

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

The Department for International Development (DFID) is the British government department responsible for promoting development and the reduction of poverty. The government elected in May 1997 increased its commitment to development by strengthening the department and increasing its budget.

The policy of the government was set out in the White Paper on International Development, published in November 1997. The central focus of the policy is a commitment to the internationally agreed target to halve the proportion of people living in extreme poverty by 2015, together with the associated targets including basic health care provision and universal access to primary education by the same date.

DFID seeks to work in partnership with governments which are committed to the international targets, and seeks to work with business, civil society and the research community to encourage progress which will help reduce poverty. We also work with multilateral institutions including the World Bank, United Nations agencies and the European Commission. The bulk of our assistance is concentrated on the poorest countries in Asia and sub-Saharan Africa.

We are also contributing to poverty elimination and sustainable development in middle income countries, and helping the transition countries in Central and Eastern Europe to try to ensure that the widest number of people benefit from the process of change.

As well as its headquarters in London and East Kilbride, DFID has offices in New Delhi, Bangkok, Nairobi, Harare, Pretoria, Dhaka, Kathmandu, Suva and Bridgetown. In other parts of the world, DFID works through staff based in British embassies and high commissions.

COUNTRY STRATEGY PAPERS

Country Strategy Papers (CSPs) are prepared for all countries where we provide development assistance programmes, and are normally produced every three years. CSPs set out how we aim to contribute to achieving the international development targets in the country in question. Progress will be assessed against the strategic objectives set out in Section E of the paper. In preparing CSPs, we consult closely with governments, business, civil society, and others within both the partner country and the UK.

Department for International Development
April 1999

ZIMBABWE: COUNTRY STRATEGY PAPER 1999

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A. SUMMARY

A1. Zimbabwe's per capita gross national product (GNP) is higher than most sub-Saharan countries, but the distribution of income is very unequal. There is widespread poverty in the rural areas, as well as growing urban poverty. Post-independence gains in health and education are beginning to fade. The HIV/AIDS pandemic and related diseases will have a devastating effect on the country's people, on infant mortality rates, and on the economy.

A2. Zimbabwe has plenty of economic potential, but a stronger macro-economic framework is needed with the Government providing a more enabling environment for the private sector. Since independence in 1980, annual GNP growth has not kept pace with population growth, and poverty has inevitably increased. In early 1999 Zimbabwe faces a fiscal crisis that requires urgent action to avoid accelerating the growth of poverty.

A3. Governance issues will also be decisive in shaping Zimbabwe's future and supporting the elimination of poverty. Decentralisation, accountability, policy-making, and corruption are emerging challenges for the Government. Freedom of speech, the rule of law and low crime levels are widely recognised as important to social and economic stability.

A4. All of the international development targets, except reduced infant mortality, are probably achievable with stronger commitment to poverty reduction and policies and resource allocations to support it. DFID enjoys good relationships with some sectors of government, civil society, the private sector and with other donors. There is scope to strengthen them.

A5. Improved economic management, more pro-poor policies, and improved governance could see our current programme growing. It would concentrate on :

- promoting economic growth that benefits the poor,
- good governance and human rights,
- access of poor people to land, resources and markets,
- health and education,
- sustainable management of physical and natural resources.

This could include provision of budgetary support and write-off of Zimbabwe's aid debts to DFID. But if the Government continues its current policies, disregards human rights, or opts for more state control over the economy, increased DFID assistance would not be effective and we would concentrate on interventions that would directly help poor people and be sustainable despite economic and policy difficulties.

B. THE CHALLENGE

B1. Zimbabwe has a per capita GNP of US\$610, higher than most sub-Saharan countries. Life expectancy is 56 (but is falling rapidly due to HIV/AIDS) and other social indicators are above sub-Saharan averages. But the distribution of income is highly unequal (the Gini coefficient¹ is around 0.60) and almost five million people live on less than US\$1 a day. Consumption levels and ownership of economic assets, such as arable land, are also unequal. The Government's 1995 Poverty Assessment Study Survey found that 46% of the people did not have access to minimum food requirements, and 61% fell below a Government-defined poverty line of access to basic needs including food, water, education and clothing.

B2. 70% of Zimbabweans live in rural areas, mainly in low-rainfall regions. Unsustainable subsistence agriculture is the norm, leading to soil erosion and depletion of other natural resources. In the communal areas, 84% fall below the Government's poverty line, as do 70% of people in the resettlement areas. Poverty is also prevalent among the families of workers on commercial farms. Rural poverty is correlated with land quality (low rainfall and lack of irrigation), poor education and large families.

B3. Over 40% of urban households also fall below the Government's poverty line. Urban wage levels, and remittances to the rural areas, have fallen during the last decade. But urban populations are growing at around 5% each year, increasing the demands on services. Of particular concern is the decline in urban nutrition levels, since the young unemployed are often overlooked by government and donor programmes, and many of them have lost touch with traditional social networks. In early 1998, increases in the prices of staple foods led to demonstrations in the major towns.

B4. Zimbabwe has one of the highest HIV infection rates in the world (over 25% of adults aged 15-45 are infected), and the United Nations Children's Fund has estimated that the country will have 600,000 AIDS orphans by the year 2000. The number of TB cases has risen by 300% since 1990, two-thirds of whom are HIV positive. HIV/AIDS has increased the demand for health care and reduced the resources

available for other diseases. The Government's initial response has been slow and limited, but a new National HIV/AIDS Policy has been drafted. The policy takes an integrated approach embracing all sectors and envisages the creation of a National AIDS Co-ordinating Council. The potential social and economic impact of HIV/AIDS across all sectors urgently needs to be re-assessed.

B5. Women in Zimbabwe bear a disproportionate share of poverty. Women are under-represented in government and in formal sector employment, and are disadvantaged in access to credit and extension services. Early land reforms perpetuated gender inequalities in access to land, and many female-headed households in communal areas are dependent on remittances from urban wage labour. Women's vulnerability to domestic violence and their disproportionate role as care-givers are also growing concerns, especially in the context of the HIV/AIDS pandemic.

International Development Target: Economic well-being
- a reduction by half in the proportion of people living in extreme poverty, by 2015.

B6. The Zimbabwean economy is one of the most diversified in the region. Important sectors include agriculture (14% of gross domestic product (GDP)), manufacturing (19%), and tourism and financial services (10%). 40% of Zimbabwe's GDP is exported, largely through minerals, tobacco and other agricultural products. Small and micro-enterprises support about four million people, including 26% of the rural population. There is a large informal economy.

B7. Since independence in 1980, annual economic growth has averaged only 2.5%, compared to population growth of around 3%. In the rural areas, the differential is wider. This inevitably means a growth in poverty. The economy was also hit by severe droughts in 1992 and 1995 which reduced rural incomes and assets. The prevalence of extreme poverty increased during the 1990s, from around 17% to 37% of households.

¹ The Gini Coefficient measures inequality in distribution : a value of 0 represents complete equality, while a value of 1 represents all wealth concentrated in 1 owner. The highest in the world is Sierra Leone (0.63), the lowest is the Slovak Republic (0.20); the UK is 0.33.

B. THE CHALLENGE

CONTINUED

B8. The Zimbabwean Government has also operated with an unsustainable gap between government income and spending (averaging 8% of GDP) since 1985. In 1991, the Government launched an Economic Structural Adjustment Programme (ESAP) to promote growth with equity. Progress was made in deregulation and external trade reforms, but poor economic performance in drought years, continued parastatal losses and slow civil service reforms, prevented reduction in the fiscal deficit. Inflation and interest rates stayed high. Vulnerable groups also suffered from the introduction of user-fees, particularly in health, and from cuts in government services and food subsidies. Social safety nets were devised but were not effective.

B9. During 1997, a number of government decisions, including unbudgeted payments of pension arrears to war veterans, and the listing of 1,471 private farms for compulsory acquisition, undermined foreign and domestic investor confidence in government policy-making and there was a run on the currency. In June 1998 the International Monetary Fund (IMF) approved a Stand-By Arrangement (SBA) to rebuild Zimbabwe's foreign reserves, and the main SBA targets were met in 1998. However, poor export performance, continued public enterprise losses, a series of government decisions on food and energy prices and tax concessions, as well as the intervention in the Democratic Republic of Congo and concerns about corruption, continued to weaken confidence. Investment and manufacturing output fell sharply in 1998, the Zimbabwe dollar depreciated by over 60% and inflation rose to over 40%. In early 1999, Zimbabwe faces a fiscal crisis. Interest payments on domestic public sector debt are rising sharply and threaten further increases in the fiscal deficit, interest rates, and inflation. These would all increase poverty further, through their impact on employment, incomes (including urban remittances) and social expenditure.

B10. Zimbabwe has the capacity to make great progress in reducing poverty, if economic policies are improved. The economy has high potential, based on abundant natural resources including land and minerals, strong infrastructure and financial institutions, a strong tax base and an educated workforce and civil service. GNP per capita growth of about

3% per year would be needed until 2015 to reduce by half the proportion of people living in extreme poverty with unchanged income-distribution. Income distribution can be improved through better education, more employment-intensive growth and redistribution of assets such as land. This could enable Zimbabwe to exceed the poverty targets.

B11. To address the fiscal crisis, Zimbabwe is considering options (some of them included in the Government's Programme for Economic and Social Transformation (ZIMPREST)) to curb public enterprise losses, focus government expenditure on essential services, and accelerate privatisation in order to increase efficiency. Improved budgetary planning and expenditure management, including analysis of the poverty impact of different programmes, could strengthen this approach and help Zimbabwe to negotiate an Enhanced Structural Adjustment Facility (ESAF) loan from the IMF and structural adjustment credits from the World Bank and others, which would help to reduce poverty. Meeting the economic well-being target will also require a focus on better and more sustainable rural livelihoods, especially in the poorest districts. At the policy level, government commitment to clearer poverty reduction targets is needed, with improved co-ordination between ministries. Effective implementation will require greater participation by beneficiaries, the private sector and civil society in decision-making and service delivery. Special measures may be needed to assist vulnerable groups, such as the landless and unemployed and AIDS orphans, who are often overlooked by government and donor programmes.

B12. Land reforms and resettlement are also essential for poverty reduction. They can also help to develop a wider land market and commercial agriculture, through changes to legislation on tenure, subdivision and taxation. At the Land Conference in September 1998, the Government set out an approach based on principles of poverty eradication, equity, transparency, respect for the law, broad stakeholder and beneficiary participation, and legislative reforms. The approach was unanimously endorsed by donors, but has not been implemented consistently by the Government who have taken steps which do not adhere to these principles.

B. THE CHALLENGE

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International Development Targets: Education

- universal primary education by 2015
- eliminating gender disparity in primary and secondary education by 2005

B13. At independence, Zimbabwe inherited an inequitable education system, in which a few government schools catered for a small, mainly white élite, and little public provision was made for the rural areas. In the 1980s, investments by the new Government doubled the numbers of primary schools (from 2,300 to 4,700) and of children enrolled (from 1.24 million to 2.49 million). Secondary education expanded from very low levels, and now provides 1,528 schools currently serving 0.75 million children.

B14. Education still absorbs 26% of public expenditure, but the share is declining. Charges (including schools fees, and levies for books) were introduced in 1992 for secondary schools and for some urban primary schools. The enrolment rate in primary schools has fallen from a peak of 95 percent in the mid-1980s to 85%. Non-enrolment is concentrated among the poorest groups. There are insufficient schools in the commercial farming areas, in remote communal and resettlement areas, and in some urban centres. Gender inequality is re-emerging. Enrolment and completion rates are about 5% lower for girls than boys in primary school and nearly 10% in secondary school. The literacy rate for the 15-24 year-old population is about 85%, with a 10% differential between males and females. These inequalities stem from barriers within schools and in society, including teacher and parental attitudes, and sexual harassment of girls in secondary education.

B15. The quality of education provided is also a concern. 96% of the primary education budget now goes on teachers' salaries. Books and learning materials are in short supply, school buildings and furniture are poor and deteriorating, and teacher training programmes are weak. The system of 'O' and 'A' levels has not been updated. 75% of secondary students pass fewer than five 'O' levels. Pass rates are lower in poorer districts.

B16. The two education ministries (the Ministry of Education, Sports and Culture, and the Ministry of Higher Education and Technology) have published plans that run until the year 2000. Both are involved in the Government's restructuring and decentralisation proposals, and are likely to be affected by the Commission on Education and Training, which will report in mid-1999.

B17. Achieving universal primary education is likely to require sustained commitment from the Government, communities and donors, to plan for and meet the needs of children from a variety of disadvantaged groups, especially in rural areas. Charges in primary education need to be abolished or reduced. Eliminating gender disparities, especially in school completion rates, may require specific monitoring and guidance, supported by a cluster of initiatives that are known to improve female enrolment, such as preventing abuse of girls in school, and provision of scholarships.

International Development Targets: Health

- a reduction by two thirds in the mortality rates for infants and children under five, and a reduction by three fourths in maternal mortality, all by 2015.
- access through the primary health care system to reproductive health services for individuals of all appropriate ages, as soon as possible and no later than 2015.

B18. Remarkable progress was made in Zimbabwe's health sector in the decade after independence. Infant mortality was reduced from 82 (1980) to 61 (1988) per thousand; under-five mortality was reduced from 107 (1980) to 84 (1988) per 1000; access to health services and child immunisation was raised from 71% to 82%. Much of this progress was made through improvements in rural health infrastructure and a focus on primary health care.

B19. However, since the late 1980s, service provision and health indicators have begun to decline. Per capita expenditure on health has fallen by 30% since 1990. It remains around US\$10, about 7% of government expenditure, and is among the highest in the region, but over

B. THE CHALLENGE

CONTINUED

45% of the budget is now absorbed by the eight central hospitals. Increasing workloads and erosion of real wages have contributed to low morale and high turnover among staff, particularly in the rural areas. The effects have been felt throughout the system, but preventive and outreach programmes have been the hardest hit. By 1997, infant mortality was reported to have risen to 89 per thousand and under-five mortality to 116 per thousand.

B20. Progress can be made towards the health targets. Access to reproductive health services is high (the contraceptive prevalence rate is over 55%) and improving. Maternal mortality rates can be reduced by improved access to quality maternal health services. But the child mortality targets cannot be met. The impact of HIV/AIDS is expected to increase child mortality over coming years by more than 50%. A realistic target would be to minimise the increase, by reducing mortality from common childhood infections.

International Development Targets: Environmental sustainability and regeneration

- the implementation by 2005 of national strategies for sustainable development, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015.

B21. Zimbabwe is rich in environmental resources, especially dry land ecosystems. But the historical clearance of vegetation for agricultural purposes, as well as smallholder over-grazing, slash-and-burn agriculture, and deforestation for firewood, have led to widespread desertification, soil erosion and losses of biodiversity. In the communal areas, over 40 tonnes of soil per hectare are lost each year and 25% of the land is already degraded. In urban centres, water and air quality is being reduced by poor waste disposal and sanitation in high-density suburbs, industrial pollution, and transport growth.

B22. The Zambezi river system is important for relations with Zambia and Mozambique, for power generation, and for tourism. It also supports much of Zimbabwe's remaining biodiversity, although this is currently threatened by settlement in the Zambezi valley.

B23. The Government has good environmental policies, though it faces difficult challenges in implementing them with existing resources. Zimbabwe has ratified the main international conventions. It has developed impact assessment legislation, a National Environmental Action Plan and a Biodiversity Strategy Action Plan. The National Parks Department and the Forestry Commission are both being restructured to improve their operations.

B24. The environmental target can be met with donor support, as these and future plans are devolved to and implemented at the district and community level, through District Environmental Action Plans. This process has already begun successfully, under the management of the Ministry of Mines, Environment and Tourism, and with the involvement of Rural District Councils.

Qualitative Elements of Development

- democratic accountability, protection of human rights and the rule of law.

B25. ZANU(PF) won the first democratic elections and has ruled Zimbabwe since 1980. President Mugabe has combined the roles of Head of State and Government since 1987. ZANU(PF) formally amalgamated with PF-ZAPU in 1992, helping to bring to an end violations of human rights in Matabeleland. It has 147 out of 150 MPs in Parliament. There are other political parties, but none is currently strong. Recent elections have produced a low voter turn-out, often well under 30%. The next Parliamentary elections will be in 2000 and Presidential elections in 2002.

B26. The Zimbabwean Government is centralised, with an Executive Presidency and a prominent role for ZANU(PF) and its politburo in political and economic decision-making. Accountability to Parliament and the public is weak. Ministries have overlapping responsibilities. These factors have led to erratic decision-making and delays in implementation. At the same time, increasing poverty, the HIV/AIDS pandemic, and economic difficulties have all emerged as major challenges for the Government. Corruption, especially in the award of contracts, is also perceived to be a major issue and is frequently reported in the press. Although Commissions of Enquiry have been held, action is not always taken on the findings.

B. THE CHALLENGE

CONTINUED

B27. However, the Government is participating in efforts to ensure greater transparency and accountability in the conduct of public affairs. A debate is underway on possible changes to the constitution. Parliament is playing a stronger role in scrutinising legislation. The Government has made efforts to consult stakeholders on land and macro-economic issues, through the National Economic Consultative Forum. Extensive reforms of the machinery of government are planned, including civil service reforms and decentralisation, to make services more responsive to the people and provide them more cost-effectively. Policy-making and implementation could be improved with greater participation by civil society and the private sector, and by devolution to independent bodies and regulators.

B28. From the the mid 1980s until recently Zimbabwe has maintained a generally good record on human rights, enabling the country to play a constructive role in the region. Ethnic diversity, freedom of speech, the rule of law and low crime levels, are widely recognised as important ingredients of Zimbabwean culture, and necessary for social and economic stability. The judiciary is independent, though as in many countries, the access of the rural poor to the formal judicial system is limited. The police force is effective; it is also committed to an ambitious change programme to promote community policing and improve security in rural areas, and is taking steps to improve its public order management. The media is largely government-controlled, though there are several independent newspapers. Measures to promote the open flow of information, particularly to rural areas, could help to spread democracy and accountability.

B29. Human rights emerged as an issue at the end of 1998 with the use of emergency Presidential powers to ban any collective action. In early 1999, the military was accused of torture and contempt of court in a case involving detention of journalists by the military police. The lifting of the ban and the full investigation of torture allegations would help to restore the rule of law and respect for human rights.

B30. Zimbabwe is a signatory of the Convention for the Elimination of Discrimination Against Women. Gender equality is protected by the constitution, and by subsequent

legislation such as the Legal Age of Majority Act and the Wills and Estates Act. Challenges remain to take forward the Beijing Platform for Action, to address gender issues in health, education and other sectors, and to ensure that women are aware of and can access their rights.

INTERNATIONAL ISSUES

B31. Zimbabwe has not been directly affected by the Asian economic slowdown of 1998, or the ensuing disturbances in world capital markets. Although the prices of Zimbabwe's main commodity exports, gold and tobacco, have fallen, this has been cancelled out by falls in the price of imported fuel and chemicals. However, the depreciation of the South African rand has contributed to a decline in the Zimbabwe's balance of trade.

B32. Zimbabwe is involved in trade negotiations in three fora: the Southern African Development Community, the post-Lomé process and the World Trade Organisation. These inter-related discussions will raise many complex issues, and agricultural trade, which is of great importance to Zimbabwe, will feature prominently in all three. Zimbabwe also benefits from preferential access to European markets, although European Union restrictions upon beef and asbestos imports, and phytosanitary controls upon horticultural imports, can affect their value. DFID can offer support to Zimbabwe to analyse and negotiate on trade liberalisation issues.

B34. From 1993 to 1997, Zimbabwe's external debt stock fell from 67% of GDP to 57%, and the debt-service ratio fell from 30% to 17%. But this was achieved largely through an increase in net domestic financing of government, which reached 13% of GDP in fiscal year 1997-98, and the reduction has been partly reversed by devaluation of the Zimbabwean dollar. The domestic debt burden will become unsustainable without measures to address the fiscal crisis and support from the international financial institutions. Outstanding debts to DFID, stemming from old loans, amount to about £12 million. DFID has offered to write off these debts if policies are adopted that benefit the poor and bear down on corruption.

C. PARTNERSHIPS

C1. Zimbabwe is a low-income country, containing a large proportion of poor people. The UK has strong links in Zimbabwe and could make a strategic contribution to efforts to reduce poverty. We should therefore be prepared to embark on a long-term partnership with Zimbabwe to reduce and eventually eliminate poverty. Zimbabwe already meets some of the partnership criteria (set out in the UK Government's White Paper, *Eliminating World Poverty - A Challenge for the 21st Century*), which are discussed below.

Commitment to the principles of the agreed International Development Targets, and pursuit of policies designed to achieve these and other UN targets which Zimbabwe has agreed; commitment to pro-poor growth and conservation of the environment, and pursuit of appropriate policies.

C2. Zimbabwe has accepted the main international development targets. But the targets are not incorporated in ZIMPREST or in other recent government policy statements, and fully-funded plans to achieve the targets have not yet been drawn up in every case. The Government's Poverty Alleviation Action Plan, led by the Ministry of Public Service, Labour and Social Welfare, focuses on community development, micro-enterprises, poverty monitoring and social safety nets. It is a rolling three-year programme which needs to be integrated into the programmes of other ministries. Negotiations on an ESAF programme and a new structural adjustment credit, which would help to promote pro-poor growth, have not yet been completed. The Ministry of Mines, Environment and Tourism is committed to the environmental target, and is pursuing appropriate policies.

Engaged with us and the donor community to eliminate poverty.

C3. We have effective partnerships with certain ministries including the Ministry of Lands and Agriculture and the Ministry of Local Government and National Housing, and with the Zimbabwe Republic Police. The Government has begun to engage the donor community in discussions on land reform, health and education, but consensus on sector-wide policies and co-ordinated donor support have not yet been achieved. In some other sectors, donor co-ordination mechanisms are not actively exploited by the Government, and coordination between donors needs to be strengthened.

Pursuit of policies that promote responsive and accountable government, recognising that governments have obligations to all their people; promotion of civil, cultural, economic, political and social rights; encouraging transparency and bearing down on corruption in the conduct of both the public service and the business sector.

C4. The Government's achievements in expanding services to its people have been impressive, but are beginning to fade with capacity constraints. As noted in section B, decentralisation, accountability, policy-making, and corruption are important challenges.

C. PARTNERSHIPS

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OTHER PARTNERSHIPS

C5. Local government in Zimbabwe is developing quickly, supported by the Ministry of Local Government and a consortium of donors including the UK. Capacity is still weak, but there are good opportunities to work with local authorities to reduce poverty. Zimbabwean civil society, including professional bodies and trade unions, human rights organisations, and women's and church groups, are active advocates of change and are becoming better co-ordinated. The Poverty Reduction Forum brings together civil society, the private sector and the Government to address poverty-related issues.

C6. The private sector in Zimbabwe is well-developed, and capable of playing a major role in the elimination of poverty. We are already working with Zimbabwean private sector organisations, especially in the development of small and medium enterprises. The UK is the largest private sector investor in Zimbabwe, and the second largest trading partner after South Africa. The Commonwealth Development Corporation has a stock of investments totalling about £40 million. There are good opportunities to develop further partnerships with private sector suppliers and investors in agriculture, water, and rural energy and infrastructure.

OTHER DONORS

C7. The IMF and the World Bank lead in supporting structural reforms and adjustment. Their programmes are giving increasing prominence to poverty, but it is not yet a central focus. The United Nations agencies are also well-represented, as are bilateral donors including Japan, the USA, Canada, Norway, Australia, and member states of the European Union. Foreign aid amounts to around US\$375 million annually, about 15% of the budget.

C8. The last Consultative Group meeting for Zimbabwe was in 1995. At the sector level, donor co-ordination is variable, although the United Nations Development Programme (UNDP) convenes useful co-ordination meetings on current issues such as drought, land and civil service reforms. But there is broad consensus among donors on development issues in Zimbabwe, and DFID has good relations with other donors in the sectors where we are working. We are co-financing important programmes with the World Bank and the European Commission, and co-ordinating effectively with bilateral donors in the main sectors of our programme.

D. CURRENT UK DEVELOPMENT PORTFOLIO

Di. The UK's current development assistance programme in Zimbabwe includes:

- **Public sector reforms.** We are supporting privatisation to raise revenue for the Government and increase indigenous participation in the economy. We also provided an adviser to the Public Service Commission who is helping with sub-contracting, decentralisation and commercialisation. Our largest project, co-financed with the World Bank and bilateral donors, is building capacity in Zimbabwe's 57 Rural District Councils to decentralise the delivery of services and empower local communities. A promising start has been made, but it is too early to assess impact on poverty.
- **Security and Justice.** Our support for the Zimbabwe Republic Police is helping to deliver a better service to the community and improve public order management. Our assistance with legal training has helped to provide more and better magistrates.
- **Rural development.** We and other donors are helping the Government with its Water Resources Management Strategy, and supporting its Integrated Rural Water Supply and Sanitation Programme through projects in some of the poorest districts in Zimbabwe. Other projects, mainly run by non-governmental organisations (NGOs), are rehabilitating small dams and improving water points. The water projects have improved health and incomes in the rural areas. In agriculture, we are assisting in the control of pests and diseases, and post-harvest losses.
- **Health.** We have a wide portfolio that addresses major diseases and health policy and planning. We are helping to tackle diseases such as HIV/AIDS, malaria and measles, through contraceptives procurement and marketing, bed net supplies, and immunisation programmes. The disease control programmes have improved health indicators in the past, but HIV/AIDS is now undoing these improvements. We have also helped to fund the Ministry's Health Policy Development and Planning Department, providing management training, and supported a study on the extent and costs of diseases, but these projects have had limited benefits for the poor so far.
- **Private sector development,** mainly in urban centres. We are supporting a number of projects which are addressing the constraints on small enterprises, and assisting with access to credit, investment training, business and financial services, and agricultural supplies. These projects have helped to create or sustain about 5,000 jobs.
- A range of **NGO programmes** in various sectors. At present these are considered individually for funding from the bilateral programme without a clear strategy. This imposes management constraints on DFID Central Africa (DFIDCA) and the NGOs.

RECENT DFID ACTIVITIES IN ZIMBABWE

- 406 nurses have received training in sexually transmitted infections diagnosis and treatment, and they in turn have trained a further 1,400 staff throughout the country.
- Condom procurement system established, and 50 million condoms per annum distributed through the public sector. Social marketing of condoms - 4.5 million condoms sold in second year exceeding 2.5 million target.
- Social marketing of impregnated mosquito nets - 20,000 nets sold and 60,000 people protected.
- Measles immunisation - 90% coverage nation-wide.
- Community-based organisations also managing dam rehabilitation projects at 42 sites, benefiting over 30,000 people. In Bikita District, 52 boreholes have been drilled, 796 latrines built, and 100 family wells upgraded, while training programmes have produced 302 builders, 48 teams of bushpump mechanics, and 8,000 people attending health clubs.
- 1,300 new jobs in mainly women-owned businesses have been facilitated through provision of credit in urban areas, through a DFID-funded programme encouraging a commercial bank to provide credit to the informal sector.
- Over 100 small traders in the rural areas of Mashonaland have extended their activities into supplying agricultural and other inputs to farmers who used to have to travel long distances to meet their food growing needs.
- 768 magistrates, prosecutors and court officials trained.

D2. Key lessons from our current portfolio include: the difficulty of reaching the poor through government programmes, unless there is an effective commitment to poverty elimination and institutional reform; the potential benefits of integrated community-based approaches to addressing the needs of the poor; the importance of

involving a wide range of actors, including the private sector and local communities, alongside effective ministries; the significant advantages of working with other donors in joint appraisals and co-financing; and the need to focus on fewer, more strategic programmes.

E. FUTURE UK DEVELOPMENT STRATEGY

E1. The purpose of future DFID assistance will be to reduce poverty in Zimbabwe. This will include support for the development of policies to address the international development targets; support for decentralisation and the wider participation of civil society in policy-making and service delivery; and support for specific programmes to empower the poor, especially in rural areas, to develop sustainable livelihoods. The impact of HIV/AIDS and ways to mitigate it will be considered in all DFID programmes in Zimbabwe. The strategy contributes to all three of DFID's specific objectives:

- policies and actions that promote sustainable livelihoods,
- better education, health and opportunities for poor people,
- protection and better management of the natural and physical environment.

E2. The strategy has been drawn up through an open consultative process, with the Government and civil society. We will monitor the poverty impact of our programmes as well as Zimbabwe's overall progress towards the international development targets. We will review progress with the Government and civil society annually.

E3. Implementation of the strategy will depend on a number of factors, especially the Government's determination to address, with the assistance of donors, the fiscal crisis and the growth of poverty. The strategy therefore identifies some of these factors as they affect DFID's proposals and different scenarios are reflected in the requirements for DFID finance (which are discussed in section G).

Impact Area 1: Promoting economic growth that benefits the poor

E4. The analysis in section B suggests that many of Zimbabwe's problems, including the current fiscal crisis, the growing poverty and unemployment, and the constraints on health and education programmes, stem from poor economic

management. This also threatens the sustainability of DFID projects that depend on government support. If there is robust government commitment to improve economic performance and to reduce poverty, we will help the Government to reduce the budget deficit, tackle parastatal and public enterprise problems, and improve expenditure planning. Impact will be measured by indicators of the proportion of people living on less than US\$1 a day, and of available capital and recurrent finance for the primary health and education sectors.

- DFID can work with the Government, the National Economic Consultative Forum, the IMF and World Bank, to develop clear and well-co-ordinated policies and programmes to address the fiscal crisis and to move towards the international development targets. This will provide the framework for a pro-poor ESAF and associated adjustment programmes, to which we will consider providing balance of payments support and writing off Zimbabwe's debt owed to DFID. We would also be ready to provide technical assistance for poverty monitoring and assessing the impact of economic change on the poor, including general statistical capacity.

- DFID will continue to support the Privatisation Agency and the Public Sector Reform Programme. We would be willing to consider support for medium-term expenditure planning and financial controls, civil service streamlining, and revenue reforms.

Impact Area 2 : Good governance and the realisation of human rights

E5. Over the next five years, we will support the development of the institutional infrastructure for poverty elimination. This will include wider participation in policy-making, and effective decentralisation in relevant sectors including water and agriculture. It will depend on the Government's willingness to focus on core functions, to work with the private sector and civil society, and to provide adequate finance for local government and independent bodies. Impact will be measured by indicators of the institutional capacity of Rural District Councils and the police.

E. FUTURE UK DEVELOPMENT STRATEGY

CONTINUED

- DFID will provide further support for decentralisation through the Rural District Councils Capacity-Building Programme. This will include support for decentralisation policy, including revenue and staffing issues. We will also support decentralised water management by catchment councils, and measures to increase the capacity of local communities to manage services and natural resources.

- DFID will work with representative professional and community organisations who are committed to poverty elimination, to assist the Government in policy formulation at local and national levels, including constitutional reforms and macro-economic and sector policies. We will ensure that lessons learned at local level, including through our projects, are fed into national policies for poverty elimination, especially for water and agriculture, and promote a more integrated approach at national level between sector policies.

- DFID will support initiatives aimed at improving accountability, and tackling corruption. We will continue to support the development of an effective community police service, to improve service delivery and the access of the poor to security and justice, and to promote good public order management.

- DFID will work with ministries, civil society and other donors to ensure gender equity concerns are addressed in key macro-economic and sector programmes. We will look for opportunities to assist the development of Zimbabwe's post-Beijing Plan of Action. We will continue to promote gender equality by helping to disseminate the new Wills and Inheritance Law and through gender training of locally-elected leaders. We will also continue to work with organisations promoting the rights of marginalised groups such as commercial farm workers.

Impact Area 3 : Access of poor people to land, resources and markets

E6. Over the next five years, in districts where we are working, we will support efforts to reduce the proportion of people living in poverty. Impact will be measured by

indicators of rural consumption, and access to sustainably managed resources.

- DFID will support the Agriculture Services and Management Programme which will reorient the services provided by the Ministry towards small farmers, and improve cost effectiveness. We will support the rationalisation of other government programmes to promote rural development rather than continued dependency on public assistance.

- We will extend our rural development portfolio, which is largely concerned with rural water and sanitation, to address wider poverty issues. We will help communities to introduce irrigated agriculture and other economic opportunities into our current projects, through more productive use of groundwater, more renewable energy use, and better management of natural resources. We will consider extending this more holistic approach to additional districts where extreme poverty is concentrated. Given current fiscal constraints, we will emphasise the financing of recurrent costs by local communities.

- DFID will continue to support private sector development, especially to increase employment opportunities in rural areas, by addressing issues of savings, credit and skills training, and competitiveness in domestic and international markets. We will also support the development of private sector infrastructure provision in rural areas, with a focus on water, renewable energy, and agriculture, drawing on the new multi-donor private/public infrastructure advisory facility as appropriate.

- DFID will consider financial support for the Government's land reform programme, if it is part of an agreed strategy to eliminate poverty. This will require measures addressing poverty in the communal and resettlement areas, as well as support for further resettlement. It will also require wide participation by stakeholders, including women, in policy management and implementation. If these conditions are met we will provide technical and financial assistance during the inception phase, and help in defining a transparent, properly managed and cost-effective programme. The implementation phase will require very substantial expenditure by the Government

E. FUTURE UK DEVELOPMENT STRATEGY

CONTINUED

and donors together, and it is unlikely that adequate resources can be mobilised outside the framework of an ESAF. We will play our part, within an agreed framework, in the implementation phase.

Impact Area 4 : Health and education

E7. In the health and education sectors, the achievements of the 1980s are currently fading with weaknesses in sector management and the overall policy environment. DFID can support the Government's broad aims for health and education, provided that mechanisms for improved planning and budgeting are agreed, both within sector ministries and at the inter-ministerial level. To achieve its aims, the Government will also need to reallocate resources to primary health and primary education, review user charges, improve sector management, and co-ordinate substantial external support for future programmes. Decentralisation, co-operation and contracting with the private sector, and greater community participation are promising options for improving service delivery.

- Over the next five years, DFID will seek to help to extend primary education to children who currently have no effective access. Subject to the outcome of the Commission on Education and Training, and evidence of a coherent sector-wide strategy based on improved budgeting and management, we will also consider further involvement alongside other donors in the education sector. This could include the provision of facilities and materials, with a focus on the needs of the poorest regions and groups, as well as support for measures to improve the quality of teaching and learning in classrooms, and monitoring of gender equality in school completion rates at national and sub-national levels.

- In health, DFID will continue over the next five years to address reproductive health services and communicable diseases, especially HIV/AIDS, that are major causes of mortality and morbidity. This could involve continued provision and marketing, including through the private

sector, of contraceptives, malaria bed nets, and other essential supplies, as well as support for behaviour change programmes. We will integrate nutrition education, hygiene and sanitation improvements, and HIV/AIDS issues within our current projects. We will review our support for health service reforms when the Government has completed its current review and the prospects for a sector-wide approach, together with its budgetary and manpower implications, are clearer.

Impact Area 5 : Sustainable management of physical and natural resources

E8. The Government's environmental programme is high quality and important for the sustainable elimination of poverty, especially in the poorer communal and resettlement areas.

- DFID will co-finance through UNDP the development and implementation of District Environmental Action Plans (DEAPs), in the programme's second phase where the rural district councils will have important roles. Within the next five years, we will support completion of DEAPs and the start of implementation. We will also support biodiversity conservation and water system management initiatives in the Zambezi valley, and strengthen co-operation in research on renewable energy for rural communities.

- DFID will integrate conservation issues into our rural development initiatives, including our support for land reforms and projects supporting forest management, water catchment management, and the work of the agricultural extension services.

WORKING WITH CIVIL SOCIETY

E9. We will continue to support innovative poverty focused programmes developed by Zimbabwean civil society or UK NGOs, but plan to develop a Challenge Fund to facilitate this.

F. IMPLEMENTING THE NEW STRATEGY

Fi. We have strengthened DFIDCA's Zimbabwe team, allocating extra economic, social development and administrative time. We will reduce the number of small projects we administer directly, and concentrate on more strategic issues.

G. PROGRAMME RESOURCES

Gi. We hope to develop an effective partnership with Zimbabwe, involving additional support for a government programme to eliminate poverty. Such a partnership could include additional support for agreed sector-wide programmes in health, education and land reform. We would also expect to provide financial assistance, to support the budget and to write off Zimbabwe's debts to DFID in accordance with the Mauritius Mandate. Such a programme would require £25-30 million per year.

G2. If the Government fails to address the fiscal crisis and the growth of poverty, or returns to more directive economic policies, DFID's assistance will concentrate on interventions that would directly help poor people and be sustainable despite such difficulties. Such a programme would provide about £10 million per year.

SUMMARY OF CONSULTATION PROCESS

1. DFID Central Africa (DFIDCA) has completed a wide-ranging and helpful consultation process in the course of preparing the draft Country Strategy Paper.
2. The consultation process began on 29 September with a workshop with civil society. Zimbabweans from the private sector, from trade unions, the university, NGOs, human rights and women's groups, and environmental organisations, were invited. The workshop obtained the views of Zimbabweans on the main issues relevant to poverty elimination, and the priorities for DFID assistance. A further workshop on 2 October, following the same agenda, was held to obtain the views of the Zimbabwean Government.
3. The views of civil society and the Government were closely similar. Participants at both workshops welcomed the UK Government's White Paper, *Eliminating World Poverty - A Challenge for the 21st Century*. They stressed the extent of poverty in Zimbabwe, among urban groups as well as in the rural areas; the importance of public sector reforms (including privatisation and decentralisation) and improving government accountability; and the need for better co-ordination and policy making in government. On DFID priorities, both groups stressed the importance of focusing on sustainable rural livelihoods, empowering local communities, and increasing economic opportunities and employment. Both groups also supported the need to develop sector wide approaches in health, education, and land reforms, and they stressed the importance of smart partnerships with civil society and the private sector.
4. The draft country strategy closely followed the main themes expressed at the workshops.
5. Subsequently, short meetings were also held with representatives of UK-based NGOs and multilateral and bilateral donors, mainly to explore potential areas of co-operation in implementing the strategy. The NGOs and donors supported the analysis and priorities given to DFID at the workshops, and saw opportunities for co-operation.
6. The draft strategy was given to the Ministry of Foreign Affairs in November, with a request for comments on the strategy. At the same time the draft was sent to UK government departments and DFID chief advisers for comments. The comments from the Government and from London on the draft have been reflected in the final version.

COUNTRY PROGRAMME EXPENDITURE PROFILE (BY UK FINANCIAL YEAR APRIL-MARCH)

£ MILLION	1998/99	1999/00	2000/01	2001/02
EXPENDITURE PLANS*				
<i>Impact Area 1: pro-poor growth</i>				
Existing Commitments	0.3	0.1	0.5	
Economic Reform			0.5	0.5
Public Sector Reform			0.2	0.5
SUB TOTAL	0.3	0.1	1.2	1.0
<i>Impact Area 2 : governance</i>				
Existing Commitments	4.3	3.9	2.5	
Local Government Reform		0.1	0.5	1.0
Civil Society			0.5	0.5
SUB TOTAL	4.3	4.0	3.5	1.5
<i>Impact Area 3 : land & resources</i>				
Existing Commitments	4.1	2.5	1.2	
Land Inception Phase		1.0	1.0	
Private Sector		0.1	0.5	1.0
Rural Development		0.1	2.0	2.5
SUB TOTAL	4.1	3.7	4.7	3.5
<i>Impact Area 4: health & education</i>				
Existing Commitments	3.3	2.0	0.1	
Health and Population			1.0	2.0
Education		0.1	1.0	1.5
SUB TOTAL	3.3	2.1	2.1	3.5
<i>Impact Area 5: conservation</i>				
Environment		0.1	0.5	0.5
SUB TOTAL		0.1	0.5	0.5
<i>Aid & Trade Provision</i>				
Existing Commitments	5.0	4.0		
LOW SCENARIO TOTAL	17.0	14.0	12.0	10.0
Budget Support/Debt Relief		10.0	6.0	5.0
Sector Support (Health, Education, Land Reforms)		1.0	10.0	15.0
HIGH SCENARIO TOTAL	17.0	25.0	28.0	30.0

*All forecasts are highly approximate and do not represent commitments by DFID. Actual expenditure will depend on many factors involved in project preparation and implementation.