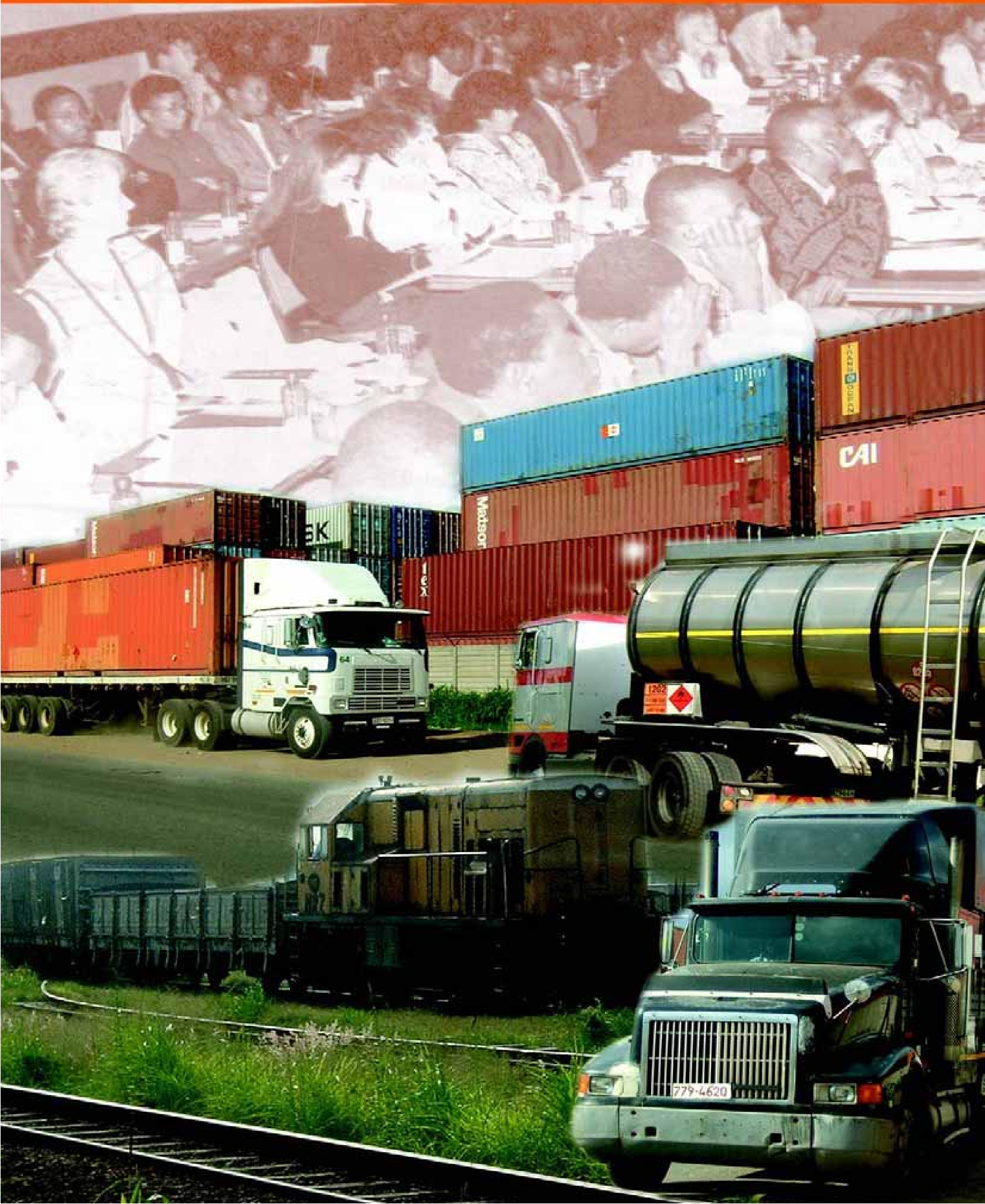
# Develop a Global Partnership for Development



# Develop A Global Partnership For Development


GOAL

**TARGETS:**

12. Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.
13. Not Applicable
14. Address the special needs of the country's landlocked status.
15. Deal comprehensively with the debt problems.
16. In cooperation with strategic partners, develop and implement strategies for decent and productive work for everyone.
17. In cooperation with pharmaceutical companies, provide access to affordable essential drugs.
18. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

**INDICATORS:**

36. Total Trade to GDP ratio
37. Not Applicable
38. Cost of transport per kilogram per kilometre by rail, road and air
39. Total debt as a percent of GDP
40. Overall structural unemployment
41. Proportion of population with access to affordable essential drugs on a sustainable basis
42. Personal computers per 1000 people
43. Real GDP Growth

## STATUS AND TRENDS

Zimbabwe is facing serious socio-economic and development challenges. These have been compounded by general international isolation and a changing political landscape. Rekindling relations with the international community is important in addressing the issues of finance, trade, investment debt and aid flows, which are critical for economic revival.

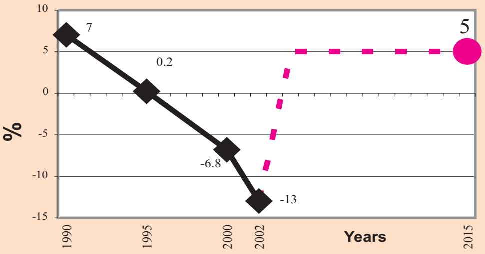
**Finance and Investment:** In the last five years, Zimbabwe has witnessed dramatic drops in the flows of both Official Development Assistance (ODA) and Foreign Direct Investment (FDI).

For example, ODA flows declined sharply by 67% from a peak of US$400.31 million in 1995 to just US$132.98 million in 2001, while Net FDI experienced a 95% decline from about US$98 million in 1995 to US$ 5 million in 2001.

Moreover, gross capital formation (total investment) declined significantly from 24.9% of GDP in 1995 to just 8.8% of GDP in 2002. Much of the decline in capital formation is attributable to the sharp fall in private investments, which fell from 18.8% of GDP to 5.3% of GDP between 1995 and 2002, as compared with public sector investment, which experienced a lesser drop from 6.2% of GDP in 1995 to 3.5% of GDP in 2002.

The decline in public investment can be explained by recurring drought and floods in the region, which diverted resources towards drought relief , while the sharp decline in private investment is linked to the unstable domestic macroeconomic environment. Capital formation has declined as a result of the depreciation of the local currency, which has resulted in resources being channelled largely to consumption spending rather than investments. Furthermore, the negative perceptions by international community on issues of political and economic governance have dented the country's image. Confidence in the economy is at its lowest ebb as a result, adversely affecting private investment and tourism.

**Figure 8.1: Real GDP Growth Rate (%), Zimbabwe, 1990-2015.**




*Source : Reserve Bank of Zimbabwe*

**Key**

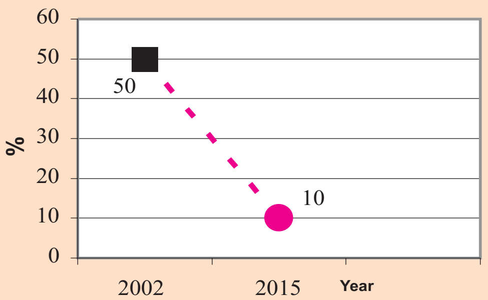
- ♦ Actual
- ● Target
- ▬ Current rate of progress
- - - Rate of progress required to reach goal

**Trade:** Zimbabwe is committed to maintaining an open trade system that is beneficial to developing countries. This is reflected in her membership in various regional and international bodies such as SADC, COMESA, WTO and ACP-EU.

The Government has established and maintained, since the conclusion of the Uruguay Round (1994), a permanent structure to monitor and review developments in the Multilateral Trading System (MTS) in the form of a multi-sector/multi-institutional 'National Standing Committee on Trade Policy'. At the regional level, Zimbabwe has signed the Free Trade Agreement on Trade within SADC and COMESA.

However, recent economic decline associated largely with foreign currency shortages, and a severe budgetary constraint, is impacting negatively on trade. Since 1995, export earnings have dropped by 40%, while imports have declined by 21%. This has put pressure not just on resource availability, but it has also starved industry and forced numerous company closures, further worsening unemployment and poverty (see figure 8.2).

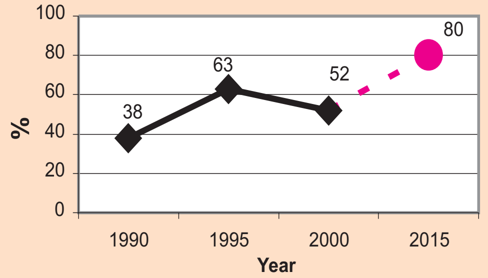
**Figure 8.2: Structural Unemployment, Zimbabwe, 2002-2015.**




*Source : Budget Statement , 2002*

Consequently, Zimbabwe's level of openness, as measured by total trade to GDP, has been on a downward trend since the mid-1990s (see Figure 8.3).

**Figure 8.3: Total Trade to GDP Ratio, Zimbabwe, 1990-2015.**

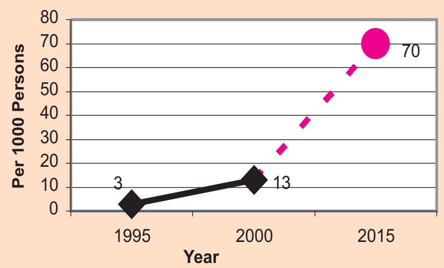



*Source : Reserve Bank of Zimbabwe*

**Competitiveness:** Zimbabwean industry is largely uncompetitive mainly as a result of inheriting import substitution practices, which used to guarantee most firms the domestic market. On the international market, a small number of firms are sustained through past arrangements such as the Zimbabwe-South Africa Trade Agreement and, recently, the Lome Convention. These characteristic features have made Zimbabwean industry unable to compete in a fully liberalized trade regime.

The current unstable macroeconomic environment has further exacerbated industry's poor competitiveness. Zimbabwe's competitiveness problems are further worsened by its lack of access to the sea. High transportation costs and fuel shortages have meant that most goods in the country are either traded far above their market value or are in short supply. It is currently estimated that Zimbabwe has 41.3 telephone lines per 1000 people and 12 personal computers per 1000 people, well below global averages. It has been suggested, therefore, that achieving the world average of 70 personal computers per 1000 people would help enhance the country's competitiveness (see Figure 8.4).

**Figure 8.4: Personal Computers( Per 1 000 persons), Zimbabwe, 1995-2015.**




*Source : World Bank : World Development Indicators, 2002*

The role of the financial sector is pivotal to enhancing competitiveness in Zimbabwe. Though Zimbabwe's financial system is open and fairly liberalised, the country's financial coverage has stagnated at around 42% of GDP for the last ten years. An expansion of the financial sector to make it more supportive of the Small to Medium Enterprise (SME) sector would contribute immensely to the growth stimulus, while making significant inroads to poverty reduction.

**External debt:** Zimbabwe's total external debt is currently estimated at US$5,182 million as at September 2003, of which external arrears amount to some US$1,682 million. The total external debt to GDP ratio has worsened from a high of 64% of GDP in 1998 to 173% of GDP in 2003. This suggests that Zimbabwe's debt is currently unsustainable, based on international criteria.

## CHALLENGES

The greatest challenge for Zimbabwe's future development is formulating a global partnership strategy, in the context of a broad-based, pro-poor macroeconomic policy framework. The global partnership strategy should seek to address the following:

- Enhanced market access from the ACP/EU Economic Partnership Agreement (EPA) negotiations.
- Benefits of the WTO Doha negotiations for Zimbabwean agriculture, industry (including pharmaceutical manufacturing) and services;
- The impact of regional trading bodies (SADC, COMESA, TICAD, SOUTH-SOUTH Cooperation etc.) on Zimbabwean industry;
- To extract maximum benefits from New Partnership for African development (NEPAD) for Zimbabwe; (forging economic linkages with global economy)
- Opening new markets for Zimbabwean products (south-east Asia, Central Asia etc.).

## SUPPORTIVE ENVIRONMENT

To lay the foundation for economic recovery and to prepare the country for the challenges of globalisation, decisive action is needed. The major issues to address in the medium to short-term would be to design and implement a broad-based, pro-poor macroeconomic policy framework that would guide the economy towards full recovery and lay the foundations for macroeconomic stability, sustained economic growth and development for poverty reduction. So far, building blocks are being put in place in the form of a *National Poverty Reduction Strategy* and a *Macroeconomic Consistency Framework*. In the meantime, there is in place short-term measures to address economic recovery under the 12-month *National Economic Revival Programme (NERP).*

In addition, given the country's advantage of its existing human resource endowment, physical infrastructure and natural resource base, there is the strong possibility for a quick turnaround of the economy to support the attainment of the millennium development goals and 2015 targets set out in this report.

"As a Nation with Oneness of Purpose, Together we can Score this Goal!"



## TABLE 3: MONITORING AND EVALUATING THE MILLENNIUM GOALS*

| | EXISTING CAPACITY FOR: | | | | | |
|---|---|---|---|---|---|---|
| **Goal** | **Data gathering** | **Quality of survey information** | **Statistical tracking** | **Statistical analysis** | **Statistics into policy** | **Monitoring and evaluation** |
| **1: Eradicate extreme poverty and hunger** | **Fair:** Data processing capacities needs to be improved through the use of modern techniques | **Fair:** Data quality is good, but there are delays in analysing and publishing information. | **Weak:** Currently, there is no institutionalised mechanism for monitoring poverty trends. | **Fair:** The human resource capacity is available and good, but equipment for statistical analysis is inadequate. | **Fair:** There is a general problem of incorporating statistical data into planning and policy making. | **Fair:** Institutional coordination on poverty monitoring is still problematic |
| **2: Achieve Universal Primary Education.** | **Fair:** There is need to strengthen the collation of data at district level. | **Strong:** Quality of information collected is high. | **Strong:** Since the establishment of the Education Management Information System (EMIS) database. | **Fair:** Statistical analysis capacity exists at Head Office and Central Statistics Office (CSO).. | **Strong:** Capacity to incorporate statistical analyses is good. | **Fair**: Although there are many institutions and organisations involved in monitoring and evaluation, there is need to strengthen the sharing of information. |
| **3: Promote Gender Equality and Empower Women** | **Fair:** National Capacity to gather gender differential data at macro, sector and grassroots levels needs strengthening. | **Fair:** National Capacity to design appropriate survey instruments needs strengthening. | **Weak:** National Capacity to track statistical data, in all sectors needs strengthening. | **Weak:** Capacity of the Central Statistics Office (CSO) to analyse available gender disaggregated is weak. | **Weak:** Capacity for policy formulation using data is weak | **Weak:** There is no system for gender monitoring and evaluation |
| **4: Reduce Child Mortality** | **Fair:** Data gathering capacities for the public institutions is strong, but does not cover the private institutions | **Fair:** The quality of the Zimbabwe Health Demographic Survey is good, but there is room for improvement in terms of frequency and timeliness. | **Fair:** Statistical tracking is comprehensive but weak in remote rural areas. | **Fair:** Fairly good at national level but needs strengthening at provincial and district levels. | **Fair:** Recent survey data is not readily available to various stakeholders for their policy planning purposes. | **Fair:** There is need to decentralise the analysis of data for the effective monitoring and rapid response at local levels. |
| **5: Improve Maternal Mortality** | **Fair:** Data gathering capacities for the public institutions is strong, but it is not comprehensive because it does not cover the private institutions. | **Fair:** There is need to capture all maternal deaths as specified in the definition of maternal mortality under the National Health Information System. | **Fair:** Needs improvement. | **Weak:** These are very good at the national level, but need strengthening at lower levels. | **Fair:** Recent survey data is not readily available to various stakeholders. | **Fair:** Baseline data needs to be accurately set. |

| EXISTING CAPACITY FOR: | | | | | | |
|---|---|---|---|---|---|---|
| **Goal** | **Data gathering** | **Quality of survey information** | **Statistical tracking** | **Statistical analysis** | **Statistics into policy** | **Monitoring and evaluation** |
| **6: Combat HIV AND AIDS, Malaria and Other Diseases** | **Fair:** Data gathering capacities for the public institutions is strong, but it is not comprehensive because it does not cover the private institutions. | **Good:** The quality of the Zimbabwe Demographic Health Survey is good, but there is room for improvement in terms of frequency, timeliness of data and completeness. | **Weak:** The tracking capacity is weak. Some tracking system exists but it is not comprehensive and needs enhancement. | **Good:** These are very good at the national level, but are constrained by resources. Needs strengthening at lower levels. | **Fair:** There is capacity to incorporate statistical analysis but it is constrained by resources. | **Weak:** M&E mechanisms exist but are weak. There is need to decentralise the analysis of data for the effective monitoring at local levels. |
| **7: Ensure Environmental Sustainability** | **Fair:** Reliance on secondary data, capacity limitations in terms of human and financial resources and equipment. | **Strong:** For food security assessment, crop forecast and vegetation maps, the quality of data is good. | **Fair:** Inadequate resources | **Fair:** Limitation in terms of financial resources and software | **Weak:** Inadequate political will | **Weak:** Limited financial and human resources and equipment |
| **8: Global Partnership for Development** | **Fair:** Apathy in the business sector in filling the questionnaires. There is a problem of timeliness of information. | **Fair:** Lack of capacity to quickly analyse and disseminate the survey information. | **Weak:** Problems with database management systems. | **Weak:** There is need to improve the analysis capacities. | **Fair:** Lack of resources constrain the incorporation of the statistical analysis into policy | **Fair:** Mainly donor-driven and funded M&E which is not sustainable |

**Note:**
*The MDG statistical ,monitoring and evaluation system will need to be strengthened to enable the country monitor the key indicators under each goal, as well as, the additional indicators provided in the annex of this report