and benefit from access to international markets in a rapidly changing global context.

The transition period has resulted in a renewed commitment on behalf of the national authorities to normalize relations with both the international community and regional actors. Experiences from other transition processes in recent history highlight that the process of reengagement can be challenging. The quest to lift sanctions is a legal one and, in some instances, will necessitate changing the law in the imposing countries. Clearing arrears also requires reaching agreement with IFIs on a range of reforms. The process of reaching political agreement on normalization will also require the country, and the international community, to confront and reconcile many of the predetermined narratives that have been forged over the years. The July elections were seen as a litmus test to put the country on a path toward ending its isolation, bringing about an end to sanctions, securing debt relief, and reopening borrowing lines from international creditors. The use of force by the military, both in the wake of the elections and in response to more recent social unrest, has raised questions internationally about the administration's commitment to peacefully resolving disputes and about human rights and civil liberties. Given this, there is growing recognition that the transition process might take longer to complete; Zimbabwe has the immediate task of demonstrating its commitment to pursuing reforms that put it on a more inclusive and open trajectory while upholding the rule of law as well as political and human rights.

4 Overview of needs

Given the detailed discussion of challenges that Zimbabwe will have to overcome to promote its transformation, the following section uses the four-pillar assessment framework to identify needs. Needs have been divided into three categories: policy reforms, institutional requirements, and investment. Particular attention was devoted to analyzing challenges that have persistently affected implementation to date across sectors. This includes lack of sectoral coordination; weak administrative capacity due to high turnover, brain drain, and outdated or inadequate resources that resulted in unclear roles and impacted service delivery, sector management, and monitoring; poor financial management of existing resources and inadequate oversight and control of projects; and unclear or lacking policy frameworks in several sectors, such as social service delivery, agriculture, or mining. At this stage, needs have not been prioritized, nor sequenced, and cost estimates are presented as aggregates over the five-year assessment period. The JNA-2 will see a further disaggregation of needs into priorities, with associated sequencing of activities and milestones—and costs—across time.

Pillar 1: Creating the enabling environment for a successful transformation

Pillar 1 comprises "enablers and macros" that are deemed necessary conditions for the transition to take root. The focus here is on efforts to promote macroeconomic stability through monetary reforms and fiscal consolidation, infrastructure developments, land reform, environmental sustainability, and an emphasis on inclusion and cohesion. Appropriately addressing the needs of this fundamental foundational pillar can have a ripple effect on the other pillars, underpinning the holistic transformational change Zimbabweans are seeking.

COMPONENT 1: MACROECONOMIC STABILITY

A stable macroeconomic situation will be crucial for economic and social recovery. Without a stabilized macroeconomy in the short term, it will be extremely difficult to finance most of the needs identified by this report and to kick-start economic recovery. Macroeconomic stabilization can be achieved if the government addresses the current fiscal challenges that are the source of macroeconomic challenges such as liquidity shortages, the parallel market exchange rate, and an unsustainable fiscal deficit. Doing so entails clear fiscal adjustments that address the largest expenditure items that dominate cash expenditures as well as policies and practices that boost contingent liabilities. Cash expenditures are dominated by the wage bill (90 percent of revenue and 54 of expenditures) and command agriculture-related expenditures (30 percent of revenue and about a quarter of expenditures) in 2017. Furthermore, it is critical to build confidence in the economy, which will require demonstrated action to reduce the fiscal deficit and facilitate private sector–led growth. Expenditure cuts—particularly if managed with support from the IMF and the World Bank—will boost market confidence and private sector investment. World Bank and AfDB arrears clearance, complemented by an IMF program, is critical to boost market confidence and to allow for new, fresh lines of credit. To achieve this, the following needs have been highlighted:

- **Policy needs.** Given the dire state of Zimbabwe's economy, immediate savings are needed for macroeconomic stabilization in the short run. Fiscal consolidation will require actions to reduce the public sector wage bill and agriculture-related expenditures. In addition to various measures proposed by authorities in the 2018 national budget statement,[1] the required measures on the wage bill could be applied across the board, with equal impact on all staff at a given level. For example, nonwage benefits account for more than half of the wage bill (GoZ and World Bank 2017a), and options for taxing nonwage benefits could therefore be explored. While immediate actions are needed, sustainable reductions in the public sector wage bill require an assessment of government functions as well as an assessment of the staffing required to deliver the associated goods and services. Long-term savings would require a review of public service functions and the resources to deliver these functions. For agriculture-related expenditures, it is possible to reduce the costs and spread the benefits of government support through competitive tender for suppliers and to administer the scheme using vouchers. Competitive tender for suppliers could be managed through a certification or admission scheme. Vouchers (as applied in other countries, such as Zambia) could ensure that the number of farmers benefiting from the scheme is expanded beyond the current 25 percent, and they can be managed through Zimbabwe's established mobile payment system. Vouchers could be used to support the development of a free market in which farmers move from a prescribed list to their own choice of suppliers. Ultimately, expenses could be further reduced by moving toward more effective smart subsidies that promote diversification (also see subsection on productive sectors). The other critical area for macroeconomic stabilization is to encourage private sector–led growth, which will subsequently generate more revenue and foreign currency earnings. For this to happen, there is a need to stabilize the financial sector and manage exchange rates. The financial sector stabilization can be assured by limiting government borrowing from the banking sector—which involves both limiting future borrowing and dealing with the current large amounts of government borrowing. Furthermore, on the exchange rate issue, there is a need to unify the various exchange rates, and the authorities will need to decide on a sustainable arrangement. This can be complemented by an IMF program.

- **Institutional needs.** Wage bill management may be facilitated by transferring the Public Service Commission's payment function to the Treasury. Managing the public sector wage bill is complicated by the fact that civil servants are paid directly by the payment bureau of the Public Service Commission, which communicates ex-post the total amounts paid to the Treasury. Second, institutional reforms are also needed for the Central Bank to put an end to the quasi-fiscal activities in which it sometimes engages and that are later communicated to Treasury, further complicating monitoring of government expenditure.

COMPONENT 2: INFRASTRUCTURE MAINTENANCE AND DEVELOPMENT

As a landlocked country, a functional and efficient infrastructure is critical to Zimbabwe's economic and social development, including for social services delivery and livelihoods. The transport

[1] This includes a freeze on recruitment; enforcing the retirement age; abolishing 3,739 youth officer posts; and reducing the size of the executive (that is, reducing the number of ministries), fuel benefits, and the number of vehicles for permanent secretaries and principal directors.

system—regional trunk roads, air, and rail—form the backbone of Zimbabwe's transportation network, while primary, secondary, and feeder roads provide links to urban and provincial centers and to rural settlements. Transport services are principally provided by the private sector; the government functions as the sector regulator and provides and maintains the public infrastructure. As of the last available survey in 2009, the paved regional trunk and primary roads were generally in good condition, but over 80 percent of the rest of the network was in bad condition. The worst affected were the unpaved tertiary roads. Given the underinvestment in maintenance compared to regional norms, it is estimated that the overall road condition has further deteriorated. It is also projected that heavy goods vehicles, which cause almost all damage to road pavement, will grow rapidly along the major corridors, ensuring regional connectivity. Likewise, lack of investment in both the fixed infrastructure and rolling stock have had a negative impact on rail operations. Finally, the domestic air network is not well developed and lacks connectivity in terms of number of routes, frequency, and reliability of services.

Zimbabwe is well endowed with a wide variety of energy resources for generating electricity, and because of its geographic location, it is also an excellent candidate for constructing new regional energy generation and transmission projects in the context of the Southern African Power Pool. Currently, electricity is mostly generated through one hydroelectric power plant and four coal-fired power stations. However, Zimbabwe's energy infrastructure has significantly deteriorated in both urban and rural areas, the consequence of inadequate maintenance. Access expansion is inadequate, and 60 percent of the population lacks grid-supplied electricity. The impact of the economic crisis on the energy sector has been disproportionately large and compounded by institutional weaknesses as well as aging plants and transmission and distribution infrastructure. In addition, regular and prolonged droughts also affect the availability and reliability of the supply energy to Zimbabwe. The sector's resulting inability to supply consumers with adequate and reliable power has had serious impacts on virtually all sectors of the economy as well as on the level and quality of basic services.

The information, communications, and technology (ICT) sector had been growing at a fast pace from a very low base, but growth has slowed, partially because of the overall challenging economic environment in recent years. A private sector operator, Econet, has the largest market share with over 70 percent of total telecommunications revenues. It competes against an unusually large number of government-owned operators, which have overlapping mandates and compete directly with each other in various market segments. Well-developed, value-added services—particularly mobile financial services—constitute a strength, particularly given the rapid growth in the use of mobile money and electronic currency more broadly over the past few years. However, Zimbabwe has one of Africa's most expensive telecommunications markets, especially for Internet usage. ICT innovation and disruptive technologies offer opportunities to generate growth and enable all other sectors to leapfrog in their socioeconomic development. Tapping the potential offered by emerging digital opportunities to accelerate financial inclusion, in particular, will be an important step during the coming years.

An update of the 2011 Infrastructure Action Plan was completed in 2018 as part of the assessment of financing needs associated with the JNA.[2] A few major infrastructure projects have been implemented

[2] The updates were carried out by the AfDB as part of the JNA, and the recommendations of the final draft were integrated into the present report. The AfDB study provides essential information on the challenges faced by infrastructure sectors (transport, energy, water and sanitation, and ICT) and the detail of infrastructure investment needs.

since 2011. These include (1) the increase in generation capacity of the Kariba South Hydro Power Plant, with the extension of the plant by two 150-megawatt units commissioned in 2017 and 2018; (2) the beginning of the Mutare-Harare-Bulawayo dualization project, with portions of the road already completed; (3) the upgrade of the terminal building at the J.M. Nkomo International Airport in Bulawayo, commissioned in 2013, and the commission in 2016 of the new Victoria Falls International Airport; (4) the rerailing of 47 kilometers of train track in 2014; and (5) investment of about US$100 million in backbone networks and the recent connection to two undersea cables that provide fast Internet access. However, the action plan clearly states that, in parallel with the completion of these flagship projects, the infrastructure network's overall capacity to provide services has been severely reduced due to a lack of regular maintenance.

The revised Infrastructure Action Plan has highlighted the following shared challenges across most infrastructure sectors: (1) inadequate levels of public expenditures for routine and periodic maintenance; (2) large and unsustainable operating losses of parastatals providing services due to low tariffs; (3) lack of progress in building institutional capacities for management and regulation of basic infrastructure services; (4) loss of skilled workers as a result of the tough economic conditions in Zimbabwe, paired with low levels of training and capacity building for undertaking and managing infrastructural projects; and (5) a decrease in private sector and donor investments due to arrears. Rehabilitating and strengthening the critical infrastructure in transport, energy, and ICT that is required to facilitate economic recovery, private sector–led growth, and social service delivery revolves around the following needs:

- **Policy needs.** Given the dire economic situation and strict requirements for fiscal consolidation, investment decisions should be made more strategically and be based on decisions about which investments need to be funded by the GoZ and where investments can be left for the private sector ("cascade"); financing practices should also be reviewed to ensure least-cost and competitive procurement processes. For *transport* more specifically, road network management needs to be improved by making the Road Fund more sustainable, dedicating more resources for maintenance, and making the Ministry of Transport and Infrastructure Development fully responsible for all road categories, including tertiary feeder roads and urban roads. A policy must also be developed to enhance service performance in railways, refine the ongoing civil aviation reforms, and finalize the process to ensure that regulatory and operational functions are separated. For *energy*, a mutually exclusive and collectively exhaustive legal and policy framework must be created; the poor financial situation of the Zimbabwe Electricity Transmission and Distribution Company (ZETDC) and the Zimbabwe Power Company (ZPC) must also be addressed in order to position the sector for financial viability, including paying future government and parastatal electricity consumption; likewise, the status of the Zimbabwe Electricity Supply Authority (ZESA) must be resolved. For *ICT*, the ICT policy needs to be revised, and there is a need to design and implement policies and programs to promote private investment and enhance competition. Finally, there is a need to rationalize the portfolio of SEPs in the ICT sector and privatize a substantial stake of these companies as well as develop an e-Government strategy.

- **Institutional needs.** Strengthen the capacities of key actors. More specifically, for *transport*, reform the Department of Roads into a corporatized entity. For *energy*, clarify sector organization and strengthen key actors, particularly by supporting the Ministry of Energy and Power Development's planning function to ensure least-cost development and integration of regional projects. For *ICT*,

create a single regulatory authority by merging the Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) with the Broadcasting Authority of Zimbabwe (BAZ); support the regulator in implementing a modern converged licensing framework to ensure further sector growth anchored in innovation, fair competition, affordability, and good-quality services; and support the GoZ in unlocking the potential of ICT for leapfrogging in various sectors, which will require public and private sector capacity building.

- **Investment needs.**[3] For *transport*, dedicate sufficient funds for the routine and periodic maintenance of roads. However, it is also important to rehabilitate regional trunk roads—notably, the rehabilitation and selective dualization of the Harare-Masvingo-Beitbridge road, which has the most traffic of all trunk roads and regularly experiences severe accidents—as well as primary, secondary, tertiary, and urban roads. Railway routes should also be rehabilitated based on route classification, and rolling stock should be refurbished; invest in the rehabilitation of airport infrastructure, particularly by upgrading the Harare international airport and rehabilitating the Bulawayo airfield. For *energy*, enhance maintenance; rehabilitate and expand the transmission and distribution grid; and rehabilitate and expand the generation capacity in committed projects as well as in renewable-based minigrids. For *ICT*, promote private sector investment in broadband infrastructure to bridge the digital divide and invest in e-Government to improve the GoZ's efficiency and transparency.

COMPONENT 3: PROMOTE LAND REFORM AND ENVIRONMENTAL SUSTAINABILITY

Land. After more than two decades of successive land reforms—from independence in 1980 to the Fast Track Land Reform Programme (FTLRP) in the early 2000s—Zimbabwe now has a more equitable distribution of land. However, the accompanying decrease in tenure security has had negative impacts on agricultural production and undermines access to finance and investment. Security of tenure and trust in the land administration system will be required to address Zimbabwe's land challenges. To this end, an immediate priority is to finalize a comprehensive solution for valuation and compensation of acquired and redistributed farms, including agreements on how to mobilize resources for compensation. Furthermore, the GoZ needs to increase commercial farmers' access to finance through 99-year leases, which need to be issued to approximately 15,000 A2 farm beneficiaries. Land settlement permits also should be issued for the approximately 150,000 smallholder beneficiaries of the FTLRP to increase their tenure security. Therefore, modern cost- and time-efficient processes for surveying land and registering all tenure types need to be developed. There is also a need to modernize the current paper-based systems and link the cadaster and deeds registry records digitally in a Land Information and Management System. To give guidance to sectors that are land dependent, a national inclusive land policy is required to reflect the new realities on the ground. Other policy needs are related to providing decentralized land administration and dispute resolution services. Institutional needs include reviewing and clarifying the responsibility for land administration, strengthening coordination of land services, and mainstreaming

[3] More granular information on infrastructure investment needs can be found in the updated AfDB infrastructure study (AfDB 2018).

capacity building. Improving Zimbabwe's land administration system is expected to positively contribute to the other pillars identified by the JNA (box 4.1).

Climate change, natural resources, and the environment. Policies and guidance are urgently needed to implement Zimbabwe's Nationally Determined Contributions (NDCs) and to mainstream climate change adaptation across the agriculture, forestry, water, and energy sectors. It is essential to review and finalize the community-based natural resources management and promote climate-smart agriculture, clean technologies, integrated water resource management, sustainable forest management, natural capital accounting, and the valuation of ecosystem services. Building a policy and legal framework that promotes approaches and investment in a green and circular economy is needed. Stronger institutions are needed to promote coordination to develop integrated interventions, including coordination to steer subnational statutory bodies toward sustainable natural resource management. Increased coordination requires more knowledge about climate change, its impacts, and measures to increase resilience. Enhanced capacity to mobilize domestic and international climate finance and strengthened meteorological services are needed. Investment is needed to pilot integrated landscape approaches to enhance ecosystem services and build climate resilience. Ongoing successful programs should be scaled up, focusing on improved and diversified livelihoods, soil and land protection, and forestry and watershed management. It is essential to invest in climate services, including modern hydromet equipment and early warning systems. While water resources need to be *managed* as part of a broader approach to managing climate risk and environmental sustainability, water resources also need to be *developed* through significant investments in infrastructure. The economic and social consequences of scarcity, droughts, and floods are described elsewhere in this document, and they will, of course, accelerate with climate change. The National Water Resource Management Plan being developed should help to prioritize infrastructure development and rehabilitation needs, and the status of dams must be assessed. Governance mechanisms should be established to avoid recurrence of water infrastructure falling into disrepair. Strengthened transboundary cooperation will enhance the benefits from shared water resources, and improved monitoring and governance of groundwater resources is required.

BOX 4.1 LAND REFORM IS A CROSS-CUTTING PRIORITY

After more than two decades of successive land reforms, from independence in 1980 to the Fast Track Land Reform Programme (FTLRP) in the early 2000s, the number of small- and medium-scale farmers with access to land has increased, but at the cost of a dramatic fall in agricultural production and a decrease in tenure security. The FTLRP created a series of accumulating challenges, and addressing them is critical to making Zimbabwe's new social and economic agenda a success. Challenges associated with land reform need to be addressed and will have significant impact on the three other pillars of the JNA. For example, food security has decreased and land disputes stemming from the FTLRP and newly emerging land disputes are a major challenge and affect women disproportionately (pillar 4, the social pillar).

The unresolved question of valuation and compensation of former commercial farmers and the lack of tenure security created by the FTLRP have negative consequences for land-based investments, access to agricultural financing, and economic development in general (pillar 3, the economic pillar). The absence of an up-to-date digital cadaster and land registry negatively impacts service delivery at the local level, especially with regard to land dispute management, land-based revenue generation, and land use planning (pillar 2, the institutional pillar). Despite the negative effects on the land administration system, Zimbabwe's strong capacity base has prevented a total collapse. Successful land administration reforms can contribute to the country's economic recovery but can also advance efforts to address and reconcile the country's historical inequalities

COMPONENT 4: INCLUSION AND COHESION

National cohesion and citizen engagement. As highlighted in section 3, Zimbabwe is a divided country, and efforts to promote social cohesion and enhance citizen engagement are fundamental to improve citizens' welfare, promote inclusive economic growth, and prevent violence and social tensions from tampering with the transition. Historical evidence in Zimbabwe indicates that national cohesion and citizen engagement are necessary conditions for economic development. The current transition presents an opportunity to undertake a transformative process whereby conditions will enable a "new Zimbabwe" to emerge, responding to citizens' aspirations and promoting inclusive economic growth. Yet the legacy of past transitions looms large, and the current transition brings forth the need to address key structural problems of exclusion, corruption, and adherence to the rule of law in order to build trust and national cohesion. To promote inclusive and participatory approaches and deepen social cohesion, the following needs should be addressed:

- **Policy needs.** Initiate the implementation of the NPRC's strategic plan and specific action plans, including those intended to prevent violence during pre- and postelectoral periods; begin the national dialogue process to promote healing and reconciliation of past grievances.
- **Institutional needs.** Build platforms for inclusive dialogue to develop a shared vision about the future social contract in Zimbabwe; conduct further research to understand key risks to peace and stability; build the capacity of the NPRC secretariat to implement the national strategy; create feedback and information-sharing mechanisms to allow citizens and communities to engage in and influence decision making.
- **Investment needs.** Invest in civil society capacities to expand the network of Local Peace Committees and enable their work on conflict prevention and management.

Table 4.1 summarizes pillar 1 needs.

Gender and youth. To address insufficient investment and the low capacity for tackling multidimensional gender and youth issues, policy needs focus on updating or enforcing existing protocols, laws, policies, and action plans around youth, gender, and GBV, including gender- and youth-responsive budgeting as part of the Public Finance Management Act. Institutional needs include harmonizing approaches and providing a standardized set of skills and tools across the government ministries to embed in them responsiveness to gender and youth issues, and building the capacities of the Ministry of Women and Youth Affairs (MWYA) for multisectoral coordination. Investment needs center around rolling out the Gender Equality and Women's Empowerment M&E Framework and implementing the Broad-Based Women's Economic Empowerment Framework, the National Action Plan to End Child Marriage, the National Gender-Based Violence Strategy, and the national Zero Tolerance for GBV 365 program.

Diaspora. It is necessary to harmonize and coordinate the entire migration governance structure, including making sure it is coherent with the National Diaspora Policy, to sustainably and effectively engage the diaspora. Key immediate actions include adequately resourcing the Diaspora Directorate, operationalizing the action plan that identifies eight priority areas, and improving knowledge of the diaspora's size, profile, and geographic distribution. The current transition provides an important window of opportunity for the GoZ to cocreate sustainable diaspora engagement mechanisms for national development

TABLE 4.1 SUMMARY OF PILLAR 1 NEEDS

Component	Sector	Needs		
		Policy reforms	Institutions	Investments
Macroeconomic stability		• Reduce the public sector wage bill and agriculture-related expenditures	• Transfer the Public Service Commission's payment function to the Treasury • Reform the Central Bank to quell quasi-fiscal activities	Not analyzed as part of JNA-1
Infrastructure	Transport	• Adopt policies to corporatize the Department of Roads • Make the Ministry of Transport and Infrastructure Development responsible for all roads • Sustainably strengthen the Road Fund • Finalize the legislative process to ensure that regulatory and operational functions in aviation are separated	• Reform the Department of Roads into a corporatized entity	• Dedicate sufficient funds to routine and periodic maintenance • Rehabilitate key regional trunk roads, as well as primary, secondary, tertiary, and urban roads • Rehabilitate railway routes based on route classification and refurbish rolling stock • Rehabilitate airport infrastructure
	Energy	• Create a mutually exclusive and collectively exhaustive legal and policy framework for the energy sector • Improve the commercial performance of ZETDC and ZPC	• Strengthen the Ministry of Energy and Power Development's planning, implementation, and monitoring functions • Clarify the energy sector's organization	• Enhance maintenance • Rehabilitate and expand the transmission and distribution grid • Rehabilitate and expand the generation capacity in committed projects and renewable based mini-grids
	ICT	• Revise the ICT policy • Develop policies to promote investment and competition in backbone networks • Rationalize the portfolio of SEPs in the ICT sector • Decide on a partnership arrangement with the private sector to promote universal access • Develop an e-Government strategy	• Create a single regulatory authority by merging POTRAZ with BAZ • Support the regulator in implementing a modern converged licensing framework • Support capacity building of public and private sector actors	• Promote private sector investment in the broadband infrastructure to bridge the digital divide • Develop e-Government
Land, environment, and climate change	Land	• Finalize a comprehensive solution for valuation and compensation of acquired and redistributed farms, including agreements on how resources for compensation will be mobilized • Develop a new national land policy—including the 99-year lease—and review the Land Bill • Provide decentralized land administration and dispute resolution mechanisms	• Modernize the land administration system's processes for comprehensive land surveying and registration of tenure types • Review and articulate the responsibility for land administration, land management, and dispute resolution; strengthen coordination • Strengthen and mainstream capacity building within land administrative institutions and related university faculties	• Issue 99-year leases to A2 farm beneficiaries and land permits for smallholder beneficiaries of the FTLRP • Strengthen cadastral surveying and the land registration approach • Develop a digital Land Information and Management System

(continued)

TABLE 4.1 SUMMARY OF PILLAR 1 NEEDS *(continued)*

Component	Sector	Needs		
		Policy reforms	Institutions	Investments
Land, environment, and climate change	Climate change, natural resources, and the environment	• Develop priority strategies and actions in line with the NDCs • Develop policies, tools, and guidance for mainstreaming climate change within other sectors • Establish valuation of ecosystem services approaches and green investment regulation • Complete the National Water Resource Master Plan in order to prioritize investments	• Strengthen institutional capacity, monitoring, and governance systems and improve coordination to better address climate change and to develop sustainable natural resource management • Strengthen oversight of dams to improve operations, maintenance, and dam safety • Engage with transboundary river basin authorities for shared infrastructure and water management systems • Develop capacity to mobilize domestic and international, national, public, and private climate finance	• Support integrated landscape approaches for resource management • Scale up programs to increase urban and rural resilience and improve livelihoods to achieve better natural resources management and protection • Expand and improve climate services and early warning systems • Rehabilitate and/or repurpose dams and water conveyance structures, and increase storage capacity in priority areas • Support pilot programs for cleaner technologies in key polluting sectors
Inclusion and cohesion	National cohesion and citizen engagement	• Adopt the NPRC strategic and action plans. Begin the national reconciliation process.	• Build platforms for inclusive dialogue, feedback, and sharing mechanisms to develop a shared vision • Research key risks to peace and stability • Build capacity of NPRC secretariat • Create mechanisms to facilitate citizen and community engagement to inform decision making	• Invest in civil society capacities to support Local Peace Committees' work on conflict prevention and management.
	Gender and youth	• Update or enforce existing protocols, laws, policies, and action plans around GBV • Include gender- and youth-responsive budgeting as part of the Public Finance Management Act • Implement the National Gender Policy strategy	• Strengthen the MWYA's capacity for multisectoral coordination • Provide standardized set of skills and tools across government ministries to address gender and youth issues • Collect and report data on gender and youth	• Implement the Gender Equality and Women's Empowerment M&E Framework; the Broad-Based Women's Economic Empowerment Framework; the National Action Plan to end child marriage; the national Zero Tolerance for GBV 365
	Diaspora	• Harmonize the migration governance system and ensure coherence with the diaspora policy	• Formalize the existence of Zimbabwe's Diaspora Directorate to spearhead initiatives • Ensure full coordination with relevant ministries to develop skills transfer programs focused on priority sectors • Strengthen ZIMSTAT's capacity to mainstream diaspora variables in periodic surveys • Strengthen the capacity of Zimbabwean embassies to engage with the diaspora	• Fully operationalize the diaspora policy action plan • Establish a Diaspora Advisory Council • Map the size, profile, geographic distribution, and investment needs of the diaspora • Undertake consultative engagement and surveys on remittances, willingness to participate in skills programs, and attitudes toward return • Design a national investment portfolio catalogue and promotion strategy that targets the diaspora

prioritized around (1) remittances, which involves increasing their volume through formal channels, lowering their costs, and gaining clarity on their critical relationship to household poverty reduction, with the aim of incentivizing their more productive use; (2) investment, which involves providing concrete and realistic sector-specific investments and business opportunities for the diaspora; and (3) skills, which involves offering targeted initiatives for skills transfer programs in priority sectors. Underpinning any call for diaspora engagement and participation in national development is the need for deliberate and concerted diplomacy to build trust and confidence, along with targeted diaspora engagement during the transition.

COST ESTIMATES

Pillar 1 has an estimated cost envelope of US$10.926 billion (table 4.2) spread across three components for the 2019–23 period.[4] The vast majority of these costs are associated with infrastructure improvements in the transport, energy, and ICT sectors (US$9.347 billion), while costs for land, environment, and climate change amount to US$1.543 billion (including US$1.209 billion for the rehabilitation of dams and water conveyance structures and for increasing storage capacity) and costs for improving inclusion and cohesion amount to US$37 million.

TABLE 4.2 ESTIMATED COSTS FOR PILLAR 1 (2019–23)

Component	Note/sector	Cost (US$)
Macroeconomic stability	Macroeconomic stability	Not costed[a]
Infrastructure	Transport	7,468,460,000
	Energy	1,684,050,000
	ICT	194,060,000
Land, environment, and climate change	Land	49,000,000
	Climate change, natural resources, and the environment	1,494,030,000
Inclusion and cohesion	National cohesion and citizen engagement	11,510,000
	Gender and youth	19,510,000
	Diaspora	5,650,000
Subtotal pillar 1		10,926,270,000

a. Key costs associated with the macroeconomic stabilization effort have not been included. These costs would be estimated as part of the parallel ongoing process on the macroeconomic situation led by the GoZ in consultations with the IMF.

[4] See section 2 for a detailed discussion on the methodology and assumptions used to estimate costs.

Pillar 2: Improving institutions' accountability and efficiency

The GoZ has stated that growth and poverty reduction can only be realized when Zimbabwe improves the way it is governed. To this end, pillar 2 identifies needs to reform and strengthen governance, policies, and institutions, focusing simultaneously on the efficiency of the public sector, on the rule of law, and on enabling citizens to hold their government accountable and proactively engage in their own development. Based on the identified needs, a reformed public sector can lead Zimbabwe toward an efficient and transparent holistic transformation, administered by the government, from the planning, preparation, and consultative phases of developing a national strategy through its implementation. This analysis frames this institutional pillar to realize an issue-based, people-centered, results-oriented, and accountable public sector and democratic system that would facilitate such a transformation. It is grounded in the recognition that

- A new Zimbabwe will only emerge through a revised and robust social contract that focuses on participation, a more efficient use of resources, transparency, and accountability;
- More effective, decentralized, public sector institutions, along with adherence to and application of the rule of law, are critical enablers for Zimbabwe's development agenda, including in terms of encouraging private sector–led growth and attracting foreign investments;
- These gains are contingent on addressing past grievances to build confidence in the new Zimbabwe.

COMPONENT 1: IMPROVING THE EFFICIENCY OF THE PUBLIC SECTOR

Zimbabwe's public sector accounts for approximately 50 percent of GDP (GoZ and World Bank 2017a). The PFM system manages substantial public expenditures, including central government ones that represent 27 percent of GDP (GoZ and World Bank 2017a).[5] Key PFM functions, such as public procurement and state audits as well as technical capacity at the line ministry level, need considerable strengthening to address the PFM system's challenges.[6] The budgeting process also needs to be improved to stamp out consistent deficits and ensure more efficient and transparent budget allocation and execution. As Zimbabwe aims to redirect public expenditure from government consumption to investments, it is important to improve the public investment management (PIM) database system to ensure a more efficient execution of capital budgets and secure least-cost investment. Procurement also needs to be further modernized for better service delivery and project execution. Given Zimbabwe's large public sector, a sound PFM system is central to effective service delivery. To achieve this, the following needs have been identified:

[5] PFM is commonly defined as the set of laws, rules, systems, and processes that countries use to allocate public funds, undertake public spending, account for funds, and audit results (GoZ and World Bank 2017a).

[6] For more in-depth analysis of the challenges facing PFM, refer to the World Bank's *Rapid PFM Assessment* (2011a). The report thoroughly outlines weaknesses in the tax administration, cash management, payroll controls, general accounting, debt sustainability, and budgeting reporting and oversight. It also provides policy recommendations and identifies areas for further technical assistance and other follow-up activities to rebuild and strengthen the PFM system.

- **Policy needs.** Reexamine the role of the public sector in Zimbabwe's economy; reform its structure and realign the public sector wage bill to medium-term policy objectives; align the PFM legal framework with the 2013 Constitution; improve the central government's budgeting and planning by integrating all financial operations that have been taking place outside the approved budget appropriations and are not reflected in any consolidated government reporting; set an annual budget calendar; develop a unified framework to ensure that PIM and public-private partnerships are harmonized; and adopt the Electronic Government Procurement (e-GP) strategy to pave the way for procurement and to roll out the e-GP system.

- **Institutional needs.** Dedicate resources for training on internal audit reports; strengthen the effectiveness of external audits; improve the effectiveness of financial management and accounting systems; strengthen the budget preparation process, make budget data more reliable, and increase capacities for legislative scrutiny of budgets; strengthen capacities to pilot the new PIM system and use the new project appraisal methodology manuals; link procurement planning with the budgeting cycle, including interfacing the Integrated Financial Management Information System (IFMIS) with the proposed e-GP system; build capacity of the recently established Procurement Regulatory Authority of Zimbabwe (PRAZ) to regulate public procurement; and build the capacity of the citizenry, civil society organization (CSOs), the private sector, and the public sector to effectively monitor, understand, and participate in public procurement.

- **Investment needs.** Undertake a top-to-bottom review of public sector personnel and audit civil service payrolls; develop the PIM projects electronic database system; and implement the e-GP strategy to enhance efficiencies in public procurement, including acquiring an e-GP system.

Zimbabwe has 107 SEPs, 43 of which are commercial enterprises in transportation, energy (the largest sector), mining, communications, and agriculture.[7] Together they produce about 14 percent of Zimbabwe's GDP. SEPs accounted for 5 percent of formal employment and 18 percent of public sector employment during 2011–14. They play an important role in the Zimbabwean economy; however, they face a host of challenges. Poor financial and operational performance—marked by inflated operating costs, below-cost-recovery tariffs, debt guarantees and write-offs, central government arrears and transfers, quasi-fiscal activities, and a web of inter-SEP debts—means their contribution to the economy does not reflect the large assets they employ. Most SEPs make significant losses (which totaled about US$280 million in 2015), accumulate short-term debt, and have become a source of significant explicit and implicit fiscal risk. Line Ministers appoint Boards and CEOs, but they also give directives on operational matters, undermining corporate management. A new Public Entities Corporate Governance Act includes improvements in Board appointments, imposes term limits for Boards and CEOs, and requires greater transparency. The government has announced its intention to streamline its SEP portfolio to reduce losses and improve performance. This may create the opportunity to support a range of important transactions, with potential for private sector investment mainly in state enterprises that provide infrastructure, transport, and ICT services. However, potential private investors would require financially sound public partners to enter into public-private partnership arrangements, as currently envisaged by the GoZ. The restructuring process could potentially take a long time, and it would have to be undertaken

[7] This is an increase from the 20 SEPs the country had at independence in 1980. The number does not include SEP subsidiary companies.

with close attention paid to the full range of stakeholder interests, including, for example, the manner in which staff redundancies would be managed. To accomplish this, the following needs have been identified:

- **Policy needs.** Develop a comprehensive SEP reform road map that increases opportunities for private sector participation; make the costs of public goods provision transparent; and set and enforce borrowing limits among SEPs and from the banking sector.
- **Institutional needs.** Strengthen oversight of SEPs; bring corporate governance of joint ventures into line with improved SEP governance requirements; enhance capacity for efficient SEP direction; improve SEP strategic management; and improve reporting on the SEP portfolio.
- **Investment needs.** Support for priority reform transactions; for instance, listing companies on the stock exchange, divesting them of certain assets, or establishing strategic partnerships.

LAs play a crucial role in enabling economic growth and promoting social well-being in municipalities, cities, towns, and communities (GoZ and World Bank 2017b). The majority of LAs raise the large proportion of their own revenues in an effort to overcome capacity constraints brought about by not receiving intragovernmental transfers. In spite of these efforts, expenditure has outpaced revenue, resulting in fiscal deficits, which are compounded by capacity erosion. Building back the capacities of the LAs is essential to improve service delivery to citizens. In line with the Constitution, the GoZ has begun steps toward strengthening devolution. Going forward, systems need to be enabled and/or established so they can better align funds with needs and ensure equity as well as push for further decentralization; doing so can help overcome some of these constraints and challenges.

- **Policy needs.** Align policies and legislation to the Constitution; enact new laws to bring into effect further devolution through the Provincial and Metropolitan Councils; and improve distributional equity by aligning transfers with local needs and revenue capabilities.
- **Institutional needs.** Strengthen property registration and property tax policies; establish systems to rationalize personnel costs and monitor transparency and accountability in service delivery at subnational government levels; build the capacity of LA staff and of the Zimbabwe Local Government Association; and devolve power from the central government to the LAs.
- **Investment needs.** Control subnational debt accumulation and ensure predictability and transparency in the allocating of funds to devolved units by developing an effective intergovernmental fiscal transfer framework.

COMPONENT 2: PROMOTING THE RULE OF LAW AND HUMAN RIGHTS

The protection and promotion of human rights is enshrined in enabling frameworks, including the Declaration of Rights in the 2013 Constitution, as well as in the normative standards upheld in the international and regional human rights treaties Zimbabwe has ratified. The following needs have been identified to address gaps in the enabling laws and develop capacity to implement Constitutional values

and the rule of law and human rights in Zimbabwe, all of which are fundamental to the country's economic development as well as the social, cultural, and political welfare of its citizens:

- **Policy needs.** Implement, apply, and protect the rights guaranteed in the Constitution as well as regional and international conventions; align laws to the Constitution to enable their full and predictable application; apply democratic principles and rules to the election of office holders, as the basis for the government's legitimacy under the Constitution; ensure adherence to the Constitutional dictates of the separation of powers; and ensure adherence to the Constitution in the conduct of security services.

- **Institutional needs.** Strengthen the human rights–based approach to policing; strengthen the ongoing efforts of the Inter-Ministerial Task Force on Alignment of Laws to the Constitution; and support the provision of electoral justice through the electoral cycle and by seeing through agreed-on electoral reforms.

- **Investment needs.** Invest in the capacity of traditional courts and promote decentralized access to justice for citizens; assess standard operating procedures, capacities, and needs for the efficient delivery of administrative functions in the judicial, police, and security services.

COMPONENT 3: IMPROVE ACCOUNTABILITY, ACCESS TO INFORMATION, AND TRANSPARENCY

Historically, the GoZ has been highly centralized, and the 2013 Constitution maintains a vertical structure of accountability for the executive and judicial branches. Implementing Constitutional values of integrity and accountability is a challenge reflected in the gaps in enabling laws. The Office of the Auditor General has not to date established a performance and process audit function, thus there is no responsible body to monitor or evaluate functional performance or the quality of service delivery by government entities. Past elections perceived as flawed have also created a legacy of dispirited citizens coupled with a lack of trust in public sector institutions, resulting in weak participation for accountability. Despite these challenges, integrity, accountability, and anti-corruption feature prominently in the Constitutional framework, and the President's vision is expected to create political space for more constructive partnerships between citizens and governments in the pursuit of better-quality and better-targeted service delivery. Following the 2018 harmonized elections, recommendations by the international observer missions provide a good starting point to further strengthen the electoral process.

- **Policy needs.** Articulate and disseminate the vision for a new culture of integrity and accountability in governance; align laws to Constitutional values on access to information, transparency, and prevention and prosecution of corruption; enact a law to create an Independent Complaints Commission; improve adherence to Constitutional rights of access to information.

- **Institutional needs.** Convene an Inter-Ministerial Task Force on Integrity and reform the ZACC; create a functional architecture of well-capacitated institutions (including Parliament, the Zimbabwe Revenue Authority, the Auditor General, and the Ministry of Finance) to effectively work on addressing impartiality and restoring public confidence and trust; create a process and performance audit function in the Office of the Auditor General; support technical assistance to

Parliament for legal drafting and consultation; and review and enact a relevant law on integrity and anti-corruption.

- **Investment needs.** Invest in the capacity of technical personnel on anti-corruption and transparency issues as well as the auditing functions; assess gaps in processes and invest in systems and capacities to investigate and prosecute corruption and to pursue asset recovery.

Table 4.3 summarizes pillar 2 needs.

TABLE 4.3 SUMMARY OF PILLAR 2 NEEDS

Component	Sector	Needs		
		Policy reforms	Institutions	Investments
Public sector efficiency	Public sector	• Assess government functions and the staffing required to perform functions • Align the PFM legal framework with the Constitution and broaden the Appropriation Act • Amend the PFM Act to set an annual budget calendar and strengthen provisions to limit budget overruns and reallocations during budget execution • Develop the PIM legal framework and harmonize PIM and public-private partnership rules • Adopt the e-GP strategy	• Undertake a detailed review of public sector personnel and of public service payrolls; reduce overlaps and unnecessary functions • Improve the quality of annual financial statements for audit, bring commitments and actual expenditures into closer alignment, and improve financial transparency • Improve documentation, data reliability, and legislative scrutiny of the budget • Strengthen the PIM system and capacity building efforts, and implement two PIM pilot programs • Delink procurement planning with the budgeting cycle and interface the IFMIS with the proposed e-GP system • Build the capacity of the citizenry, CSOs, the private sector, the public sector, and PRAZ to use the new procurement system	• Reform the budget system toward program-based budgeting • Develop an electronic PIM database system and develop key statistics and indices for investment appraisal • Implement the e-GP strategy, including acquiring the e-GP system
	SEPs	• Develop a SEP reform roadmap to increase opportunities for private sector participation • Make the cost of public goods provision transparent • Set and enforce a clear policy on SEPs' borrowing	• Strengthen the SEP ownership function • Align governance of joint ventures with improved SEP governance requirements	• Support priority reform transactions • Build capacity for effective SEP ownership and strategic direction • Support improved SEP strategic management
Public sector efficiency	LAs	• Align policies and legislation • Reform the inter-governmental revenue collection and transfer system	• Strengthen property registration and property tax policies • Pursue decentralization further • Enhance capacity-building of LAs • Develop systems for transparency and accountability in service delivery	• Control subnational debt accumulation • Rationalize personnel costs • Establish an ICT-based national monitoring system of subnational government levels

(continued)

TABLE 4.3 SUMMARY OF PILLAR 2 NEEDS *(continued)*

Component	Sector	Needs		
		Policy reforms	Institutions	Investments
Rule of law and human rights		• Implement, apply, and protect the rights guaranteed in the Constitution and regional and international conventions • Align laws to the Constitution • Apply democratic principles and rules to elections • Ensure adherence to the Constitutional dictates of the separation of powers and in the conduct of security services	• Strengthen the human rights-based approach to policing • Strengthen the Inter-Ministerial Task Force • Support the provision of electoral justice	• Invest in the capacity of traditional courts • Assess standard operational procedures, capacities, and needs of administrative functions in the judicial, police, and security services
Accountability, information, and transparency		• Articulate and disseminate the vision for integrity and accountability in governance • Align laws to Constitutional values on access to information, transparency, and prevention, and prosecute corruption • Enact a law that creates an Independent Complaints Commission • Improve adherence to Constitutional rights of access to information	• Convene an Inter-Ministerial Task Force on Integrity and reform the ZACC • Create a performance audit in the Office of the Auditor General • Train the appropriate technical personnel on anticorruption, transparency and auditing • Support technical assistance to Parliament for legal drafting and processes of consultation, and review and enact relevant integrity and anticorruption laws	• Invest in capacity on anticorruption, transparency, and auditing • Assess gaps in processes and invest in systems and capacities to investigate and prosecute corruption

COST ESTIMATES

Pillar 2 has an estimated cost envelope of US$80 million (table 4.4) spread across three components for the 2019–23 period. Costs for improving the efficiency of the public sector amount to US$44 million; costs for the rule of law and human rights amount to US$29 million; and costs for improving accountability, information, and transparency amount to US$7 million.

TABLE 4.4 ESTIMATED COSTS FOR PILLAR 2 (2019–23)

Component	Note/sector	Cost (US$)
Public sector efficiency	Public sector efficiency	30,765,000
	State enterprises and parastatals	6,900,000
	Local authorities	6,750,000
Rule of law and human rights	Rule of law and human rights	28,760,000
Accountability, information, and transparency	Accountability, information, and transparency	7,210,000
Subtotal pillar 2		80,385,000

Pillar 3: Promoting inclusive economic recovery and growth

Zimbabwe's economy has undergone notable change over the last decade. Since the economic boom of 2009–12, external headwinds have led to diminishing economic growth while the makeup of the economy has markedly changed. Pillar 3 identifies needs to promote economic recovery and resilience. It concentrates on the core sectors of the economy while looking at ways to achieve a sustained and inclusive private sector–led economic growth and create jobs. It is grounded in of the following:

- Services have rapidly grown and are the primary driver of economic growth; sectors that do not yet feature prominently could benefit from a skilled population to become driving forces of growth and job creation, and this points to the importance of facilitating their emergence.
- Traditional sectors such as agriculture and mining will continue to play an important part in output, exports, jobs, and livelihoods.
- Climate change poses new challenges for developing and ensuring the sustainable use of natural resources. Maintaining well-functioning ecosystems and implementing a viable climate change response strategy remain important for sustained growth and prosperity.
- Trade plays an important role in the economy; an export-oriented strategy has the potential to dramatically lower production costs in key sectors as well as reduce the cost of living.
- An optimal allocation of existing resources through predictable property rights, an effective insolvency regime, and a well-functioning financial sector are essential to improve total factor productivity and maximize growth.
- A better resource allocation will allow for a better return on investment, thereby pulling in significant private sector investment—both domestic and foreign—which focuses on job-led and sustainable growth. This will further boost growth, beneficiation, value addition, and jobs.
- An improved business climate—defined by regulatory certainty, available liquidity, and reliable services such as power supply—is a fundamental condition to reduce costs to businesses and increase the creation of firms.

COMPONENT 1: RECOVERING PRODUCTIVE SECTORS

Zimbabwe's traditional productive sectors—agriculture, mining, tourism, and the financial sector—have underpinned the country's growth in the past, while fast-growing or new sectors in the service industry are driving current economic growth. These sectors offer the potential for private sector investment, livelihoods, and growth (box 4.2).

BOX 4.2 PRIVATE SECTOR INVESTMENT OPPORTUNITIES

An initial review of possible investment opportunities for the private sector was undertaken as part of the JNA-1. It revealed several potential investment areas in the traditional productive sectors, including the following:

- **Agriculture:** irrigation systems, horticulture and tree crops industries, beef supply chain
- **Mining:** mineral exploration, new mine development, and capital investment in existing mining operations
- **Energy:** independent power producers, notably for off-grid power generation
- **Financial sector:** capital provision to banks, small and medium-size enterprise finance, digital payments
- **Tourism:** private and public-private partnership upgrades and investment in accommodation facilities, development of new products and services

The review also discussed possible private sector investments in new sectors that could become driving forces of growth, recognizing that economic developments and reforms of the last 18 years have called into question the long-term competitiveness of some of the traditional sectors, particularly manufacturing. Other sectors, such as agriculture, may not regain their primary role in the economy following land reforms and repeated droughts. One sector whose potential for private sector investment should already be harnessed is Business Process Outsourcing (BPO). BPO involves offering outsourced services. The sector has become an important source of economic growth for countries such as India and the Philippines, whose skill and language profiles are like Zimbabwe's.

The agricultural sector plays a crucial role in the Zimbabwean economy, accounting for 11 percent of GDP and over a quarter of exports.[8] It has numerous forward and backward linkages with the rest of the economy and is a major source of livelihoods for two-thirds of the population. However, crop and livestock production and productivity have significantly declined and remain very low. The FTLRP radically transformed the sector from one predominantly driven by large-scale commercial farmers to one dominated by thousands of under-resourced small- and medium-scale farmers (box 4.2).[9] While the FTLRP increased the number of small- and medium-scale farmers with access to land, the lack of tenure security and the fact that few land leases and settlement permits have been issued to new farmers has hampered sector financing due to high perceived risks by lenders and investors. Discretionary and unpredictable export trade policies continue to crowd out private sector investments. In addition, limited government spending on key drivers of agricultural growth, such as extension, irrigation, research and development, and feeder roads, in favor of unsustainable input and output subsidies hamper the sector's growth. Climate change and weather variability particularly affect smallholder farmers, and adaptation has been constrained by limited capacity and financing to invest in risk management solutions at all levels. Additionally, the excessive focus on maize production, which is poorly adapted to some parts of

[8] The average between 2012 and 2016.

[9] The FTLRP restructured the country's landholding patterns by breaking up commercial farms into smaller A1 farms for small-scale farming and larger A2 farms for commercial farming. Until 2017, the area of redistributed land was 12.6 million hectares, but exact numbers in terms of newly created farms do not exist due to the absence of a functioning land information system. The numbers for A1 farms (new smallholders) quoted in the literature vary from 135,000 to 180,000, and the numbers for A2 farms (new commercial farms) from 16,000 to 22,000. The numbers used in this report are based on an unpublished 2016 World Bank paper.

the country, calls for an urgent need to diversify production systems. For the sector to stimulate an agriculture-led economic growth, the following needs are highlighted to rebuild the strength of the sector:

- **Policy needs.** Outline a vision for the sector that helps to pave the way for accelerated growth in the sector (see box 4.3). Update and approve the comprehensive agricultural policy framework and its subsectoral strategies to improve the enabling environment for a market-driven agricultural sector. This would enable planning and implementation of prioritized agricultural value chains, mapped on spatial corridors along major highways or water bodies and river systems. This implies reviewing the current one-size-fits-all input and output support in favor of smart subsidies that promote diversification; realign the agricultural budget to better fund drivers of growth; promote climate-smart agriculture; enable private sector investments by ensuring policy consistency and predictability; expedite land administration reforms, including simplifying the issuance of the 99-year leases as the basis for tenure security; and establish the warehouse receipt systems that can be used as collateral, which will ease private lending to the sector.

- **Institutional needs.** Revive extension systems and research and development; rationalize the operations and efficiency of SEPs that are active in the sector; support farmer organizations to effectively participate in the market; strengthen human resources capacities for program-based approaches; and enhance coordination across ministries and stakeholders.

- **Investment needs.** Follow a value chain approach that facilitates agro-industry capacity in input supply, primary production, marketing, processing, and retailing. Devote a bigger part of the sector budget to specific drivers of agricultural growth, including by facilitating the provision of agricultural credit, water resource management and irrigation development, mechanization, research and development, rural feeder roads, market infrastructures, and extension services.

Zimbabwe has a significant opportunity to develop and reform its mining sector. It has a mineral resource base that could significantly contribute to sustainable growth if it is well thought out and inclusive; it hosts the largest reserves of chromium globally, is the second-largest producer of platinum, and is considered to be home to diamond fields that are among the richest in the world. However, while being the largest contributor to export earnings at around 60 percent in 2016, the mining sector contributed only around 9 percent to GDP. There is a large discrepancy between its resource base and actual production, which is indicative of the chronic underinvestment that has prevented the sector's development. Important policy reforms have been announced, including the removal of the 51 percent ownership provision for all minerals except platinum and diamonds (see section 3). In addition, while providing livelihoods to a large number of people, the informal artisanal and small-scale mining subsector is unregulated, inefficient, and impacts the environment. To revive and boost the mining sector as an engine of growth going forward, the following needs have been identified:

- **Policy needs.** Update and develop policies, including the Mining and Minerals Act, to reflect the latest standards of the mining industry; develop a low carbon mineral strategy; improve transparency through initiatives such as the Extractive Industries Transparency Initiative (EITI) and the Kimberley Process; and implement the newly amended Indigenization and Economic

BOX 4.3 THE FUTURE OF FOOD AND AGRICULTURE IN ZIMBABWE: A VISIONING EXERCISE

Zimbabwe and its agriculture sector are surrounded by multifaceted uncertainties that shape the future of the agriculture sector and the wider economy, as outlined throughout the report. Understanding these uncertainties is critical to making investment and policy decisions that are robust enough to prepare for the future. Steered by the Ministry of Lands, Agriculture, Rural Resettlement, Water and Climate, with technical support from the World Bank, the objective of the Visioning Exercise was to explore the future development of the agri-food sector in light of uncertainties and opportunities surrounding it. Using a scenario planning approach, the exercise brought together more than 100 stakeholders to develop future scenarios and their implications for the agriculture sector—along the lines of Zimbabwe's national agriculture policy priorities.

The exercise found that the quality of governance and the macroeconomic conditions are key forces driving future scenarios. Four scenarios shown in the diagram are plausible in Zimbabwe. The agriculture sector will have various characteristics in each scenario. The exercise undertook rigorous identification of actions that are needed to take Zimbabwe's agri-food sector toward the most desirable scenario (*Chiedza*, or "Sunshine") and policy choices that needed to be avoided to prevent falling into the worst scenario (*Chando*, or "Cold"). Currently, a report is being finalized documenting the findings. The findings will be used by the GoZ to inform the preparation of the next five-year National Development Plan as well as the Zimbabwe Agriculture Investment Plan.

FIGURE SCENARIOS FOR THE FOOD AND AGRICULTURE SECTOR

Source: Based on World Bank data, 2019.

Empowerment Amendment Bill and clarify who will be the responsible minister for doing so.[10] All of these policies should include social and environmental standards to promote sustainability and inclusiveness of investments.

- **Institutional needs.** Modernize the cadaster, review institutional structure and information system and capacities of the Ministry of Mines and Mining Development (MoMMD), and enhance its negotiating capacities; strengthen the skills of all value chain participants, including the Environmental Management Authority and Zimbabwe Revenue Authority on mining tax collection; and assess the economic viability of mining SOEs.

- **Investment needs.** Make data available, particularly by conducting geological, geophysics, and geochemistry surveys, and support the artisanal and small-scale mining subsector; promote the economic integration of the mineral sector.

COMPONENT 2: IMPROVING LIVELIHOODS AND EMPLOYMENT

Zimbabwe's structural problems have hindered opportunities for inclusive and sustainable livelihoods and employment. The share of informal economy livelihoods grew from 27 percent of the labor force in 1991 to 94 percent in 2014. The economy has shifted from the domination of big companies to one dominated by more than 3.2 million micro, small, and medium enterprises (MSMEs). Unemployment is highest among the youth (15.3 percent) and is especially high among urban youth (37.5 percent) (ZIMSTAT 2014). While employment and productive livelihoods remain a key transmission mechanism for reducing poverty, the informal sector is largely characterized by low productivity and underemployment, and poverty continues to be perpetuated by a shortage of decent jobs and sustainable livelihood options. Boosting economic growth and strengthening the nexus between growth and employment is fundamental to sustained poverty reduction for most Zimbabweans. Zimbabwe needs a jobs strategy that creates more waged jobs in agriculture; supports an enabling investment climate across priority industries such as manufacturing, tourism, mining, and construction; and strengthens livelihoods and diaspora links by mobilizing remittances for productive use. Specific needs have been identified to facilitate this, including the following:

- **Policy needs.** Mainstream livelihoods and employment objectives across all policy frameworks (macro and sectoral) with clear performance indicators and targets; foster coherent and integrated livelihoods and employment generation approaches, including incentives; strengthen the policy environment for establishing and developing MSMEs; and promote a green and circular economy in Zimbabwe to foster economic growth and job creation in addition to addressing environmental issues.

- **Institutional needs.** Improve access to and analysis of labor market and economic information; establish a single coordination mechanism for employment creation in order to address the mismatch of supply and demand for technical and business skills. Furthermore, MSMEs and the self-employed need an expanded offer of competitive credit facilities.

[10] The amendments are available on the Veritas website, http://www.veritaszim.net/node/2355.

- **Investment needs.** Develop skills and entrepreneurship—especially for the country's relatively well-educated youth—and increase productive inclusion, particularly the use of labor-intensive methods in public works.

COMPONENT 3: STRENGTHENING THE BUSINESS AND INVESTMENT CLIMATE

"Zimbabwe is open for business" has been a key message from the President. In the 1990s, Zimbabwe was one of the most developed economies in Africa, but it has since seen a massive decline in GDP, an unraveling of key sectors and the liquidation of many leading firms, and a massive shift to the informal sector. The reasons include poor government-to-business services, a legal and regulatory regime that dissuades FDI, and barriers to trade and thus integration into value chains. This was aggravated by a perception of the absence of the rule of law. There is wide recognition that Zimbabwe's economic recovery will be largely led by the private sector, but to attract needed investments, the business and regulatory environment will require significant improvements to ensure coherence of and certainty on economic policy and guarantee property rights. The following needs can be highlighted:

- **Policy needs.** Adopt policies that improve the business environment, notably by guaranteeing property rights; rationalizing and liberalizing taxation in economic sectors such as mining; improving the regime for insolvency; removing deterrents to FDI, particularly by aligning policy, legal, regulatory, and institutional measures with the recent changes to the Indigenization and Economic Empowerment Act; and removing barriers to trade and integration into value chains by liberalizing the trade regime, especially the rationalization and reduction of import tariffs, the removal of SI122 requiring import licenses, and by maintaining a transparent and predictable implementation.

- **Institutional needs.** Develop institutional capacity to attract investment; revise the bureaucracy and simplify costs for existing or future firms; assess the impact of taxation and regulations on the economy; develop analytical capacity to assess the impact of trade policies on the economy and expand the capacity of the trade negotiating team; and strengthen links between industrial policy and trade policy.

- **Investment needs.** Improve government-to-business services, as measured by the Doing Business indicator, chief among which is having access to electric power but also includes transparent and electronic systems for business registration, construction permitting, and expediting dispute resolution and business licensing; and follow up with and provide business services to prospective and actual foreign investors.

Zimbabwe needs to reform its financial sector. Although the development of its financial sector is significantly hampered by the macroeconomic and liquidity challenges outlined in section 3, the problems that plague the sector run much deeper. A well-functioning financial sector that channels domestic savings efficiently to highly productive investments will be critical to improving productivity, creating jobs, and growth in the country. In addition, overall confidence in the financial sector is low both among citizens and enterprises following years of currency depreciation and the inability to access funds and savings. Addressing the confidence deficit will require efforts to introduce financial stability over the course of several years as well as the development of innovative products that meet customer needs and are profitable for the suppliers. To achieve this, the following needs have been identified:

- **Policy needs.** Develop a financial sector strategy and identify critical reforms, including for improving digital financial services for long-term finance through capital markets development and for nonbank financial institutions (NBFIs).
- **Institutional needs.** Provide technical assistance to develop long-term financing and ensure stability and asset quality. Enable a functional interbank foreign exchange system to emerge as a critical feature of the open, market-based economy.
- **Investment needs.** Expand the current narrow digital financial inclusion to open access to credit, savings, and insurance, including through mobile phones. Develop new products, including a broader range of risk insurance products.

Table 4.5 summarizes pillar 3 needs.

TABLE 4.5 SUMMARY OF PILLAR 3 NEEDS

Component	Sector	Needs		
		Policy reforms	Institutions	Investments
Productive sectors	Agriculture	• Update and approve the agricultural policy framework and its subsectoral strategies, including the marketing and trade policy • Review effectiveness of budget spending • Reclassify agro-ecological zones • Develop a framework for improved productivity on agro-industry capacity, livestock legislation, and early response to emergent transboundary pest and diseases • Review the current input and output support in favor of smart subsidies • Establish the warehouse receipt system	• Revive extension systems and research and development • Rationalize the operations and efficiency of SEPs • Support farmer organizations for effective market participation • Enhance coordination across ministries and stakeholders, and strengthen capacities for program-based approaches	• Rehabilitate agricultural-related infrastructure and services • Support private sector inputs, manufacturers and agro-dealers, soil fertility mapping, and restocking and breed improvement • Provide smart subsidies for smallholder farmers • Increase financing for the agricultural sector • Develop selected value chains along spatial corridors • Invest in water-efficiency and irrigation
	Mining	• Draft updated mining policies and enact a new Mines and Minerals Act • Adhere to transparency initiatives, including EITI	• Modernize the mining cadaster • Enhance the MoMMD's capacity to conduct negotiations, improve its institutional structure, and information system • Strengthen the mining tax administration • Provide training for all value chain participants • Assess SOE performance and alignment with the government's strategy	• Build, populate, and digitize a data portal • Conduct geological, geophysics, and geochemistry surveys • Support artisanal and small-scale mining

(continued)

TABLE 4.5 SUMMARY OF PILLAR 3 NEEDS *(continued)*

Component	Sector	Needs		
		Policy reforms	Institutions	Investments
Livelihoods and employment		• Analyze and eliminate policy constraints that drive informality • Assess active labor market policy measures and employment subsidies • Improve the investment climate for labor-intensive manufacturing • Ensure a comprehensive national employment policy and strategy framework	• Strengthen labor market information • Improve coordination around job creation	• Provide management and other training for informal entrepreneurs, and improve labor training • Create jobs for youths using labor-intensive public works programs • Promote the creation of waged jobs
Business and investment climate	Business and investment climate	• Remove policy, legal, and institutional deterrents to FDI • Liberalize the trade regime • Clarify indigenization regulations and general notices	• Develop institutional capacity to generate opportunities, target prospective investors, and facilitate entry • Follow up with prospective and current foreign investors • Strengthen capacities of the Ministry of Industry and Commerce to lead on simplification of bureaucracy and costs for private sector	• Improve government-to-business services • Maintain a transparent and predictable implementation of the trade regime
Business and investment climate	Financial sector	• Develop a financial sector strategy • Identify reforms and regulatory/policy frameworks for digital financial services, long-term finance, and NBFIs • Develop and implement an Anti-Money Laundering/ Combating the Financing of Terrorism framework	• Strengthen technical assistance for developing long term financing infrastructure • Strengthen finance sector stability and asset quality • Support NBFI supervisors	• Expand the current narrow digital financial inclusion to open access to credit, savings, and insurance • Execute a financial system stability assessment
	Trade	• Implement further trade liberalization by (1) rationalizing and reducing import tariffs; and (2) removing SI122 requiring import licenses • Participate in the General Agreement on Trade Services (GATS) • Implement new bilateral trade agreements	• Strengthen the Ministry of Industry and Commerce to expand the capacity of trade negotiating team and assess the impact of trade policies, create/ revise taxation, and regulate the economy • Strengthen links between industrial policy and trade policy • Strengthen links in policy-making processes	

COST ESTIMATES

Pillar 3 has an estimated cost envelope of US$1.570 billion (table 4.6) spread across three components for the 2019–23 period. The vast majority of these costs are associated with needs for the productive sectors (US$1.358 billion), while costs related to livelihoods and employment amount to US$55 million, and costs for improving the business and investment climate, trade policies, and the financial sector amount to US$157 million.

TABLE 4.6 ESTIMATED COSTS FOR PILLAR 3 (2019–23)

Component	Note/sector	Cost (US$)
Productive sectors	Agriculture	1,309,000,000
	Mining	48,900,000
Livelihoods and employment	Livelihoods and employment	54,520,000
Business and investment climate	Business and investment climate	Not costed
	Financial sector	153,420,000[a]
	Trade	4,000,000
Subtotal pillar 3		1,569,840,000

a. Costs cover the medium-term reforms, institutional strengthening, and productivity improvements required for the financial sector, but not the short-term macroeconomic stabilization.

Pillar 4: Ensuring equitable access to good-quality services for the most vulnerable

A critical element of a revised social contract for a future Zimbabwe will be for government to scale up and improve its own delivery of social public goods to all areas and to all citizens. Labeled as the "social pillar," pillar 4 seeks to engender just, cohesive, and equitable social development and service delivery in a clean and secure environment. The analysis shows that not only should the quality of public service delivery improve, but also that broader provision of and access to public services should be prioritized. Addressing the needs of this pillar would entail acknowledging (in the planning and preparation phases of developing a national strategy) and sensitively responding to inequalities experienced among different groups of people, particularly those who are traditionally marginalized, and geographic regions in both rural and urban areas. This social pillar focuses on an interlinked cluster of government services and responsibilities in relation to the population of Zimbabwe, including the following:

- Improving the public delivery and quality of—as well as access to—social services, including education, health, and water and sanitation
- Protecting the poor and vulnerable, promoting opportunities for social and economic inclusion, and strengthening the resilience of communities to crises
- Ensuring an appropriate balance of service delivery to both urban and rural areas as needed

COMPONENT 1: SOCIAL SERVICES

Social services (education, health, WASH) are critical sectors for the overall development of Zimbabwe. Their quality and accessibility have a direct impact on economic, demographic, and social outcomes. Social services should be approached holistically, as quality delivery in one social sector positively

affects the others. Education and training remain the principal form of human capital formation, which underpins national growth, with the quality of such education being a significant determinant of its outcomes (McGivney and Winthrop 2016). Gains in girls' education deliver large health benefits, as educated women have fewer and healthier children, speeding the demographic transition (Education Commission 2016). Those with more education tend to be more politically engaged and have an increased awareness of public affairs (Chzhen 2013).[11] Zimbabwe's literacy rate, at 89 percent in 2014,[12] is the second highest on the African continent. Graduates from Zimbabwe's education system have for many years been in high demand in the region and beyond, and compared to other countries in Africa, demand for education in Zimbabwe has been consistently high. This is exemplified by the fact that parents carry the largest share of the nonwage education budget in the form of school levies or fees. Sector underfunding remains a chronic challenge and constitutes the single biggest drawback to overcoming entrenched inequities in the educational system. Moreover, the legal and policy framework is inadequate for the equitable delivery of quality education for all; therefore, the ongoing legal and policy reforms, such as the finalization of the Education Act, are a welcome development.

Investment in health is not only a direct investment in human capital and development, but it also prevents enormous public expenditure on curative care and high spending by households on catastrophic health events that could lead to impoverishment. Zimbabwe had an effective health system in the 1980s and 1990s before it was hit by the 2008 socioeconomic crisis. More generally, the economic challenges of the past decade undermined the system and contributed to deterioration in health indicators. The maternal mortality ratio remains high at 651 deaths per 100,000; the under-five child mortality rate is at 75 deaths, versus a target of 43 per 1,000 live births (UNICEF and ZIMSTAT 2014). HIV/AIDS, tuberculosis (TB), and malaria remain major causes of morbidity and mortality, while noncommunicable diseases account for 31 percent of mortality. However, HIV prevalence has decreased by 28 percent, and the incidence of TB has dropped by nearly 60 percent over the last decade. The ratio of health workers to population is 1.3 per 1,000 people, which is still well below the World Health Organization's threshold of 2.3 per 1,000 people. A concerted effort by the GoZ and development partners in recent years has shown palpable signs of health system recovery, resulting in the increased coverage of key high-impact interventions and leading to reductions in mortality. However, public financing to the sector remains limited, and financing relies heavily on user fees and partners' support, particularly for the HIV subsector, and is compounded by inefficiencies in spending.

WASH is a critical sector given it has a direct bearing on nutritional status (ZIMSTAT and UNICEF 2016),[13] school attendance and retention, and gender norms. Managing water for consumptive and productive use is a requirement for other key water-dependent sectors of the economy (for instance, agriculture, energy, mining, industry, and urban services), and the functioning and development of the economy is highly dependent on the water sector. Zimbabwe's economy has traditionally relied heavily on water—whereas high rainfall was reflected in economic prosperity, drier years led to economic downturns. The

[11] See also Larreguy and Marshall (2017).

[12] Numbers vary slightly. This statistic from 2014 was sourced from World Development Indicators and is referenced in table 3.1.

[13] Children under five years of age from households with access to improved water and sanitation had a stunting rate of 23 percent compared to 32 percent of children from households practicing open defecation.

availability, quality, and reliability of water resources and services are dependent on highly variable climatic conditions and their distribution via well-operated and maintained systems. The equally important sanitation and hygiene components are dependent on strong public health promotion systems that are proactively engaging and mobilizing communities. Zimbabwe had attained a relatively high level of water and sanitation services, with a national coverage of improved water service provision standing at 76 percent, broken down as 67 percent for rural and 97 percent for urban (ZIMSTAT and ICF International 2016). However, over recent decades there has been a serious decline in basic WASH services, with a downward trend in coverage of both drinking water and improved sanitation evident in rural areas. There, improved sanitation coverage decreased from 54 percent to 47 percent over the 1990–2015 period (WHO and UNICEF 2017). In 2008–09, the deterioration of WASH services resulted in Zimbabwe experiencing one of the biggest cholera outbreaks ever recorded in Africa, affecting all 10 of the country's provinces (MoHCC and WHO 2009). Subsequently, there have been cholera and typhoid outbreaks, including in major urban centers.

Improving social services outcomes requires strengthening key underlying governance challenges around such areas as coordination and prioritization, institutional strengthening to improve the quality and equity of service delivery, and investment. Specific needs that have been identified include the following:

- **Policy needs.** Finalize, align, and implement the sector policies, strategies, and guiding documents to each other and to the 2013 Constitution. More specifically, for *education*, finalize and implement the Education Act and develop a Strategic Plan for Post-Secondary Education focused on lifelong skills development and science, technology, engineering, and mathematics (STEM) education. For *health*, harmonize the health services acts with the Constitution, institute a comprehensive strategy on community health, complete the Human Resources for Health and Health Management Information System strategies, and implement the Health Financing Strategy, focusing particularly on resource mobilization, allocative efficiencies, and improving the user fee policy to protect vulnerable groups. For *WASH*, realize a national and subnational review/reform process that addresses how to meet Sustainable Development Goal (SDG) 6 and other WASH targets and how to operationalize WASH policies,[14] "ring-fence" water tariff revenue in urban areas, and operationalize the National Water Policy with a special focus on establishing the Water Regulatory Authority.

- **Institutional needs.** Strengthen key actors, including human resources in social services; improve coordination between governmental entities as well as with and among partners; scale up higher education, health, and WASH management information systems; and improve the efficiency of fund utilization and tracking of resources. More specifically, for *education*, develop and implement a capacity development plan for teachers and other education staff. For *health*, streamline organizational structures and reduce fragmentation to facilitate coordinated planning and M&E—for example, establish one management body in the Ministry of Health and Child Care (MoHCC) to coordinate a community system strengthening for health—and strengthen MoHCC's capacity in strategic purchasing. For *WASH*, strengthen LAs, set a tariff with the Zimbabwe National Water

[14] SDG 6: "Ensure access to water and sanitation for all"; see the UN's SDG site for more information, http://www.un.org/sustainabledevelopment/water-and-sanitation/.

Authority (ZINWA) ensuring cost recovery and equitable access, and help ZINWA transform into a customer-oriented, commercially viable utility.

- **Investment needs.** For *education*, ensure a judicious balance between state funding and household contributions, with measures in place to protect the most vulnerable learners; upgrade and update the curriculum and teaching and learning materials to make them more relevant to the needs of the labor market and strengthen STEM research capacity at universities. For *health*, improve the delivery of essential primary care and disease prevention and control by strengthening and expanding high-impact public health interventions such as the Expanded Programme on Immunization, nutrition, and family planning; better balancing of domestic and international financing; institutionalizing results-based financing; training and strategically retaining human resources; strengthening infrastructure; and improving the availability of equipment and essential health and nutrition commodities. For *WASH*, rehabilitate infrastructure and introduce new models of community-based management and demand-led approaches to rural sanitation.

COMPONENT 2: SOCIAL PROTECTION, FOOD SECURITY, AND NUTRITION

While development in Zimbabwe is primarily private sector–led, efforts are urgently needed to care for the poorest and most vulnerable groups and to strengthen the resilience of communities to crises. A functioning social protection system that is well articulated with food security and nutrition interventions is crucial given that in 2011, 72 percent of people were deemed poor, of whom 23 percent were extremely poor (GoZ 2016, 19). Seasonal food insecurity is also a major concern with regard to social protection, as Zimbabwe has some of the highest levels of food insecurity in Sub-Saharan Africa regardless of the outcome of the agricultural season.[15]

Social protection interventions are designed to form a coherent system that protects the poor and vulnerable, promotes opportunities for social and economic inclusion, and strengthens the resilience of families and communities to crises. Zimbabwe's social protection measures are grouped into social assistance, social insurance, labor market interventions that create employment opportunities, livelihood support for the poor, and social support and care. While Zimbabwe's social protection system was once renowned for its comprehensive set of programs to meet the needs of its population, the legacy of economic crisis and recurrent emergencies have taken a heavy toll. The overall social protection system is inefficient and financially unsustainable, current programs suffer from poor coverage and equity weaknesses, and coherence between sector policy and institutional arrangements is weak.

Approximately 70 percent of the population relies on subsistence and rain-fed agriculture for their livelihood, food security, and nutrition. The GoZ is implementing various input and output subsidies in an effort to attain national and household food security. Since the 1980s the subsistence sector has been dominated by smallholder farmers, tilling an average of 1 hectare per household, producing an average of 0.4–0.6 metric tons of maize, of which up to 30 percent is lost due to poor postharvest technologies and practice. The high reliance on subsistence and rain-fed agriculture renders a large majority of the

[15] Even in years with a normal to good harvest, at least half a million people typically face a shortfall for part of the year and are unable to meet their food needs during the lean season. In the event of a shock or stress, up to 3 million more people may find themselves in need of temporary food assistance (as during the El Niño event of 2016).

rural population vulnerable to climate-related shocks and seasonal stressors. The country is also facing a triple burden of malnutrition (undernutrition, overnutrition, and micronutrient deficiency), stunting is at 27 percent, and there are major micronutrient deficiencies among children. A maize-based diet leads to poor nutritional diversity and insufficient consumption of essential nutrients. The situation is compounded by inadequate access to water and sanitation. These households have few sources of income other than agriculture and spend more than 54 percent of their budget on food, as they do not produce enough to last for a consumption year. The above-market maize pricing regime is therefore negatively affecting the food security and nutrition status of a significant portion of the population.

Zimbabwe stands at an unprecedented crossroads in developing and reforming its social protection system and food security and nutrition interventions. The case for future social protection investment is founded on a vision of reform around the basic social safety net, with a system that can dynamically evolve to meet high-level objectives around equity, resilience, and longer-term human development. This recognizes the critical linkage between social protection and other sectoral investments, including food security and nutrition. Key needs include the following:

- **Policy needs.** Operationalize the National Social Protection Policy Framework, undertake a social protection sector review, and address key information gaps in the sector. For *food security and nutrition*, implement policies that promote agricultural diversification, make nutritious food available from subsistence production, and revise the price setting for the government maize procurement program so it takes into consideration the low purchasing power of the rural poor.

- **Institutional needs.** Improve coordination mechanisms within government, at the subnational level and across donors, to strengthen human resource capacities (notably for health and nutrition and agriculture extension services); strengthen information systems; and reorient public and development partner expenditures for greater equity.

- **Investment needs.** For *social protection* interventions, improve the efficiency and effectiveness of the basic safety net; strengthen household resilience and the links between humanitarian and development assistance; enhance longer-term productive inclusion; and improve basic delivery systems. For *food security and nutrition*, improve the productivity, food safety, and processing capacity of smallholder farming households for both crops and livestock, and scale up the multisectoral community-based model and capacity to treat children with acute malnutrition.

Table 4.7 summarizes pillar 4 needs.

COST ESTIMATES

Pillar 4 has an estimated cost envelope of US$3.419 billion (table 4.8) spread evenly across two components for the 2019–23 period. Costs associated with social services delivery amount to US$1.528 billion, while costs related to social protection, food security, and nutrition amount to US$1.891 billion.

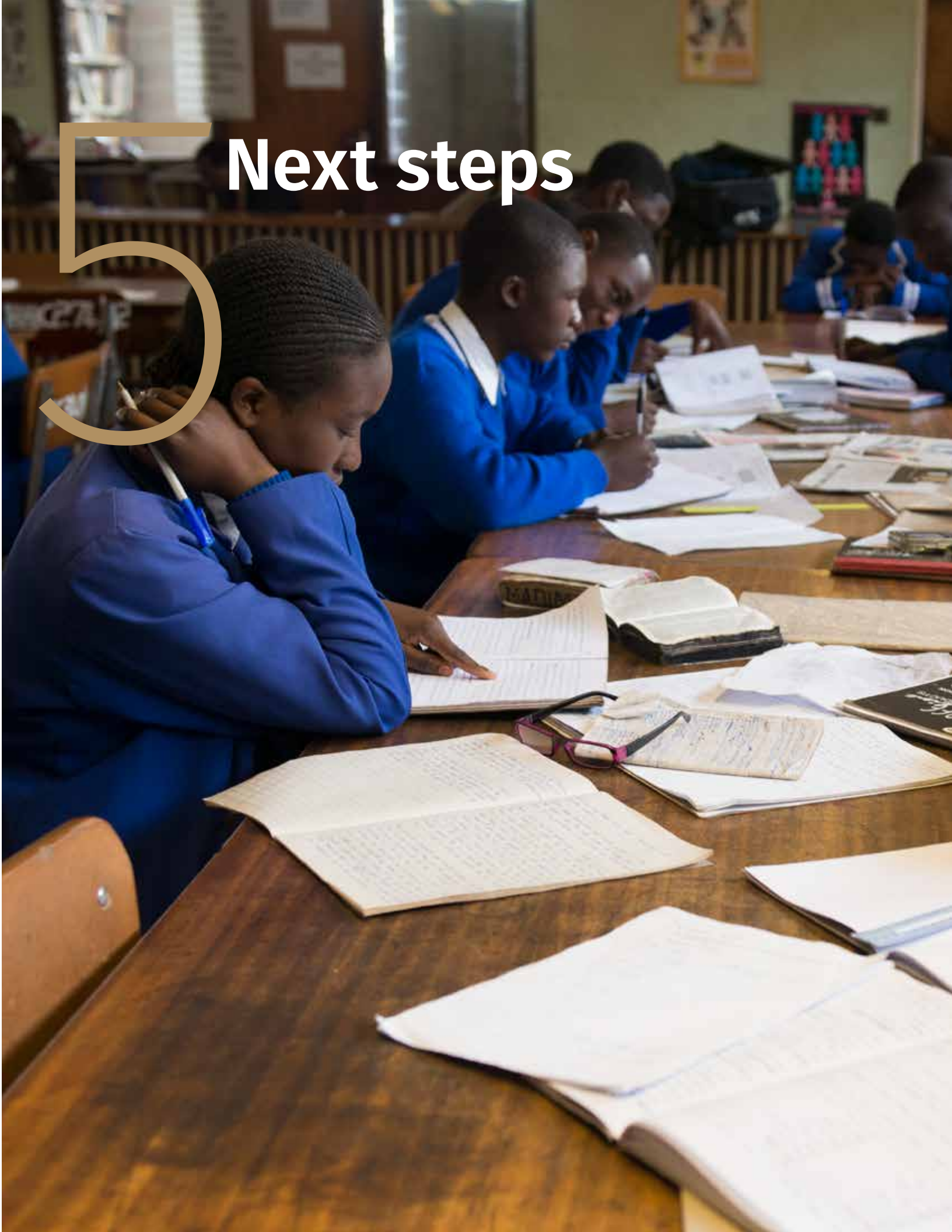
TABLE 4.7 SUMMARY OF PILLAR 4 NEEDS

Component	Sector	Needs		
		Policy reforms	Institutions	Investments
Social services	Education	• Approve and implement a legal and policy framework • Improve funding and fund utilization • Undertake sector analysis and develop a strategic plan for postsecondary education	• Pursue institutional strengthening, capacity building, and better coordination • Strengthen teacher training • Develop a robust Education Management Information System for postsecondary education	• Provide age-appropriate infrastructure and teaching and learning materials • Implement interventions for early learning • Align learning to labor market needs • Develop equitable access for all levels of education • Strengthen research capacity at universities and quality assurance mechanisms
	Health	• Align policy and guiding documents with the National Health Strategy 2016–2020 and the Constitution • Finalize and implement the Health Financing Strategy, Human Resources for Health Strategy, the Health Management Information System policy/strategy, and community health strategy • Harmonize the M&E framework	• Streamline the MoHCC's organizational structures and reduce fragmentation among units • Improve the quality of human resources for health and health staff deployment and retention, equipment availability, health and nutrition commodities, and Health Management Information System • Improve coordination among partners and resource tracking • Strengthen the MoHCC's purchasing capacity	• Increase investments to provide essential primary care packages, disease prevention and control, high impact interventions, and results-based financing • Expand qualified human resources and their strategic deployment and retention • Invest in infrastructure, equipment, and health and nutrition supplies
Social services	WASH	• Strengthen sector-wide strategic planning and monitoring • Operationalize the National Water Policy and the National Sanitation and Hygiene Strategy • Develop a WASH climate change/proofing strategy and a WASH-related SDG plan • Ring-fence water service revenues	• Strengthen local government systems • Set evidence-based tariff for water • Transform ZINWA into a customer-oriented, commercially viable utility • Institutionalize and mainstream Rural WASH Information Management System • Strengthen government capacity and oversight in WASH service delivery	• Increase investment in urban and rural water and sanitation • Ensure investment in rural areas follows new models of community-based management and demand-led approaches for sanitation • Mainstream institutional WASH and cross-cutting issues (such as nutrition and health)
Social protection, food security, and nutrition	Social protection	• Operationalize the National Social Protection Policy Framework • Undertake a social protection sector review • Address key information gaps in the sector • Support dialogue on social insurance reform	• Enhance coordination mechanisms • Reorient public and development partner expenditures • Strengthen human resource capacity	• Improve basic safety nets • Strengthen household resilience and the links between emergency and development assistance • Enhance longer-term productive inclusion • Improve basic delivery systems
	Food security and nutrition	• Adopt and implement policies that promote crop diversity and food availability • Revise price setting for the government maize procurement program • Strengthen the harmonization of social safety nets to ensure complementarity for food vulnerable households	• Strengthen coordination and setup of an integrated information-sharing system across the government • Strengthen agriculture and health and nutrition extension services • Develop a nationally integrated food and nutrition security information system	• Improve productivity, food safety, and the processing capacity of smallholder farming households • Roll out the multisectoral community-based model • Scale-up capacity for treating children with acute malnutrition

TABLE 4.8 ESTIMATED COSTS FOR PILLAR 4 (2019–23)

Component	Note/sector	Cost (US$)
Social services	Education	158,108,500
	Health	759,872,433
	WASH	610,120,000
Social protection, food security, and nutrition	Social protection	914,166,250
	Food security and nutrition	976,610,000
Subtotal pillar 4		3,418,877,183

5 Next steps



The JNA-1 has discussed the many challenges in Zimbabwe and has identified a range of needs that would have to be addressed for the country's transformation to take place. The findings from the JNA-1 were shared with the GoZ as an input into preparing the two-year TSP, which was announced in October 2018. The TSP serves as the main reference document to guide the transition; it articulates the overall vision that should be supported and the immediate stabilization efforts required over the next two years to put the country on a path to achieve this vision. The JNA-1 offers an important bridge between the immediate stabilization efforts in the TSP and the longer-term support required to consolidate the transition. This section discusses the process of prioritization and sequencing, offers options to ensure that the first five-year NDP 2021–25 is calibrated to move the country from stabilization toward achieving its vision, and proposes associated institutional changes to strengthen the aid architecture, building on the implementation and monitoring and evaluation frameworks outlined in the TSP, which could support the process.

Prioritizing needs in support of transformational change

The 2018 postelection period offers Zimbabwe the opportunity to leverage its political transition to promote transformative change for the country. Transition processes are rarely linear, and international experiences and lessons from other transformational efforts suggest that a framework and vision are required to prioritize activities and guide the process over time. Such a framework would allow for clarity on the vision for the transformation, particularly when a strategy for achieving the vision is developed through a process that engages different stakeholders, with an appropriate architecture and monitoring framework to allow government to manage the process over time. These efforts have started in Zimbabwe with the Vision 2030 and the TSP, and it would be important to build on them given the limited resources and capacities and the many difficult decisions that will need to be made that will require serious consideration in terms of both impacts and trade-offs.

Clarity on vision

The starting point for prioritization is clarity on the long-term vision. A long-term vision, such as Vision 2030 for Zimbabwe, is particularly important to ensure that the transition process does not get derailed from its long-term objectives in a context where immediate reforms and austerity measures might trigger criticism and opposition. However, a vision requires a certain level of granularity for it to become attainable through an NDP process. A review of international experiences shows that the process of developing such plans should itself be considered integral to a country's transition (box 5.1). It offers an opportunity to build more robust intergovernmental coordination in support of the country's transformation; ensures that the strategy forms part of an effort to engage, communicate, and respond to popular demands and expectations; and strengthens the relationship with, and support from, development partners.

The TSP outlines the broad contours of implementing Vision 2030 (box 5.2), and through the implementation period of the TSP further granularity could be developed to guide policy choices and investments over the two NDPs leading to Vision 2030. A more granular sector-by-sector vision could be elaborated

BOX 5.1 REVIEW OF INTERNATIONAL EXPERIENCES: GOOD PRACTICES AND PRINCIPLES FOR TRANSITION PLANNING

International experience highlights several lessons:

- **Allow sufficient time to develop the national plan.** The process of developing the vision and planning documents should be thorough, stakeholder-driven, and sufficiently grounded in analytics to shape new policy directions.
- **Invest in data collection and analysis.** A strategy should be based on a rigorous process of data collection and analysis to understand both the critical challenges ahead and the specific policy reforms needed. This would enable a more structured approach to understanding what needs to be done, and when, in order to achieve the Vision 2030.
- **The planning process itself is important.** The process of developing a National Development Plan (NDP) can positively shape a country's transition. The planning process offers an opportunity to build more robust intergovernmental coordination in support of the transformation, to strengthen development partner relationships and engagement in the strategy implementation process, and to ensure that the strategy forms part of an effort to engage and communicate with the population at large.
- **Prioritize and monitor critical reforms, capacities, and investments.** It will be important to maintain a focus on the most critical issues outlined in the Transition Stabilization Programme that require immediate decisions and actions—trade policy, monetary policy, size and role of public administration, scale of decentralization, building household resilience, and so on—to prepare the ground for the first five-year NDP.
- **It is not only about the "what" but also the "how."** International experiences show that strategies that focus solely on objectives and activities, but that stop short of discussing implementation and financing options, are often faced with operational bottlenecks. It is essential to clearly link plan objectives to well-defined funding programs and the national budget. In addition, establishing a solid monitoring and evaluation system to track results is key to ensure timely understanding of what is working well and what could be improved.
- **Manage public expectations (among citizens and the broader global community).** Transitions are rarely linear, and real change requires time and concerted effort. A deliberate communication strategy is recommended from the outset to ensure that the wider public is aware of progress, including in areas that might be less visible in the short term (such as with key reforms).
- **Transitions often result in many new stakeholders and international partners engaging to support the transition.** When robust coordination structures and processes are not in place, it can result in overlapping interventions, overburdened national authorities, and a suboptimal allocation of resources. In the cases where fiduciary systems are not robust enough or are unable to be scaled up rapidly to absorb new or extra funding, it can result in bottlenecks in implementation, sometimes even leading to an almost complete stall in disbursements. To prevent this from happening, Zimbabwe should use this opportunity to leverage ongoing initiatives to strengthen monitoring and coordination structures and fiduciary systems in a timely manner.

Sources: International experiences reviewed include 15 Recovery and Peace Building Assessments conducted since 2003, and the development of national visions in countries such as Vietnam and Kenya.

through further deepening of the analysis and undertaking consultations, which can underpin the critical path of reforms in the first and second five-year NDPs, and which has broad buy-in and support. The vision for the agriculture sector that is currently under development is a good example of such a process (see box 4.3 on the agriculture visioning process). The NDPs (NDP-1 and NDP-2) would reflect the aspirations of the population and allow the government to document tangible and transformational outputs over time. The time frame should also factor in linkages with other key developments to allow

BOX 5.2 ZIMBABWE'S VISION 2030

An ambitious Vision 2030 was outlined in Zimbabwe's Transition Stabilization Programme, focusing on the following achievements:

- Upper-middle-income status by 2030
- Rule of law, democracy, freedom of expression
- Peace and unity
- Respect to human and property rights
- Responsive public institutions
- Citizen participation
- Active international engagement with significant investments
- Zero tolerance for corruption
- Competitive and friendly business environment

Source: GoZ 2018.

the transitional plan or strategy to ultimately deliver credible outputs with which to mobilize resources and attract FDI.

A more granular vision would be grounded in a clear definition of the shifts required for Zimbabwe to reach its political and socioeconomic goals. Such shifts would help create a narrative around the transition itself, thus helping to define key milestones and ensure strategic communications around progress over time. Three such shifts that could guide Zimbabwe's transition over time are

- Moving from a centralized model of governance and decision making toward decentralization, participation, bottom-up accountability, and individual freedoms;
- Moving from a public sector–driven, semiclosed, constrained economy toward a stable, open, market-based, inclusive economy with a strong private sector;
- Moving from international exclusion toward full integration into the global economy.

Process of prioritizing to deliver the vision

To deliver on the promise of Vision 2030 would require careful identification of the critical path reforms and how these could be sequenced over time. Such prioritization would be grounded in serious analysis to understand economic development scenarios and the implications of different policy options on these. As articulated in the TSP, continued engagement with different stakeholders is essential to ensure that the vision is understood, is responsive to citizen expectations, and enables policy choices to meet citizen demands over time (box 5.3).

A set of robust prioritization criteria should be defined upfront to guide the process. Key determinants would be to understand which reforms can be transformational, to unblock bottlenecks, and to create a favorable environment for effective investment. While these reforms can be painful in the short term, it is paramount to ensure sufficient political will to identify and sequence some of the most critical reforms and capacity areas to put the transition on the right path from the outset. The JNA-1 analysis points to the following criteria that could be considered "no-regret" investments that build confidence, "best-buy"' choices for investments that address multisectoral bottlenecks, and "critical path" actions that may be painful but necessary. In addition, understanding the availability of resources, as outlined in the national macroeconomic framework, is a critical starting point for prioritization, as it paints a realistic picture of what is feasible. This would be particularly critical in Zimbabwe. A detailed mapping of available domestic, private, and foreign financing will be critical to inform any prioritization effort going forward.

Prioritization requires time and consistent effort to analyze and understand scenarios, trade-offs, and the implications of different policy choices. This would involve a detailed analytical effort by different sectors to understand the process in each—and subsequent alignment of—different sector visions based on an understanding of growth scenarios, sector interlinkages, and the critical path to address biding constraints. In Zimbabwe, the two-year time frame for the TSP offers the opportunity to undertake such a rigorous process as part of preparing the NDP 2021–25. Such a process would require a triple focus on (1) ensuring that the most critical reforms are identified and implemented within the framework of the TSP itself to set the stage for real transformation as part of the subsequent NDP-1 and NDP-2; (2) building a process that would allow further analysis and consultation to inform the preparations of NDP-1; and (3) defining necessary implementation arrangements and architecture to help address implementation challenges and promote transformation during NDP implementation. Table 5.1 offers details regarding each of these steps.

BOX 5.3 WHAT DO PERCEPTIONS SAY ABOUT PRIORITIES?

Reforming the economy (macroeconomic stability) is identified as the most important priority area that government should address in the medium term. The Mass Public Opinion study conducted in December 2018 identified three economic issues as the most important problems facing the country, according to the population. These are the management of the economy (21 percent), unemployment (20 percent), and access to cash (19 percent). This is followed by food shortages/famine (5 percent) and water supply (5 percent). Surprisingly, a paltry 4 percent believe farming/agriculture is an important problem and none of the respondents (0 percent) believe land is a problem that should be addressed in the medium term. This is in contrast to previous Afrobarometer surveys that identified land and agriculture as problematic areas.

When asked what is the most pressing issue government should address in the short term to show that it is serious about reforms, respondents identified above all fixing the currency crisis and ensuring availability of cash/money in banks (49 percent) and then making sure more jobs are available in agriculture, industry, and services (17 percent). This is followed by strengthening support to agriculture and access to food (10 percent) and improving the quality of social services (6 percent).

Strengthening the architecture for transition support

Complicated transitions require sustained attention and careful coordination of both actions and messaging. Yet international experiences have highlighted how difficult such coordination is; it requires careful engagement to keep track of long-term reform initiatives, alignment and coordination across multiple actors inside and outside government, and constant attention to the evolving context to ensure that risks can be mitigated along the way. The most successful transformers have established specific initiatives and architectures to manage these processes—with clear mechanisms to ensure citizen engagement and feedback—and a deliberate focus on engaging with and aligning international support with the national transformation agenda.

A transition support architecture in Zimbabwe should be grounded in the TSP and the architecture for developing the next NDP. This would ensure that the process is nationally owned and able to support delivery on commitments already made by the GoZ. It would also, importantly, ensure that the additional analytical work required to further elaborate the national vision can feed into and help inform the NDP preparations.

The architecture should be as simple as possible and focused on how to manage the overall transition over time. Coordination would be ensured at different levels, including across government and between government and development partners:

TABLE 5.1 THE PROCESS OF PREPARING THE FIVE-YEAR DEVELOPMENT PLAN 2021–25

Component 1: Support Transitional Stabilization Programme prioritization and implementation	
1. Identify the most critical milestones from the TSP	• The GoZ presents the TSP to development partners. • Exercise to define essential and immediate milestones in the TSP for strategic monitoring, possibly in the form of a policy matrix with progress indicators. • Workshop with the GoZ, AfDB, UN, WBG, development partners, civil society, and other stakeholders to agree on essential and immediate milestones in the TSP, arrangements for strategic monitoring, and support required from international partners. • Develop a collaborative framework with the GoZ and partners, one that is structured around key commitments and milestones in the policy matrix.
2. Establish the platform and architecture	• Establish platforms to promote interministerial coordination around priorities. • Explore and formalize coordination with development partners building on existing coordination platforms.
3. Implementation and monitoring	• Develop TSP implementation plan by line ministry and region, with targets and indicators, linked to budget allocations. • Strengthen program-based monitoring functions by strengthening program results chains and improving data sources for tracking indicators and deliverables (M&E unit of MoFED, M&E units and data from line ministries, ZIMSTAT). • Quarterly monitoring of and reporting on milestones' implementation progress.
Component 2: Preparing the first FIVE-Year National Development Plan 2021–25	
1. Request support from international partners	• Formal request from the GoZ for technical support to prepare the NDP. • Agreement on scope of support required from international partners for the government's planning process. • Formation of core team composed of key staff in the MoFED, Office of the President and Cabinet, WBG, UN, AfDB, and others. • Formal launch of planning process.
2. Analysis and projections	• Additional analysis to elaborate scenarios and policy options to deliver on Vision 2030 (more granular sectoral visions, modeling growth scenarios overall and per sector, determining policy actions and decisions needed, etc.).
3. Consultations	• Consultations across the country (townhall meetings, focus groups, surveys) to discuss and further refine thematic analysis.
4. Prioritization and sequencing	• Prioritize and sequence identified needs, based on an understanding of how transformative shifts might best be realized in the first and second five-year NDPs to achieve Vision 2030.
5. Implementation and financing arrangements	• Mapping exercise of likely resource flows (public, international, private). • Develop a financing and implementation strategy for the NDP. • Develop a strategic monitoring framework for the NDP, tracking higher level objectives and outcomes, and one that is integrated into the budget system.
6. Finalization of NDP-1	• Prepare final synthesis report, which would be the first five-year NDP. • Validation and consultation events. • Formal validation of the strategy by the government. • Hold a conference to present the NDP to the international community and generate buy-in and support for it.
Component 3: Defining and operationalizing the implementation and monitoring arrangements	
1. Implementation	• Prepare more detailed implementation plans, with attached lists of flagship projects, per ministry and regions (finalization by mid-2020, to be included in 2021 budget preparations).
2. Monitoring	• Formalize and operationalize arrangements for coordination and monitoring (including extending program-based monitoring to all line ministries, and further elaborating on the results of funding programs and data sources to track these).

- A **Technical Committee**, as articulated in the TSP, would coordinate policy priorities and actions within the government. It could also guide the preparation of the NDP. It would be the keeper of the Framework for Monitoring and Evaluation of the TSP that would ensure coordinated actions to advance specific priority interventions. Chaired by the MoFED, participation would include all line ministries.

- A **Steering Committee**, as articulated in the TSP, would oversee and provide strategic guidance, overall supervision, and coordinate the immediate steps to support TSP implementation. It could also oversee the technical work required to prepare the first five-year NDP. It could also be tasked with resourcing the planning process and facilitating communication and engagement with different stakeholders. It could work on the basis of a joint policy matrix that aligns government actions and international support along critical priority areas, as defined by the interministerial coordination platform. Chaired by the Chief Secretary to the President and Cabinet, participation would include cochairs of the Focal Areas. Participation of selected development partners could also be considered.

- A **Core Coordination Group (technical secretariat)**, while not articulated in the TSP, could support the coordination of the immediate steps to support TSP implementation and the technical work required to prepare the first five-year NDP and its implementation and monitoring arrangements. It could organize itself around Focal Areas at the central and local level to facilitate bottom-up engagement in the development of the NDP. The Core Coordination Group could also serve as secretariat to the steering committee. Participation could include technical staff from the MoFED, line ministries, and multilateral development partners.

It will be important to monitor progress on the critical shifts identified by the JNA as key determinants of the transition going forward through the Framework for Monitoring and Evaluation of the TSP, as proposed in the TSP. This strategic monitoring framework would be based on the key results and priorities that will be determined as part of the next phase of the national planning process (prioritization of the TSP and development of the NDP) (table 5.2). This section identifies the principles that could guide the development of the Framework for Monitoring and Evaluation, in addition to those already identified in the TSP (that is, Integrated Results-Based Management; the matrix of policies, projects, and programs; and the Rapid Results Approach.

The M&E framework would provide an overview of challenges encountered and progress made in implementing the TSP and NDP to inform decision making and communicate accomplishments to citizens. It would ensure that an iterative monitoring and evaluation of the TSP and NDP is set up, lessons are drawn, and corrective measures are taken in program design, implementation, and budgeting, if necessary. The framework would ensure that all stakeholders, especially citizens, can utilize the M&E system to promote civic engagement and foster dialogue and communication between the state and its citizens.

The main characteristics of the Framework for Monitoring and Evaluation could include the following:

- It should be a flexible and light strategic M&E framework, with a limited number of indicators, both quantitative and qualitative, based on existing and previously collected data. Data sources for each of the indicators will need to be defined and can include light and frequent face-to-face poverty surveys and phone surveys (for example, that are grounded in a poverty survey) as well

TABLE 5.2 DRAFT FRAMEWORK FOR MONITORING AND EVALUATION

Shifts/outcomes	Sample indicators	Data source
Moving from a centralized model of governance and decision making toward decentralization, participation, bottom-up accountability, individual freedoms, and improved service delivery	• Local-level service delivery outcomes • Awareness of the local-level budget meetings • Number of people who report that they feel their views are taken into account in national/local decision making • Number of reports on freedom of speech	Frequent and light phone surveys, grounded in the Poverty, Income, and Consumption Expenditure Survey; citizen score card on service delivery; Afrobarometer surveys; Ibrahim Index of African Governance, Global Peace Index
Moving from a public sector–driven, semiclosed, constrained economy toward a stable, open, market-based, inclusive economy with a strong private sector	• Macroeconomic stability • Proportion of credit going to private sector • Quality and quantity of employment • Prevalence of food insecurity and extreme poverty • Data on market capitalization and industrial index • Data on manufacturing sector (capacity utilization)	Central Bank; ZIMSTAT light poverty survey; Zimbabwe Vulnerability Assessment Committee; ZIMVAC; Zimbabwe Stock Exchange (ZSE) Confederation of Industries in Zimbabwe Manufacturing Sector Survey
Moving from international exclusion toward full integration into the global economy	• Data on capital inflows • Data on trade goods and services and integration into global financial markets • Ease of Doing Business Scores • Governance indicators (Voice & Accountability ranking) • Political stability and absence of violence • Government effectiveness • Regulatory quality • Rule of law • Control of corruption	Central Bank; ZIMSTAT; the WBG's Worldwide Governance Indicators, World Bank Ease of Doing Business Index

as administrative data. This information will be presented in the form of a dashboard for easy communication and use in strategic meetings.

- It should be based on the principles of results-based management and produce reliable data so it can be used as a tool to help decision making and planning, inform policy and program design and implementation, and ensure the rational use of resources. This would involve defining and standardizing the goods and services that are to be delivered by the key spending programs and tracking these through high-quality administrative data. Budget preparation guidelines could require sector ministries to report annually on the outputs of key spending programs so as to promote accountability and learning. The M&E system will only be useful if it is recognized and used by senior staff as a tool to facilitate decision making, program management, and resource allocation.

- It should establish a communication strategy to ensure that accomplishments are efficiently shared. Findings must be shared and used in a transparent and inclusive manner to inform political and technical decision making and enhance accountability to citizens.

6 Conclusions

This report concludes Phase 1 of the JNA. It has been produced by staff of the AfDB, UN, and WBG in response to an initial request from the GoZ to identify needs. Phase 1 has allowed the development of a story line and framework for identifying needs in Zimbabwe, based on an understanding of the challenges the country needs to overcome to deliver on the promises of the ongoing transition. Through the technical assessment work, a number of critical shifts have also been identified as key determinants of the transition going forward, including the following:

- Moving from a centralized model of governance and decision making toward decentralization, participation, bottom-up accountability, and individual freedoms
- Moving from a public sector–driven, semiclosed, constrained economy toward a stable, open, market-based, inclusive economy with a strong private sector
- Moving from international exclusion toward full integration into the global economy

There is growing acknowledgment that Zimbabwe's transition will take longer to complete. Considering the risks involved, including those of protests and further violence, there is a need to balance responses to immediate pressures with advancing long-term priorities. Any shock, internal or external, will make it more difficult to move forward with critical reforms, raising the risk that, in the face of challenge, the space opened over the past months may be short-lived. In this sense, the economic, governance, and peace-related reforms are inextricably linked and mutually reinforcing.

The administration and its partners will need to address a multiplicity of challenges if Zimbabwe is to successfully navigate a sustained and peaceful transition toward more inclusive development, greater political openness, and economic recovery. To this end, prioritization, sequencing, and more detailed costing of identified needs should be carried out as part of Phase 2. Amounts indicated in this report quantify needs, but the numbers are expected to be staggered; the focus on policies and institutions will begin immediately, but larger investments might only come online toward the end of the five-year period given the need for significant preparatory work. Similarly, needs have neither been prioritized nor properly sequenced, and further efforts will be required to prioritize them based on an understanding of the absorptive capacity and the future macroeconomic framework.

The report suggests that work under a possible Phase 2 should focus on supporting the national development planning process. Once triggered by the GoZ, Phase 2 should be government-led and focus on further prioritizing needs based on an understanding of how these shifts might best be realized. This work would involve further analysis of the required sequencing of reforms, institutional strengthening, and investments. It should also involve broad-based consultations and grassroots discussions across the country to ensure that priorities are grounded in popular expectations and that any resulting strategy has the population's buy-in and ownership. Importantly, such broad-based engagement would be required to allow the vision and planning process to contribute to national healing and reconciliation. Finally, it should have a strong focus on identifying and developing the most appropriate implementation and financing arrangements required, based on a solid understanding of the macro framework, the likely public and private resource flows, and the institutional setup required to promote the transformation.

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