Zimbabwe Aids Network
Civil Society Coordinating Platform on HIV/ AIDS, SRHR and Health

HOW HEALTH SENSITIVE IS THE 2020 NATIONAL BUDGET?

Introduction

The national budget essentially entails the use of government spending and revenues to influence the economy. The budget therefore is an instrument of resource allocation in order to ensure the achievement of important development imperatives. It must boost public spending on health, education, agriculture and infrastructure without undermining fiscal sustainability. Importantly, a people's budget must be strongly aligned with constitutional imperatives such that the bulk of resources are dedicated towards the realization of constitutionally mandated people's rights. It is through the national budget that the government is able to adhere and fulfil its commitments.

Trajectory for economic recession

The 2019 National Budget has projected 3.1 per cent growth against 9.0 per cent in the Transitional Stabilisation Programme (TSP). The new revised rate envisaged in the 2020 national budget stand at -6.5% signifying a recession. This shows serious deficiencies of timely implementation of bold measures to drive the economic policies such as TSP. The 2020 National Budget comes at a time when the economy is battling rising inflation which has seriously eroded real incomes. The official month on month inflation for October 2019 was estimated at 38.75% (MoFED, 2019) which is the highest rate obtained since the introduction of the Statutory Instrument 142 of 2019. These official inflation statistics however are based on developments in the formal economy and hence may not provide an accurate picture given the high levels of informality the economy has undergone. This has been the outcome of the reintroduction of the local currency which has caused liberalised exchange rate to rise markedly especially in the parallel market without any significant increase in the productive capacity of the economy. Contrary to this, the 2020 extrapolation by the government has miraculously projected a single digit month-on-month inflation rate in January 2020.

Expenditure Composition

The 2020 National Budget remains highly consumption oriented with the bulk of expenditures being recurrent expenditure. Recurrent expenditures, in particular, employment costs account for the 46% of the recurrent expenditure and this has continued to crowd out critical infrastructure and social services expenditures which includes resuscitation of the health infrastructure. The capital expenditure account for only 39% of the expenditure as envisaged in the 2020 National Budget. Furthermore, the financing of the widening fiscal deficit through domestic borrowing has resulted in an increase in the public debt and an unsustainable macroeconomic situation.

Assumptions underpinning the 2020 National Budget

The general intent of the 2020 National Budget is to attain economic recovery of 3% from the -6.5% recession expected by end of this year. Overall, the expectation of realising gains in growth would be won entirely through policy improvements and the assumption for improved macroeconomic environment in 2020 seem to be partially unrealistic and normative given the practical realities on the ground. The government is failing to operationalise and effectively implement the TSP as a guiding policy for economic recovery. This negates the realisation of the agenda of Zimbabwe becoming an upper-middle income economy by 2030. Going forward, the pursuit of policy reforms' sake should be replaced by a more comprehensive understanding of the forces underlying growth. There is also need for growth-oriented action, for example on technological catch up, or encouragement of risk taking for faster accumulation, may be needed in light of the structural bottlenecks currently prevailing in the country.

The Health allocation vis-à-vis the proposed budget by MoHCC

The allocation of 10% for health in 2020 is way below the requirement of 15% in the Abuja Declaration and 11.3% SADC benchmark given the dwindling situation currently experienced in the health sector. On paper, the government seems to prioritize the health sector, committing to re-galvanize the public health system but this has not been matched by substantial financial investments. From the allocation of 10%, there are questions on the state's capacity to service its obligations on domestic financing for health and improving Human Resources for Health (HRH). In the pre-budget strategy paper, it was highlighted that the proposed budget from MoHCC was ZWL18billion and was then allocated 6.4 billion which translates to 35% of the proposed budget. The question behind this is how the MoHCC is going to service the additional 65% budget requirement not covered by the 2020 National Budget.

Decline in real per capita allocation for health

In 2019, the people of Zimbabwe have been surviving on a measly health allocation of US$4.80 per capita (per person per year) against the US$36 stipulated by the World Health Organisation (WHO). The MoHCC is currently failing to urgently resolve the doctors' strike that has seen government firing 415 medical practitioners. In 2020, the government seeks to transition from austerity to growth, but the per capita allocation for health resembles that there shall be no significant progress. In real terms, the per capita allocation for 2020 is estimated around US$4.50 per person per year.

Overreliance on external sources of financing for health

Currently, about 80% of current health funding is from two major sources that are the Global Fund accounting for 43% of the health financing whilst PEPFAR accounts for 37%. This is not sustainable making it more necessary for the government to find more innovative domestic financing methods for health to decrease donor dependency. Most external funding is allocated towards drugs and medical supplies, leaving the country's health service delivery vulnerable to donor apathy and fatigue. This can be exemplified by the reprioritisation of the Global Fund allocation to drugs and medical supplies which has decreased by $30 million in 2019 and 2020

Social Protection

On paper, the 2020 National Budget seeks to respond positively to the increasing poverty and food insecurity situation across the country, in line with structural reforms envisaged in the Transitional Stabilization Programme (TSP). However, the government is lagging behind in scaling up social protection interventions in the wake of increased vulnerabilities among citizens. It is encouraging that development partners remain committed to make sure that no one is left behind and there is inclusivity. On a positive note, the allocation of ZWL200 million on free sanitary wear for in school children Grade 4 up to Form 6 starting with rural areas is most welcome.

Conclusion

In short, the 2020 National Budget has no clear measures to deal with structural challenges arising from high levels of informality, weak domestic demand, high public debt, lack of confidence, a fluid/uncertain political environment and institutional weaknesses. This will continue to weigh down on economic growth. What is needed is the ability of the state to use its autonomy to consult, negotiate and build consensus with social partners, at the same time building capacity to effectively implement economic policies.