

# Zimbabwe Performance-Based Budgeting: Concepts and Success Factors

Tawanda Zinyama and Alfred G. Nhema

Department of Political and Administrative Studies, University of Zimbabwe, P.O. Box MP 167, Mount Pleasant, Zimbabwe

## Abstract

Programme-based budgeting uses the budget as a tool for making public management more results focused. In its 2016 National Budget, the government of Zimbabwe stated that by 2018 all Ministries and departments should have implemented the Programme-Based Budgeting (PBB) System.

This paper discusses the PBB concepts at the levels of theory and practice. The intention is not only to highlight the major features of the concept but also to critically examine the relevance of the system from a holistic perspective. The paper further seeks to critically outline the key success factors that are essential for the effective and successful implementation of the PBB system.

**Keywords:** Programme-based budgeting, performance-based budgeting, efficiency, Zimbabwe

## 1.0 Introduction

Since the attainment of independence in 1980, the Government of Zimbabwe has actively implemented various reform initiatives aimed at enhancing the efficiency and effectiveness of the public administration system in order to improve service delivery as well as making the system more positively responsive to the socio-economic development needs of the country's citizens and thereby improving their quality of life.

The reform measures introduced encapsulate job evaluation and review of compensation; performance appraisal system; Public Finance Management System (PFMS); various Economic Reforms (Economic Structural Adjustment Programme (ESAP: 1991-1995), Zimbabwe Programme for Economic and Social Transformation (ZIMPREST: 1996-2000), The Millennium Economic Recovery Programme (MERP: 2001), the National Economic Revival Programme (NERP), Vision 2020) and Consolidated Action Plan Matrix (CAMP) and Results-Based Management System (RBMS: 2005). Under the Results-Based Management, a number of flagship programmes were introduced, to propel the change to focus on results. These included Performance Contracts, Mission Statements; Client Service Delivery Charters, and Rapid Results Initiatives. The success of previous reforms has, however, been limited as they have been implemented in an environment characterised by poor usage of resource planning and lack of vertical and horizontal integration of systems (GoZ, 2006).

Performance-Based Budgeting (PBB) is a budgeting method that links appropriations to the outcomes of programmes. Government department create strategic plans that include broad goals and more specific objectives for achieving those goals. Elements of performance budgeting have been around for decades such as developing performance measures for strategic planning and evaluation. This paper seeks to discuss the critical success factors in making performance-based budgeting work in Zimbabwe.

## 2.0 Conceptual Issues

### 2.1 What is Budgeting?

Government budgeting is the allocation and use of resources and associated decisions about how the resources used will be acquired, by that part of the public sector which is financed primarily by compulsory charges such as taxes (Robinson, 2014). Budgeting has certain objectives to achieve. The analysis of economists Richard and Peggy

Musgrave in *Public Finance in Theory and Practice* provides a key to the understanding of the objectives of public financial management. They postulate that government revenue raising and spending serve one of the following four objectives:

- Allocation: ensuring that an appropriate level of funding flows into sectors of the economy where it is required;
- Distribution: ensuring that the balance in public funding between regions, between classes of people in society, between public and private sectors, and between government and business reflects public policy;
- Stabilisation: using public spending to stabilise the macroeconomic; and
- Growth: using the power of government spending to facilitate economic growth and wealth creation (Richard Abel Musgrave and Peggy B. Musgrave, 1989).

Implied in these four objectives is that budgeting has four dimensions. First, it is a political instrument that allocates scarce public resources among the social and economic needs of the country. Second, a budget is a managerial or administrative instrument: it establishes the costs of programmes and the criteria by which these programmes are evaluated for efficiency and the effectiveness; it ensures that programmes will be reviewed or evaluated at least once during the budget year or budget cycle. Third, a budget is an economic instrument that can direct a country's economic growth and development, income redistribution, promoting full employment, combating inflation and maintain economic stability. Fourth, a budget is an accounting instrument that holds government officials responsible for the expenditure of the funds with which they have been entrusted (Shafritz *et al*, 2013)

The budgeting process has four major stages:

- i. Aggregate fiscal policy formulation: the determination of the government's overarching objectives for the budget deficit, debt and other relevant fiscal aggregated items which should then be translated into decisions about the desired levels of aggregate revenue and expenditure.
- ii. Budget preparations and enactment: the government decides how much funding it provides to which departments and for which purposes. This is given formal expression in the budget law and budget regulations which are enacted by the legislature and the highest executive organ of government (the president).
- iii. Budget execution: carrying out of the expenditure plan development in the budget.
- iv. Accounting, Auditing and Reporting: the preparation of accounting records of government spending and revenue, their auditing by both internal and external auditors and the provision of reports on budget execution to government departments, minutes, parliaments and the public.

## **2.2 Functions of Budgeting**

Budgeting is about the question of who gets what. Budgets serve multiple purposes. Some of the functions of budgets include financial control of inputs, management of ongoing activities, planning, setting priorities and accountability. These functions are briefly discussed below.

### **2.2.1 Financial Control of inputs**

According to Axelrod, "the most traditional and fundamental function is control of expenditures to make certain that they are legal, valid, appropriate, accurate and honest" (Axelrod, 1995:10). Implied in this definition is control over the inputs of budgeting that is resources such as salaries and supplies, needed to provide government services. The major advantage is that money is easy to measure, once spending is allocated. However, one needs to have an effective monitoring mechanism to highlight the relationship between resources and outcomes (Joyce, 1999). For instance, knowing that a University spent its appropriation within prescribed categories does not necessarily explain how effective it is in preparing the students for the workplace and society in general.

### **2.2.2 Management of ongoing activities**

This function improves effectiveness and efficiency. Public sector organisations utilise information on costs, activities and results to evaluate how well programmes are working. For example, determining the most efficient and effective way to repair roads might first require measuring how much it costs to fill a pothole and repair a kilometre of road. According to Schick (1966:26) the following question should be asked "What is the best way to organise for the accomplishment of a prescribed task? Of the various grants and projects proposed, which should be approved?"

### **2.2.3 Planning**

The budget may require agencies to forecast how much programmes will cost. This is strategic planning. Budget proposals, appropriations and implementation should be consistent with those plans.

### **2.2.4 Setting Priorities**

Because all programmes cannot be funded, budgeting involves setting priorities.

### **2.2.5 Accountability**

While all budget systems provide for accountability, the question is who is accountable to whom and for what. A system that mandates information on how well a government department is meeting objectives may allow accountability based on measures of outcomes. How did highway repairs affect commuting time, damage to automobiles and the number of accidents?

## **3.0 Public Sector Budgetary Reform Background**

The sequence of budgetary reform is as follows: traditional line-item budgeting (input-based budgeting), planning-programming-budgeting system (PPBS), zero-based budgeting (ZBB) and performance-based budgeting (PBB). The characteristics, merits and demerits of these types of budgeting systems are discussed below.

### **3.1 Traditional Line-Item Budgeting**

The traditional line-item budget is based on the line-item format and incremental decision making. It is very different from performance-based budgeting which has the advantage of intuitive appeal to a public whose ultimate concern is the results of programmes, not the nuts and bolts of how programmes operates. The traditional line-item budgets focus on providing considerable detail about what government spends money on. This leads to voluminous data on inputs (Lakin and Magero, 2014:1).

The budgeting systems used by most public sector organisations are hybrids. Budget documents often provide information relevant to all functions of budgeting. For instance, line-item budget is still in use for financial control, that is, it focuses on the costs of inputs on programmes such as personnel or operating expenses. The line-item budget facilitates analysis of the costs of resources necessary to provide programmes for the public. The line-item budget allows legislators and other budget makers to achieve effective financial control over public funds. Legislators could allocate specified amounts of money for specified inputs for specified periods of time and verify that the money was spent as directed. However, the line-item budget does not require or effectively facilitate analysis beyond control of how money is spent. This perceived weakness is one of the rationales for moving to a performance-based budgeting system.

The line-item budget is generally made incrementally. An incremental budget is where policy makers focus on proposed changes to programmes rather than fully evaluating the entire programmes each budget period. Incrementalism is compatible with line-item budgeting and the two have so often been used together that they are sometimes assumed to be synonymous but this is not the case. The line-item format does not require incremental budgeting and incrementalism does not necessitate using the line-item budget (Hager and Hobson, 2001).

The adoption of the executive systems increased the coordination of government spending. The executive is the logical institution to impose some fiscal discipline on government departments' request and assemble them into a coherent package to be submitted to the legislature.

Because of the weaknesses of the traditional line-item budgeting system, the performance-based budgeting was developed and adopted to these weaknesses. The performance-based budgeting reform stresses management of resources by focussing on government's activities. This would be achieved by focussing on the activities of government departments rather than on their inputs (Mikesell, 1999: 186). For example, the Ministry of Social Amenities and National Housing in Zimbabwe could project how many rural blair toilets would be constructed in rural areas of Masvingo province. It could also try to determine how much it would cost to build one blair toilet. Various forms of performance-based budgeting are expansively discussed below.

### 3.2 Performance Budgeting

Performance budgeting systems lasted from the 1950s through the 1960s. While line-item and performance budgets were helpful in addressing issues of control, compliance and efficiency, they did not help in the planning dimension and in the assessment of effectiveness (Shafritz, Russell and Borick, 2013:482). These led to the development of Planning-Programming-Budgeting System (PPBS), zero-based budgeting and programme-based budgeting.

#### 3.2.1 The Planning-Programming-Budgeting System (PPBS)

Budgeting during the 1960s was dominated by PPBS. The Planning-Programming-Budgeting System (PPBS) is an integrated management system that places emphasis on the use of analysis for programme decision making. The purpose of PPBS is to provide management with a better analytical basis for making programme decisions and for putting such decisions into operation through an integration of the planning, programming and programming functions. Therefore, the major objective of the PPBS is to unify the planning, programming and budgeting functions.

#### Box 1: The Essentials of a Planning-Programming-Budgeting System

1. Planning is an analytical activity carried out to aid in the selection of an organisation's objectives and then to examine courses of action that could be taken in the pursuit of objectives. Planning, in effect, poses the question as to whether some particular course of action would contribute more to the attainment of the organisation's goal than its various alternatives.
2. Programming is the function that converts plans into a specific action schedule for the organisation. Programming consists of developing detailed resource requirements and the actions needed to implement plans.
3. Budgeting is the activity concerned with the presentation and justification of the organisation's annual budget. The function of budgeting is to secure sufficient funds to put the programme into operation.
4. Operations consist of the actual carrying out of the organisation's programmes. Preparing for operations is the object of all of the other phases.
5. Evaluation is the function that evaluates the worth of operating programmes. Through programme evaluation the worth of programmes in attaining goals is measured and appraised. The results of evaluations are used to modify current operations, if indicated, or in planning future programmes.

Source: DonVito, 1969:1-2

The PPBS consists of five elements:

- A programme structure;
- An approved programme document with projections for the future;
- A decision-making process;
- The use of analysis for decision-making purposes; and
- An information system adapted to the needs of PPBS.

This paper noted that the major principle of PPBS is that public sector organisations' programmes must be explicit and formalised. The programme and the financial plan is the document that serves this function of formalising the programme.

PPBS was never without its critics. In 1984, Wildavsky published *The Politics of the Budgetary Process*. This immensely well-received critique was on how the budgetary process was, in reality, an incremental process sharply influenced by political considerations. Wildavsky's approach takes into account the inherently political

nature of the budget process. As Wildavsky argues, the largest determining factor of the size and content of a particular year's budget is the previous year's budget. This is overwhelmingly true, despite the New Public Management (NPM) prescription of rolling back the frontiers of the state. In 1969, Wildavsky wrote a devastating critique of PPBS. Aside from stating flatly that he thought PPBS was unworkable, Wildavsky demonstrated how the planning and analytical functions of PPBS were contradictory to the essential nature of budgeting.

Wildavsky and Lindblom argued that budgets are inherently political and that studying budgeting and budgets is useful because it explains how and what choices have been made. Wildavsky (1984) even rebutted Key's (1940) classic question on what the basis should be when deciding to allocate X dollars to activity A instead of activity B as irrelevant. What matters, Wildavsky (1984) argues, is that the process of budgeting should facilitate decision-making and assist in obtaining consensus about policy goals and programme objectives.

### **3.2.2 Zero-Based Budgeting (ZBB)**

Lewis (1952), in his "*Toward a Theory of Budgeting*," presents a theory of alternative budgeting. The analysis marked an important link to the PPBS of the 1960s and, especially, to the zero-based budgeting systems of the 1970s. Lewis, a realist, saw clearly the influence of other factors such as "pride and prejudice, provincialism and politics" (Shafritz *et al*, 2013: 484) in budgetary decisions. Lewis then hoped for the advent of budgeting systems that could overcome these noneconomic and nonrational factors.

The ZBB is a budgeting process that rejects the incremental decision-making model of budgeting. It demands a justification of the entire budget submission. Zero-based budgeting was introduced to help set priorities and to foster accountability. ZBB means that every budgeting unit is looked at anew and afresh at each budgeting period. There is no assumption that a programme will maintain its base budget with attention focused only on changes to be made. Underscored is that each programme has to justify its existence. However, ZBB has a lot of amount of paperwork and the time involved in the process. Furthermore, in an environment of acute resource scarcity, ZBB has little utility because there is little real chance that funding will be provided for any programme growth (Shafritz *et al*, 2013). Critics assaulted ZBB as a fraud. Some called it a nonsystem of budgeting.

### **3.2.3 Performance-Based Budgeting**

Programme-based budgeting emerged in the 1950s as a sophisticated system designed to increase the efficiency of resources allocation and facilitate more long-range planning. In the latter half of the 1990s, with the introduction of the medium-term expenditure framework (MTEF) reforms, the South African government began restructuring its budget format to show the programmes toward which its departments were allocating funds. The major budgeting unit in the programme budgets is a broad programme area. Each programme is defined based on an objective of government. Typical programme areas include, national immunisation programme.

This paper is concerned with the broader performance-based budgeting where programme-based budgeting falls under. Though not a new idea, performance-based budgeting became more popular in 1990s. It focuses on the outcomes of programmes – the public goods or services citizens want the government to achieve: for example, better health and effective schools. The PBB uses statements of missions, goals and objectives to explain why money is being spent. Budgeting based on results got a big push from the popularity of Osborne and Gaebler's 1992 book *Reinventing Government*, but the logic behind performance-based budgeting was already well known (Osborne and Gaebler, 1992). By focusing on expected outcomes relative to the amounts to be expended and then subsequently comparing the actual outcomes to those expectations, it is hoped that budgetary discipline can be imposed by the legislature and the executive branch. PBB has been variously called 'new performance budgeting', 'entrepreneurial budgeting', 'results-oriented budgeting', 'mission budgeting' and 'outcome-based budgeting' (Mikesell, 1999:202). This terminological zoo is of little consequence. Whatever the terminology used, the idea is broadly the same – results, performance, which is, results-based programmes to the maximum possible extent.

The PBB is consistent with the conceptualisation under the field of New Public Management (NPM) which emphasises that more attention should be paid to the objectives public sector managers seek to deliver. For instance, oversight institutions should target accountability for achievement of objectives (Did the National AIDS Council (NAC) deliver HIV/AIDS services effectively?) rather than simply focus on budget execution (Did the National AIDS Council (NAC) spend the money it got from Treasury for stationery or not?).

Programme-based budgeting is the most widespread form of performance-based budgeting in its application to the government budget as a whole (Robinson, 2011). The defining characteristics of programme-based budgeting are:

- Funds are allocated in the budget to results-based “programmes.” For example; the Ministry of Primary and Secondary Education’s budget provides allocations of funds to a primary education programme and a secondary education programme while the Ministry of Environment, Water and Climate’s budget includes a nature conservation programme and a climate programme.
- “Line-item” controls – limits imposed by the Parliament or the Ministry of Finance and Economic Development on the amounts Ministries can spend on specific types of inputs are radically reduced, although certainly not entirely eliminated.
- Good performance information on programmes is collected and used in the budget preparation process to assist budget decision-makers to determine how much money is allocated to each programme (Robinson, 2013: 1).

The basic idea of PBB is almost as old as modern budgeting itself. Even early critics of line-item budgeting, argues that the budget should focus on outcomes (Upson, 1924:73). Published in 1924, the following quote could be inserted into any recent argument for programme-based budgeting:

*The budget should present a complete picture of what is hoped to accomplish ultimately by governmental means. Few know whether departments are doing 100 per cent of the task assigned to them. ....a request should be accompanied by a short statement of exactly what ideal is to be anticipated in that particular service; what per cent of that ideal can be achieved through the appropriation requested, and leave the ideal open to criticism by those who may not be as enthusiastic about the project as the specialist in charge (Upson, 1924:73).*

The core objective of programme-based budgeting is improved expenditure prioritisation. Expenditure prioritisation means that limited government resources are allocated to the programmes that deliver the greatest benefits to the community given the money spent. By providing information on the costs and benefits of alternative programmes, a programme-based budgeting system facilitates decisions about which areas of expenditure to cut back on and which to augment, to best meet community needs. By contrast, a traditional budget in which funds are mainly allocated by line-item is of limited value as a vehicle for choices about expenditure priorities. The PBB imposes significant pressure on Ministries to improve the effectiveness and efficiency of their existing services (Robinson, 2013:1).

This paper defines programme-based budgeting as planning, authorisation and implementation of expenditure in terms of projects, programmes and policies. The PBB, therefore, assembles expenditure on explicit public policy purposes, such as environmental conservation or higher education. This classification of expenditure in terms of programmes turns the budget into an instrument for clear choices about expenditure priorities such as how much to spend on preventative health vs. treatment health; how much on tertiary education vs. primary education; and how much on strengthening the army vs. promoting agriculture (Robinson, 2013).

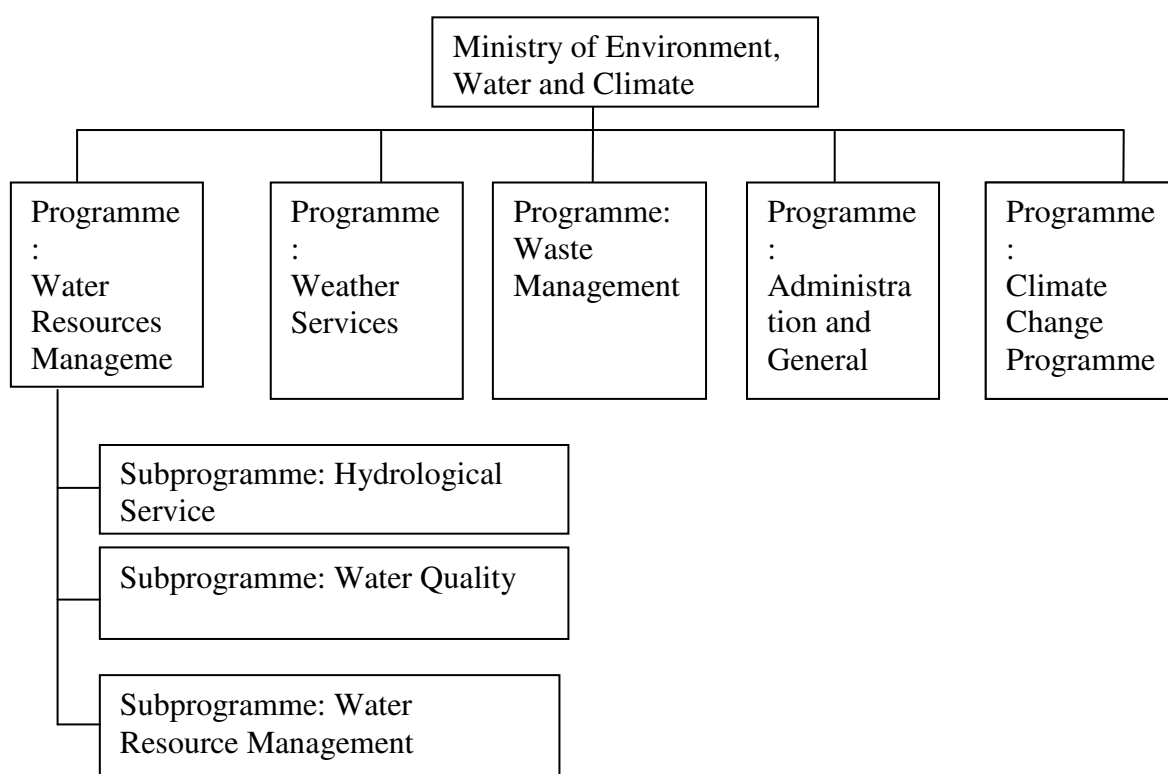
Improving expenditure prioritisation is, therefore, the primary objective of programme-based budgeting. Expenditure prioritisation refers to the allocation of funds to the sectors and programmes which are most effective in meeting social needs (Ibid.). In the public sector, decisions about the allocation of resources are to a large degree made by planning – a process whereby either the government as a whole, or individual spending ministries, decide what types of goods and services will be provided to the community, and to whom. Programme-based budgeting, therefore, is an instrument for integrating planning and budgeting. A line-item budget is, therefore, fundamentally unworkable as a tool for expenditure prioritisation. It was precisely to overcome this weakness that the concept of programme-based budgeting was originally developed. Programme-based budgeting also differs from traditional budgeting in that it calls for the substantial reduction of line-item controls over how spending ministries use their budgets. This is because programme-based budgeting and performance budgeting more generally call for greater freedom at the Ministry level in the choice of the inputs used to deliver services in return for greater accountability for the results which Ministries deliver to the community. This does not, however, mean that budget allocations to line-items entirely disappear under programme-based budgeting. The PBB involves defining programmes in order to ensure effective expenditure prioritisations.

### 3.2.3.1 Defining Programmes

To facilitate improved expenditure prioritisation, programmes and their constituent sub-programmes need to be defined in such a way as to capture the choices about spending priorities which are made at the government-wide level - by Presidents, Cabinets, Ministers and Ministries of Finance, and by the spending Ministries themselves (Robinson, 2014).

To capture such choices, programmes are, first and foremost, put into categories of expenditure directed at achieving a common outcome. For example, a nature conservation programme covers expenditure on a range of interventions such as the enforcement of laws banning the hunting of native species and marketing campaigns designed to raise public awareness of the importance of protecting the natural resources.

The programme hierarchy is central to a good programme-based budgeting system (Ibid.). The term “programme hierarchy” refers to the hierarchical structure of programme elements that prevails in any given country (Robinson, 2013:3). Programmes comprise a number of sub-programmes. For example, the Zimbabwe Ministry of Environment, Water and Climate Change’s programme structure is illustrated below:



Programmes and sub-programmes budgets represent allocations of budgetary funding which are used for budget planning and control purposes. Programmes and their constituent components have many names, for example, ‘output classes’, ‘business lines’, ‘vote functions’, ‘strategic outcomes’ (Robinson, 2013:3). At the programme level, budget allocations are set by Parliament in the budget law. In Zimbabwe, the Finance Act and Appropriation Act constitute the legislative budget laws. They constitute legal appropriations that spending ministries must legally respect. At the sub-programme level, funding allocations – the amount planned to be spent on each sub-programme within a programme – are usually decided internally by Ministries rather than being specified in the budget law. It is important to note that programme-based budgeting does not mean that allocations of resources to programmes replace allocations to organisational units, but rather that resources are allocated to both programmes and organisational units (Robinson, 2013: 5).

Programmes and sub-programmes should be viewed as expenditure categories used for budget planning and control. The choice of programmes and sub-programmes should therefore depend on the nature of the key expenditure prioritisation choices facing the government concerned (Robinson, 2013:11). For example, if Zimbabwe is facing a large-scale tuberculosis problem, it might choose to have an explicit tuberculosis sub-programme within its preventive health programme.

### **3.2.3.2 Elements of PBB**

The PBB has the following elements, namely, defining objectives, developing measures of performance, linking spending decisions to results and accountability based on outcomes.

#### **Defining Objectives**

Government departments are expected to formulate strategic plans of what they intend to achieve.

#### **Performance Measures**

From strategic plans, public sector organisations should develop specific, systematic measures of outcomes that can be used to determine how well government departments are meeting their objectives, for example, mortality rates for health.

#### **Linkage**

Objectives and performance measures are integral part of the budgeting process. Appropriations are linked to departments' results.

#### **Accountability**

Government departments are responsible for and are held accountable for outcomes. Budget proposals and reports will stress outcomes, not inputs.

The key issues in implementing PBB include the broad agreement necessary to define objectives, the difficulty of performance measurement and fostering accountability based on outcomes. Each of the above elements of PBB requires that decision-makers address some key issues if implementation is to be successful.

Objectives: there must be broad agreement among legislators and relevant executive branch personnel on what the objectives of an agency are. If objectives are unclear or are in conflict, then the rest of the PBB process will be unsuccessful.

Performance measures: measuring performance is difficult. Accounting system must be able to link cost information to specific outcomes. Public values are very complicated and costly to gauge.

Linkage: if a programme does not meet its objectives, should it be held accountable by having its budget cut? What if a lack of funds is the reason for the objectives not being met in the first place? A problem with this carrot and stick approach is that most objectives are affected by forces outside the agency's control.

Accountability: accountability based on results is PBB's strongest selling point. However, it raises difficulties for programme administrators and elected officials. A key problem for administrators is the lack of complete control of outcomes.

### **3.6.3 Levels of Performance Measurement**

The results-based programmes are defined using the fundamental concepts of the results chain known as the logical framework. In this conceptualisation, inputs are used in carrying out activities in order to produce outputs and thereby achieve outcomes.

- i. Inputs: These are the resources used to provide government services such as public funds spent on personnel, operating expenses, equipment and capital.
- ii. Work Activities: These are work outputs of an agency's performance. For example, the number of passports applications the Ministry of Home Affairs through the Zimbabwe Registrar General's Office processed, kilometres of road highway paved by the Zimbabwe National Road Administration (ZINARA), and the number of courses a University professor taught or number of days of instruction for a professor of public administration at the University of Zimbabwe.



- iii. **Outputs:** These are services provided by the government to the external party (citizens). For example, a hospital's outputs are patient treatments, sanitation promotion publicity campaigns; safe sex awareness campaigns, anti-smoking pamphlets distributed in public health clinics, visits of nurses to schools to talk to children about healthy eating practices and the spraying of water sources that breed malaria-carrying mosquitoes. Outputs could be students taught and police investigations.
- iv. **Outcomes:** These are changes due to government programme interventions. Outcomes are also called impacts, such as reduced air and water pollution. In the results chain framework, a distinction is made between intermediate outcomes and high-level outcomes. Intermediate outcomes are the more direct or immediate outcomes achieved by the output, whereas the high-level outcome (Impact) is the ultimate result intended (Robinson, 2014:8). The most obvious direct outcome that the Ministry of Primary and Secondary Education aims to achieve is a well-educated young people. However, by educating young people, the Government of Zimbabwe aims to achieve broader outcomes, such as, a more productive economy and higher living standards for its citizens. 'Educated young people' is, therefore, an intermediate outcome, whereas 'increased economic productivity' and 'higher living standards' are high-level outcomes. Education can also be used for socialising the children (intermediate outcome) in order to promote a safer and more harmonious society through the respect for the laws and the rights of others (high-level outcome). It is important to note that the outcomes that define programmes are intermediate ones.

**Outcome:** an outcome indicator is a measure of how well a programme is meeting an objective. Objectives are usually the ends of government, things that the public values such as safety, health and educational improvement. An example of an outcome measure for a highway road paving could be reductions in the accident rate. For a police department, reductions in crime could be an outcome indicator.

Outcome indicators measure progress toward achieving objectives. A problem is that objectives are often not under the control of the agency. For example, the Ministry of Home Affairs through the department of Zimbabwe Republic Police may initiate a new programme to reduce fatalities in automobile accidents by encouraging more use of seat belts. Seat belt use could go up and fatalities would go down as expected. Another possibility is that seat belt use could go up but fatalities could still increase because so many other factors affect accident fatalities, such as, road conditions, rates of drunken driving and speeding or the kinds of vehicles that people drive.

- v. **Efficiency:** Refers to the relationship of cost to a unit of activity. For example, the Ministry of Health and Child Care of Zimbabwe may measure the cost per child vaccinated during the National Immunisation Programme of 2015. For the Zimbabwe National Road Authority (ZINARA), the cost of filling a pothole can be computed.
- vi. **Effectiveness:** The attainment of the objectives due only to the programme. Effectiveness is the most difficult measure because it requires ruling out the other feasible reasons for why a programme succeeded or failed in attaining an objective.

#### **3.6.4 Programmes and Organisational Structure**

Programme budgets must clearly outline the allocation of resources to organisational units and vice versa (Robinson, 2013:21). This means, first, that it must be clear what portion of each programme's budget is directed to each of the organisational units that will implement that. Second, each organisational unit must know how much of the cost of the resources it manages is covered by each of the programmes that finance it. The requirement of clear mapping between programme budgets and organisational unit resources applies not only to programmes, but also to sub-programmes (Ibid.). The alignment of programmes with organisational structures is essential in the interest of clear managerial accountability for performance.

### **3.6.4 Support Services and Programmes**

These are known as administration programmes and corporate services programmes. Support services programmes bring together a Ministry's internal support services and corporate overheads such as human resource management, information technology and communication support and internal financial management. The support programme would include, for example:

- A ministry-wide training budget;
- Office supplies if they are purchased and managed as a Ministry-wide stock available to individual directorates during the year as needed; and
- A Ministry-wide fleet of chauffeured cars, available to be used by all when required (Robinson, 2013:24).

Unlike other programmes, support programmes are not results-based programmes. They are not groups of outputs with a common outcome. Outputs as previously defined are services provided by the Ministry to external clients, whereas support services are services provided to internal clients within the Ministry. Implied here is that support programmes contribute indirectly to achieving the outcomes of several or all of the results-based programmes of the ministry to which they support. For example, within the Zimbabwe Republic Police (ZRP), its main programmes such as criminal policing that produce outcomes for the community such as lower crime rates. The services provided by the ZRP's support services do not in themselves lead to lower crime rates or other police outcomes, but instead support the rest of the ZRP in achieving this. Given this debate, why support service programmes?

It is important to include support service expenditure within the results-based programmes they support in order to create a cost allocation. It would be necessary to record how much of their time the Human Resources Management (HRM) staff of the Ministry allocate to providing services for the results-based programmes. For example the, information technology (IT) support would need to keep accurate records of how much time they spend in providing assistance to staff in all programmes.

## **4.0 The Zimbabwean Experience**

Zimbabwe introduced many reforms such as Public Finance Management Systems (PFMS), Mission Statements, Client Charters, the Performance Appraisal System and the Results-Based Management up to 2005. In the year the GOZ issued the RBM policy guidance circular in May 2005 (OPC- General Letter No. 6 of 2005) advising stakeholders that RBM had been officially adopted. As a first task, spreading awareness of RBM and its importance in achieving national development goals had to be tackled.

The results-Based Management covers results-based budgeting (RBB), results-based personnel performance system (RBPPS), results-based management information system and e-governance (RBMIS) and results-based monitoring and evaluation system (RBMES) (Zvavahera, 2012; GoZ, 2013). This study is concerned with the results-based budgeting (RBB), specifically the programme-based budgeting. The brief background of RBB in Zimbabwe is discussed below.

### **4.1 Background to Results-Based Budgeting (RBB)**

This is the most advanced RBM component and Parliament of Zimbabwe was advised by the Ministry of Finance (MoF) that the 2006 budget would be prepared on this basis. Emphasising cost-effectiveness in the allocation and utilisation of financial resources toward the implementation of achievable and results-oriented projects and programmes, the RBB Steering Committee and a Programme Management and Support Unit within the MoF spearheaded RBB through planning, coordinating and managing all related performance activities. The Treasury Circular Number of 2005 was issued to all ministries and departments in September 2005 announcing Expenditure Targets as the basis for their submissions. On that basis, Ministries and departments had to produce work plans, performance indicators and sign performance agreements (PAs) for which they would be held accountable. A team of Budget Review Officers (BROs) trained in work and performance, monitoring and planning were charged with analysing PAs and departmental work plans that were designed to contribute to overall financial performance improvement of Ministries and departments.

The rolling out of RBB in 2006 encountered two major challenges, namely, the impact of hyper-inflation and experience of the BROs. Even with the abandonment of incremental budgeting, queries were raised in some

quarters regarding the integrity of budgets in a hyper-inflationary environment and whether this had an effect on the apparent delays in submitting the budget for 2007. Secondly, it emerged that some of BROs were very junior officers lacking appropriate competence and experience needed in developing budgets. This challenge was compounded by the impact of brain drain on middle management levels.

#### 4.2 What Did Zimbabwe Use Before RBB?

The Zimbabwean Government traditionally structured its budgets to show money spent by line-item. The table below gives an example of line-item budget from Vote 16: Ministry of Health and Child Welfare of Zimbabwe (2012).

Minister of Health and Child Welfare – Vote 16						
VOTE 16. HEALTH AND CHILD WELFARE \$345 688 000						
Items under which this vote will be accounted for by the Secretary for Health and Child Welfare						
	REVISED BUDGET ESTIMATE	UNAUDITED EXPENDITURE TO SEPTEMBER	BUDGET ESTIMATES	INDICATIVE ESTIMATES		
	Amount US\$ 2011	Amount US\$ 2011	Amount US\$ 2012	Amount US\$ 2013	Amount US\$ 2014	
II. MEDICAL CARE SERVICES						
CURRENT EXPENDITURE						
A. Employment Costs	74 409 000	59 858 527	109 145 000	127 034 000	134 777 000	
B. Medical Supplies and Services	1 311 000	497 117	13 672 000	14 492 000	15 092 000	
C. Maintenance	500 000	-	1 000 000	1 058 000	1 101 000	
D. Current Transfers	58 494 000	34 709 304	72 212 000	77 720 000	81 962 000	
E. Programmes	315 000	15 825	525 000	553 000	577 000	
F. Hospitals and Health Centres	35 260 000	16 525 471	36 000 000	38 037 000	39 606 000	
CAPITAL EXPENDITURE						
G. Acquisition of Fixed Capital Assets	9 260 000	-	10 060 000	11 880 000	16 100 000	
H. Capital Transfers	10 200 000	4 883 942	12 885 000	15 500 000	20 300 000	
Total	\$189 749 000	\$116 472 186	\$255 499 000	\$286 274 000	\$20 300 000	

Source: Government of Zimbabwe, Ministry of Health and Child Welfare Budget for 2012: 2011:192

What can be concluded from the preceding table is that citizens and Members of Parliament will only speculate about how such inputs were used or how government on “Medical Supplies and Services” for instance, were converted into service delivery outputs. This is the major problem of input-based budgeting.

The line-item budget entrenches a process-oriented accountability in the public sector, focusing administrators on the inputs to which money is allocated (such as equipment) and the process of disbursement. This control emphasis developed in the early part of the twentieth century was consistent with the theories of bureaucratic

government and as a response to problems of financial irregularity in government, as expounded by Mikesell (1995, 165):

*Traditional budgets emphasise control of fund use and have not been structured to facilitate resource-allocation decisions. That emphasis exists largely because public budgeting emerged in a period where concern was, purely and simply, prevention of theft . . . Modern governments have moved beyond that stage, but too much of budgeting remains in that old orientation.*

This study observed that the traditional input-based budgeting prevents the development of management-for results accountability, for example, questions such as: is the government reaching its goals? Who is responsible for spending behaviour and outcomes? The advanced programme-based budgeting involves questions such as: who is spending money and on what? The table below shows an example of line-item budget extracted from the Ministry of Health and Child Welfare budget for 2012.

Table 1: Minister of Health and Child Welfare 2012 Budget Extract

<b>Minister of Health and Child Welfare – Vote 16</b>							
<b>VOTE 16. HEALTH AND CHILD WELFARE \$345 688 000</b>							
Items under which this vote will be accounted for by the Secretary for Health and Child Welfare							
	REVISED BUDGET ESTIMATE		UNAUDITED EXPENDITURE TO SEPTEMBER	BUDGET ESTIMATES		INDICATIVE ESTIMATES	
	Amount 2011	US\$	Amount US\$ 2011	Amount 2012	US\$	Amount 2013	US\$ 2014
III. PREVENTIVE							
111. F Programme							
Environmental Health	700 000		84 875	609 000		644 000	671 00
Emergency Preparedness and Response	500 000		2 311	435 000		460 000	479 000
Expanded Programme on Immunisation	800 000		57 588	696 000		736 000	766 000
Health Education	200 000		40 453	174 000		184 000	192 000
HIV/AIDS Awareness/STD/TB	400 000		39 842	348 000		368 000	383 000
Integrated Management of Childhood Illnesses	50 000		5 757	44 000		47 000	48 000
Mental Health	200 000		18 661	174 000		184 000	192 000
National Malaria Control	1 200 000		748 530	1 500 000		1 586 000	1 652 000
Non-Communicable Diseases	400 000		69 037	348 000		368 000	383 000

Source Government of Zimbabwe, Ministry of Health and Child Welfare Budget for 2012: 2011:199.

The table above shows the programmes that the Ministry of Health and Child Welfare intended to implement. The major weakness with this budget was that it did not have narrative data and information. Furthermore, the table above does not have accompanying narrative information that explains the figures in the table. For example, the Medical Care Services received a higher allocation than the Preventive Services. Narrative information is important for Members of Parliament, citizens and other interested parties to comprehend what budget numbers refer to. The narrative data also explain assumptions upon which the budget is based and reasons for differences in focus and spending levels within subheads or items.

The 2012 budget of the Ministry of Health and Child Welfare does not have targets, indicators, outcomes and the timelines for achieving the targets. The Emergency Preparedness and Response Programme, for example, appears to be targeting general disasters. It would be ideal to provide both programme outputs and performance indicators. Having a table like the one below will assist the Ministry of Health and Child Welfare to give valuable information to its key stakeholders, particularly the citizens, Auditor General, Members of Parliament and civil society organisations.

	<b>Programme Name</b>	<b>Expected Outcomes</b>	<b>Expected Outputs</b>	<b>Medium Term Performance Indicators and Targets</b>
1	Emergency Preparedness and Response	Reduction in HIV/AIDS related deaths	-Increased antiretroviral treatment (ART) services to persons living with HIV/AIDS	Number of persons under ART services
2	Non-Communicable Diseases	Reduced incidents of non-communicable diseases	-Children under the age of 5 years immunised  -New TB cases detected and treated.	-Percentage of children under 5 years immunised  -TB detection rate and TB treatment completion rate.

The weaknesses of the traditional line-item budget as discussed above forced the Government of Zimbabwe to adopt performance-based budgeting. The results-based agenda is clearly articulated in the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET). This results-based agenda is built around four strategic clusters, namely, Food Security and Nutrition; Social Services and Poverty Eradication; Infrastructure and Utilities; and Value Addition and Beneficiation. It is striking to note that the implementation of ZIMASSET is underpinned and guided by the Results-Based Management System (RBMS). This RBMS framework “will be used as a basis for the macroeconomic budgetary framework by Treasury, commencing with the 2014 fiscal year” (GoZ, 2013: ix). This paper observes that the ZIMASSET sets the tone for the institutionalisation and mainstreaming of a results-based culture in the public sector in conformity with the RBMS.

### 4.3 Why The Government of Zimbabwe Opted for RBMS?

Findings of the 1989 Public Service Review Commission highlighted that:

- Government lacked a results oriented performance management culture;
- There was an insatiable demand for quality public services;
- Increasing resource constraints;
- Public demand for quality and more responsive services (demand for transformation);
- Development partners` demand for accountability and results;
- The need to adopt best practices in line with globalization; and
- Deteriorating service delivery in terms of quantity, quality and timeliness.

The RBMS became Government Policy in 2005 as a management tool to improve public sector management.

#### 4.4 What Were The Successes of the RBMS of 2005?

- Creation of clients charters in all government ministries;
- Capacity building in RBM through training of all levels of management in Public Service, Parastatals and Local Authorities;
- A reviewed Government of Zimbabwe Public Service Training and Development Policy;
- Institutionalisation of RBM through development of training modules, RBM reference documents and training infrastructure;
- Implementation of e-government e.g. e- RBM documents, e-passport and Ministries` websites;
- Efficient financial management through Public Financial Management System (PFMS);
- Enhanced compliance to project schedules;
- Shared vision of national priorities;
- Buy-in across ministries, parastatals and local authorities in RBM implementation;
- Improved linkages within and between clusters/sectors and Ministries; and
- Institutionalised capacity building in Government.

The Government of Zimbabwe (GoZ) embarked on budgetary reforms in order to strengthen fiscal management in the public sector. This was after realising that “no policy, however far sighted, no system of administrative performance, however well crafted, can function unless it is associated with the flow of funds that will make it possible” (Shafritz *et al*, 2013:472). The Ministry of Finance and Economic Development (MoFED) is the main driver of the adoption and implementation of the PBB. To achieve the reforms successfully, enabling legislative steps were taken. The most important of which were the enactment of Public Finance Management System (2000), splitting the Audit and Exchequer Act [Chapter 22:03] into Public Finance Management Act [Chapter 22:19] and Audit Office Act [Chapter 22: 18]. However, the programme-based budgeting in Zimbabwe is being introduced without a legal framework in place. There is need to amend the Public Finance Management Act [Chapter 22:19] in order to allow for budget estimates of expenditure to be submitted to the Ministry of Finance and Economic Development according to programmes and sub-programmes together with outcomes to be achieved and outputs to be delivered.

The Government of Zimbabwe proposed to roll out the programme-based budgeting in the public sector (GoZ, 2015). This entails the mapping of public expenditures according to programmes, a paradigm shift from the current arrangement of classifying appropriations by line items, which relate to inputs required to deliver services. The main objectives of PBB in Zimbabwe inferred from the 2016 budget are to:

- Assist government in assessing the extent to which policy objectives are being met, through the use of performance information which is imbedded into the Estimates of Expenditure (GoZ, 2015: Paragraph 799);
- Improve the prioritisation of expenditure in the budget thereby helping to allocate limited public resources to those programmes which are of greatest benefit to the community (GoZ, 2015: Paragraph 800);
- Link appropriated funds to distinct deliverables and outcomes envisaged in the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET);
- Parliamentary and Auditor General oversight will not be focussed on financial regulatory but also policy performance; and
- Encourage line Ministries to improve the efficiency and effectiveness of service delivery.

The Government of Zimbabwe was motivated to adopt the PBB by the narrow fiscal space against huge operational and development requirements. With persistent revenue under-performance, the Government of Zimbabwe was forced to delay, postpone or defer implementation of a number of necessary expenditures linked to important operations, projects and programmes (GoZ, 2015: Paragraph 1015). The Cabinet noted with concern

during its Third Meeting of 10<sup>th</sup> February 2015 that wage expenditures of over 80 per cent of the budget were leaving little room for development expenditures. Because of this background, the Cabinet resolved “that consideration be given to some rationalisation of the country’s public service establishment in order to cut down the size of the wage bill” (GoZ, 2015: Paragraph 1055).

#### **4.5 Conceptual Design and Implementation Strategy**

The Ministry of Finance and Economic Development intends to roll out PBB to all line Ministries on a phased approach by the end of year 2018. The first phase consists of social sector Ministries of Health and Child Care; Primary and Secondary Education; and Public Service, Labour and Social Welfare that were identified as the lead Ministries in the implementation of programme-based budgeting. The 2016 budget presentation for the social sector was done in line with the programme-based budgeting. There are two principal objectives to be realised at this phase. Firstly, the establishment of a performance measurement framework that will ensure monitoring of desired results, reporting on progress and feedback mechanisms that informs policy and decision making. Secondly, the improvement of both the coverage and quality of social services and strategically allocating the limited public resources to those service delivery programmes which are of greatest benefit to the community.

The next implementation phase of programme-based budgeting is expected to embrace the following Ministries: Agriculture, Mechanisation and Irrigation Development; Local Government, Public Works and National Housing; Justice, Legal and Parliamentary Affairs; Women’s Affairs, Gender and Community Development; Higher and Tertiary Education, Science and Technology Development; and Youth, Indigenisation and Economic Empowerment (GoZ, 2015).

It is the argument of this paper that if the Government of Zimbabwe implements the programme-based budgeting reform in earnest, there will be improvement in budget presentation such as inclusion of narrative information, indicators, targets and information about spending priorities. The budget narratives help citizens to understand what budget numbers and tables refer to. Narrative information explains assumptions upon which the budget is based and the reasons for differences in focus and spending levels within each ministry (Lakin and Magero, 2014).

#### **5.0 Key Success Factors**

The implementation of the programme-based budgeting in Zimbabwe will depend on the following key success factors:

##### **5.1 Legal Framework**

The organic budget law should be updated to reflect the PBB thrust. The basis of appropriation should be changed to programmes, instilling a performance orientation in the budget and setting out institutional responsibilities by defining the duties of the key role-players, in order to promote transparency, stability, fairness and efficiency in the budget.

The legislative reviews may also be needed in the State Procurement Act [Chapter 22:04], the Public Finance Management Act [Chapter 22: 19], Audit Office Act [Chapter 22: 18], development of new budget and monitoring formats, and modernisation of the financial management information systems. This paper strongly argues that PBB should be included in the Public Finance Management Act [chapter 22:19] in order to achieve improvements in fiscal sustainability, allocative efficiency and operational efficiency, the preparation of estimates of expenditure based on programmes and sub-programmes, stating the outcomes to be achieved and outputs to be delivered. Also, the Audit Office Act [Chapter 22:18] should specify the performance audits to be conducted by the Auditor General in line with the spirit of programme-based budgeting.

##### **5.2 Strategic Planning in Line Ministries**

This is the starting point for developing programme information. A strategic plan should set out the direction the Ministry intends to take in order to reach its goals and objectives and should define the programmes, sub-programmes and outputs necessary to achieve this. It should be mandatory for all line Ministries to develop strategic and operational plans that are updated on an annual basis. Ideally, the Ministry of Finance and Economic Development should provide clear guidelines regarding the contents of a strategic plan, without specifying the actual format, leaving that to the Ministry. This promotes ownership of the plans by Ministries.

The strategic plans must contain information on the vision, mission, goals and objectives of the Ministry as well as linkages to programme outcomes, sub-programme outputs and the inputs required to achieve them. Performance information in the strategic plans should be linked directly to performance information in the PBB so as to provide a mechanism for reporting measurable progress at the end of the year.

### **5.3 Capacity Building**

It is imperative to conduct intensive training of officers, so that they have a good understanding of the concepts and systems of the PBB by the time implementation is required. Training should include both theoretical concepts and practical applications relevant to the line Ministry concerned. It is useful to prepare and disseminate a PBB manual to be used as a training resource in advance of the introduction of PBB. Capacity for undertaking budget and policy analysis is also critical.

### **5.4 Expenditure Prioritisation and Performance Budgeting**

Improved expenditure prioritisation and increased performance pressure on Ministries and agencies are the two channels by which government-wide performance budgeting aims to improve public sector performance. However, as noted previously, merely producing information on the benefits and costs of programmes does not ensure that this information will be used to improve prioritisation and hold Ministries to account for performance. There is need for formal routines for the reconsideration of spending priorities integrated into the budget process, and these routines need to be designed so as to make maximum use of available information on programme-based performance.

The key point of contact between programme-based budgeting and expenditure prioritisation processes during budget preparation is spending review. Spending review refers to the systematic scrutiny of existing expenditure to identify, in particular, options for cuts. Spending review draws on evaluation, that is, both programme evaluations and efficiency reviews. However, spending review also goes beyond evaluation to include systematic priority analysis – the systematic identification of programmes or elements of programmes which could be cut because they are low priority. This is a completely different matter from the evaluation of ineffectiveness or inefficiency. A programme might be highly effective and efficient, but still have very low priority because the outcomes which it aims to achieve are not very important to the community, or are not rated as such by the government of the day.

Without spending review, the risk is that programmes which are ineffective, low-priority or which have outlived their usefulness will continue to command public resources. It is in the process of spending review that performance indicators and evaluations can be systematically employed, in conjunction with the measure of programme costs which a programme-based budgeting system generates.

Spending review is an area where the budgeting systems of many countries are weak. In such countries, the budget process is overwhelmingly about new spending, and ongoing expenditure is not seriously scrutinised. Spending review is critical to good aggregate fiscal outcomes and to the capacity of the government to respond to new spending needs. If substantial room is to be created for important new spending initiatives, it will almost always be necessary to cut existing spending. This is important also for aggregate fiscal discipline, because if such cuts are not identified, the danger is that new spending will simply be added on to the budget, pushing up aggregate spending at a higher rate than is consistent with keeping the budget deficit at sustainable levels.

Good spending review also puts increased pressure to perform on spending ministries, because it greatly increases the probability that poorly-performing programmes or areas of inefficiency will be identified by the center and result in either budget cuts or sanctions being applied to Ministry management. Ministries which wish to protect their budgets will as a result be motivated to lift their performance. In this context, spending review should also be linked with processes for management improvement and programme re-design. This is because, if a programme is identified as ineffective, it will not necessarily follow that its funding should be cut: a change in programme design or management may be more appropriate.

Spending review should be integrated with the budget process. In most countries, this will mean that some spending review is undertaken every year as part of the annual budget process. In countries (such as the United Kingdom) where fixed medium-term expenditure ceilings are set for spending ministries, spending review is a process which is carried out only every three or four years.



## **5.5 Program Statements**

To achieve its aim of improved expenditure prioritisation, an effective programme-based budgeting system must bring information on the performance of programmes – that is, on their success in achieving their intended results – together with information on their cost. Being able to see the results achieved by programmes alongside their cost helps budget decision-makers to make better judgments about whether programmes should be cut, expanded, or maintained.

Parliament and the public should be kept informed via programme statements presented with the budget documents which accompany the annual budget legislation. Programme statements should include the following information for each programme: title and objectives; list of the main outputs (services) which comprise the program; a brief narrative outline of program strategy; challenges and key new initiatives; key programme performance indicators; programme performance targets; program expenditure estimates; preferably with medium-term projections; and a breakdown of program expenditure by broad categories of economic classification (staff, capital), for information purposes.

## **5.6 Programme Structure**

Defining a good programme structure – showing how the activities of the Ministry support policy objectives and how resources are allocated to these activities is important for generating clarity on government policy implementation. A clearly defined programme structure is crucial for effective and successful implementation of PBB.

## **5.7 Budget Formulation**

The Ministry of Finance and Economic Development should develop a “Framework for Strategic Planning.” All ministries should develop comprehensive strategic plans so that PBB may be used as a strategic policy-based tool. Accurate costing of programmes is important for service delivery and the credibility of the budget. Zimbabwe requires more extensive budget hearings for all Ministries in order to ensure that appropriate trade-offs and correct prioritisation are made between programmes and sub-programmes in aligning the budget with government policies and priorities.

## **5.8 Sensitisation and Shifting Attitudes**

Experience from other countries suggests that successful implementation of PBB requires the sensitisation and buy-in of all stakeholders. Arranging sensitisation sessions for Ministers, Members of Parliament, Permanent Secretaries and senior management is useful in ensuring a common understanding and acceptance of the PBB reform. Underscored is that the Ministry of Finance and Economic Development should encourage ownership rather than creating a perception that it is imposing the PBB.

As a first step there needs to be demonstrable commitment at the highest political levels in the country (President, Politburo, Cabinet, Parliament), Permanent Secretaries as Accounting Officers of the Government, CEOs of state enterprises, the Governor of the Reserve Bank and Captains of Industry. This level of agreement should be accompanied by issuance of appropriate guidelines and instructions, monitoring of progress, information and publicity campaigns and commitment of resources to buttress the rollout and maintenance of RBM.

## **5.9 Communication Strategy**

The communication strategy, if successful, serves to mobilise support across all levels of society thereby ensuring buy-in of Government initiatives including RBMS. The strategy should be constructed on the basis of clear, reliable and frequent messages anchored on policies emanating from widespread stakeholder consultations, transparency and accountability at all levels of decision-making, giving assurances that the entire population regardless of ethnic, religious and financial endowment is entitled to share in the accomplishments of the nation. This is the environment within which RBMS will become an integral part of a culture of openness and contribute to the development of the nation.

## **5.10 Accountability**

A clear and unique relationship between the budget programme structure and the organisational structure is critical in terms of holding the appropriate organisational unit accountable for programme implementation and

service delivery. This should be achieved over the medium to long-term. The Cabinet will be in a better position to set targets and priorities based on the information contained in the PBB. Debates in the House of National Assembly will focus on targets and achievements rather than just on line-items.

### **5.11 Reporting and Monitoring**

Reporting and monitoring are the tools for assessing progress against the objectives, outcomes and outputs identified in the strategic plans of Ministries and play an important role in informing future planning and policy formulation. Reports should provide information on actual expenditure of programmes against budget as well as actual achievement of performance against the targets stated in the PBB. In successful government-wide performance budgeting system, performance reporting – that is, reporting to Parliament on the objectives and results achieved by government agencies – is a key element of the PBB system.

### **5.12 Evaluation**

Evaluation refers to the systematic and objective assessment of an ongoing or completed project, programme or policy, its design, implementation and results (McKay, 2007). The aim is to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact and sustainability (McKay, 2007). Evaluation supports the budget process by:

- Identifying programmes or components of programmes which can potentially be cut; and
- Identifying savings which can be made by improving efficiency of service delivery.

A good performance budgeting system, therefore, requires the conduct of selected evaluations specifically intended to inform the budget process – that is designed to give budget decision-makers better information upon which to base budget decisions.

## **6.0 Challenges To A Successful PBB Implementation**

Olowu (2004) identifies four key challenges of performance measurement and management as:

- Lack of a common vision or lack of communication of a leadership vision to the organisation;
- non-alignment of people strategies to organisational strategy;
- managers focusing on short-term issues rather than long-term issues; and
- Failure of organisations to link budgets to strategy.

Additional barriers to strategic performance management in the African context include conceptual problems which have to do with confusion of individual performance and organisational performance; operational challenges related to indicators and measurement; challenges of inadequate political leadership to drive reforms; reform fatigue, especially where a series of reforms is a conditionality for financial assistance; financial/technical resource challenges in relation to the need for e-governance and computerisation; the challenge of getting the fundamentals in place such as supportive leadership, capable administrative leadership and administrative culture that promotes strategic thinking and action; and the challenge of attracting and retaining best brains in the organisation (Olowu, 2004, 2001). Olowu (2001) argues that reforms require changes in culture and policies. Everyone should become a performance manager. Defining SMART performance measures is difficult. Olowu (2004) highlights the need for countries to understand that performance management is not cheap, easy or a quick fix and that it must be well thought through and built on a robust policy framework to yield the intended results.

## **6.0 Conclusion**

Programme budgeting is a system of budgeting by programme in which budgets are allocated to programmes and the Ministries and Ministry organisational units that receive those programme budgets are expected to stick to them. The PBB promotes compliance, decision-making, accountability and transparency, efficiency savings and service delivery. Performance based budgeting is a challenging but potentially important reform in the ongoing struggle to make government more results-oriented. Together with other ‘managing for results’ reforms, it can help sustainably improve the effectiveness and efficiency of public expenditures.

RBM has been successfully tested and is utilised in many countries around the world. As a proven authentic tool for enhancing public and private sector efficiency and effectiveness in the way services are delivered to their clients, RBM can bring added value to Government policies and programmes. But RBM should not be taken as a replacement for Governments' strategic or policy frameworks, although it would clearly help to improve the implementation of those frameworks.

### **Bibliography**

Axelrod, D. (1995), *Budgeting for Modern Government*. New York: St. Martin's Press.

DonVito, P.A. (1969), *The Essentials of Planning-Programming-Budgeting System*. The Rand Corporation: Santa Monica: California.

Government of Zimbabwe (GoZ), (2015), *The 2016 National Budget Statements: "Building a Conducive Environment that Attracts Foreign Direct Investment"*, Presented to the Parliament of Zimbabwe on 26 November, 2015. Harare: Ministry of Finance and Economic Development.

Government of Zimbabwe (GoZ), (2013), *Zimbabwe Agenda For Sustainable Socio-Economic Transformation (ZIMASSET): "Towards an Empowered Society and a Growing Economy."* October 2013-December 2018. Harare

Government of Zimbabwe (GoZ), (2011), *The 2012 National Budget: Sustaining Efficient Inclusive Growth with Jobs*, Presented to the Parliament of Zimbabwe on 24 November, 2011. Harare: Ministry of Finance and Economic Development.

Government of Zimbabwe (GoZ), (2006), *Mid-Term Fiscal Policy Review "Arresting inflation-the need for consistent policy measures"*; presentation by the Minister of Finance, the Hon. H.M. Murerwa, to the Parliament of Zimbabwe, July 2006;

Hager, G. and Hobson, A. (2001), *Performance-Based Budgeting: Concepts and Examples*. Research Report No. 302. Programme Review and Investigations Committee. Legislative Research Commission.

Joyce, P. (1999), "Performance-Based Budgeting", in Roy, T. Myers (ed), *Handbook of Government Budgeting*. San Francisco: Jossey-Bass.

Key, V. O. Jr. (1940), "The Lack of Budgetary Theory." *American Political Science Review*, December.

Lakin, J. and Magero, V. (2014), *Understanding Programme-Based Budgeting: Toward Improved Budget Transparency in Kenya*. Budget Brief No. 23. International Budget Partnership.

Lewis, V. ((1952), "Toward a Theory of Budgeting." *Public Administration Review*, Winter.

Mikesell, J. (1999), *Fiscal Administration*. Fort Worth, TX: Harcourt Brace.

Musgrave, Richard Abel and Peggy B. Musgrave .1989. *Public Finance in Theory and Practice*. McGraw-Hill Companies

Olowu, D (2001) 'Pride and Performance in African Public Services: Analysis of Institutional Breakdown and Rebuilding Efforts in Nigeria and Uganda' *International view of Administrative Sciences*, Vol. 67, No. 1, pp. 107-124

Olowu, D (2004) 'The Crisis in African Public Administration' in B. Guy Peters & Jon Pierre (Eds) *Handbook of Public Administration*, London, Sage Publications, pp. 503-517

Osborne, D. and Gaebler, T. (1992), *Reinventing Government, How the Entrepreneurial Spirit Is Transforming the Public Sector*. Reading, MA: Addison-Wesley.

McKay, K. (2007), *How To Build Monitoring and Evaluation Systems to Support Better Government*. World Bank: Independent Evaluation Group.

Robinson, M. (2014), *Performance-Based Budgeting Manual*. Training Materials: Regional Centres for Learning on Evaluation and Results (CLEAR).

Robinson, M. (2013), *Program Classification for Performance-Based Budgeting: How To Structure Budgets to Enable The Use of Evidence*. Washington, D.C: The World Bank.

Robinson, M. (2011), *Performance-Based Budgeting*. Washington, D.C: CLEAR/World Bank.

Rubin, I. (1996), "Budgeting for Accountability: Municipal Budgeting for the 1990s", *Public Budgeting and Finance*, 16:112-31.

Schick, A. (2007), "Performance Budgeting and Accrual Budgeting: Decision Rules or Analytic Tool?" *OECD Journal on Budgeting*, 7(2):109-138.

Schick, A. (1996), "The Road to Programme, Planning and Budgeting: The Stages of Budget Reform", *Public Administrative Review*, 26:243-58.

Shafritz, J.M., Russell, E.W. and Borick, C.P. (2013), *Introducing Public Administration*. 8<sup>th</sup> ed. Boston: Pearson Education International.

Upson, L.D. (1924), "Half-Time Budget Methods." *The Annals of the American Academy of Political and Social Science*, 113:69-74.

Wildavsky, A. (1984), *The Politics of the Budgetary Process*. 4<sup>th</sup> ed. Boston: Little Brown.

Wildavsky, A. (1969), "Rescuing Policy Analysis From PPBS," *Public Administration Review*, 29 (March-April).

Zvavahera, P. (2012), An Evaluation of the Effectiveness of Performance Management Systems on Service Delivery in the Zimbabwean Civil Service. *Journal of Management and Marketing Research*.