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List of Abbreviations and Acronyms

BPFA	Beijing Platform for Action
BSP	Budget Strategy Paper
CEDAW	Convention on the Elimination of all Forms of Discrimination Against Women
CCPR	Convention on Civil and Political Rights
COMESA	Common Market for Eastern and Southern Africa
GDP	Gross Domestic Product
GRB	Gender Responsive Budgeting
ILO	International Labour Organisation
NGOs	Non-Governmental Organisations
PFMA	Public Finance Management Act
RTGS	Real-time gross settlement
SADC	Southern Africa Development Community
VAT	Value Added Tax
ZIMRA	Zimbabwe Revenue Authority



1. Introduction

Efforts to integrate a gender perspective into public budgeting decisions have been going on for almost 20 years. According to various studies, the Australian government introduced the first ‘gender budget’ exercise, which led ultimately to a gender review of all federal, state and territorial government expenditures and some elements of revenue. At the 1995 United Nations World Conference on Women in Beijing, governments made a commitment to incorporate a gender perspective into budgetary processes in order to support gender equality. Since then, work by women’s NGOs, other civil society organisations, academics and multilateral organisations has shown that the analysis of government expenditures can be an important tool for addressing gender inequities.

The Zimbabwe Constitution is categorical about the importance of gender mainstreaming in policy processes. Gender balance is one of the founding values of the Constitution. Section 13 which speaks about national development requires that measures to facilitate rapid and equitable development “must involve the people in the formulation and implementation of development plans and programmes that affect them”. It goes on to say that the measures “must protect and enhance the right of people, particularly women, to equal opportunities in development”.

Gender responsive budgeting (GRB) initiatives seek to create a direct linkage between social and economic policies through the application of a gender analysis to the formulation and implementation of government budgets. The most widely used argument for undertaking GRB initiatives is that they lead to a more efficient use of resources. A gender-sensitive budget ensures that the needs and interests of individuals from different social groups are addressed. Gender sensitive budgets are not separate budgets for women or men. Instead, they bring gender awareness into the policies and budgets of all agencies. Gender-sensitive budgets are not about 50% male: 50% female. They recognise the ways in which (mainly) women contribute to the society and the economy.

Gender responsive budgeting contributes towards the realisation of gender equality and equity. Gender equity is the process of allocating resources, programs, and decision making fairly to both males and females without any discrimination on the basis of sex and addressing any imbalances in the benefits available to males and females. Gender equality is achieved when women and men enjoy the same rights and opportunities across all sectors of society, including economic participation and decision-making, and when the different behaviours, aspirations and needs of women and men are equally valued and favoured.

Gender budgeting must therefore be mainstreamed in all ministries, departments and agencies. Gender mainstreaming is a process of ensuring that programmes and projects in all institutions reflect the important priority of achieving equal opportunity for all people and acknowledge the existence of gender inequality. It is a deliberate effort to reverse the level of inequality through allocation of resources and policies in order to provide the greater benefits to the disadvantaged groups.



2. Overview of International and Regional Gender Policy Framework

Zimbabwe is party to a number of international and regional conventions that provide for gender equality. It has ratified most of the fundamental conventions designed to achieve gender across sectors. The international instruments are outlined in the following table.

INTERNATIONAL POLICY FRAMEWORK	Signed	Ratification
Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) (1991)	✓	✓
Convention on Economic, and Social and Cultural Rights (ECOSOC)	✓	✓
Beijing Declaration on the Platform for Action (1995)	✓	✓
Convention on Civil and Political Rights (CCPR)	✓	✓
Convention on Prohibition of Discrimination in Occupations	✓	✓
Equal Remuneration Convention	✓	✓
Convention on the Elimination of the Worst Forms of Child Labour	✓	✓

At regional level, Zimbabwe is party to the following policy instruments:

REGIONAL POLICY FRAMEWORK	Signed	Ratification
1997 Southern Africa Development Community's (SADC) Gender and Development Protocol	✓	✓
COMESA Gender Policy which fosters gender equality and equity at all levels of regional integration and cooperation.	✓	✓
2008 SADC Protocol on Gender and Development further which advocates for gender parity in all sectors and sets out 28 substantive targets for achieving gender equality by 2015	✓	✓
2004 Solemn Declaration on Gender and Equality in Africa.	✓	✓
2003 African Charter on Human and People's Rights on the Rights of Women.	✓	✓

Zimbabwe has made significant strides in amending and enacting legislation and has passed 17 pieces of legislation to advance the gender equality and equity objectives. These are outlined in the table below:

National Legislative and Policy Instruments	
Constitution of Zimbabwe (2013)	Criminal Law Act (2006)
Matrimonial Causes Act (1987)	Domestic Violence Act (2007)
Maintenance Act (1999)	The 2004 Public Sector Gender Policy which put in place Gender Focal Points in all Ministries and parastatals
Administration of Estate Act (1997)	Zimbabwe Gender Commission Act (2016).
Maintenance Act (1999)	Education Act (2004)
Sexual Offences Act (2001)	Labour Act, [Chapter 28:01]



While the government has always been quick to sign and ratify international and regional gender instruments, as well as to put in place policies that promote social justice for women, these signatures infrequently match with necessary budgetary allocations that can actually transform women's lives. So often, national budgets have been rapped for their insensitivity to gender differences in the allocation of resources, thereby causing a major stumbling block on the implementation of gender conventions and policies in the country. With the growing pressures for economic, social and political justice for women around the world, the need for gender sensitive national budgets is increasingly felt.

Since the adoption of the gender budgeting concept in the year 2007, several tool kits have been developed around the world in order to assist interested parties to assess the sensitivity of national budgets to gender differences. Below are some of the questions that are commonly asked during gender analysis of national budgets:

- Was the budget process participatory?
- Is gender responsive budgeting a strategic objective of budgeting?
- Does the budget allocate more resources for service delivery vis-à-vis other sectors?
- Are the budget allocations adequate to implement gender responsive policies?
- Does the budget constitute:
 - gender specific expenditures;
 - equal opportunities expenditures; and
 - gender main streaming expenditures.
- Does the budget adequately provide for key line ministries?
- Do tax proposals have a gender lens?
- Has the unpaid care work been take care of in the national budget?



3. The Analysis

3.1 2019 Budget Strategy Paper and Gender

Strategic planning is a critical process in service delivery where the state creates a roadmap through which services would be provided. This involves identifying and ranking citizens' needs owing to the limited availability of resources in order to address the most pressing socio- economic needs. The strategic plan gives a guide with regards to the activities that need to be undertaken, by whom, as well as the amount of resources that should be allocated towards service delivery. It is in this plan that needs and priorities should be clearly outlined, with gender lenses in order to inform the allocation of resources towards gender equity and equality.

Presented on the 18th of October 2018 under the theme “*Towards a prosperous and Empowered Upper Middle Income Society by 2030*”, the Zimbabwe 2019 Budget Strategy Paper (BSP) outlined proposals on key policies and priorities, with a view of facilitating discussions and preparations of the 2019 National Budget as well as the Medium Term Plan up to 2021. Key takeaways are as follows:

- There is no use or mention of the term gender in the BSP.
- The term women only come out on **item 211** where the government intends to capitalize the Zimbabwe Women Microfinance Bank, as well as the Youth and Women Development funds
- It seems the BSP is not adequately introducing gender related strategic objectives. Proposals in the BSP are not capturing the different needs of social groups, men and women but rather use a blanket approach to set priorities for the 2019 Budget. For example, section 138 talks about reforming or strengthening the Public Finance Management System, it would have been prudent for the strategy to highlight the need to amend the PFMA to make gender responsive budgeting a requirement.

3.2 2019 National Budget Objectives and Gender

The following is a summary of the input that came from stakeholders that were consulted during formulation of the 2019 Budget:

- Decisively dealing with fiscal indiscipline through use of austerity measures;
- Removal of pricing and policy distortions;
- Improving foreign currency generation and establishing efficient and optimal mechanisms for its allocation;
- Jobs creation, particularly for the youths, being the new entrants into the labour market;
- Promotion of productivity and export growth through incentives;
- Efficient public service delivery and not just input;
- Parastatals reforms and privatisation for a private sector led economy;
- International re-engagement, clearance of debt arrears and investment promotion;
- Investing in research and development;
- Empowerment of provinces and districts;
- Gender equity promotion;
- Promotion of good governance;



- Fighting corruption; and
- Turning Zimbabwe into the gateway for investment into Africa.

In the Budget Statement the Minister said “the 2019 Budget primarily targets macro-economic and fiscal stabilisation and implementation of high impact projects and programmes, which lay a solid foundation for a private sector led growth”.

The Minister went on to say “The primary objective of the 2019 Budget is to stabilise the economy by targeting the ‘twin deficits’ of fiscal and current account, which have become major sources of overall economic vulnerabilities, including inflation, sharp rise in indebtedness, accumulation of arrears and foreign currency shortages”.

Dealing with fiscal deficits normally involves drastic cuts in expenditure. Social services sector is not spared in these cuts, thereby impacting negatively on the gender dimensions of the Budget.

The Minister outlined the priorities of the 2019 Budget as follows:

- Infrastructure rehabilitation and development
- Promotion of good practices in environmental management
- Value addition and beneficiation
- Improve confidence by removing various policy and price distortions, which penalise efficiency and promotes corrupt and rent seeking practices

The then Minister of Finance and Economic Development Patrick Chinamasa made the following statement when he presented the 2018 National Budget in Parliament: “The PFM (Public Finance Management) Act of 2010 is being realigned to the Constitution of Zimbabwe Amendment No. 21 of 2013. This is to allow the PFM Act to incorporate constitutional principles relating to public finance management; align the Act to relevant international agreements; cross-reference the Act with the Procurement Act, the Public Debt Management Act, as well as other relevant statutes; and embrace the principle of gender responsive budgeting and elimination of discrimination against women. The amendment of the PFM Act will also provide for the allocation of the not less than 5% of national revenues raised in any financial year to Provincial and Local Authorities as is required in terms of the Constitution of Zimbabwe, Section 301(3). Furthermore, the amendment will also broaden the scope of institutions subject to audit by the Auditor General”.

With regards to gender, Minister Mtuli Ncube made the following pronouncement: “The 2019 Budget will prioritise integration of gender across all sectors of the economy critical for achieving equitable, sustainable and inclusive social economic development. This is in line with Government’s commitment under the Gender Responsive Budgeting Strategy and the National Gender Policy. Line Ministries are required to ensure that all developmental progress under their purview and the ecosystems thereof give equal opportunity to women as well as youths”.

Even though the 2019 BSP was largely silent on gender issues, in his statement, the Minister of Finance managed to make reference to gender responsive programming. Of key interest are sections;

- **177-180** which stresses the need for gender mainstreaming (programmes under various line Ministries to give equal opportunity to women and youths);



- **370-371** which gives a tax relief on the importation of sanitary wear (this is a clear example of a **gender specific proposal**¹ because it explicitly concentrates on addressing a specific gender issue that is, provision of sanitary wear for women and girls)

These pronouncements indicate that Government is beginning to consider gender mainstreaming as important in policy formulation and implementation. However, such pronouncements on their own are insufficient if not supported by adequate resource allocation.

3.3 Projected Revenue and Expenditure

With nominal GDP projected at US\$31.6 billion in 2019, the economy is expected to generate revenues amounting to US\$6.6 billion for 2019, including retentions (US\$400 million), taxes (US\$6.037 billion), and non-tax (US\$162 million). Expenditures are projected at US\$8.2 billion, out of which capital expenditures are estimated at US\$2.018 billion, leaving a balance of US\$6.1 billion for current expenditures. Consequently, a deficit of US\$1.6 billion or 5% of GDP is projected.

This budget deficit will only be realised provided there are no overruns on expenditure as has happened in the past. Less reliance on the domestic market to finance the budget deficit is most welcome in order to tame the ravages of inflation on low income earners and vulnerable social groups such as women, pensioners and the disabled.

At 2.5 %, the contribution of non-tax revenue to the revenue base is a drop in the ocean. This has meant Government relying on tax measures to finance expenditures. The burden of taxation has become unbearable on the citizenry. The current taxation measures in Zimbabwe do not promote gender equality and equity as shall be explained in later sections of this report.

3.4 Expenditure Distribution

Social accountability principles emphasize that the priorities set in the strategy paper as well as the statements made in the budget speech should at least translate into monetary terms that is, actual resources should be allocated towards achieving these priorities.

This means that proposals made in the aforementioned two budget documents must be reflected by monetary values in the estimates of expenditures. One should be able to note gender specific expenditures, gender mainstream expenditures, gender specific tax proposals as well as gender mainstream tax proposals. For example, as a result of section 175 of the budget statement, one should be able to pick the actual value allocated towards the establishment of venture funds under Ministry of Women's Affairs, Community, Small and Medium Enterprises Development.

3.4.1 Education

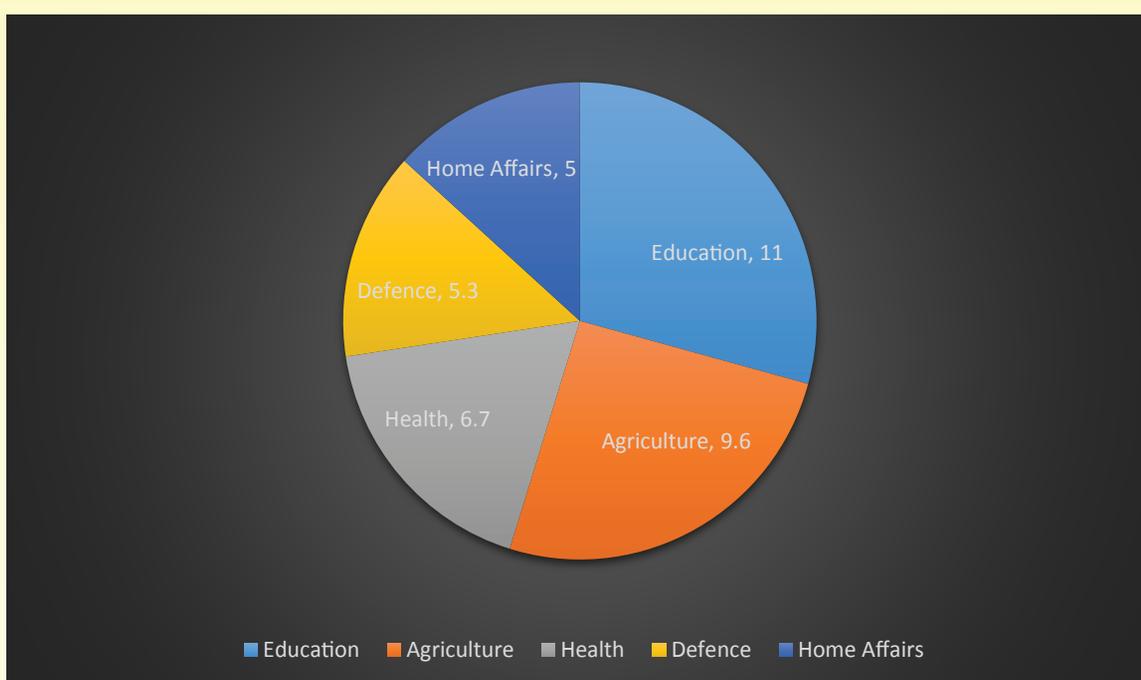
Education received the largest share of the budget with \$1.1 billion which is equivalent to 11% of total expenditure. Lands, Agriculture, Water, Climate and Rural Resettlement Ministry was allocated US\$989.3 million or 9.6% of total expenditure. Health and Child Care came third at US\$694.5 million (6.7% of total expenditure). Defence and War Veterans has a

¹Gender specific proposals refer to proposals that address specific gender issues and are examples of affirmative action. These help to protect and promote particular gender issues and examples include family planning service setting up of maternity wards, setting up of maternity wards or even recruitment of more female teachers.



budget of US\$546.9 million (5.3% of total expenditure). Home Affairs and Cultural Heritage has an allocation of 517.8 million (5% of total expenditure).

Government Top 5 Priority sectors (% allocation of the total budget)



In as much as the Government of Zimbabwe managed to prioritise key sectors that have an impact on the welfare and general wellbeing of women and children, it should however be noted that allocations towards these sectors are still lagging behind some SADC commitments.² This makes it difficult for implementing institutions to adequately provide services, taking note of the various needs of women, men, girls and boys in the society.

While the Ministry of Primary and Secondary Education has the largest share of the budget, with the allocations at 12.9% in 2018 and 11% in 2019, are way below the 20% stipulated in the Dakar Declaration. This is further worsened by the fact that employment costs take up 90.2% of the budget in 2019 and 93.7% in 2018. Higher and Tertiary Education Science and

² Under the Abuja Declaration, SADC Member States committed to allocate at least 15% of their national budgets towards the improvement of the health sector. In addition to this, the Dakar Framework of Action calls for an increase in budgetary allocations for quality basic education, that is 7% of the country's GDP within the first 5 years' period and 9% within 10 years. In order to deal with problems of food insecurity, the Maputo declaration compels governments to allocate at least 10% of their annual budgets towards agricultural development.



Technology Development was \$380.8 million in the 2019 budget with capital expenditure taking up 16.9% and current expenditure 83.1%.

The priority areas under higher and tertiary education include the following:

- Provision for construction of student accommodation and faculty blocks at Marondera, Manicaland and Gwanda State Universities;
- Embracing joint venture initiatives for provision of decent accommodation at other institutions of higher learning;
- Support towards disadvantaged students who are unable to access funding under the Student Loan Facility - 'Edu Loan';
- Provision for construction and equipping of laboratories at Masvingo and Mkoba Teachers Colleges, as well as Joshua Mqabuko Nkomo Polytechnic College;
- Support towards research and development; and
- Provision for addressing Cadetship Programme arrears.

3.4.2 Health Care Provision

With regards to health care, the Minister said the goal was to ensure that the four levels of care (primary, secondary, tertiary, and quaternary), are supported with respect to infrastructure, equipment and health supplies. He said focus would also be on ensuring that the referral system is re-established in order to reduce bottlenecks being experienced at tertiary and central hospitals. "Support to the health sector will be complemented by the other interventions Government is making in roads, water and sanitation and food security, among others, which have a bearing on the health status of citizens. In general, Government is desirous to see the development of a medical tourism industry in the country", the Minister said. Parliament then went on to approve an overall allocation of **US\$694.5 million** to the Ministry of Health and Child Care in 2019.

This allocation comprises 6.7 % of total expenditure, declining marginally from 6.8 % of the total budget in 2018. There is also a huge funding gap of \$342.4 million after factoring in Development Partner support of \$281 million. The budget is also skewed heavily toward recurrent expenditure at 88.5%, leaving 11.5% for capital expenditure.

The allocation falls far too short of the Abuja Declaration which requires at least 15 % of the total budget to go towards health services delivery. This fully explains the crisis currently bedevilling the health sector characterised by job action and acute shortages of drugs, materials and equipment at Government health facilities. A deteriorating health delivery sector severely affects vulnerable segments of the population such as women who find themselves having to care for the sick.

In terms of the provision of a rebate of duty facility on essential raw materials imported for manufacture by the pharmaceutical industry, the Minister said the facility had assisted in the promotion of linkages with the packaging, distribution and marketing industries, thereby boosting employment. This is why he then proposed to expand the list of essential raw materials for manufacture under rebate of duty, with effect from 1 January 2019. We await more information on the additional materials that will benefit from the duty rebate system and to what extent these will promote gender equality and equity.

The Minister himself admitted that notwithstanding assistance availed to the industry, retail prices of pharmaceutical products, in particular drugs for treatment of chronic ailments, had



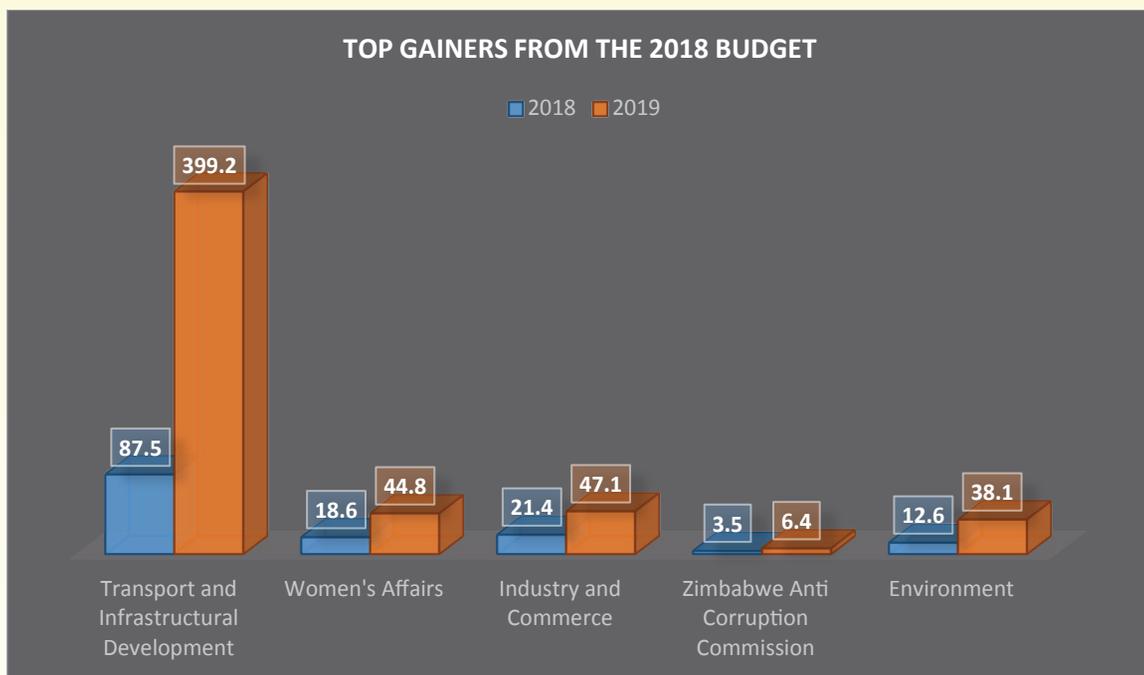
sharply increased and were either quoted in United States Dollars, or four times the same amount if payment is through electronic funds transfer or bond notes. “The unscrupulous profiteering at the expense of patients who cannot afford is inhumane, catastrophic and deprives citizens of basic human rights as enshrined in the Constitution” adding Government would continue to prioritise allocation of foreign currency for purchase of raw materials in order to ensure availability of critical drugs.

The high cost of medical care has largely hit hard low income earners such as women who rely heavily on government medical facilities. Women bear the brunt of a collapsing health delivery system as they have to provide home care to the sick. Such unpaid care work is never recognised in the budget.

3.4.3 Ministries that received fairly huge increases

There was however a huge increase in the budget of some ministries as follows:

- Transport and Infrastructural Development by 356.2% from US\$87.5 million in 2018 to US\$399.2 million in 2019. Capital expenditure takes up US\$357.3 million or 96.5% of the total budget.
- Ministry of Environment, Tourism and Hospitality Industry’s budget increased by 203 % to US\$38.1 million, reflecting the Government’s desire to attract increased tourist inflows.
- Women Affairs, Community and Small and Medium Enterprises Development budget increased by 140.6% to US\$44.8 million. This was quite refreshing in an effort to advance gender mainstreaming in policy formulation and implementation.
- Industry and Commerce’s budget moved by 118.9% to US\$47.1 million.
- Zimbabwe Anti-Corruption Commission gained 91.1% to US\$6.4 million possibly reflecting the commitment to fight corruption.

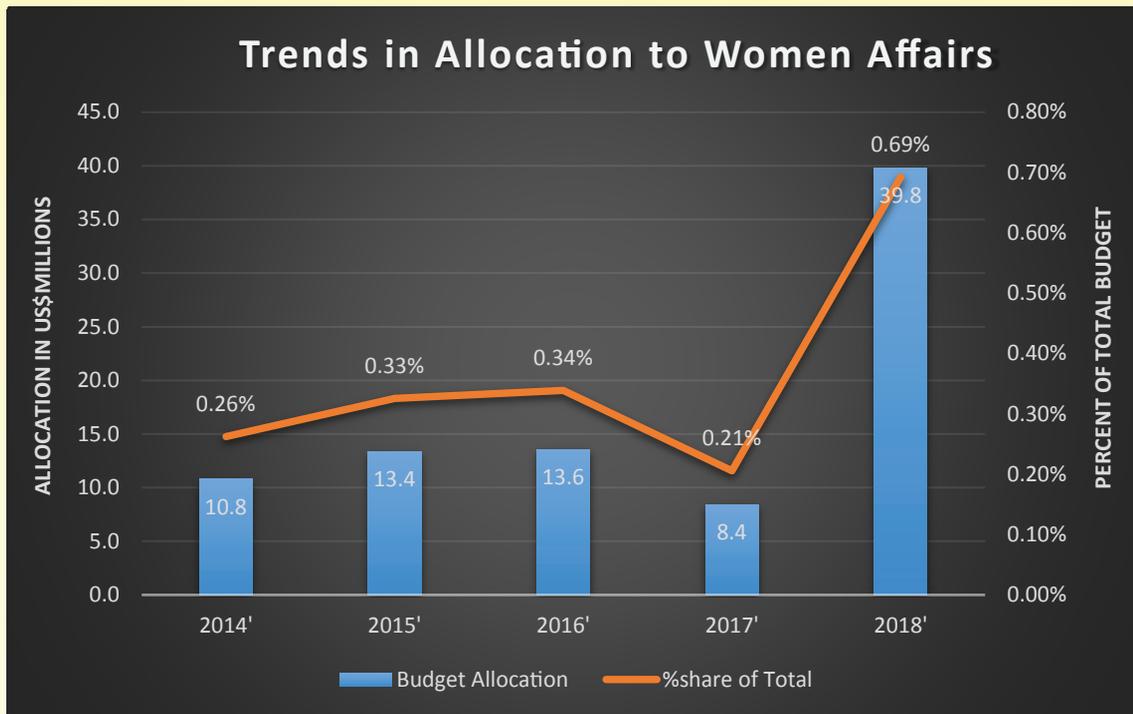


Illustrated above are sectors that show an increase in budget allocations from the 2018 budget. The Ministry of Women’s Affairs, Community, Small and Medium Enterprise



Development is amongst these top gainers with a percentage increase of 140.6%. In as much as key ministries claim to mainstream gender in their programs, there is no reflection of such interventions in the budget estimates. To that end, there is need for the PFMA to compel line Ministries to clearly reflect how they are mainstreaming gender in their programmes as given by the estimates of expenditures.

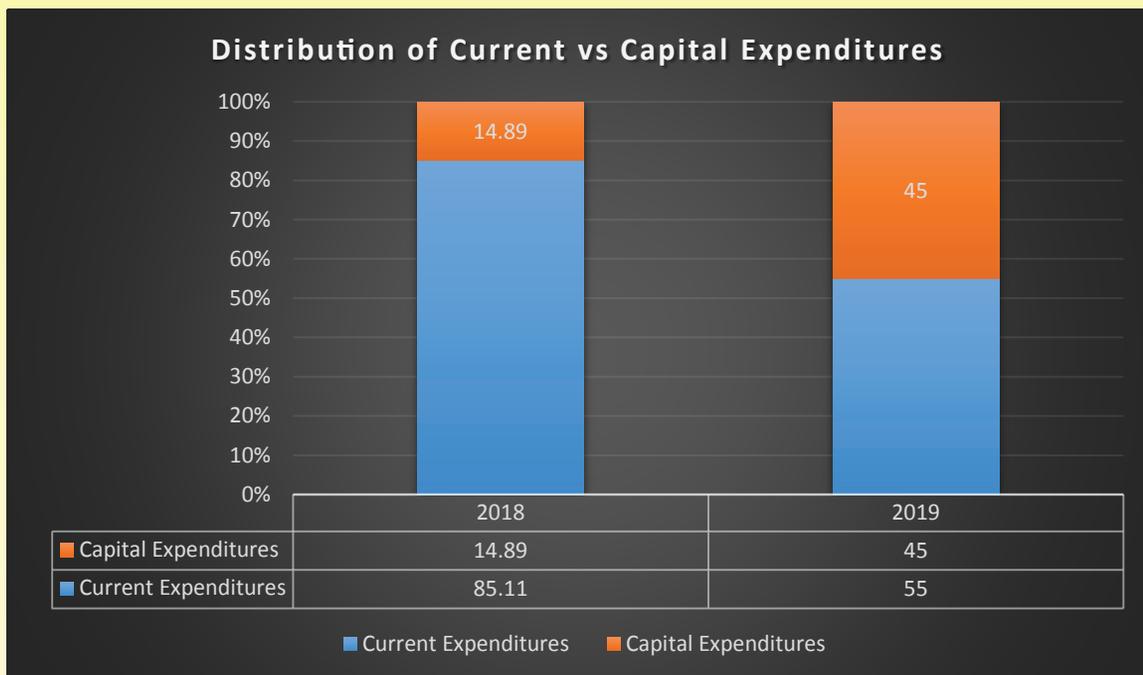
3.4.4 The Ministry of Women’s Affairs, Community, Small and Medium Enterprises Development



The figure above shows the trends in allocation towards the Ministry of Women Affairs. As has been the scenarios over the years, the share of the budget going towards Women Affairs continue to hover below 1% of the total budget. Total allocation in 2019 stands at \$44.8 million (\$51 044 000 including retention funds) which translates into 0.55% of the total budget. This shows a decline from the 0.69% in 2018.

Current vs Capital Expenditure

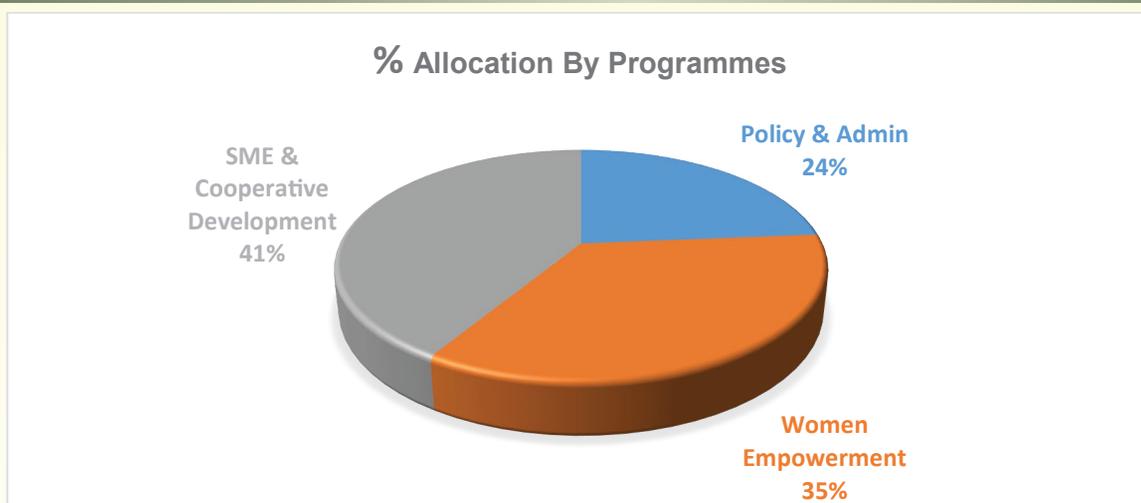




Under the Ministry of Women’s Affairs, the 2019 budget shows an improvement in terms of allocation towards capital expenditures. Last year capital expenditures stood at 14.89% against 85.11% current expenditures. This year 45% of the total allocation under this ministry are capital expenditures showing an improvement in terms of the amount going towards development projects for the protection and fulfilment of women’s rights.

It should also be noted that, improvement is not only seen under the capital expenditures but rather the amount allocated towards employment costs. In 2018 employment costs accounted for 50.2% of the total allocation whilst in 2019 these costs account for only 20% of the total vote allocation.

Programmes Classification



The main objective of the Women Empowerment, Gender Mainstreaming and Community Development is to increase community participation in developmental programmes and involvement in household food security through the following sub programmes:



- Women empowerment \$ 15 655 000.00 - intends to use funds in the Women's Micro Finance bank
- Gender Mainstreaming \$ 701 000.00- Intends to carry out 15 Gender Based Violence Awareness Campaigns
- Community Development Training Entrepreneurship, Agriculture, Marketing and Manufacturing \$ 1 537 000.00- Intends to train 2 800 participants, a decrease from a target of 8 000 in the year 2018.

The description of programmes does not capture the impact of its intervention. Instead, it has equated the number of beneficiaries to impact. Therefore, reporting and proposals should move beyond numbers and indicate the transformation that is brought by the intervention.

3.4.5 Zimbabwe Gender Commission

The mandate of this commission is to monitor issues concerning gender equality, investigate possible violations of rights relating to gender as well as to conduct research into issues relating to gender and social justice. Total allocation towards the commission in 2019 is \$2 000 000 which is slightly above \$1 836 000 allocated in 2018. In this year's budget employment costs constitute 36% of the total allocation.

3.5 Unpaid Care Economy

Increased budgetary allocations to social sectors is critical to address scant attention being paid to the unpaid care economy in Zimbabwe. In every country around the world, women have primary responsibility for caring for children and dependents. Women do most of the work in the unpaid economy (also called the domestic, social reproduction or reproductive economy). Reproductive work consists of managing a household, cooking, cleaning, gathering fuel and hauling water, maintaining the home in good condition and caring for family members, friends and neighbours is one type of unpaid care work. As Diane Elson (1996) points out, these are all vital services for the paid economy. In many developing countries unpaid work also includes subsistence production – production for home use of goods and services that in principle could be marketed, such as food, clothing and other items. Unpaid work also includes unpaid community work: for example, soup kitchens organised by women in poor neighbourhoods, groups of mothers organising care of children, the elderly or those who are sick or disabled, and (unpaid) work for local or national non-profit charitable organisations.

Zimbabwe (among many other countries) does not count unpaid care work in the national accounts. This is despite time use surveys from around the world showing that women spend long hours in work that is not paid. Females work longer hours than males in nearly every country – the difference ranges from as little as eight minutes a day in Republic of Korea to two hours in mountainous regions of Nepal to three hours in rural Kenya (United Nations, 2000). The presence of small children (under five years old) increases unpaid work substantially more for women than for men.

It is important that in future the National Budget Statement makes reference to the unpaid care work which is mostly undertaken by women. The Estimates of Expenditure must also demonstrate that this concept has been seriously considered.

3.6 Informal Economy

In developing and transitional economies, the bulk of new employment has been in the informal economy. Zimbabwe is no exception. Informal employment is market-oriented employment in small workshops and family businesses, subcontracted work undertaken in the



home ('homeworking') and domestic work for others. It is work without secure contracts, worker benefits or social protection. It includes three types of occupational status – employee and self-employed (both of which are paid), and unpaid family worker, where the worker does not herself receive money but the family member (often the male household head) directing the business does receive payment from customers. According to the International Labour Organisation (ILO), informal employment is a larger source of employment for women than for men. Women constitute 84 per cent of the informally employed in sub-Saharan Africa (compared to 63 per cent of men) and 58 per cent of the informally employed in Asia and Latin America (compared to 48 per cent of men).

Adequate budgetary allocation to social safety nets would assist ameliorate the economic hardships experienced by informal workers, the majority of whom are women.

3.7 The 2019 budget and devolution

The 2019 National Budget seeks to operationalise support to Provinces on the basis of Section 264 of the Constitution pertaining to provision of 5% of Government revenues to Provincial Councils. An estimated **\$310 million** in fiscal transfers is earmarked for support to Provincial Councils for 2019. As spelt out in the Transitional Stabilisation Programme, the Minister underscored the importance of decentralisation as a key strategy for fair and just governance. All provinces should be able to plan and implement their economic growth and development using their factor endowments, with Central Government contributing through the 5% allocation annually. For the 2019 Financial Year, and in order to distribute the amount among Provinces, an interim formula will be used, which the Minister said was simplistic and objective comprising the following components:

- Population profile;
- Poverty profile; and
- Infrastructure quality and deficit.

Actual allocations for 2019 will require Cabinet approval at the beginning of the financial year, “ensuring that the allocations target addressing pockets of marginalisation in Provinces and Districts”.

The provincial and local authorities however still need to raise huge amounts of revenue to be able to deliver services to the people. Lower levels of government have the primary responsibility for locally-provided services and Government expects them to fund provision of these services through local taxes, fees etc. This is commonly referred to as the theory of fiscal decentralisation. This theory argues that citizens in a particular region or location can decide their own specific preferences for government services as indicated by their willingness to pay for those services through local taxes and fees.

However, decentralisation can have serious equity implications if expenditure responsibilities are devolved to lower levels of government which lack revenue instruments to support these responsibilities, and if no adequate funds from national government or elsewhere follows. In many local areas of developing countries there is practically no tax base at all. In others, taxation of local bases such as property or agriculture has no relation to the taxpayer's ability to pay, creating an unfair tax burden on the poor and especially on poor women. In addition, a range of charges can occur at local level, which are often inequitable between and within localities. Property taxes and user fees are the most common local source of revenue. But to cover costs, user fees are often set so high that they create a burden on the poor or limit access to basic necessities such as water.



It is a good start that central government has allocated 5 % of revenues to provincial councils in order to fulfil requirements of the Constitution. However, \$310 million is a drop in the ocean given the poverty levels, service delivery deficits and infrastructure needs of these provinces. Section 301 (3) of the Constitution says “no less than five percent of the national revenues raised in any financial year must be allocated to the provinces and local authorities as their share in that year”. So there is constitutional room for Treasury to allocate more especially where local authorities are constrained from raising their own revenue. Property taxes and user fees are the most common local source of revenue. But to cover costs, user fees are often set so high that they create a burden on the poor and other vulnerable groups or limit access to basic necessities such as water.

3.8 Taxation Measures

Taxation is a critical subject for a gender analysis of development policy. This is because in the developing world, the majority of the population – and the vast majority of women – are poor, so adequate financing of public services is a pressing issue with special gender relevance.

In both developing and developed countries there is concern that tax reform has adversely affected the poor both on the tax and the expenditure side. In developing countries, the increased reliance on indirect taxation, such as VAT, has raised concerns about regressivity. In developed countries there is evidence of an increase in the tax burden of the lower and lower-middle income groups and a reduction in the tax burden of the highest income groups. In both developing and developed countries there is also concern that there has been an increase in the relative tax shares paid by individuals through the personal income tax compared to those paid by businesses through corporate income taxes. Finally, in both developing and developed countries reductions in overall tax revenues have resulted in a ‘fiscal squeeze’ which can mean the reduction of needed public services with adverse effects in the short term on the poor and low-income groups, and in the long term on overall social and economic development.

The International Monetary Fund outlines the general components of Government revenue as follows:

Tax Revenue

- Income taxes (individual and corporate)
- Payroll/social security taxes
- Taxes on goods and services (VAT, sales, excise)
- Property taxes
- Trade taxes (import duties, export duties)
- Other taxes

Non-tax Revenue

- Income from public enterprises and property
- Administrative fees and charges
- Interest receipts
- Other non-tax revenue

Capital Revenue



- Sale of fixed capital assets

The 2019 National Budget has projected tax revenue to comprise 91 % of total revenue inflows of \$6.6 billion. The tax measures announced by the Minister are summarised below:

Excise duty on cigarettes – to be increased from US\$20 to US\$25 per 1000 sticks.

Excise duty on fuel – to be increased by 7 cents per litre on diesel & paraffin and 6.5 cents on petrol [to reduce the arbitrage opportunities presently enjoyed by transporters from outside Zimbabwe].

Payment of customs duty in foreign currency to be introduced on motor vehicles and other selected goods.

VAT or any other taxes collected in United States dollars or any other currency to be remitted to ZIMRA using the same mode of payment.

Retention of revenue by Government Ministries and Departments to stop – all such revenue will have to be remitted into the Consolidated Revenue Fund and be under the control of the Ministry of Finance and Economic Development.

Tax Relief Measures

Personal income tax – raise the tax-free threshold from US\$300 to US\$350 and further widen the tax bands from S\$351 to US\$20,000, above which income is taxed at the highest marginal tax rate of 45% [down from 50%].

2% Intermediated Money Transfer Tax – this will be maintained but there will be provision for further exemptions.

Sanitary wear products will benefit from a suspension of customs duty, and an exemption from VAT, for a period of 12 months.

Disabled persons will enjoy a suspension of customs duty on selected goods used by physically challenged persons.

a) Excise Duty Increase

Consistent with international trends, indirect taxes especially Value-Added Tax (VAT) are an important and increasing source of Government revenues. There is a popular perception that indirect taxes, especially VAT, may be regressive, and may place an undue burden on vulnerable households such as female and child-headed households. Owing to the gendered nature of expenditure, indirect taxes could also contain implicit gender biases.

The increase in excise duty by 7 cents per litre on diesel and paraffin and 6.5 cents on petrol to reduce what the Minister said were “arbitrage opportunities”, has already had a devastating effect on the populace as fuel prices went up by a huge percentage. The gender impact especially of the rise in paraffin prices has been severe on vulnerable households.



It has been proved through research in countries like South Africa that zero VAT rating of basic food items result in substantial gender equality and poverty reduction outcomes, thereby benefitting female breadwinner households with no persons employed the most in relative terms.

Taxes on fuel are key to the progressive taxation debate, as domestic fuel (e.g. kerosene) is essential for most poor people, and many poor people rely on public transportation, where fares rise when fuel taxes rise. They are also often politically important, with proposals to increase fuel taxes generating protests, for example in 2018 in South Africa, Haiti, and Kenya. Fuel taxes are most often applied to fuels used for transport, such as petrol and diesel. Because this raises the cost of transporting goods, it affects the whole economy. Fuels for domestic heating and lighting (such as kerosene), crucial to many low-income households, are often taxed at lower rates or exempted. Fuels for agricultural or industrial vehicles, and for electricity generation, are also usually taxed at lower rates. Fuel taxes range from as much as 70% of the retail price (e.g. in Turkey and the Netherlands) to zero. Fuel taxes also carry the policy objective of influencing behaviour, this time in order to reduce consumption of carbon-emitting products for environmental reasons.

Source: ActionAid International

In the 2019 Budget, increased excise duty should have been levied on luxury items such as perfume, jewellery, high-end brands and supplies for high-end services (such as pool cleaning). Although these raise relatively less amounts of revenue, because the volume of purchases of these items is small, but where income levels are rising they could contribute greater amounts of revenue as has happened in China.

b) Intermediate Money Transfer Tax

The 2 % Intermediate Money Transfer Tax is a regressive taxation measure. Regressive taxation measures are those that take away a larger share of low income people's income. A progressive tax system is helpful to the poor and strives to achieve equity, including gender equity.

c) Customs Duty and VAT Exemption on Sanitary Wear

This is a progressive taxation measure that should immensely benefit low income females in the community. The only downside is that this is a temporary measure lasting 12 months.

d) Payment of Customs Duty on Motor Vehicles and other Selected Products in Foreign Currency

This measure has been slammed for negatively impacting on women who comprise most of the cross border traders. The selected products are imported in large quantities for resale back home, thereby cushioning the welfare of vulnerable households.



4. International Best Practices

Austria

Gender equality became one of four constitutionally mandated budgetary principles; the others are transparency, efficiency, and a true and fair view of the financial position of the federal government of Austria.

The main methodological tool for gender budgeting in Austria is the identification of a gender equality objective for each budget chapter.

- The Ministry of Finance in Austria is required to identify a gender equality objective as part of its revenue policy. Currently, that objective is: ‘The tax system supports a better distribution of paid and unpaid work between women and men.

Belgium

Belgium’s gender budgeting initiative is also underpinned by law. Whereas in Austria the law is about reform of public finance, in the case of Belgium the law was introduced to give effect to the country’s commitment to gender mainstreaming. Notable in the Belgium case is the specificity of the law, which mandates: (i) methodologies and processes to integrate gender equality into all budgetary processes, (ii) the collection and management of gender relevant data, (iii) the specification of gender equality objectives in line with the Beijing Platform for Action (BPFA) and (iv) the application of gender budgeting to government procurement

Sweden

Following elections in September 2014, the new government declared itself a feminist government and, among other gender equality commitments, outlined its intention to institute gender budgeting in the programme for government presented to Parliament by the Prime Minister.

- In 1994 the Ordinance on Official Statistics mandated that all official statistics related to individuals be disaggregated by sex. Following a review in 2006, the use of sex disaggregated statistics in the budget bill became more widespread, in keeping with a government goal of improving policy outcomes (Government Offices of Sweden, 2006).

Iceland

In late 2015 the Government of Iceland approved a new five-year plan on gender budgeting, with the overall objective of making the methodologies more integral to the decision-making process within government. The new plan has three broad emphases: i. measuring short-term outcomes and amending plans to ensure that targets are reached; ii. gender impact analysis of all new budget proposals; iii. analysis of all new legislative proposals to include a cost benefit analysis from a gender perspective.

Europe

Civil society has been a key driver of gender budgeting in Europe. Quinn (2009) details the activities of a number of groups whose work contributed to the emergence of government led gender budgeting initiatives at both national and regional levels. While civil society fulfils a number of both supportive and critical roles in relation to gender budgeting, it is perhaps its application of gender expertise to economic policy that is of particular importance.

Source: Quinn S., Gender budgeting in Europe: What can we learn from best practice? Administration, vol. 65, no. 3 pp. 101–121, 2017



5. Conclusion and Recommendations

5.1 Conclusion

In conclusion, the 2019 National Budget is not pro-poor. Pronouncements made in the statement committing to gender mainstreaming of the Budget have not been adequately reflected in the pattern of allocations. There are no budget lines in various votes that clearly speak to a gender sensitive budget. The Budget is more about macroeconomic stabilisation through fiscal austerity. By nature, fiscal austerity means expenditure cuts and higher taxation. Such measures have a disproportionate effect on vulnerable households such as female-headed and child-headed households. The proposed raising of the personal income tax threshold from \$300 to \$350 has been criticised as insufficient to make a real impact on the lives of wage earners – especially if they are receiving their wages in RTGS dollars. The significant fall in the value of RTGS dollars has had a huge impact on lowly paid workers – for example agricultural workers will earn in real USD about \$10 a month.

The lives of ordinary people have been adversely impacted by the price increases that came about from the 2% Intermediated Money Transfer Tax, the increase in excise duty on fuel and the collection of customs duty and VAT in US dollars. The broadening of the tax bands and the reduction of the highest personal income tax from 50 % to 45 % will help the better-off. There is no change to corporate income tax, a factor which works against increased investment and the creation of jobs. In fact, most of the taxation measures are regressive in nature, as they impact more on low income earners than high income earners. Female headed households are generally in the low income bracket.



5.2 Recommendations

1. **Legislate for Gender Responsive Budgeting.** Good practices elsewhere are that gender budgeting has to be legislated for if it is to take root or embedded in the operations of all government entities. The PFMA must therefore be amended to include provisions that make it mandatory for ministries and government departments/agencies to budget from a gender perspective. Section 13 of the Constitution provides adequate justification for gender budgeting to be legislated for. The provision binds the State and all institutions and agencies of government at every level to facilitate rapid and equitable development, and that measures to achieve this “must involve the people in the formulation and implementation of development plans and programmes that affect them”. The same section goes on to say that measures to achieve rapid and equitable development “must protect and enhance the right of the people, particularly women, to equal opportunities in development”. This is a very good example of the Constitution promoting participatory and gender budgeting.
2. **Budget Objectives:** The Budget Strategy Paper and the National Budget Statement must clearly speak to gender responsive budgeting as a strategic objective. The strategic needs and priorities of ministries, agencies and departments should be clearly outlined with gender lenses in order to inform the allocation of resources towards gender equity and equality.
3. **Budget Call Circular.** The Budget Call Circular sent out to all ministries by the Ministry of Finance and Economic Development must state clearly the requirement for gender sensitive bids that the ministries prepare and submit to Treasury.
4. **Pattern of Expenditure.** Social services delivery must be prioritised in budgetary allocation in order to benefit marginalised social groups who have tended to be adversely affected by austerity programmes. At least 25 % (international standard) of the Budget must be allocated to capital programmes which is considered more productive expenditure which will generate more national income and jobs in future.
5. **Gender Sensitive Budget Lines.** Each vote must have specific gender budget lines that are adequately funded. Pronouncements on gender responsive budgeting must be matched by adequate resources allocated to gender budget lines.
6. **Budget Monitoring and Tracking.** Parliament and citizen groups must closely monitor budget implementation in line with the provisions of the Public Finance Management Act that compels ministries to submit monthly and quarterly budget performance reports to their respective parliamentary portfolio committees. The monitoring must track to what extent budgetary resources are actually reaching intended beneficiaries and programmes, and the impact on gender equity and equality.
7. **Tax Options and Gender.** Tax policy should provide cost-benefit estimates of tax policy options, and ensure that the design of tax incentives is constructed to include provisions for proper implementation and periodic evaluation. Thorough tax analysis is essential to ensuring that the political debate regarding tax policy is fully informed of the social as well as fiscal impact of tax policy options, including the impact on income and gender equity.



8. **Tax Burden Analysis.** The tax burden is defined as the ratio of the tax payment to disposable income. Tax burden analysis is a critical tool for tax policy in order to evaluate the fairness, as well as the social and economic impact of taxation alternatives. The tax burden can be calculated from data from tax returns by various categories such as income class, sector of the economy, individual vs. business, etc. Since the sex of the filer is not captured on tax forms, gender tax burden analysis can be done by using assumptions based on demographic censuses and household surveys, or by matching sample tax information to other data captured by sex, such as social security information.
9. **Make Consumption Taxes Progressive.** Consumption taxes are generally regressive, since the poor spend more of their income on consumption than the rich. Consumption taxes can be made less regressive through targeted exemptions, or lower rates for goods purchased primarily by the poor, and/or through special taxes or higher rates on luxury consumption items purchased mostly by the rich.
10. **Tax Equity.** Gender equity in tax policy can be examined from several perspectives. First, according to the principles of horizontal and vertical equity. To the extent that women as a group or on average are situated similarly to men in terms of economic roles, behaviour or income, they should be treated similarly by the tax system. To the extent that they are situated differently, they should be treated differently. It is important to recognise that since gender interacts with race, ethnicity and geography, the concept of horizontal gender equity should be further extended along these lines. Secondly, since the vast majority of women in the developing world are poor, tax policies that address vertical equity and ability to pay will also improve tax equity for most women.
11. **Strengthen Non-Tax Revenue Collection.** Intensify non-tax revenue collection to lessen the burden of taxation on social groups. The contribution of non-tax revenue to the revenue base in Zimbabwe is still negligible.
12. **Zero Rating Basic Necessities.** The Government should zero rate and exempt identified basic necessities from VAT in order to cushion vulnerable households such as female-headed and child-headed households. These tend to be hit hardest from any indirect tax increases like what happened on fuel. The Government should seriously consider making customs duty and VAT exemption on sanitary ware permanent.
13. **Intermediate Tax.** Ring fence the 2 % Intermediate Tax and redirect a huge chunk of the revenue towards safety nets, education and the health sector and public sector investment projects such as dam construction.
14. **Public Finance Management Legislation.** Strict adherence to the public finance legal provisions will strengthen public financial management with attendant benefits to various social groups. The statutes include the Constitution of Zimbabwe, Public Finance Management Act, Audit Office Act, Revenue Authority Act, Public Procurement and Disposal of Public Assets Act and the Public Debt Management Act.



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