

**“DOES THE MORE THINGS CHANGE, THE
MORE THEY REMAIN THE SAME?”
BUDGET TRANSPARENCY
COMPARATIVE ANALYSIS: FIRST
VS THE SECOND REPUBLIC IN
ZIMBABWE**

JANUARY 2022



Analysts:

Innocent Bayai

Zvikomborero Sibanda

Bismark Mutizwa

Technical Editing: Janet Zhou

Table of Contents

Contents

Table of Contents	ii
Executive Summary	iii
I. Introduction	1
2. Budget Transparency Indicators.....	2
2.1 Clear Budget Information from the Government.....	2
2.2 Parliamentary Scrutiny and Engagement	7
2.3 Openness and Civic Engagement	9
2.4 Independent Oversight and Control- Functions of Internal and External Audits	10
2.5 Promoting Integrity Within the Public Sector- Procurement	12
2.6 Debt Transparency	14
2.7 Open Budget Survey	15
3.0 Conclusion	17
References	18

Executive Summary

Zimbabwe witnessed a change of leadership in November 2017 as the late former president Robert Mugabe resigned after 37 years (1980-2017) in the State House -one of the longest administrations in the world. This period saw a massive decline in socio-economic environment as it was defined by macroeconomic volatilities such as the world record 2007/8 hyperinflation for a country in peacetime. This administration was also characterized by lack of budget transparency. The incoming of the Second Republic under president Mnangagwa provided hope as it announced that it was going to bring transparency in government and prosecute all corrupt public officials. The administration is now in its 5th year in power. This prompted us to undertake a comparative analysis of the 2 political administrations to evaluate what has changed and what has not. The analysis found that there is a notable improvement in terms of the issuance of budget-related documents. During the Mugabe era prior to the Government of National Union (GNU) (2009-2013), the Budget Strategy Paper, In-year (execution) reports, Mid-year (execution) reports, and Supplementary budgets were not being published. Post GNU (2013-2017), the Mugabe presidency was issuing these key documents irregularly and not on time as per generally accepted standards. However, the Second Republic has improved from that front as the budget-related documents have been produced and shared with the public although they contain insufficient information.

As for the participation of the public, cosmetic budget consultations were done under Mugabe presidency and the coverage of these consultations was pathetic. The contributions of the public were disregarded. Unfortunately, under the Second Republic public consultations have remained a ritual as public input continue to be largely disregarded. The Parliament under checks and balances has Constitutional powers to scrutinize and oversee the Executive branch. However, this analysis found that under both administrations, the Parliament is powerless as the Executive continue to spend outside budget without the former's consent. This is attributed to the whipping system in place where parliamentarian is forced to vote on a party-line basis. From the debt front, transparency has improved under the Second Republic as we witnessed publication of annual debt bulletins and for the first time in history the 2022 budget was accompanied by a debt statement. However, there is still more that needs to be done as the borrowing process is shrouded in secrecy and it is being done without Parliament approval as required by law. Further, this analysis found no difference between the 2 administrations when it comes to transparency in public procurement. They are both marred by corruption scandals such as *tenderpreneurship* deals costing Treasury direly needed funds to implement development programs. While both presidencies allowed external auditing of government books, there is a lack of implementation of audit recommendations to strengthen existing porous PFM systems. The analysis also found a lack of transparency in the accounting of mining revenues. The mining sector is contributing over 60% of all illicit financial flows in Zimbabwe.

I. Introduction

In simple terms, budget transparency means a government that is fully open to its people with respect to how public funds are raised and expended. It is crucial in ensuring accountability (clarity about the use of public funds), integrity (curbing corruption), inclusiveness (inclusive debate about the use of public funds), trust (in government processes), and quality (transparency leads to better fiscal outcomes). From the foregoing, one can conclude that budget transparency is the recipe for robust, stable, inclusive, and sustainable economic growth and development. Generally, countries that are associated with the volatile macroeconomic environment, particularly developing nations like Zimbabwe, have also high inequality rates as the elites and politically connected benefit from corrupt activities through arbitrage.

While this write-up does not subscribe to big government economics, it recognizes the vital role played by the government in creating a conducive environment for business investment, levelling the playing ground to create opportunities for all groups of society while ensuring intergenerational equity (sustainability).

After the attainment of independence in 1980, the new government led by the late president Robert Mugabe was handed a roaring economy with the local currency at par with highly acclaimed stronger currencies like the British sterling pound and the United States Dollar. Statistics show that in 1980, one Zimbabwean dollar was worth US\$1.6.¹ In the first decade, massive investments were undertaken to eliminate the pre-existing racial inequalities and the impacts of segregation suffered by the black majority. At the time, the country was one of the leading economies in Africa, with processed exports reaching as far as Europe and East Asia. In the words of the late, former president of Tanzania and the iconic Pan African leader, Julius Mwalimu Nyerere back in 1981 he said to President Robert Gabriel Mugabe “You have inherited the Jewel of Africa. Do not tarnish it!”. At independence Zimbabwe had; It had the infrastructure, the regulatory framework for many sectors, boasted one of the most efficient civil service in Africa, the second most fearsome army in Africa after South Africa ,the best postal service (letters would be delivered to mail boxes) , Water and electricity supply was at its best (right into the high density townships), There were no “shanty” compounds in any major city off course not overlooking the dents of colonialism such as the inherited debt, the enclave economy and ownership status by the black majority.

However, as a result of rampant corruption and continued support of ineffective populist policies, the economy began to slow down. The currency began to tumble, and inflation skyrocketed with a debt fault at the early start of the New Millennium aggravating the situation. The country lost billions through corruption and illicit financial flows leading to the collapse of once vibrant & profit-making parastatals and SOEs. Nevertheless, the economic fortunes changed after the country officially adopted dollarization reform in 2009, thwarting record 2007/8 hyperinflation that was now hovering in million

¹ <https://www.cnbcfrica.com/2020/the-birth-of-zimbabwe-40-years-ago-the-days-when-the-zimbabwe-dollar-cost-1-60-us-dollars/>

if not billion percent overnight. The Treasury under the Government of National Unity (GNU) formed between ZANU PF and MDC began to conform to the principles of budget transparency. This helped in driving economic growth as corruption within government ministries was reduced and industries began re-opening.

The economy was subdued again from 2013. The government resumed overspending approved budget without parliamentary approved supplementary budgets. In 2017, the country witnessed a change of presidency, with the incoming Mnangagwa regime promising to eliminate corruption once and for all and get the economy back to its heydays. Now, 4-years in, the economy is still in the doldrums, and cases of corruption continue lingering. It is therefore imperative to undertake a comparative analysis of the Second Republic versus the First Republic concerning budget transparency -what has changed and what has not.

2. Budget Transparency Indicators

There are many internationally agreed budget transparency indicators that one can use to compare how transparent a government is. Below are selected variables used in this study to compare the Mugabe regime versus the Mnangagwa regime.

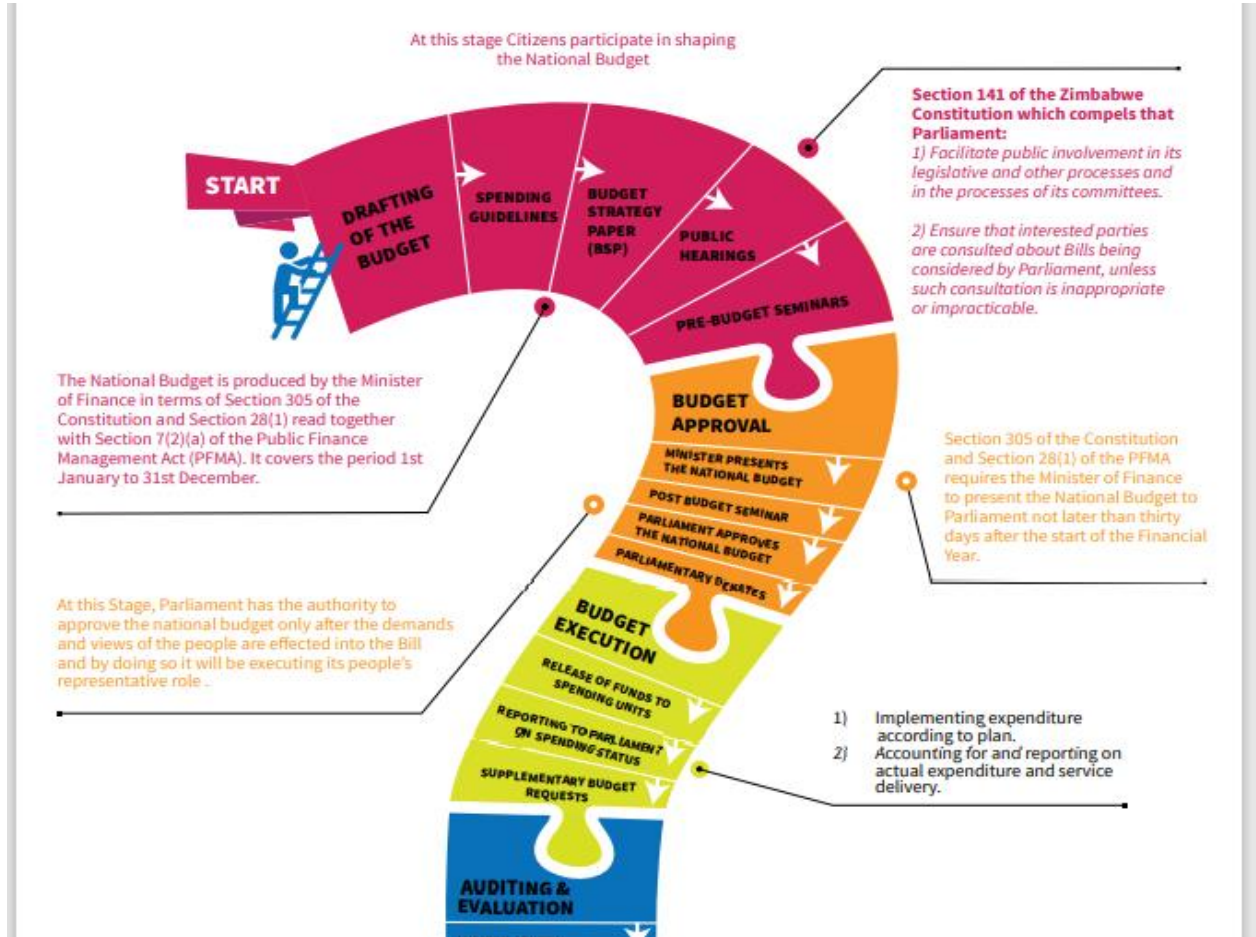
2.1 Clear Budget Information from the Government

The Organization for Economic Cooperation and Development (OECD)'s Recommendation on Budgetary Governance posits that governments should ensure that budget documents and data are open, transparent, and accessible through the availability of clear, factual budget reports which should inform the key stages of policy formulation, consideration, and debate, as well as implementation and review. Below are comparisons for the availability of clear budget information under the first and the second republic in Zimbabwe.

a) Budget Strategy Paper

A budget strategy paper (BSP) or a pre-budget paper is a prima-facie of the annual budgetary process whose major contribution is to define not only the ideologies underpinning the annual budget but also the status quo of the macro-fiscal fundamentals that inform the selection of priorities in the budget allocations for that current year.

Figure I: The National Government Budget Cycle



Source: ZIMCODD 2021 OBS

The Ministry of Finance and Economic Development (MoFED) has to produce the BSP in time for all stakeholders to understand the basis for policy and strategies adopted by the government thereby participating in the policy discourse from an informed position as well as questioning the prioritizations in budget allocations in a given financial year.

National budget consultations are supposed to be guided by the BSP thus the BSP must be produced in time to allow stakeholders to get to understand the government's budget suppositions. The BSP also makes it easy to check the congruency of the budget priorities against higher over-arching mid-term and long-term policy alignments such as the National Development Strategy I (NDSI) and Vision 2030. Under the leadership of President Mugabe, the BSPs were availed before the presentation of the national budget. However, the BSPs were not serving their intended purpose of encouraging participation of all stakeholders including ordinary citizens.

In essence, the 2nd republic under E. D Mnangagwa has maintained the production of the BSPs although the lag time between the production of the BSP and the National Budget varies annually. Limited lag time constricts proper comprehension of the BSP by stakeholders thereby limiting the policy discourse thereof. The Open Budget Survey conducted by ZIMCODD in 2021 shows that 1.7% of the respondents had access to the BSP implying limited coverage of the BSP thereby affecting the quality of contributions by the public. Other limitations of the BSP include the technical language that repels lay citizens, the government-structure-centered communication and discussion of the BSP which excludes

citizens, and the little awareness around the BSP to an extent that it is hardly known by the citizens. The ZIMCODD 2020 Open Budget Survey notes that the MoFED released the BSP on the last day of the budget consultations implying that the 2021 budget was prepared without a guiding BSP thus the production of the BSP is ritualistic as it does not perform its role and there is a possibility that the budget can be unrelated to the BSP.

Table 1: BSP Major Issues

		Major Issues/Improvements		
		Prior GNU (1980-2008)	GNU (2009-2013)	Post GNU (2013-2017)
First Republic		<ul style="list-style-type: none"> • Not issuing BSPs. • Lack of BSPs was followed by cosmetic public consultations. • Ultimate result was zero participation of citizens in the budget process. 	<ul style="list-style-type: none"> • Introduced the BSP concept in Zimbabwe for the first time in 2011² • Adopted a single BSP for the period 2012-2014 as guided by the STERP & MEP • Had enough lead time for input from all stakeholders • Public awareness was improved. 	<ul style="list-style-type: none"> • Annual BSPs were adopted but were issued inconsistently e.g. There was no BSP for 2015 (as per official website archives). • Poor delivery to all stakeholders. • There was zero public awareness. • Publicly published close to budget presentation dates.
		Post 2017		
Second Republic		<ul style="list-style-type: none"> • Improved from Post GNU as annual BSPs were issued yearly though with inconsistencies in timeliness • Also, they were publicly published on time relative to First Republic • Poor distribution of BSPs to underserved communities • No translation of the BSP in multiple official languages 		

b) Other Budget Related Documents

Other budget-related documents are key in ensuring transparency of the fiscal processes. These are:

- **Executive Budget Proposal (draft budget)**

It is generally accepted that the draft budget should be submitted in good time to give more time for parliamentary review. The draft budget contains the government’s objectives for fiscal policy as well as its priorities for revenue & expenditure policy in the forthcoming year. A historical review of

² The Herald, 28 July 2011 | available at: <https://www.herald.co.zw/government-to-launch-budget-strategy-paper/>

Zimbabwe's budget cycle over the years shows that the draft budget has been presented before parliament in November, giving the parliament nearly a month of consultations, debates, and amendments. This observation shows that both Mugabe and Mnangagwa administrations have been transparent when it comes to tabling the draft budget.

- **Approved Budget**

After the draft budget, comes the Approved Budget, which is a budget as approved by the parliament. According to the OECD, this is a definitive point of reference for the raising of revenues and allocating and accounting for public funds. Zimbabwe recognizes the importance of an approved budget in formulating a legal basis for levying taxes and allocation of funds. The approved budget should be published to the public as soon it is passed by the parliament and have legal effect before the start of a fiscal (budget) year. Again, there have been no challenges with the sharing of the budget with the public by the MoFED in both administrations. The approved budget time series is publicly available on the finance ministry's website.

- **Supplementary Budget**

A supplementary budget contains the amendments to the approved annual budget. Typically, it is a mechanism to authorize changes to original allocations and appropriations in the approved budget being necessitated by unforeseen contingencies such as natural disasters. For the sake of transparency, this should outline all the reasons for the basis of supplementary budget measures, highlight the impact on fiscal policy objectives, and be authorized by the parliament before the expenditures are incurred. The Mugabe and Mnangagwa regimes have both tabled supplements before the parliament for approval.

However, despite tabling the supplementary budgets, both regimes have been notoriously known for overspending the approved budget. This is evidenced by unsustainable budget deficits incurred during the Chinamasa's tenure³ as the Treasury Chief. For instance, the Command Agriculture scheme which entailed the purchase of agricultural inputs for distribution to beneficiaries (farmers) resulted in massive growth in fiscal spending against dilapidating revenue collections leading to widening deficits between 2016 and 2018.⁴ The deficits also ballooned as the government purchased maize from farmers at an overvalued price per ton of US\$390 when the highest global price per ton was at about US\$180.

Figure 1 shows that during the GNU (2009-2012), there was increased fiscal discipline in government as evidenced by primary fiscal surpluses -excess of government revenues over non-interest spending.

Fig 1: Primary Fiscal Balance (US\$ million)



³ Patrick Chinamasa was the finance minister between 2013-2017 (Mugabe regime) and 2018 (first part of Mnangagwa regime).

⁴ <https://aercafrica.org/wp-content/uploads/2021/08/Working-Paper-TR001.pdf>

Source: Ministry of Finance, 2018.

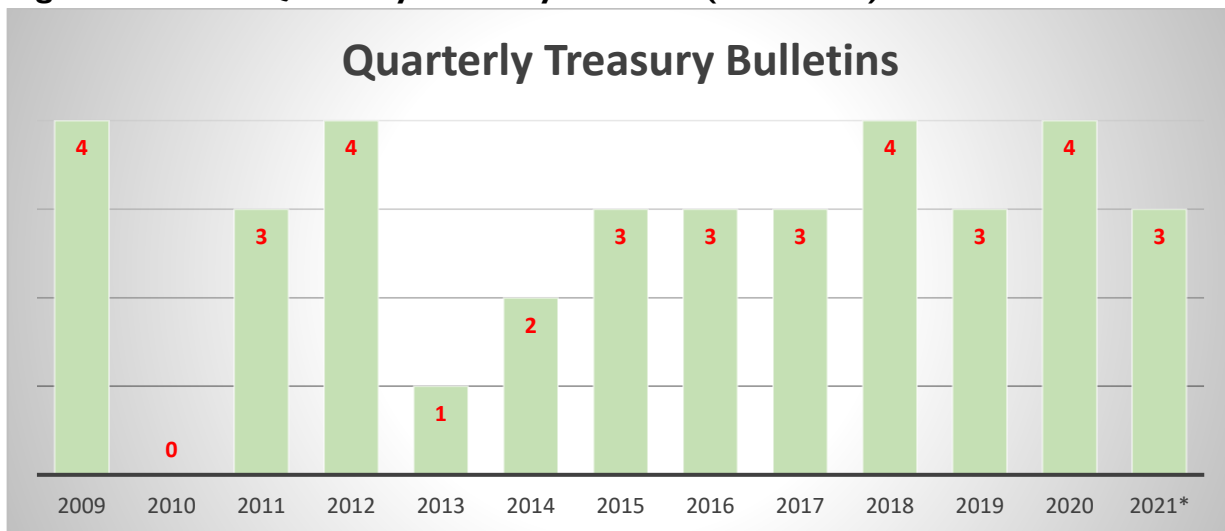
Further, between January and September 2021, the government was 14.7% above its spending target. There is a lack of transparency in spending budgeted amounts in Zimbabwe. Even if the supplementary budgets are tabled and approved, the government ends up spending way above the approved limits. The Auditor-General found unauthorized spending of about ZW\$6.8 billion, an amount that should have been approved by parliament. The Speaker of Parliament was not happy with the actions of the Executive Branch of disregarding the Legislative Branch. Here are his words:

I, therefore, urge the Minister of Finance and Economic Development to promptly engage Parliament and regularize this unacceptable fiscal anomaly. I further demand strict adherence to the dictates of the Constitution, the Finance Act, the Appropriation Act, the Public Finance Management Act, and any other legislation that attempt [sic] to ensure value for money in the budgetary processes of our country.⁵

- **In-year Reporting**

According to OECD, in-year budget execution reports give a snapshot of the approved budget's implementation during the year, and they signal the need for corrective actions where appropriate. These budget execution reports are published on a monthly or quarterly basis. Public information on the MoFED website⁶ shows that in-year (quarterly) reports started to be published during the GNU era as periods prior (1980-2008) had no updates. This shows that the Mugabe regime was not transparent with respect to the sharing of budget execution reports thereby hindering citizens and civil society to track for the value for money. Also, these budget execution reports are very crucial for the private sector to measure economic strength to build their expectations and guide their investment decisions.

Fig 2: Zimbabwe Quarterly Treasury Bulletins (2009-2021)



Source: MoFED Website *Q4:2021 maybe reported as it is still falling within reporting timeframe

⁵ <https://www.techzim.co.zw/2021/11/zim-restrained-and-carefree-in-spending-civil-servants-get-raw-deal/>

⁶ http://www.zimtreasury.gov.zw/index.php?option=com_phocadownload&view=category&id=39:quarterly-bulletins-before-2011&Itemid=760

After the GNU period, President Mugabe's government continued with its culture of not fully publishing quarterly treasury bulletins. Between 2013 and 2017, the administration failed to adhere to full reporting as it managed to publicly provide only 60% of the in-year reports. As for the Mnangagwa administration, it has managed to provide 88% of the expected in-year reports on time in 2019, 2020 and 2021. However, the information provided in these in-year reports is less informative as the Treasury is failing to disburse budget votes on time. For instance, from January to September, the Ministry of Health and Child Welfare managed to spend only 46% of its budget votes while Ministry of Agriculture overspent its votes by 71% to settle at 171%. This was only revealed in the presentation of the following year's budget yet 2021 in-year reports for the first, second and third quarter were silent. As such, the producing in-year reports have become more of a ritual and they cannot be relied on.

- **Mid-year and Year-end**

The government should also publish a mid-year implementation report. This report analyses the impacts of the budget in the first half of the budget year. It provides a detailed update on budget implementation relative to in-year execution reports. In addition to its use for budget oversight, the mid-year report can also yield useful insights which can inform the pre-budget deliberations for the following year. It is generally accepted that this report should be published within 6 weeks of mid-year. Further, there should also be a year-end report on the actual budget execution during the budget year (execution reports) and give a picture of government accounts at the end of the budget year (financial statements). It is these 2 reports that will be submitted to the Office of Auditor-General (OAG) for auditing. Ideally, year-end reporting should be released within 6 months of the fiscal year.

Since 2019, the Second Republic has managed to provide the mid-term budget reviews within the first 6 weeks of the mid-year whereas the First Republic was characterized by untimely and irregular mid-term reviews. As for year-end reporting, the Mnangagwa administration has continued with the Mugabe administration's culture of not submitting annual reports for auditing on time. For instance, the 2019 OAG reports⁷ have indicated that some government Ministries, Departments & Agencies; parastatals & state-owned enterprises (SOEs), and local governments (LAs) have submitted 2017 annual reports for auditing in 2019 while some have failed to submit anything to the OAG.

2.2 Parliamentary Scrutiny and Engagement

"The national parliament has a fundamental role in authorizing budget decisions and in holding government to account. Countries should offer opportunities for the parliament and its committees to engage with the budget process at all key stages of the budget cycle, both ex-ante and ex-post as appropriate" OECD Recommendation on Budgetary Governance. The following is a comparative analysis of parliamentary oversight role on national budget processes.

a) Parliamentary Engagement and Scrutiny

All budgets must get approval from the parliament as it is a key element of democratic accountability and oversight. When the parliament approves the budget, it gives democratic legitimacy to the levying of taxes as well as appropriation & use of public funds. The parliament

⁷ <https://www.veritaszim.net/ag-reports>

should be awarded enough time to scrutinize the budget proposal and approve it after extensive public parliamentary debates. However, given that Zimbabwe has been under the control of the ZANU PF government with greater majorities in parliament, the parliament has been rarely afforded a chance to publicly scrutinize the executive budgets and offer amendments. The system in place, under both administrations, is a 100% whipping system where members of a party vote according to their party's given positions rather than according to their ideology or will of their constituents. In some cases, a whole year's budget is passed by parliament in a day. For instance, despite outrage on the regressive tax policies like the US\$50 cellular tax in president Mnangagwa's 2022 proposed budget, it was rushed⁸ through both chambers without a single amendment and assented into law by the President. There is zero change between these 2 administrations when it comes to the promotion of parliamentary engagement and scrutiny of the proposed budgets.

b) Parliamentary scrutiny of budget executions and outturn

Scrutinization of budget executions and outturns by parliament is very important to ensure that public resources are utilized for their intended purposes as well as ensuring that approved policies in the budget are performing in a manner they were intended to. This helps to secure public confidence and trust in government processes and guard against abuse, misuse, and misappropriation of budgeted funds. In fulfilling this duty, parliamentarians make use of in-year execution reports, mid-year implementation reports, OAG annual reports, and hearings among other relevant procedures. However, as alluded to earlier, Zimbabwe's parliament has been ineffective in playing its oversight role for various reasons- lack of capacity, partisan politics, violation of laws by the executive among other causes. Some political commentators have labeled it as a "toothless bulldog" and a rubber stamp of corruption. The OAG reports unearth massive corruption scandals within the government quarters year-in-year-out, but no meaningful action has been undertaken by the parliament to hold public officials accountable. There is no difference between the First and the Second Republic when it comes to the plunder of public funds.

c) Capacitation of Parliament

As alluded to earlier, parliament is a very crucial institution that must be well capacitated to ensure budget transparency. For instance, research resources like in-house specialist budget analysts may breed a more informed engagement between the legislative branch and its executive counterpart. It is a public secret that budget processes and documents are highly complex issues and many bad policies may be hidden in deep economics jargon. As such, there is a need for specialists to help parliament effectively undertake its role. While Zimbabwe has a Parliamentary Budget Office (PBO), the office has been underfunded for years. The poor remuneration offered in the public sector compared to the private sector has led to the brain drain of competent economists and public policy experts in the PBO. Just like Mugabe, the Mnangagwa administration has continued with the underfunding of parliament thereby crippling its Constitutional mandate of ensuring budget transparency in Zimbabwe.

⁸ <https://www.veritaszim.net/node/5395>

2.3 Openness and Civic Engagement

Citizens should have the right and all non-state actors should have effective opportunities to participate directly in public debate and discussion over the design and implementation of fiscal policies -GIFT High-Level Principles on Fiscal Transparency. The following are some of the key determinants of budget transparency together with a comparative feel between the 2 administrations under this review.

a) Budget consultations

Budget consultations are part of the broad national governance structure which falls under participatory governance. Effective budget consultations constitute the bedrock for sound public finance management, which promotes bottom-up socio-economic development. Marango et al (2016) explained the stagnation in Zimbabwe as sorely due to weak citizen participation in budget consultation. Thus, budget consultations are a democratic process to provide residents with a platform to govern themselves and champion their own affairs, implying citizen participation. Citizen participation makes the executives take stock of their actions and account transparently the execution of their mandate.

The Mugabe and Mnangagwa regime both conducted and still conducts budget consultations. The Prime Minister's Directive on Decentralization of 1984 was adopted and operationalized through the enactment of the Provincial Councils and Administration Act, 1985. The directive sought to entrench a culture of participatory governance in local authorities including budget preparation, formulation, and implementation. In both regimes, the parliamentary committee on budget and finance was tasked with a mandate of initiating robust citizen engagement during the budget formulation stage to write down the citizens' economic aspirations. However, during Mugabe administration, it is reported that parliamentary team on a budget would go to rural areas for budget consultations *nicodemously*. This was done to undermine greater public participation which might be contrary to the government's expectations.

Surprisingly, the current administration under president E.D Mnangagwa has used the same tactics in determining the scale and magnitude of those who participate in budget consultations by choosing remote and inaccessible places for consultations. A good example is that of Gokwe-Chireya. While it was a noble idea of selecting a rural area for the 2022 budget consultation, the place was inaccessible for all those who live in Gokwe. To travel to Chireya, those who live at Gokwe center will need approximately two-three hours. At the same time, the unavailability of viable transport system also makes it difficult for citizens to commute. According to one key informant, there is one omnibus that leaves Gokwe center for Chireya at 4 pm, it will then return the following morning to Gokwe center and leaves again at 4 pm. Therefore, taking into consideration of the remarks of the key informant it is difficult for those who live in other parts of Gokwe such as Gokwe center to attend such consultative forums and public hearings which are essential in national development and growth.

Pseudo-budget consultation is another common characteristic in both regimes. Pseudo budget consultation refers to quasi or mock budget engagements. Thus, whatever outcome from the consultation will not deter the government's intentions and aspirations. Over the years, the people of Zimbabwe have been asking the government to prioritize health care, education, and

other vital social services to no avail. This is because, for the regime, the security sector is more strategic to its quest for consolidation than social protection. Therefore, huge allocations are given to the security services despite calls for a reduction in allocation. All this attests to the fact that in Zimbabwe budget consultations are a rub stamp meant to promote a smokescreen of robust engagements.

b) Publishing a Citizen's Budget

A citizen's budget transforms a complex budget into a simplified and clear manner that can be understood by civil society organizations (CSOs) and citizens from all walks of life. This is very crucial as it goes to the heart of fiscal transparency because with clear & simplified information of how much of taxpayers' money is being spent, where, and for what purposes, it builds confidence, trust, and support as well as allows the government to be held accountable of its actions. As such a citizen's budget should present budget tables, user-friendly graphics, and headline figures as simple as possible (in a consistent format yearly) and provide for summarized budget policies and measures including their impacts on citizens and the economy at large. In short, a citizen's budget is a less technical version of the approved budget. It is commendable that for the past 4 budget years, the MoFED in conjunction with parliament has been preparing citizens' budgets. This is a first because there was no such thing since the attainment of independence in 1980. This is commendable and going forward, the government should ensure that the citizen's budget is translated into various languages and disseminated on various platforms to ensure it reaches the audience in both rural & urban areas.

2.4 Independent Oversight and Control- Functions of Internal and External Audits

For effective fiscal transparency, Supreme Audit Institutions like Zimbabwe's Office of Auditor General (OAG) must be afforded maximum statutory independence from the Executive as well as unlimited access to relevant information, adequate resources to fulfill their audit functions and publicly report on the use of taxpayers' money.

a) Internal Controls

This entails internal audit procedures to protect budget appropriated funds from abuse, misuse, waste, and diversion into private hands. Internal auditors are also crucial in improving the effectiveness of organizational processes and the protection of organizational assets. However, this comes if the internal auditors are afforded independence, in congruency with governing internationally accepted audit standards for public institutions. The MoFED have an Internal Audit Department from time immemorial. Despite having internal control department and being the main guardian of public funds in this country, the MoFED both under Mugabe and Mnangagwa administration has failed to pass an external audit. This shows the lack of independence of the internal auditors because these auditors are entitled to provide recommendations to management regularly.

A closer look on the existing Public Finance Management (PFM) Act shows that the reporting structure of internal auditors at the Treasury is limiting their independence. They are mandated to report to the Chief Accounting Officer who is the Permanent Secretary. For transparency's

sake, the person under audit should not be the one to oversee the audit. The parliamentary submissions by ZIMCODD as order of Amendments to the PFM Act proposed that the internal auditors must report to the appointing authority- Treasury- and not to the Accounting Officer. The gazetted PFM Amendment Bill seeks to address this anomaly to give internal auditors full independence and work closely with the Office of the Auditor-General.

b) External Auditing (Auditor-General Reports)

The Auditor-General Report serves as an essential public expenditure document that tracks government expenses. It is an indispensable, tool that is utilized in ensuring optimum public finance management. The report is entirely the responsibility of the Auditor-General's Office tailor-made to enhance transparency and accountability in the use of public finance. The Auditor-General report also serves as an evaluation tool for internal control mechanisms within the public sector. To this end, this section presents an orthographic projection of the Auditor-General report under the Mugabe and Mnangagwa regimes to determine the government's commitment to its fiduciary responsibilities with respect to transparency and accountability of public finances.

• Auditor-General Report Under First Republic- Mugabe Administration

The first 10 years of the Mugabe regime were great in terms of transparency and accountability of public finance management as Auditor-General reports were published religiously. However, the Mugabe regime entrenched an iron grip on power, rent seeking and economies of affection also grew literally threatening safeguarding of public funds from looting by the political elite. This culminated in the interruption of the culture of transparency in public finance management leading to the decrease in the publication of Auditor-General reports and ultimate stop from the period 2000-2005 as the government tried to cover its financial irregularities (Kavran Report 1989). According to the Financial Gazette 14-19 August (2009), government expenditure had superseded its revenue generation and income while public officials, “embarked on cannibalism and looting of state property such as laptops and vehicles”. The Auditor-General Office could not produce annual reports for tabling during the period 2000 to 2005, this was because ministers and other senior officials were not giving the Audit Office the necessary information and books it needed to perform its task. This culminated in the failure by the Ministry of Finance back then to produce the much needed and so great Consolidated Revenue Fund statement for examination by the audit office (Government of Zimbabwe, Public Accounts Committee Report, 2009:5).

The failure by the government to publish the Auditor-General report from 2000-2005 as well as the refusal by the Ministry of Finance and Central Bank⁹, to submit the Consolidated Revenue Fund statement for evaluation attest to a culture of impunity and institutionalization of the abuse of public resources. This was also necessitated by weak legal, regulatory, institutional frameworks that govern public finance management in Zimbabwe. Thus in 2009, a legislative paradigmatic shift was witnessed. The Audit Office Act (chapter 22:18) and the Public Finance

⁹ During the Mugabe era in 2008, the Ministry of Finance was known as the Ministry of Finance and Central Bank. Currently under the Mnangagwa regime in 2022, it is called Ministry of Finance and Economic Development.

Management Act (chapter 22:19) were enacted repealing the Audit and Exchequer Act (chapter 22:03) as well as the State loans and Guarantees Act (chapter 22:13). The enactment of the Audit Office Act (chapter 22:18) and the Public Finance Management Act (chapter 22:19) improved effectiveness in the publication of the Auditor-General. Since the enactment of the duo legislation, the Mugabe regime published the Auditor-General report religiously.

Nevertheless, the continuous and relentless exposure of corruption by the Auditor-General had become a threat to the government as it was exposing how public officials are misusing public finance. Thus, on the 27th of July 2017, Mildred Chiri was dismissed, and a new Auditor-General Mike Ndudzo was appointed (The Financial Gazette 27 July 2017). The dismissal of Chiri was viewed by many as a move to silence her, in her quest to stop corruption. Thus, although the Mugabe regime made positive strides in crafting effective legislative (Public Finance Management Act and Audit Office Act) to ensure the ultimate publication of the Auditor-General report, it was not prepared to let citizens know the scale and magnitude of misuse of public resources by public officials.

- **Auditor-General Report Under Mnangagwa Administration**

In 2017 when President Mnangagwa began his reign he re-appointed Mildred Chiri as the Auditor-General. A move that was viewed by many as progressive with respect to public finance management. Since her appointment in 2017, the Mnangagwa regime only published the 2018 Auditor-General on time. The situation was exacerbated by the advent of COVID-19 which was then used as an ostensible justification for the government's delay in publishing its financial statement. The 2019 Auditor-General report was released in 2021 May after lobbying and pressure from various CSOs including the Zimbabwe Coalition on Debt and Development that engaged lawyers to send an Order for the release of the Report. While the 2020 report was released in November 2021. The failure by the current regime to release the reports on time is a cause of concern which mirrors the Mugabe regime's strategy of delaying or preventing the publication of the report when there are gross anomalies that undermine public confidence.

Out of all the three Auditor-General reports produced by the Mnangagwa only the 2018 report was published on time. The 2019 and 2020 were only published after pressure from various CSOs including ZIMCDD. Nevertheless, despite grey areas in both regimes, the Mnangagwa regime has never dismissed the Auditor-General just to derail transparency and accountability of public finance.

2.5 Promoting Integrity Within the Public Sector- Procurement

This largely entails the opening up of the entire public procurement cycle. According to the Open Contracting Partnership (OCP) Strategy 2015, there is emerging evidence that open contracting can save governments money and time, prevent corruption and fraud, create a better business environment, boost small businesses, and help deliver better goods and services to citizens. As such, opening the public procurement cycle will ensure fairer and equitable treatment of all potential suppliers and increase competition thus contributing to better value for money for citizens. Therefore, there is a need for openness in the procurement system (procedures, regulations & institutional frameworks),

competitive tenders, bidding documents, contract documents as well as evaluation reports. Thanks to evolving technology, the government can also adopt e-procurement tools to increase accessibility to, and fairness of government contracting. However, there is no change between Mugabe and Mnangagwa administrations when it comes to public procurement. The 2 republics are marred by procurement scandals which are prejudicing the Treasury millions if not billions of dollars per annum. Both regimes constantly recorded procurement scandals like tenderpreneurship deals. For instance, during the Mugabe administration we witnessed the Willowgate Motor Scandal¹⁰, GMB Scandal¹¹, and Ghost Workers Scandal¹² while for the Mnangagwa administration include the US\$3.5 billion Command Agriculture, Landela-ZUPCO saga¹³ and the US\$60 million COVID-19 Drax Scandal¹⁴ to mention just a few.

- **Mineral Revenue Disclosure**

Another key area is the accounting for revenues and expenditures in natural resources like Zimbabwe's vast mineral endowment. The country boasts of large reserves of minerals on global demand such as lithium, nickel, gold, diamond, and the Platinum Group Metals (PGMs) which comprise platinum, palladium, and rhodium among others. This analysis is of the view that fully showing public extractive sector revenues in the budget documents contribute immensely to transparency, public participation, and monitoring. One should expect to see mineral revenues like royalties, fees & concessions as well as government receipts of company mineral revenue payments.

Nevertheless, this was not the case during the Mugabe administration, and it remains a non-starter again in the Second Republic. During president Mugabe's days, about US\$15 billion¹⁵ of diamond revenues were looted. If properly used through the budget, this amount would have transformed a crumbling economy and uplifted millions especially rural folks out of abject poverty. The situation has worsened under president Mnangagwa, as his government publicly admitted that it is losing about US\$100 million per month¹⁶ through gold smuggling alone. What if other minerals are added to the mix? For instance, the 2019 OAG reported that over 300,000 carats of diamond were not properly accounted for by ZMDC. The mining sector is losing billions annually through illicit financial flows. The sector falls short of transparency with respect to the awarding of mining contracts, mining claims & rights, the conclusion of private mining investment deals as well as the flow of mining revenues. Ironically, the Sentry Report¹⁷ has shown that the Mnangagwa administration through its corrupt and powerful syndicate led by Kuda Tagwirei is creating a mining empire in Zimbabwe through shadow shell games like their Kuvimba Mining House.

¹⁰ <https://www.washingtonpost.com/archive/politics/1989/04/15/3-cabinet-ministers-quit-in-zimbabwe-as-corruption-report-is-published/31e0f5ce-269d-49b3-832c-230129281606/>

¹¹ <http://www.ipsnews.net/2000/03/politics-zimbabwe-government-minister-charged-with-alleged-corruption/>

¹² <https://www.bloomberg.com/news/articles/2020-12-21/zimbabwe-removes-10-000-ghost-workers-from-payroll-herald-says>

¹³ <https://www.theindependent.co.zw/2020/05/29/zupco-bus-deal-a-hot-potato-in-govt-circles/>

¹⁴ <https://www.fairplanet.org/story/covid-19-drugs-supply-tender-scandal-erupts-in-zimbabwe/>

¹⁵ <https://www.cnbc.com/2018/05/24/zimbabwe-mugabe-misses-diamond-loss-parliament-hearing.html>

¹⁶ <https://www.chronicle.co.zw/us100-million-gold-smuggled-out-of-zimbabwe/>

¹⁷ <https://thesentry.org/reports/shadows-shell-games/>

2.6 Debt Transparency

Zimbabwe is one of the most indebted countries in the region. The country is in debt distress - where a country is unable to fulfill its financial obligations when they fall due. According to the latest statistics released in the 2022 Budget, total Public and Publicly Guaranteed debt (PPG) as of September 2021 totaled US\$13.7 billion, a 28% growth from US\$10.7 billion recorded as of December 2020. This PPG comprises an external debt of US\$13.2 billion and domestic debt of US\$532 million. However, the PPG figure excludes contingent liabilities like the US\$3.5 billion compensation to former commercial farmers who were affected by the disorderly Land Reform Programme of the early 2000s. If included, these contingent liabilities will push the debt threshold to over 100% of national output (GDP). The astronomical growth of public debt in 2021 was largely due to the government's assumption of RBZ balance sheet debt which is estimated at US\$3.3 billion legacy debt/blocked funds.

President Mnangagwa's Treasury under the stewardship of Prof. Mthuli Ncube has changed the course of debt reporting in Zimbabwe. The administration introduced annual debt bulletins starting with the year ending December 2020. This is a commendable effort in the struggle towards the achievement of transparency in the contraction and management of public debt. These bulletins give a breakdown of external and domestic debt arrears & DOD by creditors. Also, for the first time in Zimbabwe's history, the 2022 National Budget was accompanied by a Public Debt Statement and the budget itself has a section showing the 2022 Annual Borrowing Plan. Further, the government has been publicly disclosing its payment to creditors. For instance, it revealed that in March 2021, it had resumed payment of quarterly token payments to multilateral development banks: World Bank (US\$1 million), AfDB (US\$500,000), and European Investment Bank (US\$100,000) as well as token payments to the 17 members of the Paris Club for the first time in 2 decades. This is essentially a good gesture in the restoration of creditors' trust that can pave the way to a concrete debt clearance plan.

While this is a welcome development in the road towards the attainment of fiscal transparency with respect to public debt management in Zimbabwe, the borrowing process under president Mnangagwa remains shredded in secrecy just like the period of President Mugabe. For instance, the country has amassed a lot of Chinese debt without disclosing the terms and conditions of the loans to the citizens who in turn have to foot the entire bill when obligations fall due. There are reports that the government is continuing with collateralized borrowing using natural resources. The Afreximbank has also emerged as another external lender of last resort. It was revealed that the country had borrowed about US\$1.4 billion¹⁸ between Dec 2017 and December 2019 from this bank. Again, the terms and conditions of these loans are not fully disclosed to the public.

The burgeoning public debt burden is not translating into socio-economic benefits but is further entrenching millions of citizens into extreme poverty. The citizens are now facing elevated taxation, widening intergenerational inequalities, and rising environmental injustices. Due to these resource-backed loans buttressed by the quest of the Mnangagwa government to achieve a US\$12 billion Mining Vision by 2023, unsustainable mining activities have ballooned leading to environmental degradation, pollution of air and water sources, farmer-miner conflicts, and human-wildlife conflicts as communities are displaced forcefully from their cultural land to pave way for miners. Therefore, there is a need to

¹⁸ http://www.xinhuanet.com/english/africa/2021-02/13/c_139741260.htm

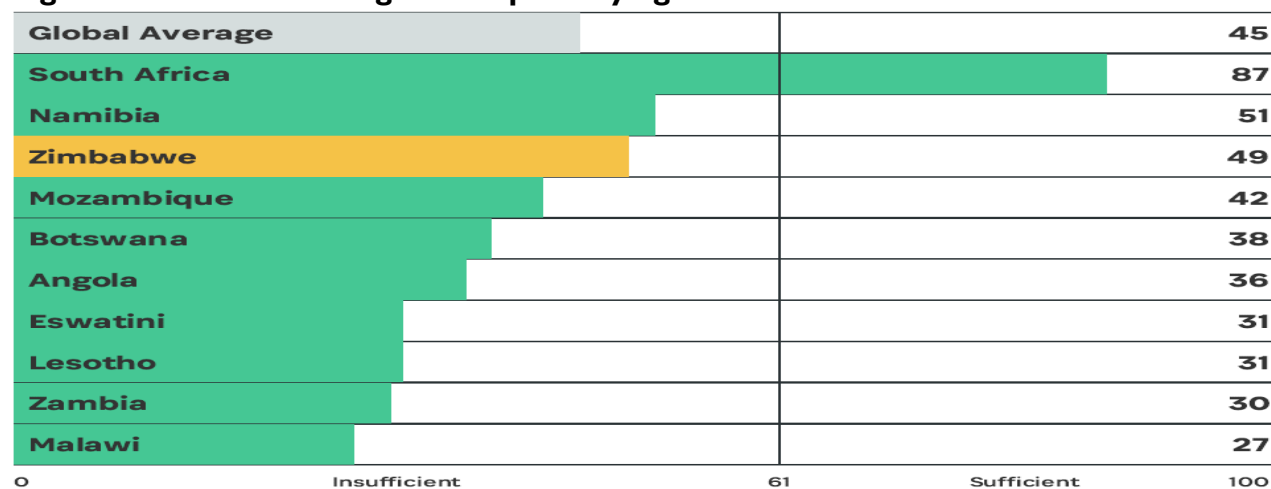
further strengthen transparency in the public borrowing processes. The first step to realize this is to institute an independent public debt audit with the participation of CSOs to ascertain the actual public debt stock as well as uncover odious and illegitimate debt.

2.7 Open Budget Survey

The Open Budget Survey (OBS) is a global comparative independent and factual instrument for evaluating how governments incorporate the public in the budgeting process. The OBS thus assesses the transparency of the budgeting process concerning access to budget information, formalized ways for the public to participate in budget processes as well the efficacy of budget oversight institutions such as the parliament and the Office of the Auditor-General. The OBS is based on the availability of budgetary information (online), timeliness of the production of the information, and comprehensiveness. The overall OBS score falls within the 0-100 continuum where a score of at least 61 shows that the government is releasing enough information as a basis for an informed budget debate.

The latest International Budget Partnership (IBP)'s OBS was released in 2019 covering 119 countries and Zimbabwe was ranked 52/117 with a score of 49/100. Although the latest Open Budget Survey (OBS) rankings confirm Zimbabwe's progress in disclosing budgetary processes and information, there is a need to invest in broadening budgetary disclosure.

Figure 3: Zimbabwe budget transparency against other countries



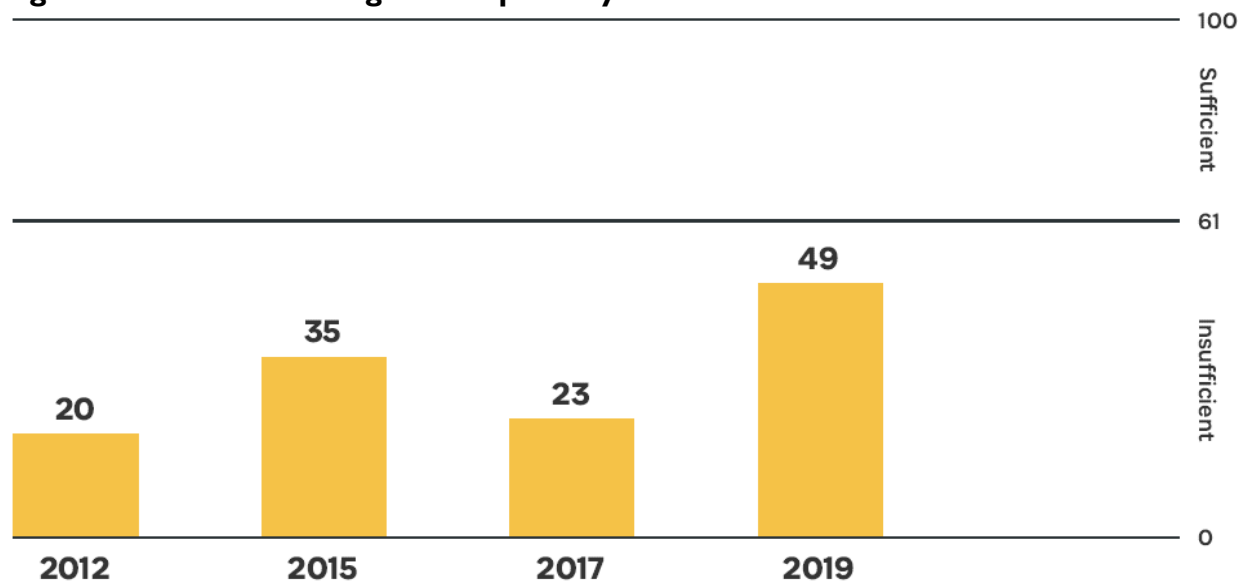
Extracted from 2019 IBP OBS

Zimbabwe's Open Budget Index (OBI) of 49 is above the global average index of 45 but below the 61 benchmarks, labeled 'substantial information available.' Zimbabwe's OBI falls under the 'limited information available' category with respect to budget transparency, participation, and oversight. Accordingly, the government ought to invest in improving the OBI to the 'sufficient information' category thereby promoting public participation, transparency, and oversight. Figure 1 shows that Zimbabwe performed well amongst its African counterparts despite its score falling in the 'sufficient' information continuum.

It is worth noting that the OBS score was low during the Mugabe era although it was on an upward trend. The OBS score of 2017 was as low as the country went through a political transformation that disrupted the budget processes. Office bearers responsible for specific budget processes either left office or the prevailing political environment curtailed the proper execution of duties to an extent that

several critical budget documents were lately produced (enacted budget and the in-year reports) or never published (year-end report and the citizens budget). That trend was reversed in 2019 as the government managed to tick all boxes except for the late publication of Mid-year reviews. Across time, the Mnangagwa regime seems to have led to a significant improvement in the OBS as depicted in figure 2.

Figure 4: Zimbabwe budget transparency score over time



Extracted from 2019 IBP OBS

As shown in figure 2, budget transparency has improved significantly after 2017 given the score of 49 recorded in 2019 against a score of 12 recorded in 2012. Impliedly, budget transparency has improved during the Mnangagwa regime.

However, ZIMCODD localized OBS surveys (2019, 2020 & 2021) have shown a lack of budget transparency in Zimbabwe. Below is a brief rundown of some key 2021 OBS findings:

- **Public Knowledge and Access to Budget Strategy Paper (BSP)**

The 2021 OBS report found that a nadir 5.19% of respondents have knowledge of the BSP while 5.58% have accessed it. This is a worrisome observation because it indicates that many Zimbabweans do not understand the macro framework that forms the basis of the final budget, hence impeding their participation. However, there are some improvements when compared to the 2019 survey. In 2019, public knowledge of the BSP was recorded at 1.8%.

- **Public Knowledge of National budgeting process**

The 2021 OBS survey found that about 87% of respondents lacked knowledge of national budgeting process. Consequently, public participation in the budget-making process will remain low. Congruent to that, the survey established that only 14.9% of respondents have participated in national budgeting process. Also, the survey found that about 60.92% of respondents felt that their views were not being considered in the preparation of final national budgets. Further, the survey found that 87.79% were unaware of national budget presentation time.

- **Access to the executive budget and in-year budget reports**

The study found that about 72.45% of respondents failed to access the national executive budget respectively. Although access was low, the study noted that access among the age group 25-54 years was relatively high (67%).

As for the access to documents highlighting national progress in implementing budgets (in-year reports), the survey revealed that 88.31% of respondents have not accessed them. Also, 82.2% reported that they had never participated in a budget review process.

- **Transparency in the management of debt**

The 2021 OBS results showed that about 88.02% of respondents were not satisfied with the national debt management systems currently in place. This is in line with the popular view that Zimbabwe's debt management is opaque giving traction to the narrative of illegitimacy and odiousness of contracted debts.

- **The role and impact of CSOs in monitoring budget implementation**

The results of the survey showed that the majority (67.5%) were of the view that CSOs are playing a vital role in promoting budget transparency and accountability of public institutions. Also, 32.3% of the respondents believed that the role of CSOs is being greatly constrained by political manipulation. For instance, there is debate over the gazetted Private Voluntary Organizations (PVO) Amendment Bill with a controversial clause.

3.0 Conclusion

While progress, though slow, has been noted in some key budget transparency areas under the Mnangagwa administration, it largely remains difficult to distinguish it from the Mugabe regime with striking similarities especially on the role of the executive in impeding budget transparency. Corruption in government which is one of the key factors suffocating the Zimbabwean economy remains high while corruption perpetrators who in turn are politically connected elites continue to walk scot-free. Some of them are acquitted by the Courts while others are granted dubious bails -a clear exhibit of class justice. Yes, expected budget-related documents are produced in Zimbabwe and when the IBP OBS is undertaken, the country will be ranked among the best in the African continent. However, this information is not shared by all citizens and where public budget consultations are done, the public's inputs are not included. A clear example is the 2022 approved budget which contains massive regressive taxes even though most citizens are earning in fragile ZW\$ and below the poverty datum line. This realization has pushed people-centered organizations like ZIMCODD to undertake domestic OBS survey to ascertain the extent to which the public understand budget processes and procedures in Zimbabwe. For the past 3 years, the ZIMCODD OBS has shown that there is more than meets the eye when it comes to budget transparency in Zimbabwe. This analysis, therefore, concludes that the budget process has slightly improved under the current regime but many of the previous administration's fiscal transparency struggles continue to linger largely.

References

Chikerema, A. F. 2013. "Citizen Participation and Local Democracy in Zimbabwean Local Government System". IOSR Journal of Humanities and Social Science, 13(2): 87-90.

Madhekeni, A and Zhou, G. 2012. "Legal and Institutional Framework: The „Achilles Heel“ of Local Authorities and Raison d'etre of Ministerial Intervention in Zimbabwe". Journal of Public Administration and Governance, 2(3): 2161-2174.

Marango, T, Francis, J and Adjibolosso, S 2016. "Realities of Communication and Social Inclusion in Zimbabwe Local Government: A Case of the Eastern Chimanimani District". Review of Human Factor Studies, 22(1): 104-128.

OCP (2015), 2015 | 2018 Strategy, Open Contracting Partnership (OCP). Online. Available at: www.open-contracting.org/resources/strategy-2015-2018/

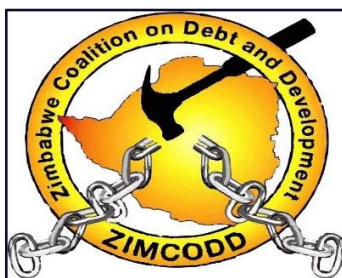
OECD (2017), OECD Budget Transparency Toolkit: Practical Steps for Supporting Openness, Integrity and Accountability in Public Financial Management, OECD Publishing, Paris. Online. Available at: <http://dx.doi.org/10.1787/9789264282070-en>

Wampler, B and McNulty, SL 2015. "Does Participatory Governance Matter? Comparative Urban Studies Project Exploring the Nature and Impact of Participatory Reforms". The Woodrow Wilson International Center for Scholars, Washington D.C.

Zhou and Zinyama (2012) *Auditing Government Institutions in Zimbabwe Frameworks, Processes and Practices*, International Journal of Accounting and Financial Reporting ISSN 2162-3082 2012, Vol. 2, No. 2.

Zhou, G and Chilinjika A 2013. "The Challenges of Self-Financing in Local Authorities: The Case of Zimbabwe". International Journal of Humanities and Social Science, 3(11).

ZIMCODD 2021. Open Budget Survey Report. Online. Available at: https://zimcodd.org/?smd_process_download=1&download_id=5089



Zimbabwe Coalition on Debt and Development

9 Bargate Road, Mount Pleasant, Harare

Telephone: 263242776830/115

Website: zimcodd@zimcodd.co.zw

Twitter: @zimcodd1

Facebook: Zimcodd