



Improving Budget Transparency in Zimbabwe

Building a Strong Bridge for Better Budgetary Outcomes

Introduction

The recent past has seen a growing realization that economic development and poverty reduction can be effectively enhanced under an environment of good governance, characterized by, among other things, fiscal transparency and accountability. National budgets that are accountable, efficient, and transparent are crucial in the fight against poverty, inequality and also promote economic development. Further, a transparent national budget is a key imperator for ensuring the fulfillment of rights of the marginalized communities and progress towards the attainment of Sustainable Development Goals (SDGs).

In addition, Budget transparency leads to better-informed public debate about the design and results of fiscal policy, makes governments more accountable for budget implementation, and thereby strengthens credibility and public understanding of macroeconomic policies and choices. Zimbabwe, therefore, needs to promote budget transparency if it is to achieve its macro economic and social goals.

Open Budget Survey

Cognizant of the importance and need to promote transparent and inclusive government budget processes, the International Budget Partnership (IBP) established the Open Budget Survey (OBS) in 2006. The open budget initiative is a global research and advocacy program aimed at promoting public access to budget information and the adoption of accountable budget systems. It is an objective, comprehensive, independent, global survey, currently carried out in 115 countries, that analyses and evaluates whether governments give the public adequate access to budget information and opportunities to participate in the national budgeting process.

OBS is a biennial measure, anchored on 3 pillars: **budget transparency** - public access to key national budget information, **public participation** - opportunities for public participation in budget processes and **budget oversight**, the role of formal oversight institutions. It is based on international good practices developed by the International Monetary Fund (IMF), Organization for Economic Corporation and Development (OECD), International Organization of Supreme Audit Institutions (INTOSAI), and the Global Initiative for Fiscal Transparency (GIFT).

Relevance of the OBS at Country Level

The OBS seeks to make sure that budget processes are more transparent and open to public input. Lack of transparency in budgets encourages the misuse of public funds as when governments are not open about what they do with public funds, it makes it more likely that corruption will go undetected. Lack of transparency creates opportunity for corruption and wasteful spending.

By demonstrating how they are accountable to their citizens on budgets, governments can be able to attract donors and international agencies for budgetary support. The business community also uses the survey results to assess the business environment of the country in relation to the government macro-economic policy. The survey therefore gives an opportunity to governments to demonstrate how they are accountable to their citizens on budget spending.

ZIMBABWE'S PERFORMANCE ON THE OBI

Zimbabwe is classified among countries that provide minimum budget information, with minimum opportunities for civil society and citizens' participation in budgeting process, as well as weak budget oversight. This is supported by the country's ranking, in 2017, on the OBI of 87 out of 115 countries, with a score of 23/100, a marked decline from 35/100 in 2015.



Accordingly, the budget transparency and accountability systems are deemed deficient, which seriously undermines the effective management of funds, creates openings for corruption and ultimately results in poor social and economic outcomes for citizens. Such weaknesses in budget transparency and accountability have a massive bearing on the country's capacity to attract foreign direct investment (FDI), official development assistance (ODA) and other external support, key to improving socio-economic outcomes for citizens and children alike.



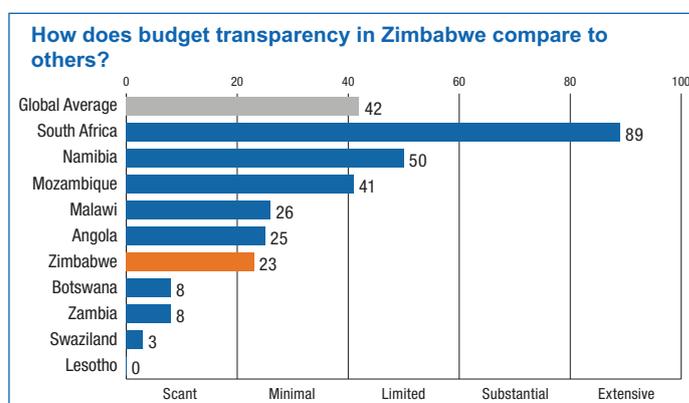
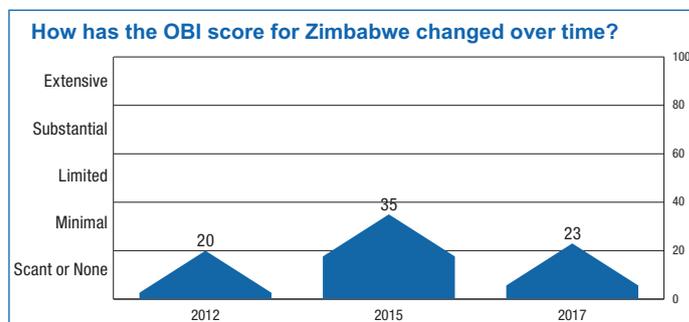
i. Budget Transparency in Zimbabwe

Budget Transparency assess whether the government makes eight key budget documents available to the public online in a timely manner and whether these documents present budget information in a comprehensive and useful way. The 8 documents and their expected publication timelines are as shown in Table 1.

Table 1: The key Budget Documents and the Timelines for Publication

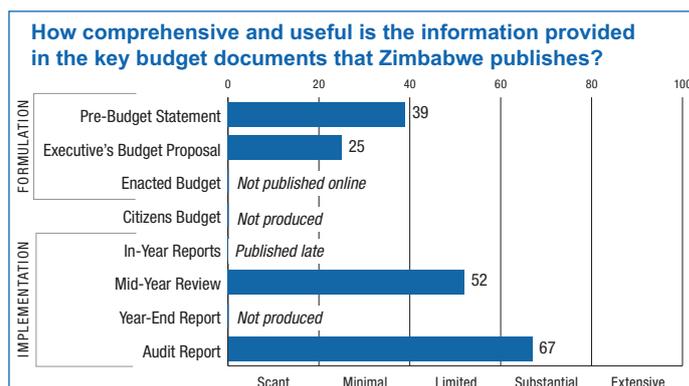
BUDGET DOCUMENT		RELEASE DEADLINE FOR PUBLICLY AVAILABLE DOCUMENTS
BUDGET FORMULATION STAGE		
Pre-Budget Statement		At least 1 month before the EBP is submitted to the legislature.
BUDGET APPROVAL STAGE		
Executive's Budget Proposal		At the same time as it is presented to the legislature. At minimum, it must be released while the legislature is still considering it and before the legislature approves it.
EXECUTION STAGE		
Enacted Budget		No later than 3 months after the budget is approved by the legislature.
Citizens Budget		a. If it is a simplified version of the EBP: at the same time as a "publicly available" EBP. b. If it is a simplified version of the Enacted Budget: at the same time as a "publicly available" Enacted Budget.
In-Year Reports		No later than 3 months after the reporting period.
Mid-Year Review		No later than 3 months after the reporting period.
Year-End Report		No later than 1 year after the end of the fiscal year (the reporting period).
AUDIT STAGE		
Audit Report		No later than 18 months after the end of the fiscal year (the reporting period).

Each country receives a composite score (out of 100) used to determine its ranking on the OBI as shown below:



Document	2012	2015	2017
Pre-Budget Statement	●	●	●
Executive's Budget Proposal	●	●	●
Enacted Budget	●	●	●
Citizens Budget	●	●	●
In-Year Reports	●	●	●
Mid-Year Review	●	●	●
Year-End Report	●	●	●
Audit Report	●	●	●

● Available to the Public ● Not Produced ● Published Late, or Not Published Online, or Produced for Internal Use Only



KEY STEPS FOR ENHANCING BUDGET TRANSPARENCY

Zimbabwe should prioritize the following actions to improve budget transparency:

- Continue striving to publish all the 8 key documents online and in a timely manner.
- Ensure that the Executive's Budget Proposal that is posted online matches the printed version.
- Increase the information on expenditure and revenue provided in the Executive's Budget Proposal by including expenditure by functional classification and individual sources of tax and non-tax revenue.
- Ensuring that the published Enacted Budget has more information as in the Executive Budget.



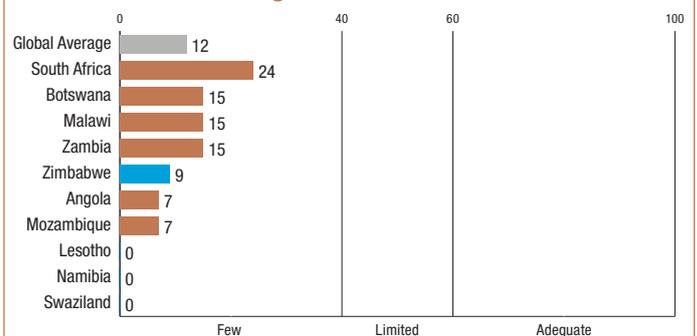
ii. Public Participation

Public participation in budgeting is vital to realize the positive outcomes associated with greater budget transparency. To measure public participation, the OBS assesses the degree to which the government provides opportunities for the public to engage in budget processes. Such opportunities should be provided throughout the budget cycle by the executive, the legislature, and the supreme audit institution.

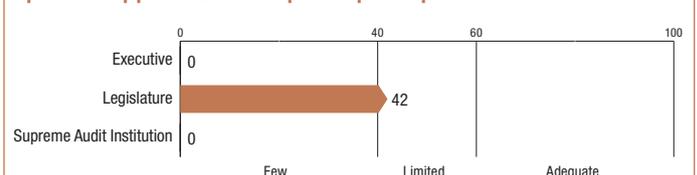
Zimbabwe's score of 9 out of 100 indicates that it provides few opportunities for the public to engage in the budget process. This is significantly lower than the global average score of 12.



How does public participation in Zimbabwe compare to other countries in the region?



To what extent do different institutions in Zimbabwe provide opportunities for public participation?



KEY ACTIONS FOR ZIMBABWE TO IMPROVE PARTICIPATION

Zimbabwe should prioritize the following actions to improve public participation in its budget process:

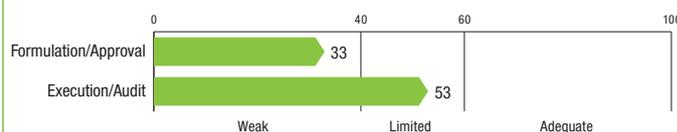
- Publish online the Budget Calendar and legislate it for accountability;
- Pilot mechanisms led by the Ministry of Finance and Economic Development for members of the public and executive branch officials to exchange views on national budget matters during both the formulation of the national budget and the monitoring of its implementation. These mechanisms could build on innovations, such as participatory budgeting and social audits, including the use of UReport to facilitate wider citizens' participation;
- Hold legislative hearings on the Audit Report, during which members of the public or civil society organizations can testify.



iii. Budget Oversight

Budget Oversight examines the role that legislatures, supreme audit institutions, and independent fiscal institutions play in the budget process and the extent to which they are able to provide effective oversight of the budget. These institutions play a critical role, often enshrined in national constitutions or laws in planning budgets and overseeing their implementation. The country's score of 44/100 means Zimbabwe's budget oversight is significantly limited, hence more needs to be done to strengthen the oversight institutions and their mandate in the budgeting process.

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KEY ACTIONS FOR ZIMBABWE TO IMPROVE BUDGET OVERSIGHT

Zimbabwe should prioritize the following actions to make budget oversight more effective:

- Ensure legislative committees publish reports on their analysis of the Executive's Budget Proposal online.
- Ensure a legislative committee publishes reports on in-year budget implementation online.
- Ensure audit processes are reviewed by an independent agency.
- Publish the reports of the independent fiscal institution on macroeconomic and fiscal forecasts and on cost estimates of new policy proposals online.

Other Major Reforms to Enhance Budget Transparency

- i. **Institutional Arrangements for OBS** – There is need to set up an Open Budget Team comprising focal persons within each of the key departments responsible for the budgeting process. These will be coordinated and reporting to the country Focal Point Person. The OBS Focal Team will be responsible for following up on the aforementioned recommendations to reform the OBS. In the longer term, the country can consider establishing a dedicated Budget Transparency Office, drawing on the successes of countries such as Mexico.
- ii. **Supporting Citizens Engagement** – with support from Partners (UNICEF and NANGO, etc), both the Executive and Legislature can adopt innovative ways of citizen engagement in the budgeting process such as U-Report, which can reach wider audience, whilst documenting the evidence of participation.
- iii. **Capacity Building/Orientation of Parliament** – Given the low technical competence of the Parliamentarians vis-à-vis their important oversight role of the Executive, there is need to invest in building the capacity of Parliamentarians so that they can act as effective agents of change and demand more transparency and participation of Citizens in the Budget process. Whilst this intervention will focus on the House of Assembly in general, there would be need to target the members of Public Accounts Committee (PAC) and that of the Budget and Finance Committee.

PROGRESS IN THE IMPLEMENTATION OF REFORMS

Since the December 2016 cut-off date for the 2017 OBS, the country has made a series of reforms, which will positively impact on the score for the 2019 Survey. Such improvements include:

- Timely publication of budget documents online;
- Alignment of the uploaded Executive Budget Proposal with the printed version; and
- Publication of citizens' budget.

However, this notwithstanding, Zimbabwe has stopped the production of the Mid-Year Report, a factor that may undo the gains above. Henceforth, the country is strongly recommended to reconsider its position on this, in line with Constitutional provisions, which makes the mid-year budget review mandatory.

CONCLUSION

The country's OBI score may be low, as a result of the fact that most of the budget information is produced for internal use and not shared with the public. The 2017 OBS results show that Zimbabwe like many of its African peers, do not timely publish all the budget documents. In Africa, almost 6 out of 10 documents are not made public. This is not because of lack of capacity but because the government either does not produce them on time or do not make them public. In the case of Zimbabwe, 4 out of 8 documents are not made public and this contributes to the low score.

Hence, Zimbabwe can improve its score by more than 20 points by merely publishing online the reports that different institutions are generating for internal use. In addition, the country has already shown commitment to implement a series of reforms to improve its OBI and indeed budgetary outcomes. These are detailed in the **Matrix of OBS Reforms**, developed during a 4-day Strategic Moment of Reflection Workshop in March 2017, attended by senior officials from all the key departments responsible for the budgeting process in Zimbabwe. The detailed Workshop Report and Reform Matrix are available on www.nangozim.org. What remains therefore, is full commitment by the government to the full implementation of the reforms.

For further information, please contact:

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