

REPORT OF THE COMMITTEE ON ESTIMATES ON THE REVIEW OF THE FIRST QUARTER OF THE 2014 NATIONAL BUDGET FOR SELECTED MINISTRIES FOR THE THIRD SESSION OF THE ELEVENTH NATIONAL ASSEMBLY, APPOINTED ON WEDNESDAY, 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; Dr E Kazonga, MP; and Mr L Mulusa, MP. Following the nullification of the Parliamentary seats held by Dr E Kazonga, MP; and Mr L Mulusa, MP the two vacancies were filled by Mr R L Mtolu, MP; and Mr R Mwewa, MP. Further the Committee's composition changed with the appointment to the Committee of Ms A C Kansembe, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir

Your Committee has the honour to present its Report on the review of the first quarter of the 2014 budget for selected ministries for the Third Session of the Eleventh National Assembly.

Functions of the Committee

2.0 The functions of your Committee are to-

- 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 eight meetings to review the performance of the first quarter of the 2014 National Budget for selected ministries.

Report of the Committee

4.0 The Report is divided into two parts. Part I highlights the findings on the review of the performance of the first quarter of the 2014 National Budget for selected ministries and

discusses the proposed Out-put Based Budgeting (OBB) while Part II gives your Committees Observations and Recommendations.

PART I

5.0 REVIEW OF THE PERFORMANCE OF THE FIRST QUARTER OF THE 2014 NATIONAL BUDGET FOR SELECTED MINISTRIES

5.1 BACKGROUND

In the 2014 financial year, your Committee resolved to review the performance of the first quarter of the 2014 budgets for the Ministries of Health; Agriculture and Livestock; Education, Science, Vocational Training and Early Education; and Transport, Works, Supply and Communication. The decision to study the afore-mentioned Ministries was informed by the size of their budgets in relation to the total budget for the 2014 financial year and the relevance of key programmes in the Ministries on key poverty indicators such as health, education and infrastructure development.

The objectives of the study were to-

- a. appreciate the efficiency in the release of funds to Ministries, Provinces and Spending Agencies (MPSAs);
- b. appreciate the efficiency in the utilisation of the releases;
- c. establish the challenges facing the selected Ministries in implementing the budget; and
- d. make recommendations on the way forward.

In order to fully interrogate the subject, your Committee interacted with Permanent Secretaries of the Ministries of Finance; Health; Agriculture and Livestock; Education, Science, Vocational Training and Early Education; and Transport, Works, Supply and Communication. The findings of your Committee are summarised hereunder.

5.2 MINISTRY OF HEALTH

Your Committee was informed that the releases of the funds to the Ministry of Health under GRZ Head 46 against the approved budget in the first quarter improved in 2014 to *22 per cent* compared to *10 per cent* recorded in 2013 (Table 1).

TABLE 1: APPROVED BUDGET AGAINST RELEASES

MTEF Approved Budgets		Quarter 1 Releases (Statement C)		% of Releases against Budget (Quarter 1, 2014)	
2013 (K')	2014 (K')	2013 (K')	2014 (K')	2013	2014
2,053,383,286	2,646,390,446	207,131,388.00	264,929,896.32	10%	22%

Regarding the progress made in the implementation of the budget for the period January to March, 2014, your Committee was informed as outlined in the tables below.

TABLE 2: DIRECTORATE OF POLICY AND PLANNING

Programmes	Progress made
5010 Information Management	a. Update of the Health Facility Listing in Zambia b. Conduct Data Audit in districts
5011 Infrastructure Development	Construction of District Hospitals a. New District Hospital Construction in Kazungula, Mulobezi, Chipata, Mungwi, Kawambwa and Chililabombwe commenced January, 2014. b. Phase 3 Construction of Hospitals in Serenje, Nakonde and Mpulungu commenced January, 2014. c. Hospital construction in Chavuma, Masaiti, Chama, Lundazi, Gwembe, Kalomo, Namwala, Mongu, Lukulu, Chilubi, Mpika, Mkushi, Luangwa, Chiengi, Mwense and Milenge ongoing.
	Launch of the construction of 650 Health Posts Countrywide a. Launch of Health Posts undertaken in all 10 Provinces and sites handed over to contractors. b. Contractors currently preparing detailed programmes to commence execution. c. Processing of Letters of Credit and Advance in process, prior to actual commencement of work.
	Modernisation of UTH (Phase 1) a. Construction of Adult Medical Emergency Unit (AMEU) at UTH commenced on 20.01.2014. b. Rehabilitation of roads in UTH commenced 20.01.2014. c. Construction of Car park: works commenced in March, 2014 (demolition of existing structures).
	Construction of National Health Training Institute Construction of 2,000 student capacity National Health Training Institute commenced in March, 2014 at Chainama College.
5025 Health Systems Management	Training for Research Assistants for National Health Accounts 2011 – 2012 done.
5030 Policy and Planning	Preparation and dissemination of the 2014 MoH Action Plan. Informal Sector Rapid Assessment for the Social Health Insurance done. Policy meeting for the 1st quarter 2014 held.
5029 Parliamentary and Cabinet Business	Review of the Public Health Act and the Food and Drugs Act done. Dissemination meeting on National Health Policy done.

TABLE 3: DIRECTORATE OF DISEASE SURVEILLANCE CONTROL AND RESEARCH

Programmes	Progress made
9001 Surveillance Control and Research	a. 26 Research Proposals have been approved and 7 are yet to be approved. b. Held meetings to prioritize the annual agenda for Communicable Diseases with stakeholders. c. Technical Working Group formed on infectious diseases. d. Meeting held with provincial surveillance officers. e. Annual Environmental Health (EH) meeting with all stakeholders held.
5102 HIV/STI/TB	a. Conducted an assessment that looks at the needs of People Living with HIV and those at high risk of acquiring the infection. b. Conducted an assessment focusing on -reliable and equitable access to HIV prevention, treatment, care and support for women that have had an abortion. d. National TB Prevalence Survey. Collected data from 19 sites around the country; hosted high level mid-term external review mission; hosted monthly data management review mission; held 2 case definition meetings.
5103 Non-Communicable and Tropical Diseases	a. Capacity Building Conducted in 5 provinces, Cancer Registries initiated in 5 provincial centres. b. Monitoring Insulin-Dependent Patients in Health Facilities done. c. Printing of Strategic Plan and Guidelines done.
5071 Reproductive Health	Training was provided for 13 days to Mother Child Health (MCH) frontline staff at Levy Mwanawasa Hospital.

TABLE 4: DIRECTORATE OF HUMAN RESOURCE AND ADMINISTRATION

Programmes	Progress made
5009 Financial Management and Accounting	a. Finalization of the 2013 Financial Report. b. Introduced all payments including donor funded payments into the IFMIS. c. Inspection, monitoring and sensitization of accounting officers in the lower levels to ensure adherence to government accounting procedures and guidelines. d. Encouraged all accounting officers in the Ministry to register with ZICA.
5008 Financial Controls and Procedures	Currently, carrying out routine audits for Cancer Diseases Hospitals, Chainama College, Solwezi General Hospital, Solwezi Nursing School, Chainama Hospital, Mukinge Mission Hospital, Mukinge Nursing School, Ndola Central Hospital, Ronald Ross General Hospital, Kitwe Central Hospital, Arthur Davison Children Hospital, and Ronald Ross Nursing School.
5031 Procurement Management	a. An integrated Procurement Plan for 2014 with input from all the Provinces has been

			developed.
			b. So far, two officers from Levy Mwanawasa Hospital and Mumbwa District Health Office have been attached at MoH, HQ in order to build capacity at lower levels in procurement skills
			d. Monitoring and inspection of adherence to tender procedures at district levels.
5026	Human Resource Management		a. Conducted provincial tours to provide quality assurance. b. Conducted payroll verification/audit exercise. c. Maintained headquarters payroll through monthly inputs.

TABLE 5: DIRECTORATE OF TECHNICAL SUPPORT SERVICES

Programmes	Progress made
5024 Health Service Delivery	a. Weekly Radio Public informative and interactive programmes done. b. Public Relations Officers from all the ten provinces oriented on the recently launch MOH Communication and External Relations Strategy.
5025 Health Systems Management	a. Commenced the selection process of officers to undergo training in health management. b. Luapula, Central, Western and Lusaka Provinces assessed and gaps have been identified for technical support to be provided in the 2 nd quarter. c. Quarter 1 2014 health press briefing information compiled and will be held on 24 th April 2014. d. Orientation draft modules for management of performance assessment and technical support have been developed. e. Facilitated the deployment of medical doctors both local and foreign trained. f. Facilitated the selection, appointment and induction of board members for various statutory boards under the Ministry of Health.
5011 Infrastructure Development	a. Procurement of Medical Equipment under the Euro-Bond. All evaluations done and concluded. b. Procurement of Mortuary Equipment for existing facilities. Evaluation completed and awaiting supply of equipment.
5052 Medical Supplies	Procurement of hospital linen done.
5109 Eye Care	Eye Health Monitoring and Evaluation on-going.
5131 Paediatrics ART	a. Training of 75 Health Care workers in infant and young child feeding. b. National level mentorship on the management of Complicated Paediatric HIV. c. National Adolescent ART guidelines developed and printed as part of the consolidated ART guidelines. d. 15,000 copies of the Revised National Paediatric HIV printed and distribution on going.

5.3 MINISTRY OF TRANSPORT, WORKS, SUPPLY AND COMMUNICATION

The Ministry of Transport, Works, Supply and Communication under GRZ Head 51 for 2014 was allocated K864, 138,902, broken down as shown in the table 6 below.

TABLE 6: BREAKDOWN OF THE ALLOCATION FOR 2014

1.0	Human Resources and Administration	K350,147,872
2.0	Civil Aviation Department	K168,583,550
3.0	Meteorological Department	K 13,202,334
4.0	Maritime and Inland Waterways	K150,455,828
5.0	Communications Department	K 21,635,887
6.0	Department of Transport	K 46,051,157
7.0	Buildings Department	K 72,015,521
8.0	Government Printing Department	K 20,943,809
9.0	Office Equipment and Maintenance	K 6,968,888
10.0	Planning and Monitoring Department	K 14,134,056
	Head Total	K864,138,902

In the first quarter of the 2013 budget, *13.3 per cent* of the budget was released while *25.5 per cent* was released during the same period in 2014, depicting an increase of 12.2 percent (Table 7).

TABLE 7: PROPORTION OF THE BUDGET RELEASED

Description	1 st Quarter of 2013	1 st Quarter 2014
Actual amount released	K71,924,924	K220,465,822.90
Proportion of the Budget Released	13.3%	25.5%

Regarding Statement C, giving a comparative statement of authorised provisions and actual expenditure for the first quarter of the 2014, the Ministry submitted as highlighted in Table 8 below.

TABLE 8: CEILINGS GIVEN BY MINISTRY OF FINANCE IN THE FIRST QUARTER OF 2014

Programme	January	February	March	Total
Operational Programmes (RDCs)	20,623,651	-	24,748,382	45,372,033
Operational Grants	16,495,045	16,495,045	16,495,045	32,954,090
Total	37,118,696	16,495,045	41,243,427	94,857,168

5.4 MINISTRY OF EDUCATION, SCIENCE, VOCATIONAL TRAINING AND EARLY EDUCATION

In the year 2014, Parliament approved an amount of K 8, 599, 147,755 for the Ministry of Education, Science, Vocational Training and Early Education under GRZ Head 80. Further, an amount of K6, 102,787,655 of the Ministry's allocation was for Personal Emoluments (PEs) while the balance of K2, 496,360,100 was for Non-PE Programmes.

A total of K5, 619, 228, 754 was allocated for the 2013 financial year. From the allocation, K3, 923, 686, 885 was for PEs and K1, 630, 541, 873 was for Non-PE Programmes. Further, K354, 417, 099 or 21.7 per cent of K1, 630, 541, 873 was released in the first quarter of 2013. In the first quarter of 2014, K385, 113, 146 or 15.4 per cent was released from the total allocation of K 2,496,360,100 depicting a reduction of 5.7 per cent.

Regarding Statement C, your Committee was informed as outlined in the Table 9 below.

TABLE 8: Q1 STATEMENT C

GRZ Head	Budget (K)	Total Authorised Provision (K)	Funds Released –Jan to March (K 385,113,146)			Actual Expenditure (K)
			JAN	FEB	MAR	
80	8, 599,147, 755	8, 599,147, 755	162,840,030	110,876, 742	111,396, 742	254, 989,332

On the absorption capacity of the Ministry, your Committee was informed that as at 10th April, 2014, 66.2 per cent of the funds received had been used. However, it was noted that the March funding was received at the beginning of April, 2014.

Regarding the progress made in programme implementation, your Committee was informed that as at 10th April, 2014, progress as set out hereunder had been recorded in the first quarter of 2014:

i. Early Childhood Education (ECE)

A draft policy on Early Childhood Education (ECE) had been developed and was ready for submission to Cabinet. A National ECE Committee had been constituted to oversee the coordination of the ECE Programme. In addition, a new curriculum had been rolled-out to all Provinces while new teaching materials were being developed.

ii. Primary School Education

The Ministry had continued to provide free education from grades one to seven. The

Ministry, through the new curriculum, had also re-introduced the teaching in local languages for grades one to four. In this regard, a communication strategy was being developed to ensure that the policy was appreciated.

iii. Secondary School Education

In the 2014 budget, the Ministry planned to continue with the construction of eighty-three secondary schools whose construction began before 2011 and to commence the construction of thirty-five new secondary schools. The total number of secondary schools under construction was 118. At the end of 2013, a total of twenty-nine secondary schools were partially completed except for external works. During the period January to March 2014, another ten secondary schools were partially completed and pupils were being enrolled. The total number of secondary schools that were operational was forty-nine and all contractors for the new thirty-five schools were given advance payments and construction works had begun.

The procurement process for institutions to be providing fast-track teacher education degree programmes for diploma holder teachers both in the primary and secondary schools were finalised in the first quarter. In March, 2014, the Ministry issued a tender notice for the supply of computers and other equipment for 300 schools as part of efforts to improve accessibility of ICT in Schools.

iv. Tertiary Education

Your Committee was informed that the Ministry continued with the construction works at Palabana, Paul Mushindo and Robert Kapasa Makasa Universities. The construction works at Robert Kapasa Makasa were at Phase II and considerable progress had been made as almost all the buildings had been painted except for the lecture theatres. The works at Palabana took long to get off the ground because of the rocky construction site. The contractor for Paul Mushindo University was in the process of constructing the sub-structure for the ten houses while construction of the lecture room blocks had also begun.

5.5 MINISTRY OF AGRICULTURE AND LIVESTOCK

The approved budgetary provision for the Ministry whose GRZ Head is 89 for the year 2014, was K3, 031,654,385.00. The break-down of the allocations is given in Table 10 below.

TABLE 10: BREAK-DOWN OF THE ALLOCATION

AMOUNT (ZMK)	ACTIVITY
379,272,925	Personal Emoluments (PE's).
500,000,000	Farmer Input Support Programme.
1,013, 330, 695	strategic food reserves.
324,359,584	Agriculture Development Programmes.
579,958, 685	SNDP Programmes and support services.
179,731,249	Silo Construction and Rehabilitation.
55,001,247	Dip Tank Construction and Rehabilitation.

Comparatively, the total amount released had more than doubled in the first quarter of 2014, when compared to that of 2013. However, the amount released in the first quarter of 2014, was less than the total ceiling for the first quarter by 17% which had a negative effect on programme implementation (Table 11).

TABLE 11: AMOUNT PROFILED AGAINST AMOUNT RELEASED

	2013	2014
Total Amount Profiled	K 148,550,478	K 380,850,106
Total Amount Released	K 148,550,478	K 316,930,063
% Released/Profiled	100	83

Regarding Statement C, the Ministry submitted as out lined in Table 12 below.

TABLE 12: TOTAL EXPENDITURE AS % OF FUNDING FOR QUARTER ONE, 2014

	MINISTRY OF AGRICULTURE AND LIVESTOCK	Amount Profiled Q1	Funding	Reported Expenditure ZMK	Reported Expenditure as % of Funding
		335,489,207	271,551,844	121,315,856	44.68
8901	HEADQUARTERS	1,325,919	1,325,919	351,240	26.49
8902	HUMAN RESOURCES AND ADMINISTRATION	210,729	222,729	77,012	34.58
8903	POLICY AND PLANNING DEPARTMENT	21,782,672	36,213,004	14,188,714	39.18
8904	AGRICULTURE DEPARTMENT	1,351,509	2,651,510	87,982	3.32
8905	ZAMBIA AGRICULTURAL RESEARCH INSTITUTE	883,303	783,304	119,408	15.24
8906	VETERINARY SERVICES DEPARTMENT	3,165,604	8,865,604	5,590,837	63.06
8907	LIVESTOCK DEVELOPMENT DEPARTMENT	2,610,931	2,613,332	84,419	3.23
8908	FISHERIES DEPARTMENT	583,625	583,626	92,447	15.84
8909	AGRIBUSINESS AND MARKETING DEPARTMENT	301,580,252	216,288,358	100,615,998	46.52
8910	CO-OPERATIVES DEPARTMENT	378,119	378,200	15,002	3.97
8911	SEED CONTROL AND CERTIFICATION INSTITUTE	1,012,323	1,022,123	4,904	0.48
8912	NATIONAL AGRICULTURE INFORMATION SERVICE	604,135	604,136	87,893	14.55
	Average Reported Expenditure				22.2

The expenditure figures for provinces, districts and research stations were yet to be verified at the time of reporting. This explained why they were not appearing in the Table 12 above.

The absorption in the first quarter of the year was at 47 % (Table 13). This was as a result of the late release of the January and March funds which resulted in the deferment of activities that were supposed to be carried out in January to February and activities planned for March were deferred to April (Table 14).

TABLE 13: ABSORPTION CAPACITY OF MAL, QUARTER 1 2014

Amount Received	K316, 930,064
Amount Spent	K 148, 316, 214
Absorption Capacity	47%

TABLE 14: MONTHLY FUNDING FOR Q1, 2014

FUNDING (JAN-MAR 2014)	
Month	Comments
January	Funding for the month of January was only received in February, 2014. Activities that were planned for January

	were only implemented in February.
February	Only Personal Emoluments were funded in the month of February, meaning the planned implementation of Programmes in February did not occur.
March	March funds were released in the First week of April, 2014. Programmes planned for March as per implementation schedule were only commenced in April.

Regarding the progress recorded in the implementation of the programmes in the first quarter of 2014, your Committee was informed as highlighted below.

i. Farmer Input Support Programme (FISP)

In the 2013/14 farming season, the Department of Agribusiness and Marketing planned to distribute 96,392.82 metric tonnes of D-compound fertilizer, 99,800.79 Metric tonnes of Urea fertilizer and 9,317.38 metric tonnes of assorted seed varieties. Out of these, 26,000 metric tonnes of D-compound and 46,000 metric tonnes of Urea fertilizer were distributed in the first quarter of 2014. The total amount spent in undertaking this exercise was K 398,704,969.03.

ii. Agriculture Department

Your Committee was informed that at the beginning of the first quarter, the Department of Agriculture began a monitoring exercise on the Army Worm and other migratory pests following the Training of Trainers on the same subject in 2013. This activity was currently on-going in the selected districts of Eastern, Southern, Northern, Lusaka, Copperbelt and North-western Provinces. A total of twenty-two districts were expected to be covered at the end of the exercise. Some of the activities undertaken were: holding of sensitization meetings on the control of larger grain borer and checking work-plans for crop officers at district and provincial level.

In addition, under Food and Nutrition, the Ministry had developed recipes from traditional foods and compiled recipe books which were used as tools for conducting field demonstrations on food utilisation as well as promoting good nutrition at household level. In the first quarter of 2014, the Food and Nutrition Section printed additional 1,000 copies of the recipe books. These books would be distributed to Agricultural extension staff in provinces and districts.

Your Committee heard that in 2013, the Food and Nutrition Section had begun establishing a nursery for vitamin-A rich orange sweet potatoes at Chalimbana Farm Institute. However, it was only completed towards the close of February, 2014. The Section also completed distributing solar driers to women groups in Mpongwe, Mufulira, Solwezi and Mongu Districts, an exercise that also began in 2013.

iii. Livestock Development

Your Committee was informed that in the first quarter of 2014, the Livestock Development Department purchased twenty-two breeding Barotse Heifers for the breeding centre in Shangombo. An additional ten had already been paid for, but had not yet been delivered to the centre.

Under the Livestock Infrastructure Support Project (LISP), supported by the African Development Bank (AfDB), the recruitment of a Procurement Specialist and an Accountant for the Project was completed. Furthermore, the Department completed the proposal for the Enhanced Small Holder Livestock Improvement Project (E-SLIP), a follow-up to the Small Holder Livestock Improvement Project (SLIP).

iv. Animal Health

Your Committee was informed that in the first quarter of 2014, the Department of Veterinary Services managed to: procure 600,000 doses of vaccines against Foot and Mouth Disease; launch a Statutory Instrument on compulsory dipping and vaccination; and award a contract for the procurement of 450,000 doses of vaccines against Contagious Bovine Pleuro Pneumonia (CBPP) and 120,000 doses against East Coast Fever.

In addition, your Committee was informed that for Tsetse and Trypanosomiasis control, a contract to conduct Aerial Sprays was approved and was currently awaiting clearance. Further, to control Animal Swine Fever in Lusaka, the last thirteen farms with a pig population of 4,808 were depopulated. In Southern Province, 953 pigs were slaughtered in Macha.

Furthermore, the Department managed to complete the construction of an animal containment research facility by 20th March, 2014, while 30, 675 doses of rabies vaccine were produced and 222 farmers were attended to for diagnosis of livestock diseases.

v. Fisheries Development

Your Committee was informed that during the period under review, the Department of Fisheries enforced the fish ban exercise in all fishery areas during which more than eighty people, that included fishermen and traders, were convicted. In addition, the Department held meetings which dealt with the following issues: the preparatory meeting for the management of joint fisheries resources; a review meeting on value addition on the project in Western Province; and consideration of the implementation of the Chiundaponde Fisheries Management Plan.

Towards the end of January, a team from Fisheries Headquarters was constituted to undertake monitoring of infrastructure development projects that began in 2013, in Eastern Province. A separate monitoring exercise was conducted to assess fish import and export activities at Katimamulilo and Kasumbalesa border posts in Sesheke and Chililabombwe Districts, respectively. Furthermore, another tour to Chipepo was conducted to interact with communities identified to be potential local cage fish farmers. The potential sites in Rufunsa District were inspected to enable the commencement of fish pond construction. However, funds for Aqua-parks development had not yet been received from the Government.

vi. Capture Fisheries Research

Your Committee was informed that the maintenance of fish cages in Mweru-Wantipa Fishery was completed during the review period. In addition, repair works on the Namazambwe Fisheries Research Vessel based in Sinazongwe on Lake Kariba was also completed. On Lake Tanganyika, collection of fish market statistics was done while Limnological studies

meant to monitor water quality and primary productivity on Lake Bangweulu were also conducted. The Catch Assessment Survey on Lake Kariba, Lake Itzhi-tezhi and Lusiwash reservoir for the purpose of estimating fish production had not yet been conducted.

The Permanent Secretary reported that only planning and review meetings for the planned survey were held.

vii. Aquaculture Research

Your Committee was informed that the work for the indoor hatchery at Chipata Aquaculture Research Station in Chipata was completed. During the review period, there were 62,139 fingerlings both from outdoor and indoor fish seed production systems.

viii. Seed Control and Certification

Your Committee learnt that the Institute implemented several activities in the area of seed variety testing and inspection. Some of the activities included: the release of fourteen crop varieties; 539 Laboratory Seed Tests conducted; auditing and licensing of one Private Seed Testing Laboratory; registration of 54, 792.6 for various seed crops; inspection 209 seed trading premises, with 201 issued with trading licenses; and sensitization of thirty-five company personnel on illegal vegetable seed trading. Local trainings were also organized in which five agronomists from the Ministry and fifteen private sector personnel were trained in seed technology courses.

ix. Agricultural Research

Your Committee was informed that during the period under review, the Zambia Agriculture Research Institute conducted several activities in its quest to provide a farmer demand-driven research. The major activities undertaken included: the installation of trials in all the three agro ecological zones; setting up of on-station and field demonstrations for cereals, legumes and root and tuber crops; and analysis of two hundred and eight soil samples.

x. Policy and Planning

The Policy and Planning Department completed data collection and data entry for the Crop Forecast Survey (CFS), for the 2013 - 2014 farming season. The remaining activities to be undertaken in the second quarter were the cleaning of the data collected and the announcement of results to the public. The Department also coordinated the drafting of the Agriculture Transformation Programme (ATP). The document being drafted is aimed at accelerating agricultural growth in line with existing Policies and Plans. The document was to be subjected to stakeholder consultations in the second quarter of 2014.

Furthermore, the Department finalized the drafting of the Ministry's Planning and Budgeting Guidelines for planning and budgeting. Dissemination of the Guidelines was scheduled to begin in the second quarter. Your Committee also learnt that an analysis of farmer perceptions on the reforms made to the Farmer Input Support Programme (FISP) was conducted in Southern and Central Provinces.

5.6 OUTPUT-BASED BUDGETING (OBB) VERSUS ACTIVITY BASED BUDGETING (ABB)

Your Committee was informed that the Government had been studying the possibility of implementing the Output-Based Budgeting (OBB), as a successor to the current Activity Based Budgeting (ABB). Implementation of the OBB was part of the budget reforms which were focused on the realization of intended results (deliverables) rather than just conforming to financial processes and procedures.

In the OBB, Controlling Officers might be allowed some reasonable degree to vary resources within permissible limits and they would have greater accountability and responsibility to deliver the expected outputs. The OBB would also address most of the shortcomings inherent in the current ABB system such as the bulkiness of the 'Yellow Book', the weak link between the Budget and the National Development Plan, as well as the lack of information on expected deliverables.

Further, your Committee learnt that the change would be an enormous shift of budget policy and as such the Government would have to conduct extensive consultations with the key stakeholders, such as the relevant committees of Parliament prior to implementing the OBB system. Substantial preliminary work had already been undertaken and Parliament would be called upon to provide guidance on the structure content and implementation plan of the OBB system later in June, 2014. Controlling Officers and their respective staff would also be given sufficient sensitization prior to the implementation of the concept.

PART II

6.0 COMMITTEES OBSERVATIONS AND RECOMMENDATIONS

After carefully studying the submissions from various stakeholders your Committee makes the observations and recommendations set out hereunder.

i. Late releases to the Ministries

Your Committee observes that there is a reduction to the Ministry of Education, Science, Vocational Training and Early Education in the releases against the budget for the first quarter from *21.7 per cent* recorded in the first quarter 2013 financial year to *15.4 per cent* in 2014. It also observes that the releases for March were delayed to April, 2014. If the trend continues to the end of the year, the Ministry may have a challenge of meeting its planned activities thereby lead to supplementary expenditures.

Further, your Committee observes that the Ministry of Agriculture and Livestock recorded a low absorption rate of 47 per cent in the first quarter of 2014, mainly because of the late release of funds which resulted in the deferment of activities that were supposed to be carried out in January to February, and March to April.

Your Committee is concerned that if left unchecked, the situation might lead to continued supplementary expenditure as a result of over-running projects. Your Committee recommends that the Executive should ensure timely and efficient release and utilisation of

the public funds to Ministries, particularly in the light of the huge infrastructure development such as the construction of universities and schools.

ii. Ministry of Health

Your Committee observes an increase in the releases as a proportion of the budget for the first quarter from *10 per cent* in 2013, to *22 per cent* in 2014. Your Committee also observes that the Ministry has made a clear outline of the programmes under implementation in the first quarter of the year 2014. Your Committee is, therefore, of the view that the performance of the budget in the first quarter as it relates to the releases was favourable.

In this regard, your Committee urges the Executive to stay on course with the releases so as to ensure the full implementation of key projects such as the construction of the 650 health posts and the modernisation of the roads in UTH which will attract a lot of funds.

iii. Ministry of Transport, Works, Supply and Communications

Your Committee observes that there is an increase in the releases as a proportion of the budget for the first quarter from *13.3 per cent* in 2013 to *25.5 per cent* in 2014.

It, therefore, urges the Executive to stay on course with the releases so as to ensure the full implementation of key projects and avoid supplementary expenditures

iv. Output-Based Budgeting (OBB)

Your Committee observes that the witnesses who appeared before your Committee preferred OBB to ABB largely on account of flexibility of virement of funds within programmes without recourse to the Secretary to the Treasury.

In light of the above, your Committee recommends that the Executive should seriously consider the adoption and implementation of the Output-Based Budgeting (OBB) within the fiscal reform programme of Planning and Budgeting as the benefits of OBB outweigh those of the ABB.

7.0 CONCLUSION

Your Committee expresses its gratitude to all stakeholders who appeared before it and tendered both oral and written submissions. Your Members also wish to thank you, Mr Speaker, for affording them the opportunity to serve on your 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 budgetary process in Zambia.

June, 2014
LUSAKA

Mr H H Hamududu, MP
CHAIRPERSON

APPENDIX I

List of Officials National Assembly

Mr S C Kawimbe, Acting Principal Clerk of Committees
Ms M K Sampa, Acting Deputy Principal Clerk of Committees
Mr F Nabulyato, Committee Clerk (FC)
Mr S Mtambo, Assistant Committee Clerk
Ms F Hamakalu, Typist
Mr R Mumba, Committee Assistant
Mr C Bulaya, Committee Assistant