

## MOTION

### REPORT ON THE PORTFOLIO COMMITTEE ON WOMEN AFFAIRS COMMUNITY AND SMES DEVELOPMENT ON THE CONSOLIDATED BUDGET PERFORMANCE REPORT FOR MINISTRY

**HON. MADIWA:** I move the motion in my name that this House take note of the report on the Portfolio Committee on Women Affairs Community and SMEs Development on the Consolidated Budget Performance Report for Ministry of Women Affairs, Community and Small and Medium Enterprises Development, Third Session, Ninth Parliament, November 2020.

**HON. CHINGOSHO:** I second.

**HON. MADIWA:** Thank you Mr. Speaker Sir. I am going to present a report on the Portfolio Committee on Women Affairs Community and SMEs Development on the Consolidated Budget Performance Report for Ministry of Women Affairs, Community and Small and Medium Enterprises Development, Third Session, Ninth Parliament, November 2020.

**HON. MADIWA:** The Constitution of Zimbabwe mandates Parliament to have oversight of all State revenues and expenditure in order to ensure financial probity in the utilisation of public resources. Section 119 (3) of the Constitution states that, “all institutions and agencies of the State and government at every level are accountable to Parliament.”

Section 298 of the Constitution of Zimbabwe provides *inter alia*, that there must be transparency and accountability in financial matters. It gives prominence to the fact that public funds must be expended transparently, prudently, economically and effectively. In addition, financial management must be responsible, and fiscal reporting must be clear.

Section 299 of the Constitution of Zimbabwe obliges Parliament to “monitor and oversee expenditure by all State institutions in order to ensure that all revenue is accounted for, all expenditure has been properly incurred and any limits and conditions on appropriations have been observed”. This is further buttressed by provisions in the Public Finance Management Act [Chapter 22:19] which regulates the management of public resources. The Act seeks to ensure transparency, accountability and sound management of the revenue, expenditures, assets and liabilities of ministries, constitutional entities, statutory funds and designated corporate bodies and public entities. Sections 32, 33, 34 and 35 of the PFMA compel ministries to submit monthly, quarterly and annual financial statements and accompanying reports to their respective portfolio committees. The idea behind these provisions is for Parliament to monitor use of public resources in line with its financial oversight functions.

## 2.0 REPORTING FRAMEWORK

Having realised that not all ministries were complying with the provisions of the Public Finance Management Act [Chapter 22:19] relating to submission of monthly, quarterly and annual reports to the legislature as provided for in law, Parliament in 2016 came up with a reporting guideline. It had been observed that where ministries complied, the majority of reports were mostly financial in nature with very little information provided on outputs, outcomes and impact arising from the financial resources expended. The reporting guideline spells out the content of performance reports with particular emphasis on performance budgeting, which has been the missing component. The guide borrows heavily from the Public Service Accountability Monitoring (PSAM) rights-based approach on social accountability monitoring framework, which focuses on the entire public resource management system of the State. The PSAM conceptual approach is based on the premise

that there are five basic interconnected processes through which States manage public resources to deliver services that realise the socio-economic rights of citizens as illustrated below:

### **1: Public Resource Management processes**

The World Bank (2004) asserts that these five processes, although distinct, are interconnected in such a way that failure on one process can weaken the whole service delivery process in this integrated social accountability system. Each process therefore forms part of a chronological sequence and the ineffective implementation or weakness of one process has a knock-on effect on other processes, resulting in the weakness of the overall system. Strategic planning informs resource allocation on the amount and area where resources are needed. After this, expenditure management follows where-in there is tracking of expenditure in the context of fiscal discipline, efficiency, effectiveness and value for money.

Performance management focuses on implementation of planned activities in an effective, efficient and responsible manner where-in officials perform their responsibilities and supply products and provide services in conformity with interests of satisfying citizens needs and rights. During processes 1 to 3, effective measures should be carried out with the objective of identifying and preventing conflicts of interest and any other act of corruption in the use of public resources and implementing corrective measures to deal with poor performance and abuse of public resources (Public Integrity management). Oversight is the more comprehensive of all as it ensures verification of conformity of acts, documents, legality, and efficiency of all other processes and thus is happening throughout the cycle. It is only after Portfolio Committees receive reports with such detail that they can be able to effectively play their constitutionally mandated oversight function.

The Committee on Women Affairs, Community, Small and Medium Enterprises Development (Herein after referred to as the Committee) received the first, second and third quarter reports of the Ministry and analysed them, with technical assistance from the Parliament Budget Office. The analysis checked compliance with the reporting guideline and the PFMA reporting standards.

### **COMMITTEE OBSERVATIONS FROM THE THREE REPORTS RECEIVED**

The Committee noted that the Ministry of Women Affairs Women Affairs, Community, Small and Medium Enterprises Development policy priority areas for 2019-2021 augur well with the Ministry's purpose in life. These are:

- Finalisation of Community Development Policy;
- Implementation of the Broad-Based Women's Economic Empowerment;
- Facilitate financial inclusion and access to markets for women's products;
- Implementation of the National Gender Policy Implementation Strategy and Action Plan and National Action Plan on Ending Child Marriages;
- Implementation of the 4Ps campaign (Prevention, Protection, Participation and Programmes) on ending GBV and Anti-Domestic Violence Council Strategies Plan;
- Capacity building of SMEs in Business Management Skills and other technical skills;
- Training and capacity building of cooperative officers and co-operators.

The Committee also noted the Ministry's policy priority areas for 2020 which are:

- Dissemination of the Implementation Strategy for the National Gender Policy;
- Finalise strategy on Women in Decision Making;
- Implement the National Action Plan on Ending Child Marriage;
- Hold awareness campaigns on GBV;
- Funding of Women’s groups through the Women Development Bank;
- Training of women on simplified trade agreements into vernacular languages;
- Commemoration of 16 Days Against Gender Based Violence;
- To finalise the Community Development Policy;
- To refurbish 2 x National Training Centres and renovate Community Based Centres for Skills and Entrepreneurship Development;
- Devolution awareness campaigns; and
- To increase income and growth of MSMEs.

The Committee noted with satisfaction that the reports made reference to the strategic plan which is an overview of its planned activities and targets for the year. The Ministry linked its programmes to its strategic plan. The link between planned activities to the ongoing broad macro-economic policies such as the Transitional Stabilisation Plan, Sustainable Development Goals and other cross cutting issues such as gender among others is very clear. This helped the Committee to adequately assess the performance of the Ministry in the context of the broader socio-economic goals.

The Committee also noted that the Ministry was allocated ZWL 503 976 000 (Inclusive of retention funds) in the 2020 Appropriation Act. The resource allocation is for three programme areas namely; Policy and Administration (10.62%); Women Empowerment, Gender Mainstreaming and Community Development (30.84%) as well as Small and Medium Enterprises and Cooperative Development (58.54%).

The Committee also noted that the Ministry staff establishment is 2 290 following the transfer of Incubation Services Unit to the Ministry of Higher and Tertiary Education, Innovation, Science and Technology Development with effect from 2 January 2020. The transfer of the Unit left 40,3% of its established posts unfilled. Women constitute 48% of the total employment in the Ministry. At decision making level, the Permanent Secretary, Chief Director and other Directors are males except the Director Gender. The rest of the women at decision making positions are on acting capacities, giving a bad example from the Ministry responsible for gender equality and equity. The Ministry conducted interviews for the Community Development Coordinators for Matabeleland North and South Provinces to fill 56 Community Development Coordinators.

The Committee noted with concern erratic releases of the allocated funds especially for programme 3 which impedes the ability of the Ministry to deliver its mandate as indicated below:

	<b>FIRST QUARTER % RELEASE</b>	<b>SECOND QUARTER % RELEASE</b>	<b>THIRD QUARTER % RELEASE</b>

<b>Programme 1: Policy and Administration</b>	54	72	79
<b>Programme 2: Women Empowerment, Gender Mainstreaming and Community Development</b>	10	49.9	97
<b>Programme 3: Small and Medium Enterprises and Cooperative Development.</b>	6	17.6	21

The Committee also noted that despite assertions by the Hon. Minister of Finance and Economic Development when he presented the Mid Term Fiscal Policy Review Statement on 16 August 2020, that overall average utilisation of Votes was 46% as at June 2020 which did not warrant the need for a supplementary budget. This was caused by the miniscule releases by Treasury and not in the absorptive capacity of ministries. The Ministry of Women Affairs, Community, Small and Medium Enterprises Development is reported to have utilised 25% by June 2020 yet the Ministry's second quarter report indicates 33.8%.

The Committee is concerned with the imbalanced releases by programme and sub-programme.

Programme 3 had a cumulative release of 21% by 30 September while sub-programme 1.1 (Ministers and Permanent Secretary) had exceeded the budget of ZWL\$6.5m by 4.96% and 41.38% by the end of the first and second quarter respectively. This constrains the ability of certain departments to achieve their mandate while others flourish. The net effect of channelling little resources to these sub programmes on the socio-economic landscape of the citizens of the country is immense. It is also worrisome to note that releases towards ministries programmes are erratic while releases towards employments costs are guaranteed. One therefore wonders why employees are being remunerated if they are not given the resources to do what they were employed to do.

The expenditure report is not compliant with Section 36 of PFMA which stipulates that, "the actual expenditure should separate capital and recurrent expenditure for that period." The Ministry is reminded to report in line with provisions of the PFMA.

The Committee noted with appreciation that the approved budgets of \$20m, \$100m and \$15m for the Women's Development Fund, Women's Micro-Finance Bank and Community Development Fund had been released in full by 30 September 2020. However, for SMEDCO only \$40m of the \$90m was disbursed.

The Committee acknowledges that most of the targets the Ministry had set itself to achieve were not achieved due to the combined effects of erratic releases and the COVID 19 pandemic associated lockdowns.

The Committee noted that the Ministry is constrained by lack of vehicles. The Ministry had planned to purchase a total of 14 vehicles from the 2020 annual Budget. Currently, the Ministry managed to procure seven vehicles and is awaiting funding from Treasury for the purchase of the remaining seven vehicles.

The Committee wishes to comment SMEDCO for observing compliance with regards to reporting. The Committee received the entity's strategic plan, submitted in line with provisions of Section 22 (4) (a) (i) of the Public Entities Corporate Governance Act.

The Committee also received the 2018 SMEDCO Annual Report and awaits the 2019 Report. In 2018, the corporation recorded a total income of \$2 138 068 in comparison to \$1 285 653 in 2017. However, it incurred a total comprehensive loss of \$415 811 for the year ended 31 December 2018. The corporation however managed to grow its loan book to \$4,685,529. Interest income increased from \$327,608 in 2017 to \$991,346 in 2018. Other related fees, charges and operating income grew from \$265,092 in the previous reporting period to \$483,162 in 2018. The capacity to lend was supported by the disbursement of funding from the Treasury as well as local lines of credit that were secured by Treasury Bills released to recapitalise SMEDCO of \$15million at the end of 2016.

The Committee noted that SMEDCO's costs were pushed up by filling some of the posts that had remained vacant during a period of limited activity, the adoption of International Financial Reporting Standard 9 (IFRS9) reflective of the higher risk of the sector that the institution serves and other operating costs. Four million nine hundred and ninety one thousand eight hundred and fifty three dollars was disbursed to 409 MSME clients in 2018. This helped to sustain 1,910 jobs and create 521 jobs. This was an increase from 2017 where 1,774 jobs were sustained and 148 jobs were created. The corporation's disbursement to women-owned enterprises was \$1,697,894 representing 38 % of the total disbursements in 2018 in comparison to 28% in 2017.

The Committee observed that the Gender Commission adhered to Section 323 of the Constitution of Zimbabwe which requires every Commission to submit to Parliament, through the responsible Minister, an Annual Report describing fully its operations and activities. The Zimbabwe Gender Commission accordingly submitted its Fourth Annual Report to Parliament and the report was duly tabled in this august House.

The Committee invites this Honourable House to note that, according to the Gender Commission Annual Report, "Gender insensitive socio-cultural, economic and political practices continue to thrive in the Zimbabwean society, which has remained predominantly patriarchal. Attitudes, norms, practices and expectations propagating violence and discrimination against women and girls prevail. Sexual harassment in the workplace, educational institutions, churches, homes and public spaces continues unabated. Most communities are still trapped in primitive and often barbaric socio-cultural and religious practices such as forced marriage of which child marriages tops the list. Cyber bullying and stereotyping are too common. In most cases, the society turns a blind eye to women and girls suffering under gender oppression. Even though the challenges are many, real commitment to meaningful gender equality largely remains insufficient".

The Committee observed that gender imbalances in political participation and representation of women in leadership and decision-making accounts in part to lack of transformation. The steadily deteriorating economy of the country laid bare the complex gender dimensions obtaining in a heavily compromised macro-economic environment.

The Committee noted and appreciates the progress the Ministry has made in addressing the 2018 Auditor General recommendations. The issue of two of the existing four classroom blocks at Rodger Howman Training Centre being used for storing ballot boxes on behalf of ZEC since July 2013, with no storage fees paid for the warehousing facility however, has not been satisfactorily addressed. The Ministry has engaged ZEC which is still to pay or remove the material.

## **RECOMMENDATIONS**

1. Treasury should improve on the releases and predictability of resources to the Ministry. Erratic releases impede on the ability of the Ministry to achieve what it set out to achieve. The releases should be balanced by programme and economic classification, or else concentration of activity will be in one department while other departments suffer.

2. For the 2021 financial year, Treasury should adopt a system of quarterly releases of the operational budget after a Ministry has satisfied all reporting and acquittal requirements. Where possible, capital releases should be once off so as to enjoy economies of scale.

3. Beginning January 2021, the Ministry of Women Affairs should use the National Training Centre for Rural Women (Jamaica Inn) and Rodger Howman Training Centre to hire out conference and accommodation facilities to NGOs, government departments, development partners and the general public and generate additional revenue to finance development programmes. The current scenario where these centres are used as warehouses for ZEC election material will not in any way benefit women empowerment.

4. With effect from January 2021, the Ministry's budget, through the Women's Development Bank and SMEDCO should support innovative community-based savings and lending schemes to accelerate women's economic empowerment activities. Financing should be through revolving funds. Requirements for one to access the funds should be scaled down without compromising the check systems to ensure repayments. In that regard, a rural women biased system should be adopted instead of a one size fits all system.

5. The Public Service Commission should urgently accede to the request by the Ministry to engage 28 x Community Development Coordinators for Matabeleland South Province. The process of engaging 28 x Community Development Coordinators for Matabeleland North Province where interviews have already been conducted should be fast tracked and posts filled by end of January 2021.

6. There is need for Parliament to give effect to the constitutional intentions, particularly Sections 3 (1) and 17 (1) (b) of the Constitution by formulating legislation that unequivocally makes gender equality provisions of the Constitution justiciable. In that regard, the Ministry should by 30 June 2021 draft the Gender Equality Act, which would ensure gender balance in politics and decision making at all levels especially in respect of local authorities, parliamentary and senatorial seats, the Executive and the Judiciary. The Act should also criminalise disregard of the constitutional provisions on gender equality outlining the attendant penalties;

7. The Committee also recommends for amendment of section 124 of the Constitution and the Electoral Act by the Ministry of Justice, Legal and Parliamentary Affairs to adapt to the Zebra system for the House of Assembly, Local Government and for all institutions by 30 September 2021.

## **CONCLUSION**

Mr. Speaker Sir, in light of what I have presented, it is clear that with regular, consistent oversight of the Executive, sustainable resource utilisation can be realised. This has been witnessed in the improved reporting and submission of the Ministry's financial performance reports. It is therefore imperative that Parliament invests in capacity building of its Members on budget oversight to ensure effective and efficient budget execution.