

REPORT OF THE COMMITTEE ON ESTIMATES FOR THE THIRD SESSION OF THE ELEVENTH NATIONAL ASSEMBLY, APPOINTED ON 25TH SEPTEMBER, 2013

Consisting of:

Mr H H Hamududu, MP (Chairperson); Mr E M Sing'ombe, MP; Mr G Lubinda, MP; Mr R L Mpundu, MP; Mr L A Lufuma, MP; Mr L Chabala, MP; Mr R P Mtolo, MP; and Mr R Mwewa, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir

Your Committee has the honour to present its report on its deliberations for the Third Session of the Eleventh National Assembly.

Functions of the Committee

2.0 The functions of your Committee are as follows:

- a. examine the Estimates and Excess Expenditure Appropriation Bill;
- b. report on economics, improvement in organisation, efficiency or administrative reform, consistent with the policy underlying the Estimates, and examine whether the money is well laid out within the limits of policy implied in the Estimates;
- c. suggest alternative policies in order to bring about efficiency and economy in administration;
- d. carry out regular examination and scrutiny of budgets, estimates and management thereof; and conduct budget hearings; and
- e. make recommendations and report to the House for the formulation and implementation of future Budget Estimates.

Meetings of the Committee

3.0 Your Committee held fourteen (14) meetings to study the Implementation of Fiscal Decentralisation, Performance-Based Management and Integrated Financial Management System (IFMIS) in Zambia. It conducted public hearings on Fiscal Decentralisation in Chipata, Mongu and Solwezi.

Report of the Committee

4.0 The report is divided into five parts. Part I highlights the findings of the study on Fiscal Decentralisation in Zambia while Part II focuses on Performance-Based Management. Part III presents the findings on the review of the Integrated Financial Management System (IFMIS) and Part IV highlights the consideration of the Action-Taken Report of the Committee for the Second Session of the Eleventh National Assembly. Part V is the Conclusion.

PART I

5.0 Implementation of Fiscal Decentralisation in Zambia

5.1 Background

The revised Decentralisation Policy was launched by His Excellency the President, Mr Michael Chilufya Sata on 16th June, 2013. Fiscal Decentralisation is part of the broader framework of the revised Decentralisation Policy. It entails the devolution of some budgetary powers to the local authorities.

The quick research by your Committee revealed that the Governments of Kenya and South Africa have been implementing fiscal decentralisation. The achievements made as a result of the implementation of the policy in the two countries and indeed various literature, point to the fact that fiscal decentralisation enhanced the knowledge of local needs and preferences, which were specific to a locality, thereby, providing effective targeting of public services. In addition, it enhanced political and financial accountability as a result of greater citizens' participation, ownership and influence.

In light of this, your Committee resolved to study the implementation of fiscal decentralisation in Zambia. The objectives of the study were to:

- a. establish the status of the implementation of fiscal decentralisation;
- b. ascertain the capacity of local authorities to fully implement fiscal decentralisation;
- c. establish the challenges of the implementation of fiscal decentralisation; and
- d. make recommendations on the way forward.

In order to appreciate this subject fully, your Committee interacted with the Permanent Secretaries from the Ministries of Finance; Local Government and Housing; Health; Education, Science, Vocational Training and Early Education; and Youth and Sport. Others were the Permanent Secretaries from Eastern; and North Western Provinces including the Chief Executive of the Zambia Institute for Policy Analysis and Research (ZIPAR). In addition, your Committee interacted with civil society organisations, namely: the Civil Society for Poverty Reduction (CSPR); Caritas Zambia; Jesuit Centre for Theological Reflection (JCTR); and the Economics Association of Zambia (EAZ). The findings of your Committee are summarised hereunder.

5.2 Status of Fiscal Decentralisation in Zambia

Your Committee learnt that over the last three decades, local authorities in Zambia had undergone significant erosion of financial capacity, such that today their revenue sources were inadequate to enable effective delivery of their mandated services. This decline in the councils' revenue generation capacity was mainly attributed to past central government's decisions or actions. During the period 1991 to 2001, various central government policies and pieces of legislation were passed that either reduced the revenue base or imposed additional expenditure on the councils without corresponding measures to compensate for the revenue loss. These actions included the following:

- a. the complete withdrawal of the Government grants to councils announced in the 1992 National Budget speech;
- b. the 1993 transfer of motor vehicle licensing functions from councils to the Road Traffic Commission (RTC) while the responsibility to maintain the roads remained with the councils;
- c. the presidential directive for sale of council and parastatal housing units to sitting tenants in 1996 at below market prices;
- d. the enactment of the *Rating Act No. 12 of 1997* which increased the categories of properties exempt from paying rates. Although this decision was reversed in 1999, councils had already lost substantial income;
- e. the transfer of water supply and sanitation undertakings from councils to commercial utilities through the application of the *Statutory Instrument No. 55 of 2000*, without transfer of related liabilities; and
- f. the granting of back-dated *50 per cent* salary increments to unionized council employees before the 2001 elections without providing the required financial resources to cover for the increments.

In order to ameliorate the challenge of the reduced revenue sources, your Committee was informed that the Government's focus in the medium-term was to empower all local authorities with adequate financial resources to facilitate the effective execution of their existing functions and those earmarked for devolution.

5.3 Challenges facing the effective implementation of fiscal decentralisation in Zambia

Your Committee was informed that there were several challenges affecting the effective implementation of fiscal decentralisation in Zambia. Some of these are highlighted hereunder.

- a. Inadequate financial resources for delivery of public services at the local level.
- b. Limited human resource capacities among council staff.

- c. Breakdown of structural and operational systems in local authorities.
- d. Inadequate budgetary allocations by the Central Government.
- e. Lack of political will to effectively implement decentralization.
- f. Conflicting and duplicated administrative structures at the district level: the locally elected councils headed by Mayors; sector ministries' district officials such as health and agriculture headed by the District Commissioners.
- g. Removal of critical sources of revenue such as rates, crop levy, selling of council housing stock and vehicle licensing that crippled their capacity to provide public services in their respective jurisdictions.
- h. The implementation of the Local Government Service Commission (LGSC) which has led to recruitment of staff in the councils with inadequate skills.

5.4 Public Hearings

In line with its terms of reference, your Committee resolved to undertake public hearings in Chipata, Mongu and Solwezi on Zambia's implementation of fiscal decentralisation. The objectives of the public hearings were for the Committee to:

- a. appreciate the views of the people in the districts concerning the implementation of fiscal decentralisation;
- b. appreciate whether councils were ready for the full implementation of fiscal decentralisation; and
- c. appreciate the challenges facing local authorities in implementing fiscal decentralisation.

i. Scope of the study

The sample size of councils was small covering only three districts, namely; Chipata, Mongu and Solwezi. The total number of people who attended the hearing in Chipata was 103, while Mongu had 101 and Solwezi 53. Nonetheless, your Committee took advantage of the presence and goodwill of community radio stations in Chipata to announce and arrange for radio programmes in which people from other districts in the province were able to make contributions by phoning in. As result, your Committee received meaningful contributions from neighbouring districts which were within the catchment area such as Sinda, Petauke, Katete and Lundazi districts. Regrettably, your Committee was not able to make similar arrangements in Solwezi and Mongu because of logistical and other challenges.

ii. Findings of the Committee arising from the Public hearing

The following were findings arising from the public hearings:

- a. participants in all the districts studied generally demonstrated a fairly good understanding of the meaning of *fiscal decentralisation* as the ceding of some budgetary (fiscal) power from central government to local authorities. However, a few participants confused fiscal decentralisation with the broader framework of decentralisation;
- b. whereas some participants in Mongu and Chipata were of the view that there is adequate human resource capacity in the districts needed to undertake *fiscal decentralisation*, participants in Solwezi had a contrary view;
- c. participants in Solwezi submitted that while the District has huge mineral deposits and high tourism potential creating potential for local taxes, the Council was not ready for fiscal decentralisation;
- d. submissions from all the Districts highlighted the fact that there were adequate natural resources in these areas which had the potential of broadening the revenue base;
- e. participants in Chipata submitted that the District had a favourable weather pattern and good soils suitable for growing crops such as maize, tobacco and groundnuts creating potential for local taxes. In addition, the increasing business activities in the District were potential sources of high revenue collection;
- f. submissions in Mongu revealed that the District had fertile plains which were suitable for growing rice. The area was also conducive for activities such as production of timber, mangoes and cashew creating potential for local taxes. In addition, the area had potential for tourism activities. These and more activities were potential sources of revenue for the local authorities;
- g. participants submitted that fiscal decentralisation would require maintaining a balance between the existing roles of traditional leaders and that of the councils;
- h. the presence of huge mineral deposits had potential of making Solwezi one of the richest districts in Zambia if properly managed;
- i. most of the participants were concerned that the Local Government Service Commission was not performing to the people's expectations in the recruitment and placement of personnel as most of the newly recruited staff were either not qualified or did not have the right skills and experience;
- j. all submissions confirmed the existence of budgetary consultative structures of the Provincial Development Coordinating Committee (PDCC); District Development Coordinating Committees (DDCC) and Area Development Committees (ADC) in the districts. However, they bemoaned the absence of a legal framework to formalise these structures; and
- k. there was high political interference in operations of the Councils. Some of the Councils lamented that progressive decisions and strategies, such as the imposition of crop levy, meant to broaden the revenue base, were reversed by the political leadership.

5.5 Committee's Observations and Recommendations

After carefully studying the submissions from various stakeholders and conducting public hearings in the selected Districts, your Committee notes that considerable progress has been made towards the implementation of fiscal decentralisation in Zambia. However, it is of the view that more needs to be done for the Country to get the full benefits of the implementation of fiscal decentralisation. In light of the above, your Committee makes the following observations and recommendations:

i. Limited revenue base

Your Committee observes that one of the major challenges facing councils is limited revenue bases. This is despite most of the councils being endowed with many natural resources which have the potential for local taxation. The low revenue base can, in part, be attributed to lack of progressive strategies to tap in the apparent potential such as the exclusion from paying rates of properties, particularly the newly constructed structures. Your Committee notes that one of the reasons for the failure by the councils to capitalise on the booming construction industry centers around challenges associated with the implementation of the *Ratings Act*.

In light of the above, your Committee urges the Government, through the Ministry of Local Government and Housing to, ensure that councils become proactive in coming up with progressive strategies for broadening the revenue bases. In addition, your Committee urges the Government to present the *Ratings Act* to Parliament for amendment in order to facilitate regular property valuation.

ii. Political interference

Your Committee observes that in some situations where councils have devised progressive strategies to broaden the revenue base, such decisions have been overruled by the political leadership. This observation is derived from submissions by the local authorities your Committee interacted with. These actions undermine the spirit of fiscal decentralisation and adversely affect the revenue of councils.

Your Committee, therefore, recommends that the Government through the political leadership should desist from interfering with the operations of councils.

iii. Capacity building

Your Committee observes that there is a serious skills gap in most of the councils in Zambia. This is based on submissions by various stakeholders who appeared before your Committee which has adverse implications on the effective implementation of fiscal decentralisation. Your Committee is particularly concerned about the shortage of key skills such as artisans and engineers needed in the implementation of fiscal decentralisation.

In this regard, your Committee recommends that the Government should come up with a robust programme of skills development and strengthen Chalimbana University in providing tailored training so as to narrow down the current skills gap in the councils.

iv. Political will

Your Committee observes that the implementation of fiscal decentralisation in Zambia has taken longer than is necessary. This can be attributed, in part, to the lack of political will from decision makers and resistance from some sections of society.

Your Committee, therefore, recommends that the Government should demonstrate political will by driving the process forward and increasing the allocation of resources to the process.

v. Increase resource allocation

Your Committee observes that the implementation of fiscal decentralisation requires sufficient resources in order to move the decentralisation process forward. It, therefore, recommends that the Government should increase the resource allocation to the process of fiscal decentralisation for it to achieve the desired results.

vi. Indicators for Fiscal Decentralisation

Your Committee bemoans the absence of indicators to monitor the progress of the operationalisation of fiscal decentralisation which should be at the centre of the core activities of the Decentralisation Secretariat. It is of the view that the lack of indicators impedes the effective monitoring and evaluation of the programme.

In light of the above, your Committee recommends that the Government should develop monitoring indicators for tracking progress of the decentralisation process in general, and fiscal decentralisation in particular.

vii. Review of the institutional framework

Your Committee observes that locating the Decentralisation Secretariat in the Ministry of Local Government and Housing does not give it the clout necessary to move the process forward.

Your Committee recommends that the Government should seriously review the institutional framework for the implementation of the decentralisation policy with a view to ensuring that the Secretariat is enabled to better support the drivers of the reform.

viii. Local Government Service Commission

Your Committee is seriously concerned about the apparent poor recruitment of staff and placement of skills in local authorities by the Local Government Service Commission (LGSC). It notes that the performance of newly recruited staff through the LGSC has not been satisfactory because most of them have inappropriate skills or are not qualified at all. This raises concern as to the credibility of the selection process and the role of the LGSC, generally. Furthermore, your Committee is concerned about the general laissez-faire attitude of these officers towards work.

Your Committee urges the Government to seriously consider reviewing the role of the Local Government Commission in the process of employing local authority workers.

ix. Dismantling of local authorities' debt

Your Committee observes that most of the councils are heavily indebted through non-remittance of statutory obligations to the Zambia Revenue Authority (ZRA), National Pensions Scheme Authority (NAPSA) and the Local Authority Superannuation Fund (LASF) including huge arrears owed to various utility companies and suppliers of goods and services. The debt has negative implications on the effective implementation of fiscal decentralisation.

In light of the above, your Committee recommends that the Government should make adequate budgetary provision towards the dismantling of arrears and settling of debts owed by the councils. The dismantling of debt will give enough fiscal space to the councils to implement key programmes of infrastructure development and provision of necessary services.

x. Streamline the role of traditional leaders

Your Committee's interaction with the members of the public during the public hearings revealed a potential conflict in the roles of traditional leaders and local authorities in the implementation of fiscal decentralisation. If not adequately addressed, this is a source of worry as in some districts, traditional authorities are involved in the running of and collection of levies from the markets.

Although this problem may not be generalised to all the districts, your Committee recommends that the Government should ensure that the policy addresses it by clearly stipulating the role of local authorities and that of traditional leaders in the decentralisation process.

xi. Harmonise the roles of the Office of District Commissioner (DC) and the Councillors

Your Committee observes that fiscal decentralisation will empower local authorities by giving them more budgetary powers which have hitherto been functions of Central Government. It is of the view that the Office of the District Commissioner (DC) may not be relevant at District level with the implementation of fiscal decentralisation.

In this regard, your Committee recommends that activities which are currently being undertaken by the Office of the DC should progressively be transferred to local authorities as a way of preparing them for the full implementation of fiscal decentralisation.

PART II

6.0 Performance-Based Management in Zambia

6.1 Background

Your Committee had been concerned that while Parliament had continued to approve the national budget every year, and resources disbursed by the Ministry of Finance to various Ministries, Provinces and Spending Agencies (MPSAs), there was no corresponding improvement in outcomes such as the continued poor service delivery. Your Committee has

evidence that in Countries where performance-based management was implemented, there was positive performance among government officials leading to improved service delivery. In light of the above, your Committee resolved to study the implementation of performance-based management in Zambia.

In order to appreciate this subject fully, your Committee interacted with the Permanent Secretaries from the Ministries of Finance; Local Government and Housing; Health; Education, Science, Vocational Training and Early Education; and Youth and Sport. Others were the Permanent Secretaries from Eastern; and North Western Provinces including the Chief Executive of the Zambia Institute for Policy Analysis and Research (ZIPAR). In addition, the Committee interacted with Civil Society Organisations (CSOs), namely: the Civil Society for Poverty Reduction (CSPR); Caritas Zambia; Jesuit Centre for Theological Reflection (JCTR); and the Economics Association of Zambia (EAZ). The findings of the Committee are summarised hereunder.

6.2 Performance-Based Management Process

Your Committee was informed that the planning cycle in Zambia was drawn from the five year medium-term National Development Plans (NDP). Based on the NDP, each ministry drew up a five year strategic plan outlining goals and objectives to be achieved in this period.

Further, departmental work plans and individuals work plans and targets were developed and linked to the three-year Medium-Term Expenditure Framework (MTEF). The MTEF is a resource allocation mechanism supporting the implementation of the NDPs. Among the key elements of the performance management system is the Annual Appraisal System put in place to evaluate the performance of individuals and institutions based on set performance targets and performance indicators.

6.3 Status of the implementation of Performance-Based Management

Your Committee was informed that reforms aimed at advancing performance-based management in the Zambian public service were primarily the responsibility of Cabinet Office under the Public Service Management Division (PSMD). However, a necessary and indispensable element of performance-based management in the public service was the adoption and implementation of complimentary performance-based budgeting procedures, which was the responsibility of the Ministry of Finance.

Your Committee heard that in 2004 when Zambia embarked on the *'first generation'* budget reforms with the introduction of the MTEF, Zambia also shifted from an incremental line-item (input based) budgeting process to Activity Based Budgeting (ABB). Under the ABB, public finances were appropriated primarily with reference to the programmes and activities to be undertaken by the implementing Ministry, Province or Spending Agency (MPSA), as opposed to the inputs that they wished to purchase under line item budgeting.

This was a first step towards a more complete performance-based budgeting process which is envisaged in the draft Planning and Budget Policy. It was explained that consultations on this draft policy had been completed, and once the policy was finalised and adopted by Cabinet, this would form the basis for drafting the Planning and Budget Bill and the ushering in of a

'second generation' of planning and budget reforms. These second generation reforms were aimed at, *inter alia*:

- i. integrating development planning and budgeting procedures;
- ii. facilitating more evidence-based planning and budgeting decision-making by formally incorporating monitoring and evaluation into these procedures;
- iii. strengthening National Assembly oversight role in the allocation and use of public finances; and
- iv. facilitating fiscal decentralisation through the devolution of planning and budgeting decision making for devolved functions to district councils.

A further element of these second generation reforms was to strengthen the performance focus of the Annual Budget to complement its strengthened links to the National Development Plan. In this regard, under the Planning and Budget Policy, the ABB would be extended to Output-Based Budgeting (OBB), where budget activities would be linked closely to the planned outputs in Zambia's subsequent National Development Plans thereby, enhancing the integration of plans and budgets. The Government would also enhance accountability for performance by making Controlling Officers responsible for achieving output-based performance targets in addition to observing public finance accountability regulations. The adoption of OBB would entail a revised '*Yellow Book*' with greater narrations reflecting the objectives of (fewer) programmes and the corresponding outputs to be produced by MPSAs during Budget execution.

6.4 Challenges of implementing Performance-Based Management

The following were identified as challenges of implementing performance-based management:

i. Lack of a Legal Framework

Your Committee was informed that the lack of a legal framework governing the implementation of performance-based management was a serious omission. Legitimacy to reforms was weakened in the absence of a legal framework resulting in low compliance levels as responsible officers were not held accountable for their actions.

ii. Slow Implementation Pace

Your Committee was informed that the pace of implementation of the performance-based management in Zambia was slow. The performance package was not yet installed in some provinces and spending agencies. In some cases, restructuring had not taken place in some ministries and provinces because of the slow implementation of Output Based Budget (OBB) by the Ministry of Finance. This meant that performance could not be measured and, therefore, resource utilisation would be ineffective.

iii. Organisational fears

Ministries, Provinces and Spending Agencies were apprehensive about implementing performance-based management systems due to fears on how the results would be interpreted; the impression the results would create about the department's performance; and a lack of clarity of how it would affect the department and its employees.

iv. Political factors

Your Committee was informed that elected officials had fears about how the performance data will be used, analysed or interpreted by the public.

v. Limited Capacity Building

Performance-based management required considerable investments in training personnel so that they were able to perform to the required standards.

6.5 Observations and Recommendations by your Committee

After carefully studying the subject, your Committee makes the observations and recommendations as set out hereunder.

i. Review of the Legal Framework

Your Committee observes that there is no legislation governing performance-based management in Zambia. It is aware that the legitimacy to reforms is weakened in the absence of a legal framework resulting in low compliance levels as responsible officers are not held accountable.

In this regard, your Committee recommends that necessary legislation on performance-based management should be presented to Parliament for enactment. This will give the reforms the necessary environment for operations and compliance at all levels of MPSAs.

ii. Invest in Capacity Building

Your Committee observes that the Government has been implementing performance based management through the Public Service Reform Programme (PSRP). It is concerned that although the programme has been on-going for some time, it has not been effectively implemented. Your Committee is of the view that this is, in part, because of the limited capacity among officers involved.

Your Committee recommends that the Government should institute a robust training programme for public officers to bring them to speed with the tenets of performance-based management.

iii. Need for Organisation Buy-In and Leadership

Your Committee observes that the effective implementation of the programme requires sensitisation of various stakeholders on its existence and likely benefits. It bemoans the apparent information gap among policy makers regarding the implementation of the programme.

In this regard, your Committee recommends that the Government should sensitise all stakeholders including the political leadership on the benefits of performance-based management.

PART III

7.0 Implementation of the Integrated Financial Management System (IFMIS)

7.1 Background

Your Committee was informed that the overall purpose for implementing the Integrated Financial Management Information System in Zambia was to achieve transparency and accountability in public expenditure management. IFMIS allows the Government to integrate its main business processes such as budgeting, procurement, accounting, fleet management, asset management, audit and projects using an integrated and automated information system, whilst addressing key weaknesses in the processing of government business. Further, IFMIS was part of the Financial Management Reform Programme (FMRP) being undertaken by the Government to address key weaknesses identified in Zambia's Public Financial Management (PFM) system, such as:

- a. large discrepancies between planned expenditure in budgets and actual expenditures;
- b. unsystematic, unpredictable and inadequate release of funds to public institutions charged with service delivery;
- c. weak public sector financial management systems which were predominantly manual with insufficient integration;
- d. weak internal controls between system processes;
- e. incompatible and weak legal framework to support financial management;
- f. weak procurement systems and wasteful expenditure such as payment for goods and services which were never delivered;
- g. poor stores and asset management processes;
- h. incomplete financial reports which were irrelevant to economic management and policy making. Currently, the Government Financial Report does not include local government and parastatals;

- i. weak linkages between economic and social policy and the budget; and
- j. lack of transparency in fiscal management processes.

In the light of the above, a key rationale in the implementation of the IFMIS is to bring about a complete transformation and automation of Government businesses processes, whilst allowing for financial discipline and control of resources.

In order to fully appreciate this subject, your Committee interacted with the Permanent Secretaries from the Ministries of Finance; Local Government and Housing; Health; Education, Science, Vocational Training and Early Education; and Youth and Sport. Others were the Permanent Secretaries from Eastern and North Western Provinces. The findings of the Committee are summarised hereunder.

7.3 Relevance of IFMIS in Budget Execution

Your Committee was informed that the relevance of IFMIS in budget execution could be explained through the five broad business processes that have been configured in IFMIS to facilitate budget execution with an overall key objective of ensuring transparency and accountability of public expenditure management. The five key budget execution processes are:

a. Budget preparation and budget appropriation management

The System provides for structured budget plans that have a hierarchy structure segregated to the lowest cost or revenue unit (budget classification codes) and was the basis for budget data input in the System. The budget plans are formed within the limits of a financial year and are used for quarterly cash planning or profiling by the Budget Office and forms the basis of cash releases to institutions.

The budget module is also linked to the commitment control configured within the system which ensures that local purchase orders and payments do not exceed the planned amounts. The system also accounts for variation and supplementary mechanisms ensuring credibility in the budgeting process.

b. Procurement and commitment management

The System supports the registration of suppliers, contracts and also manages requisitions linking them to Local Purchase Orders (LPOs) and receipts of goods and services. The module is integrated to the budget module ensuring budget fund availability when commitments are made, and the inventory and accounting processes, to ensure that goods and services are received before payment is made.

c. Payments and Receipt management

All payments and receipts are recorded real time and in accordance with international accounting standards.

d. Financial Reporting and Accounting

The system maintains General Ledgers in accordance with the Chart of Accounts and standard reports such as Statement C, Receipts and Payments and the Balance Sheet. The System maintains double entry.

e. Auditing

The System allows for both internal and external auditing.

7.4 Status of the implementation of the IFMIS in Zambia

Your Committee was informed that the completion of the IFMIS implementation was projected for the year 2014. Out of the initial 48 MPSAs in the Central Government at the time of signing the IFMIS Contract, 28 operated on the IFMIS, while the remaining continued to utilise the legacy Financial Management System (FMS).

7.5 Challenges of the implementation of IFMIS

The following were some of the challenges of the implementation of IFMIS:

- a. as more sites were brought onto the IFMIS, Project Staff faced challenges in providing user support due to limited number of staff and logistical facilities such as transport and poor communication infrastructure in some MPSAs;
- b. detailed Business Process rules applied within the more rigorous and greater functionality of IFMIS particularly in the management of the “Cash Limit” control area, had created administrative problems;
- c. resistance to the use of electronic accountable documents already configured in the System;
- d. weak sustainability plan of the IFMIS by institutions after the System had been handed over hence neglecting to maintain the infrastructure;
- e. reluctance to use the System real time instead officers opt to capture data after the transactions have been manually paid out, circumventing the controls in the System;
- f. inadequate IT personnel to provide support on the sites; and
- g. limited leadership to champion the implementation process.

7.6 Committee’s Observations and Recommendations

After carefully considering the subject, your Committee makes the observations and recommendations as highlighted hereunder.

i. Monitoring of the implementation of IFMIS

Your Committee observes that the Integrated Financial Management System (IFMIS) is an excellent tool being implemented in Zambia. However, there are inadequate monitoring mechanisms to make it function to its full capacity.

Your Committee, therefore, recommends that the Government should set up a high level governance structure that will champion and oversee the implementation of the System and compel users to fully utilise it.

ii. Expedite the roll-out of IFMIS

Your Committee observes that much of the annual budget is already being implemented through the IFMIS system. It is, therefore, concerned that its full implementation is taking long.

Your Committee, therefore, recommends that as a matter of urgency, the programme should be urgently rolled out to the rest of the MPSAs.

iii. Improve the network connectivity of IFMIS

Your Committee bemoans the intermittent connectivity of the IFMIS thereby delaying the implementation process. Your Committee is aware that the successful implementation of IFMIS depends, by and large, on the speed of the network connectivity of IFMIS and, as such, its continuous failure defeats its very purpose of enhancing efficiency.

In this regard, your Committee recommends that the Government should seriously invest in improving the network connectivity of the IFMIS.

PART IV

CONSIDERATION OF THE ACTION-TAKEN REPORT ON THE REPORT OF THE COMMITTEE ON ESTIMATES FOR THE SECOND SESSION OF THE ELEVENTH NATIONAL ASSEMBLY

8.0 Enactment of the Planning and Budgeting Bill

Your previous Committee recommended that the Ministry of Finance should, in line with *Article 118(A) of the Constitution Amendment No. 20 of 2009*, present the Planning and Budgeting Bill to Parliament for enactment. The Bill would provide for a consultative, transparent and accountable budget process, thereby instilling ownership in the Zambian citizenry. Your previous Committee was of the view that the enactment of the Planning and Budgeting Bill would address various challenges in the budget process.

Government's response

The Government responded that it had prepared the draft National Planning and Budgeting Policy. The draft document was going through a consultative process among various consulting stakeholders in Provinces. Once nationwide consultations had been completed

and contributions received, Cabinet would have to approve the policy. This would then allow the Ministry to prepare the Bill. It is envisaged that the Bill will be tabled in 2014.

Your Committee's Comment

Your Committee resolves to get an up-date on the matter.

PART V

9.0 CONCLUSION

Your Committee wishes to pay tribute to all stakeholders who appeared before it and tendered both oral and written submissions. The Members also wish to thank you, Mr Speaker, for affording them the opportunity to serve on the Committee for the year 2014. Your Committee also appreciates the services rendered by the Office of the Clerk of the National Assembly. Your Committee is very hopeful that the observations and recommendations contained in this Report will go a long way in improving the economy of Zambia.

June 2014
LUSAKA

Mr H H Hamududu, MP
CHAIRPERSON