



POLICY BRIEF ON ASSESSING THE EXTENT OF COMPLIANCE TO PUBLIC FINANCE MANAGEMENT LEGISLATION¹ IN ZIMBABWE AND BEST PRACTICES

CONCEPT & TERMS OF REFERENCE

APRIL 2022

1. Introduction

African Forum and Network on Debt and Development ([AFRODAD](#)) and Zimbabwe Coalition on Debt and Development ([ZIMCODD](#)) seek to develop a policy brief on the extent to which government is complying with the public finance management legislation and come up with measures to ensure enforcement of the legislation. The policy brief will also cover the extent to which State Owned Enterprises and local authorities comply with the basic principles of PFM. Public Finance Management²(PFM) is concerned with laws, organisations, systems and procedures available to government to ensure effective, efficient, transparent and accountable use of public finances. The underlying objective of PFM is to achieve fiscal discipline, effective allocation of resources, efficient operation of public services and transparency and accountability which enhances performance of the economy and betterment of the welfare of general populace. Fiscal policy sustainability and resolution of the debt problem remain a major concern in Zimbabwe. The public debt in Zimbabwe is estimated to be around [US\\$17.9 billion](#) which represents a significant increase from the [US\\$13.7 Billion](#) as of end of September 2021. Compliance to public finance management legislation would play a big role in improving on transparency and accountability, domestic resource mobilization and efficiency in allocation of public resources which will create fiscal space for priority spending. The debt problem in

¹ These are budget system laws that include: The [Public Finance Management Act](#), [Public Debt Management Act](#), [Audit Office Act](#), [Public Procurement and Disposal of Public Assets Act](#)

²Public Finance Management is set of laws, rules, systems and processes used by governments to mobilise revenue, allocate public funds, and undertake public spending, account for funds and audit results ([Lawson 2015](#))

Zimbabwe, is a manifestation of weak implementation of in public finance management laws as indicated in the [Harare Declaration](#). This can be solved by improving on transparency in acquisition and utilization of public loans which will enhance prioritization towards productive and high impact projects. The Borrowing Charter principles form an important ingredient in ensuring compliance to national PFM legislation which ensures responsible borrowing and fiscal prudence which will lay strong foundation for inclusive economic growth and sustainable development in the country. The Vision 2030 together with National development Strategy 1 indicate that governance and improving public finance management form an important pillar for the successful implementation of such strategies. Zimbabwe received IMF SDRs amounting [to US\\$961 million](#) in August 2021 and most of the SDRs were allocated through the budget. Tracking and monitoring the utilization of the SDRs remains an important matter to ensure high impact on the economy. Consistency in the implementation of program based budgets an important avenue that will enhance transparency and reduce inefficiencies in the use of public resources. PFM legislation forms an important foundation for ensuring transparency and accountability in the use of public resources together with measures that can be revoked to ensure compliance.

2. Background

The Government of Zimbabwe has been implementing a number of PFM reforms and through [NDS1](#) has committed to work with all stakeholders in reforming PFM. To achieve SDGs by 2030, developing countries like Zimbabwe need to increase public spending by [21% of GDP](#) . However, the need for more fiscal space has been exacerbated by frequent climate change phenomena (droughts, cyclones and floods) and pandemics like COVID-19. The need to strengthen domestic resource mobilization and building resilient institutions that create fiscal space is urgently required. Domestic resources are the only sustainable way of financing development in a country.

A number of tools have been developed to enhance achievement of PFM objectives and these include: PFM fiscal rules and frameworks, program based budgeting, medium-term expenditure frameworks, long-term sustainability projections, fiscal risk analysis, statements of contingent liabilities, and independent fiscal projections and assessments. However, all these tools need to be assessed to determine their success and ability to withstand economic and political pressure. These tools are also meant to reduce pressure on borrowing and increase domestic resource mobilisation which paves way for inclusive growth and sustainable development. For PFM objectives to be achieved, it largely depends on those who manage public finance (political leaders for fiscal matters, political and managerial policymakers for effective allocation, managers and staff at all organizational levels). Strong political and technical commitment, and

a widening group of reform leaders who manage fears, expectations and differences of opinion is needed for reforms to be implemented successfully. Generally, it is not feasible to transform the way the government manages its finances without also changing the way government manages its staff ([Shar, 2005](#)). The Government of Zimbabwe has highlighted that a facilitative and effective civil service is key to achieving [NDS1](#) and [Vision 2030](#). In recent years, the Government of Zimbabwe has introduced a number of initiatives aimed at improving performance of civil servants that include performance based contracts for senior government officials, heads of parastatals and CEOs of local authorities. PFM reforms implementation have advanced in countries with well-run governments, high performing public service, low levels of corruption and little political involvement in administration. Without such enabling environments, PFM reforms implementation may face grave challenges.

Over and above pursuing effective and efficient management of public finance, PFM also encompasses responsiveness to citizen preferences and enhanced accountability and democratic institutions. Citizens participation ensures that government priorities match the needs of citizens which enhances the trust between the governed and the government. Public services are a critical point of contact between citizens and government. The availability and accessibility of public goods and services is important for strengthening the social contract.

3. Problem Statement

The New Dispensation which was ushered in by the 2018 General Elections crafted [Vision 2030 and NDS1](#) which outlined corruption and rentseeking behaviour, decaying infrastructure, underperforming state-owned enterprises as some of major impediments to economic development in the country. It also seeks to reduce poverty rates to 25% by 2030 from 62.5% in 2012 and improving availability of water, electricity and health services to citizens. Currently over half of the population ([7.9 million](#) people) live in extreme³ poverty and COVID-19 exacerbates the situation due to job losses. To achieve these targets, it requires improved PFM which will create adequate fiscal space. The government acknowledges (through [Vision 2030](#) and [National Development Strategy 1](#)) that low citizen participation in democratic and governance processes as well as high levels of corruption, the latter being a major stumbling block in the delivery of public services. Good governance is an important pillar for achieving a prosperous and empowered upper middle income society by 2030. In an effort to improve PFM, the Government of Zimbabwe in partnership with the World Bank carried out a [PFM assessment in 2018](#) which revealed several weaknesses in PFM. The weaknesses includes: inadequate impact analysis of expenditure and revenue, limited parliamentary scrutiny on allocation and utilisation of public

³ [Extreme poverty](#) refers to people living under food poverty line of US\$29.80 for each person per month

finances, lack of transparency in procurement of goods and services, limited implementation of auditor general's recommendations, inadequate oversight and reporting by local governments and parastatals, lack of reliability of budget data, huge central government operations outside budget, disclosure of fiscal risks by public corporations, public investment management and assets not properly managed.

The public sector contributes about 50% to GDP and several organisations such as World Bank, AfDB, UNDP, IMF and Sweden have ongoing projects with the government focused on improving transparency and accountability in PFM. The country continues to be affected by tropical cyclones; in 2022 Cyclone [Ana and Batsirai](#) affected over 3000 people, destroyed, schools, bridges and roads. This worsened the demand for more public expenditure at a time when the government was struggling with COVID-19 effects. Zimbabwe is struggling to find a lasting solution to deal with public debt amounting to US\$17.8 billion. The country recorded negative growth rate in 2019 and 2020 of -7.8% and -5.9% respectively which have huge implications on the ability of government to mobilise domestic resources needed to achieve SDGs.

Since 2018 [AFRODAD](#) and [ZIMCODD](#) have been implementing the Strengthening Transparency and Accountability Project (STAP). Several policy briefs⁴, reports⁵ and stakeholder conferences were held with the aim of improving achievement of PFM objectives. There has been some notable improvements on reporting of debt statistics through introduction of [Public Debt Bulletins](#) and annexures on the national budget which the Ministry of Finance and Economic Development started publishing in 2020. Parliament has also started to receive [comprehensive reports](#) on public debt as required by law. However, oversight of public corporations and local authorities remain weak although the enabling legislation is available, accounting for revenue from natural resources is still a challenge and implementation of recommendations from auditor general's reports largely face grave challenges.

AFRODAD has produced the [African Borrowing Charter](#) which provides detailed guidelines, most of which are contained in the PFM laws, that must be observed and implemented to maintain sustainable debt and fiscal prudence. The Charter provides the basic principles which when implemented makes it easy to achieve transparency, productivity and citizen participation in the allocation and use of public resources. The [Harare Declaration](#) places the responsibility of

⁴ [Alignment of Legislation Impacting Public Finance Management in Zimbabwe; Implications of Zimbabwe's Constitution Amendment Bill on Fiscal Governance and PFM and Assessing the Extent to which the Public Finance Management Bill 2021 is Aligned to the 2013 Constitution and Best Practices in Public Finance Management](#)

⁵ Annual Debt Management Reports for Zimbabwe, [2019](#), [2020](#) and 2021

Transformation agenda on Africans and the debt problems experienced by Zimbabwe today are partly a reflection of the inadequacies of the global financial architecture debt restructuring mechanisms. The Government of Zimbabwe still faces challenges in implementing PFM laws, as shown by failure to emerge from debt distress since 2000, which affects achievement of PFM objectives (sustainable fiscal position, effective allocation of resources and efficient provision of services). The government budget outturn statistics remain questionable and are not available timely. Without reliable information on utilisation of budget votes, it becomes difficult to hold the government accountable which erodes trust and the willingness of citizens to pay their taxes (responsible citizenry). It also makes it difficult for Parliament to perform its oversight function effectively when information is not reliable and provided timely.

The Public Finance Management Act is currently in the process of being aligned to the 2013 Constitution through Public Finance Management Bill 2021 which is before Parliament. However, good PFM legislation needs to be complemented with strong political commitments to implement PFM reforms especially in countries where respect for law is not fully upheld.

AFRODAD seeks to produce a policy brief assessing the extent to which PFM laws are adhered to by the executive. This is important since it supports achievement of PFM objectives and general welfare of citizens as indicated in the Borrowing Charter. Failure to achieve PFM objectives also violate the socio-economic rights of citizens and hinder economic transformation which holds the promise for quality jobs and generation of sufficient domestic resources for development. The Government of Zimbabwe has initiated a number of PFM reforms which include aligning laws to the 2013 Constitution, program based budgeting, performance contracts and frameworks for managing parastatals. All these reforms need to be evaluated with the objective of identifying impediments to their implementation. The policy brief will not only identify gaps in PFM laws implementation but also provide alternatives for increasing political will to implement reforms and strengthen compliance to PFM laws. This will ensure that public resources are allocated and spent transparently and in an accountable manner which enhances economic development and poverty reduction in the country.

4. The Scope of the Assignment

The purpose of the policy brief is to assess the extent to which PFM laws are complied with by the executive. The extent of compliance with PFM laws has impact on the achievement of fiscal discipline, strategic allocation of resources and efficient use of resources to provide services. The policy brief will also identify impediments to proper functioning of PFM in Zimbabwe and proffer recommendations to overcome impediments. The Policy brief will be used as an advocacy tool

to dialogue with policy makers and parliamentarians to improve transparency and accountability.

The consultant will be expected to execute the following tasks:

- Assess the extent to which PFM reforms carried out since 2018 have been effective in improving fiscal space, effective allocation of public resources and efficient delivery of public services.
- Identify major challenges to PFM compliance by the executive.
- Explore gaps in the PFM legislation that may hinder implementation of reforms such as program based budgeting
- Evaluate the extent to which SoE and local authorities comply with basic principles of PFM.
- Suggest and proffer recommendations on improving PFM in Zimbabwe.

8. Expected results and outcomes

The expected results will be a short policy brief that will be used to lobby parliament to ensure that both central and local government comply with PFM legislation. assist parliamentarians and policy makers in improving PFM especially aligning it to the 2013 Constitution. In terms of outcomes, AFRODAD and ZIMCODD expect to realize an increased influence on institutional and legislative reforms as well as better oversight role by parliament.

9. Expected Outputs

1 Policy Brief (maximum 15 pages)

10. Timeframe

Draft Policy Brief to be submitted on the 10 May 2022.

Final submission of the Policy Brief by 20 May 2022.

11. COPYRIGHT

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12. Qualifications and Experience

AFRODAD and ZIMCODD are looking for a person (s) with knowledge and a clear understanding of Public Finance Management in Zimbabwe. The individual must be in possession of a University graduate degree in Law, Economics or Social Sciences with experience of public finance management work. A minimum of 7 years of professional experiences in undertaking similar or related task; adequate familiarity with broad Policy and Legal frameworks in Zimbabwean PFM systems; a clear understanding of PFM in Zimbabwe and excellent writing and oral communication skills in English language.

12. To Apply

All those interested should send a CV, expression of interest (Eoi) with budget (US\$) and time frame to recruitment@afrodad.org cc reginald@afrodad.org. The deadline for submissions is 27 April 2022. Only successful applicants will be contacted.