Modernizing the Public Financial System for enhanced accountability

Parliamentary Engagement with Public Accounts Committee and Budgets Committee

The modernization journey by the Ministry of Finance and Economic Development (MOFED) in Zimbabwe since 2016 underscores the importance of introducing and reinforcing Public Financial Management Systems (PFMS) in order to ensure the effective deployment of resources. As the backbone to socio-economic development, good PFM systems contribute to transparency and accountability and ultimately trust between Government and citizens.

Although the PFMS implementation commenced in 1999, its growth and expansion moved slowly up to 2016 when Public Financial Management Enhancement Project (PFMEP) began.

A Country Fiduciary Assessment carried out in 2015 had revealed several gaps; that the PFMS did not capture all GoZ expenditures and did not show all resources or funds available to the Government, especially internally generated funds of the Ministries, Departments and Agencies (MDAs) and donor funded projects. At that time, less than 35% of Government’s financial transactions and less than 30% of the geographic coverage of government institutions were covered in the system. Functionality of the system was also limited to three core modules and system outputs could not support effective, accurate and timely management financial decision making.

Resultantly, the PFMS was not effective in reporting overall resource allocation and usage, especially to priority functions and did not provide feedback on results achieved. In addition, the budget classification was not consistent with the Government Finance Statistics (GFS) and Classifications of the Functions of Government standards. A new Chart of Accounts currently under development will be key in closing these gaps.

Additionally, through the PFMEP project, Systems Applications and Products in Data Processing (SAP) is used as a significant resource to service financial management information needs and assist Government on compliance to the cash basis International Public Sector Accounting Standards (IPSAS). It is envisaged that this will provide Parliament and the public with a credible and meaningful summary of the Government’s revenues and spending.
The role of the Office of Auditor General (OAG) in the project

Through the strengthening demand side transparency and accountability component, the Project works closely with the Parliamentary Portfolio Committee on Public Accounts (PAC), who joined the technical team at a recently held workshop in Kadoma. Narrating the importance of the Project intervention, the Committee Deputy Chairperson, Hon Elias Mudzuri, said “The collaborative work across the project enables a cohesive approach to our work. Through the timely submission of audit reports by the Office of the Auditor General, we can summon state entities to our Committee hearings to submit oral evidence on their work and respond to our interrogations on any anomalies presented in the report. Working with the laid-out facts we are able to put aside our political differences and deal with the issues at hand.”

Citizen Engagement

Local Civil Society Organizations attest to the improvement of the consultative process since the project’s inception, although some challenges remain. The CSOs noted that the number of hearings and participants has increased in recent years, with and improvement in the quality of submissions. The current location of the hearings in urban areas is disenfranchising the rural areas. To address this challenge, the CSO recommended inclusive citizen sensitization and participation.

The Project extends to citizen engagement through facilitating the consultative approach in the national budgeting process. Annually the Ministry of Finance and Economic Development announces the national budget in November after the consultative process which strengthens interface with citizens and enhances stakeholder collaboration.

District Kiosks

A 2017 Public Expenditure and Financial Accountability Report identified several challenges with the PFMS which included unclear processes for ensuring that payments are well integrated and recorded from district level.

Thus, decentralization and empowerment have also been an outcome of the project with the establishment of six pilot district kiosks so far to allow access to the PFMS from district level. The six are now operational.

A further five kiosks were established in quarter four of 2019 but are not yet operational as users training will start in 2020. Training has been provided to ensure optimum use of the PFMS at district level. Districts have welcomed this move as it is seen as a devolution program facilitator which will mitigate against reporting delays.

MOFED Team Building

One of the key reform facilitators that has been recognized over the project cycle is the importance of an effective team to undergird the PFM reform framework. The Ministry has embarked on a change management approach to break the silos across MOFED and MDAs which previously slowed down the roll-out of PFM reforms.