



ZIMBABWE

TECHNICAL ASSISTANCE REPORT—GOVERNMENT FINANCE STATISTICS

July 2020

This Technical Assistance Report paper on Zimbabwe was prepared by a staff team of the International Monetary Fund. It is based on the information available at the time it was completed in April 2019.

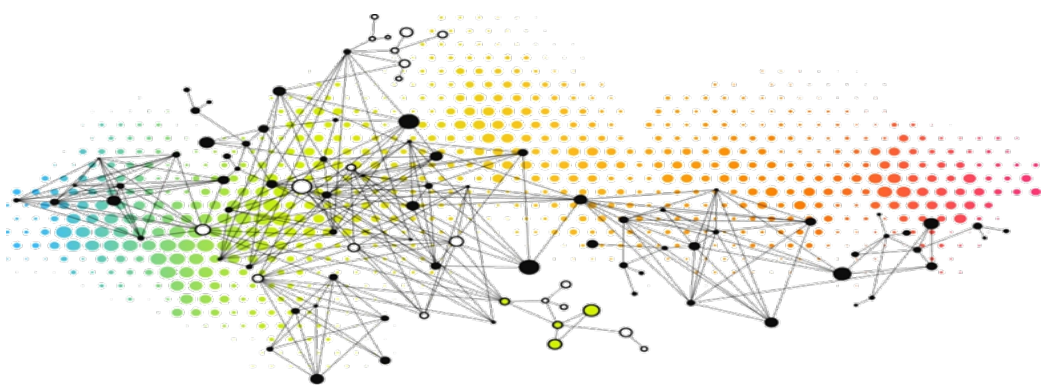
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This document was prepared before COVID-19 became a global pandemic and resulted in unprecedented economic strains. It, therefore, does not reflect the implications of these developments and related policy priorities. We direct you to the [IMF Covid-19 page](#) that includes staff recommendations with regard to the COVID-19 global outbreak.

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ZIMBABWE

JULY 2019

REPORT ON GOVERNMENT FINANCE STATISTICS TECHNICAL ASSISTANCE MISSION (APRIL 15–26, 2019)

PREPARED BY MIKE SEIFERLING

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Glossary

AG	Accountant General
COA	Chart of Accounts
EBU	Extrabudgetary Units
<i>GFSM 2014</i>	<i>IMF's Government Finance Statistics Manual 2014</i>
GMBPF	Zimbabwe Grain Marketing Board Pension Fund
IPSGS	Insurance, Pension and Standardized Guarantee Schemes
<i>GFSY</i>	<i>IMF's Government Finance Statistics Yearbook</i>
LAPF	Zimbabwe Local Authority Pension Fund
MoLG	Ministry of Local Government, Public Works and National Housing
MoFED	Ministry of Finance and Economic Development
NLB	Net Lending/Net Borrowing
NRZPF	National Railways of Zimbabwe Pension Fund
NSSA	Zimbabwe National Social Security Authority
PDMA	Republic of Zimbabwe Public Debt Management Act (2015)
PSDSG	IMF Public Sector Debt Statistics Guide for Users and Compilers
RBZ	Reserve Bank of Zimbabwe
SERA	Zimbabwe State Enterprise Restructuring Agency
SOE	State Owned Enterprise
PFMA	Republic of Zimbabwe Public Finance Management Act (2009)
PSPF	Zimbabwe Public Sector Pension Fund
UCPF	Unified Councils Pension Fund
WEO	IMF World Economic Outlook
ZAMCO	Zimbabwe Asset Management Corporation
ZESAPF	Zimbabwe Electricity Supply Authorities Pension Fund

SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS

1. As part of a five-year project of the Enhanced Data Dissemination Initiative (EDDI) 2 Government Finance Statistics (GFS) Module on improving GFS and public-sector debt statistics in selected African countries, a mission was conducted in Harare, Zimbabwe during April 15–26, 2019.

This mission was a follow up on a 2018 GFS technical assistance (TA) mission under the EDDI 2. The mission's objective was to review progress made and assisting with outstanding statistical issues that are important for sound policymaking in Zimbabwe. Some of the key outstanding issues raised by the IMF African Department prior to the mission were, the classification of government subsidies to state owned enterprises (SOEs); the identification of extrabudgetary units (EBUs) and classification of their operations; and the correct classification of other government transactions in line with a *Government Finance Statistics Manual (GFSM) 2014* framework.

2. The mission assisted to further improve the quality and comprehensiveness of GFS.

In response to the key issues that had been identified, the mission worked to expand the coverage of GFS for EBUs and public corporations. Specifically, the mission assisted in identifying all EBUs and state-owned enterprises across ministries (**Appendix II**). A preliminary list of these entities was transmitted by the Accountant General (AG) to all ministries in late April through an official government circular (**Appendix V**) requesting financial statements and balance sheets for these entities with failure to do so resulting in a halt of funding for any non-reporting entities. The mission also assisted in the reclassification of budgetary central government (BCG) transactions into a *GFSM 2014* framework taking into consideration government subsidies and some financing operations which were being reported off-balance sheet. The mission also assisted in the correct classification of transactions for the government managed (nonautonomous) public sector pension fund.

3. Given current reform efforts in Zimbabwe, having accurate, comprehensive and timely statistics for all subsectors of the general government is imperative for achieving well-informed and successful policy outcomes.

In moving towards more comprehensive coverage for GFS using a standardized and centrally monitored template, the government would be significantly better placed to implement and monitor policy changes across the entire general government sector. At the moment, coverage is limited to BCG which only paints a narrow pictures of the financial activities of all government entities.

4. Progress has been made in improving the quality of GFS, but it remains slow.

The mission found that that the authorities are making some progress towards higher quality and more comprehensive GFS at the BCG level, however, sufficient information for meaningful monitoring and surveillance of the entire general government in Zimbabwe should be considered

a long-term goal with several remaining challenges including adherence to the Zimbabwe Public Finance Management Act, 2009 (PFMA) and a greater buy-in from senior officials.

5. In order to improve government finance statistics for policy and surveillance purposes, the mission recommends the following actions:

- **The authorities may need to enhance co-ordination and co-operation across ministries in terms of sharing of financial information for all public sector entities as defined in the PFMA.** At present, co-operation with the AG's office in the Ministry of Finance and Economic Development (MoFED) from several ministries is extremely limited leading to a lack of financial accountability for local authorities, extrabudgetary funds, and state-owned enterprises (SOEs).
- **The MoFED would be required to formulate, and enforce, clear punishment mechanisms for lack of compliance with the laws of Zimbabwe which govern GFS, mainly the PFMA and the Public Debt Management Act (2015) (PDMA).** At present, there is a severe, and persistent, lack of compliance with reporting requirements laid out in the PFMA and PDMA. Part of this persistent is rooted in the lack of credible enforcement mechanisms which allows public entities to continually operate with very little accountability.
- **The AG's office may need to expand the compilation of financial statistics to include all extrabudgetary funds, local authorities, and social security funds using a standardized GFSM 2014 format.** In the short term, this can be done by converting existing data into a *GFSM 2014* presentation. In the medium term, all entities should report using a *GFSM 2014* compatible template or the new chart of accounts.
- **More detailed statistics would need to be compiled to reflect all subsidies provided by government to public corporations.** At present, budgetary central government outturn data broadly classifies these as capital transfers which does not allow for a clear understanding of the extent to which subsidies are being provided and to whom they are being provided.
- **Authorities across all ministries and other public entities need to formulate, and publish, an updated list of all public sector entities including EBUs, local authorities, and SOEs.** The mission worked to prepare a preliminary list containing 210 extrabudgetary funds, 92 local authorities, and 105 SOEs. These are currently being validated across departments and should be published by all relevant government agencies.

Table 1. Zimbabwe Priority Recommendations

Target Date	Priority Recommendation	Responsible Institutions
September 2019	<i>Complete a comprehensive list of general government units (including EBUs) which has been approved by all ministries.</i>	MoFED
June 2020	<i>Convert existing EBU financial data into a GFSM 2014 presentation across all ministries.</i>	MoFED and other relevant Ministries
June 2020	<i>Convert existing local authority financial data into a GFSM2014 presentation for all 92 authorities.</i>	MoFED and MoLG
September 2020	<i>Move towards full reporting of GFS data (including a financial balance sheet) for all general government subsectors in a GFSM2014 format.</i>	MoFED and other relevant Ministries

LEGAL FRAMEWORK GOVERNING GFS IN ZIMBABWE

6. The legal context under which current reporting practices for the general government take place (i.e. the PFMA) remains largely not complied with. This problem was flagged during the previous GFS mission and leads to a lack of transparency, accountability and sound management of public sector finances as explicitly mandated as the objective of the Act.

7. As noted in the 2018 GFS TA report, the AG's office should have the ability to set a standardized format for financial reporting across all subsectors of the general government. This data should be reported in a timely manner to the MoFED. Ministries should also report any financial difficulties as noted in Part V, Section 49 (2) of the PFMA.

8. The AG's office currently receives sufficient information to produce a consolidated GFS financial statement for the budgetary central government only. There are several types of non-standardized reporting forms used by subsectors of the general government, including local governments and EBUs which are not shared with the MoFED. This non-standardized reporting makes it extremely difficult to consolidate financial information for the general government.

9. The AG's office continues to receive very limited and unstandardized financial information for some other general government subsectors. This information comes only in the form of annual reports which come with varying degrees of useful statistical information. There are also several types of non-standardized reporting forms used by public corporations (consistent with standards of the International Financial Reporting Standard (IFRS) and/or of the International Public Sector Accounting Standards (IPSAS)). This continues to make it impossible for the MoFED to accurately monitor the general government.

Recommended Action:

- **The authorities are encouraged to review compliance with PFMA across all Ministries and work to enforce the requirements of the Act.** Compliance with the PFMA is very low and would benefit from higher degrees of cooperation between relevant stakeholders and stronger enforcement mechanisms.

GENERAL GOVERNMENT FINANCE STATISTICS

10. The government of Zimbabwe has fairly accurate records of institutional units, although work is needed on a centralized and consistent list of all units, especially for EBUs. A breakdown of institutional units for each subsector of the general government is provided in **Appendix I-IV**.

11. The most significant challenge in terms of institutional coverage for the general government is the multiplicity of EBUs. Given the dispersed management of EBUs across ministries, stronger coordinated effort is critical to compile a complete and accurate list. The mission prioritized this list throughout the mission and worked with the authorities to improve comprehensiveness.

12. The mission assisted in drafting a circular (Appendix V) which highlights the requirements set out in the PFMA and attached the list of 210 EBUs (and 105 SOEs¹) compiled during the mission. This circular has been sent to all ministries and clearly notes that a lack of reporting of financial information will lead to funds being denied to public sector entities who fail to comply. The AG's office has also agreed to hire a team with a specific mandate of compiling financial information for all of these entities in a standardized format in order to gain a better understanding of the financial position of the general government.

13. As was the case in the 2018 GFS TA report, Zimbabwe has only reported GFS for the BCG and no data for any other subsector of the general government was reported to the Statistics Department of the IMF since 2009. The mission worked with the authorities to compile a practical mapping of BCG outturn data (which is produced by the authorities on monthly, quarterly and annual basis) into a *GFSM 2014* presentation. The authorities have committed to send this data to the IMF upon internal review for publication in the *2019 Government Finance Statistics Yearbook (GFSY)*.

¹ This list can be found in the 2019 Public Sector Debt Statistics TA Report and the SOEs meet the market criterion to be considered public corporations.

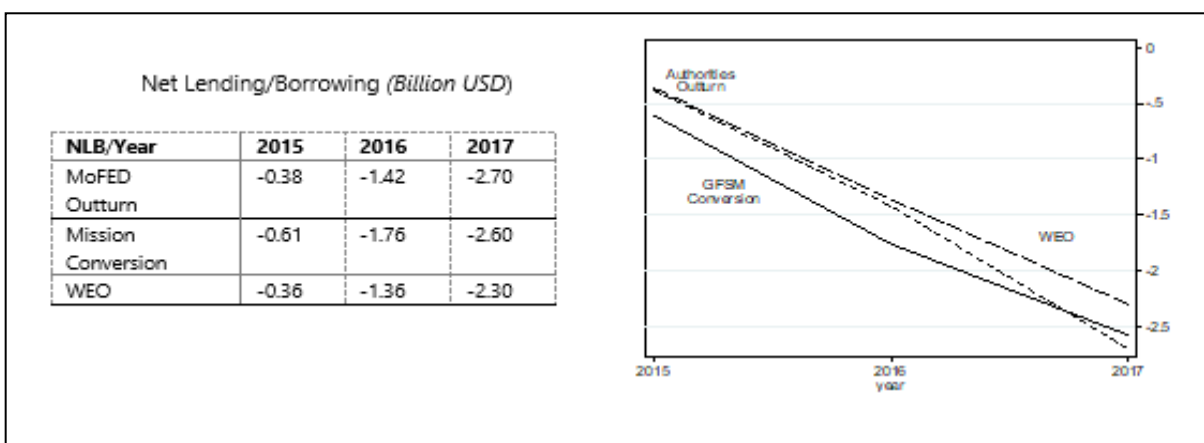
A. GFS for Budgetary Central Government in Zimbabwe

14. The budgetary central government in Zimbabwe consists of around forty-five institutional units. This figure is consistent with the findings from a 2018 GFS mission.

15. There also exists six non-autonomous social insurance schemes for public sector employees. These nonautonomous schemes include: the new Public Sector Pension Fund (PSPF), the Grain Marketing Board Pension Fund (GMBPF), Local Authority Pension Fund (LAPF), National Railways of Zimbabwe Pension Fund (NRZPF), Unified Councils Pension Fund (UCPF), and Zimbabwe Electricity Supply Authorities Pension Fund (ZESAPF) which are discussed further in Box 1.

16. The authorities continue to produce monthly/quarterly/annual outturn bulletins based on a modified GFSM 1986 presentation. The mission worked with the authorities to create *GFSM 2014* bridge tables using outturn data for the years 2015-2017. The results of this conversion exercise, compared with MoFED outturn, and IMF WEO, data, can be seen below in Figures 1 - 5. Figure 1 shows net lending/net borrowing (NLB) for the years 2015 – 2017 from IMF WEO, Authorities outturn data and the *GFSM2014* conversion completed during the mission.

Figure 1. Net Lending/Net Borrowing of the Budgetary Central Government² in Zimbabwe



IMF WEO (April 2019), MoFED, authors calculations

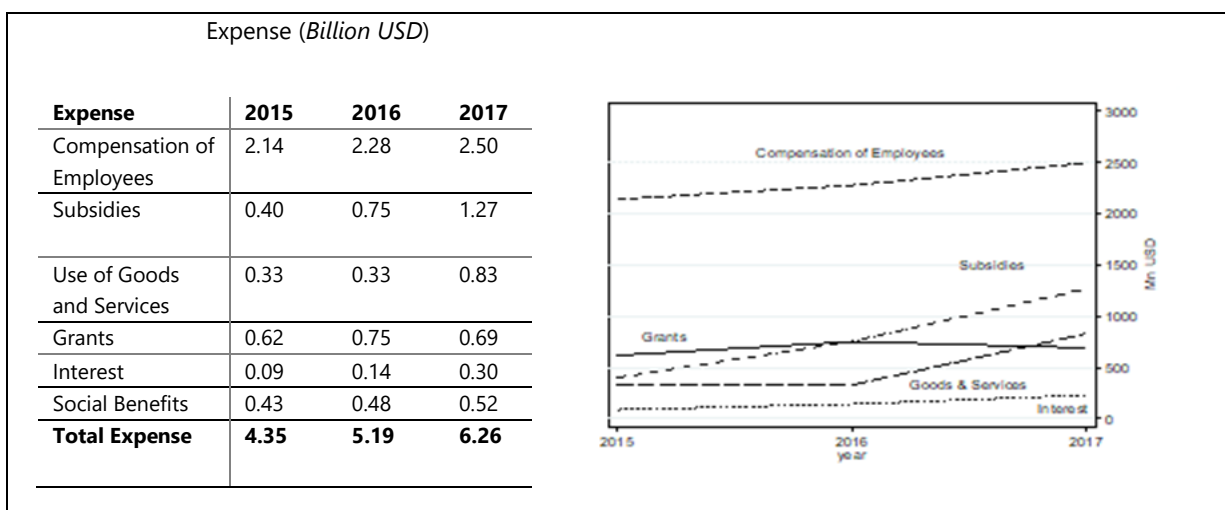
17. To better understand the differences in these presentations, some of the key differences in classification between Zimbabwe outturn and GFSM 2014 presentation are highlighted below:

² For MoFED and author calculations, these represent budgetary central government. For WEO estimates, these are classified under general government (with metadata).

- **Capital transfers in Zimbabwe outturn data were reclassified as subsidies.** Because the majority of these transfers are made on the basis of levels of production activities or the quantities or values of the goods or services produced, sold, exported, or imported, these are more accurately classified as subsidies. Going forward, the government should work to provide a better breakdown of the category and move to classify subsidies consistent with the *GFSM 2014* guidelines.
- **The activities of government nonautonomous pension funds were reclassified to accommodate the cash accounting system currently being used in Zimbabwe.** Under this classification, revenues which are explicitly collected (or deducted) for pension schemes (i.e. employee pension contributions), are classified as other social contributions in government revenue, and actual social contributions in government expense. Pension benefit payments under these schemes are recorded as employment related social benefits. Note that this cash-based system is not optimal as no liabilities are realized in the form of pension obligations. This means that monitoring and evaluating the sustainability of these schemes is not possible under a cash-based system of accounting. Going forward the government should move to a modified cash-based system that begins to record these obligations below the line.
- **Some below the line financing and recapitalization operations which were being recorded off the government balance sheet, were brought onto the government balance sheet.** In the existing outturn data, transactions for the Reserve Bank of Zimbabwe (RBZ) through the Zimbabwe Asset Management Corporation (ZAMCO); and some transfers to public corporations (SOEs) were being recorded as 'contingent liabilities'. Given that these financial commitments have been assumed by government, they should be classified on the balance sheet of the BCG. Due to this reclassification by the mission team, government liabilities increased from the outturn statistics and the government deficit increased to account for transfers to public corporations.

18. Total budgetary central government expense grew by around forty-three percent over the 2015–17 period. These increases were attributable to significant growth in subsidies, interest payments and the use of goods and services. Figure 2 shows the composition of government expense from the *GFSM2014* conversion for all the 2015-17 period.

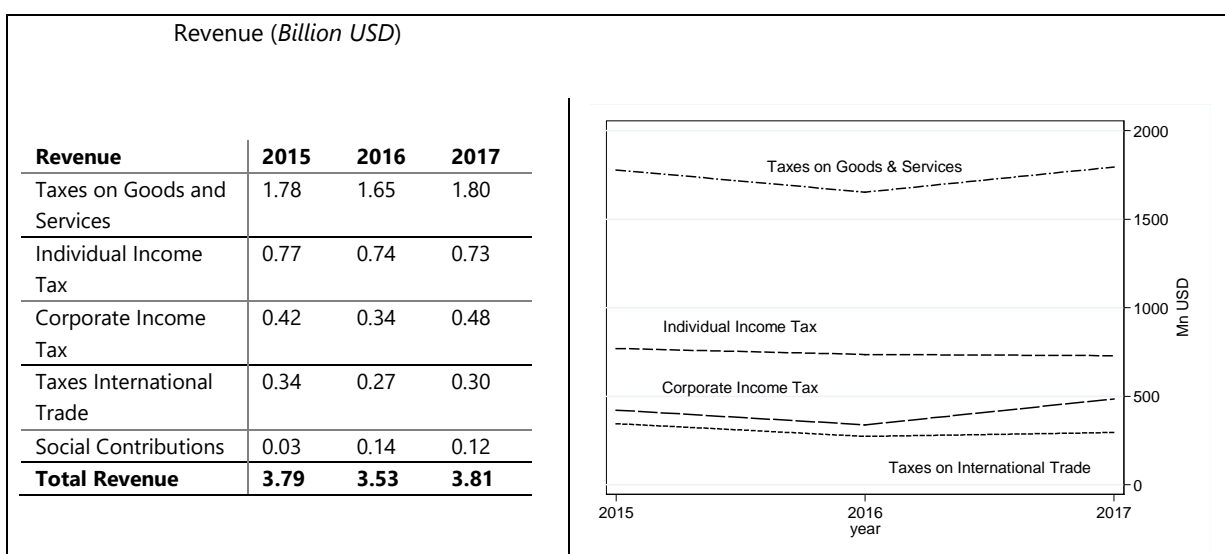
Figure 2. Budgetary Central Government Expense



Source: MoFED, author's calculations

19. Budgetary central government revenue decreased moderately over the 2015-2017 period by around two percent. Comparing this with the increased expenses in Figure 2, the relatively stagnant revenue help to explain the growing net borrowing (deficit) from Figure 1, and increased incurrence of liabilities in Figure 5. Figure 3 shows the composition of government revenue from the *GFSM 2014* conversion for the 2015- 2017 period.

Figure 3. Budgetary Central Government Revenue

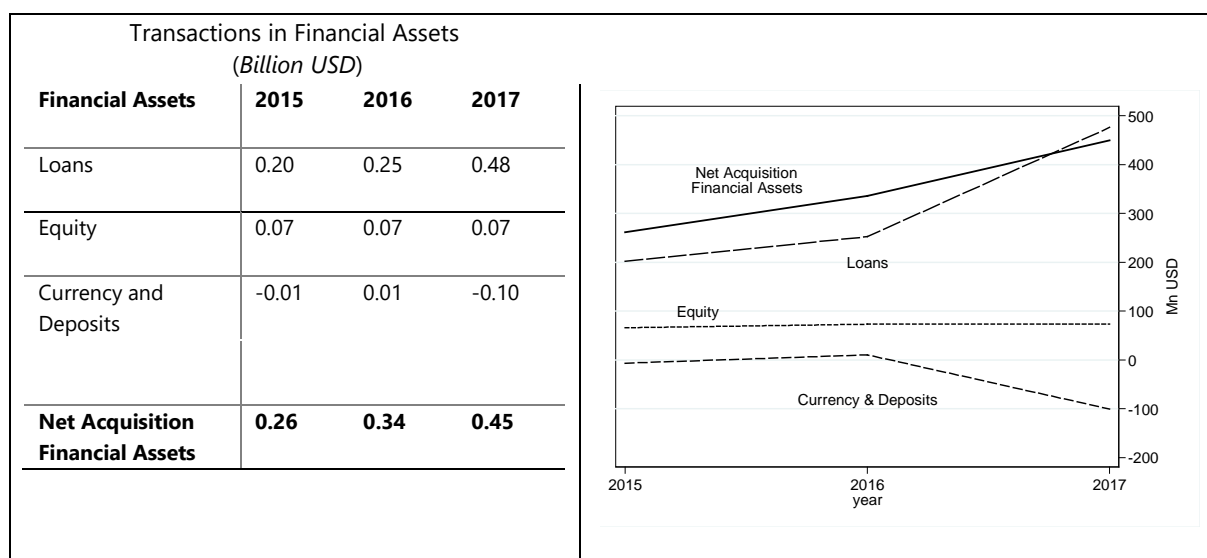


Source: MoFED and author's calculations

20. Net transactions in nonfinancial assets increased by around one-hundred and eighty five percent over the 2015–17 period. Investment in fixed assets increased from around 45 Million USD to 128 Million USD between 2015-2017.

21. Transactions in financial assets have almost doubled over the 2015–17 period (around 73 percent increase). These increases are attributable to a significant increase in BCG loans to public sector entities, including ZAMCO.

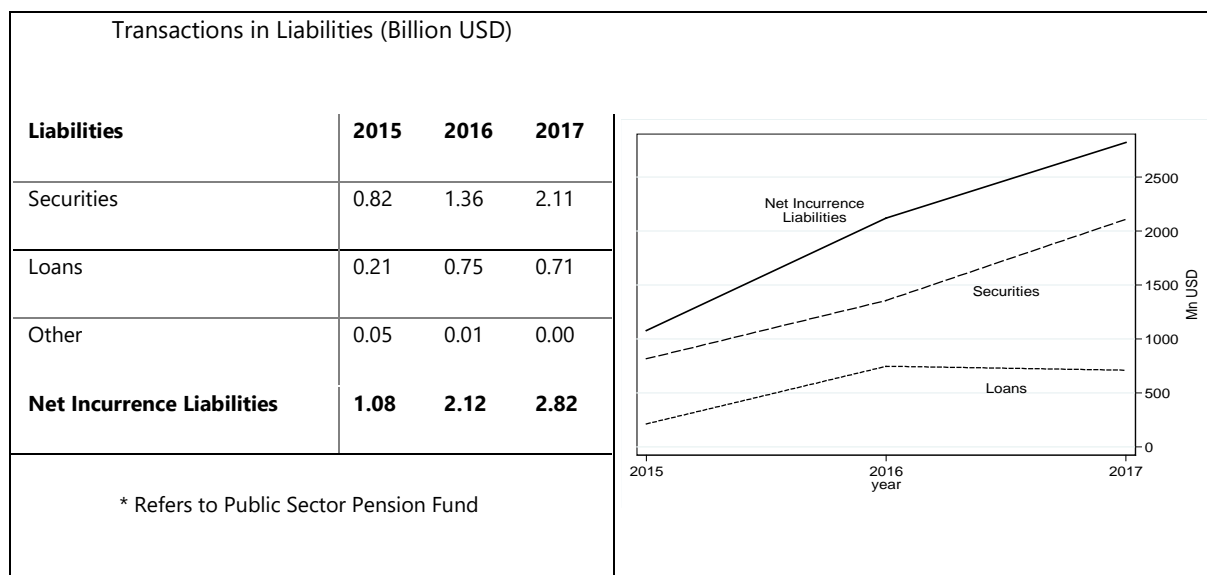
Figure 4. Budgetary Central Government Transactions in Financial Assets



Source: MoFED and authors calculations

22. ZAMCO recapitalization made up a significant part of the increase in BCG net acquisition of financial assets. To understand why the ZAMCO recapitalization constitutes a financial asset for the government, the key criteria is whether they obtain a financial claim on an entity to whom they provide resources. In the ZAMCO case, government received a financial claim on ZAMCO equal to the value of the resources that were provided (no change in net worth – see Box 6.3 of *GFSM 2014*). For the years 2015 – 2017, these financial obligations increased by 246 Million USD, 219 Million USD, and 133 Million USD, respectively.

23. Transactions in liabilities increased by around two-hundred and eighty percent over the 2015–17 period. These increases came from the issuance of domestic securities (157 percent increase) and loan contracts (238 percent increase). Figure 5 below shows a breakdown of these transactions in liabilities.

Figure 5. Budgetary Central Government Transactions in Liabilities

Source: MoFED and authors calculations

24. These increases were largely due to RBZ and SOE recapitalization along with the clearance of arrears. From the 2019 Public Sector Debt Statistics TA Report, the increase in loan liabilities were largely due to an overdraft with the RBZ and increase in security issuances were largely due to the clearance of arrears and recapitalization of SOEs.³

Detailed statistics for the non-autonomous social insurance scheme for public sector employees are unavailable. Employee contributions to, and social benefits paid out by, government to nonautonomous funds are available in the outturn data (highlighted in 2018 IMF GFS TA Report) but there is no detailed information on financial assets earmarked for pension recipients and/or liabilities to pension recipients (see Box 1). Furthermore, there is no breakdown of pension scheme financial positions by each scheme within the control of the general government (PSPF, GMBPF, LAPF, NRZPF, UCPF, and ZESAPF) or clear indication of which schemes are covered in existing outturn data. Given the unique treatment of nonautonomous unfunded pension schemes in *GFSM 2014*, a simple exposition is provided below in **Box 1**.

³ See: Zimbabwe Report on Public Sector Debt Statistics Technical Assistance Mission (June 2019).

Box 1. The Treatment of Nonautonomous Public Sector Pension Schemes in *GFSM 2014*

In the *GFSM 2014* framework, there are three types of employment-related pension schemes: (see *GFSM2014* A.2.42-A2.43)

- A government managed unfunded pension scheme, (nonautonomous pension fund)
- A separate institutional unit that operates a pension scheme (autonomous pension fund)
- A scheme managed by an insurance enterprise on behalf of the employer (autonomous pension fund).

In the case of nonautonomous schemes, 'these schemes are usually unfunded schemes as they are organized by the employer (central government) without assigning specific accounts or otherwise creating special reserves for the payment of benefits. Instead, the benefits are payable from the employer's general resources'. The government of Zimbabwe currently runs six unfunded pension schemes (PSPF, GMBPF, LAPF, NRZPF, UCPF, and ZESAPF), which are managed by the MoFED and other relevant Ministries. In order to understand how these unfunded schemes are treated in the *GFSM 2014* framework, we can show a simple example using the relationship between employers (central government) and central government employees using a cash-based system. Note that this treatment is suboptimal given that no liabilities or financial claims are identified in order to assess the sustainability and/or solvency of these schemes.

For simplicity, assume that:

- Central government employee wages and salaries are 100
- The nonautonomous (government run) pension scheme requires employee contributions of 10%

This scenario is depicted for the government (employer) and public sector employee below.

	Government	Public Sector Employee
Revenue	0	100
Compensation of Employees	0	100
<i>Wages and salaries</i>	0	90
Social contributions	10	10
Expense	100	0
Compensation of Employees	100	0
<i>Wages and salaries</i>	90	0
<i>social contributions</i>	10	0
Transactions of financial assets	-90	90
Cash	-90	90
IPSGS	0	0
Transactions in Liabilities	0	0
Cash	0	0
IPSGS	0	0

In an ideal *GFSM 2014* migration, government would move towards a 'modified cash' basis where they would incur expenses of 90 in wages and salaries (cash) and 10 in pension obligations (IPSGS), while employees would receive 90 in wages and salaries (cash) and 10 in pension claims on government (IPSGS). Any further transaction relating to the scheme would either reduce government pension liabilities (i.e. benefits are paid out) or increase their pension liabilities (new obligations are created).

B. GFS for Extrabudgetary Central Government in Zimbabwe

25. The EBUs within the central government in Zimbabwe consists of around two-hundred institutional units. This figure is higher than the one-hundred and forty-five reported in a 2018 GFS mission. Authorities are currently validating the new list which should be reviewed in the next GFS mission. A list of these EBUs is available in **Appendix II**.

26. EBUs fall under the authority of around twenty-one Ministries who are responsible for collecting financial statistics. The dispersion of EBUs across Ministries means that a high degree of cross ministry communication and cooperation with PFMA is important for compiling accurate statistics. A breakdown of these EBUs by ministry is shown in Table 2 below.

Table 2. Zimbabwe Extrabudgetary Units by Ministry*

<i>Ministry Responsible for EBU (number of units)</i>			
Higher Education, Science and Technology Development	30	Public Service, Labor and Social Welfare	6
Health and Childcare	21	Mines and Mining Development	6
Transport and Infrastructure Development	13	Women's Affairs, Community and Small/Medium Enterprise Development	5
Finance and Economic Development	12	Energy and Power Development	5
Lands, Agriculture & Rural Resettlement	11	Information, Publicity & Broadcasting	4
Home Affairs and Culture	10	Primary and Secondary Education	4
Environment, Tourism and Energy	10	Office of President and Cabinet	3
Justice, legal and Parliamentary Affairs	10	Defense, Security & War Veterans	3
Local Gov, Public Works	10	Foreign Affairs and International Trade	2
Industry and Commerce	9	Information Communication Technology and Courier Services	2
Industry and Commerce Youth, Sports and Recreation	8		

* Numbers are preliminary

27. At present, consolidated financial statements for EBU funds are not available within the MoFED. The mission assisted in the identification all EBUs in Zimbabwe. While financial statements and balance sheets were available for some of these, there was no centralized recording and consolidation of these statistics.

28. Authorities in the MoFED have transmitted a circular (Appendix V) to all ministries on April 25, 2019 requesting financial statistics for all EBUs across all ministries. This circular explicitly noted that nonreporting ministries would face a stoppage of funding from the AG's office. A June deadline was set for responses with the intention that the AGs office will provide a dedicated team to compile preliminary statistics (*GFSM 2014* conversions) over the next twelve months.

C. GFS for Local Government in Zimbabwe

29. The local government in Zimbabwe consists of ninety-two local authorities. These are five local boards, twelve town councils, eight municipalities, sixty rural district councils, and seven city councils (32 urban and 60 rural). A list of these local authorities is available in **Appendix III**.

30. Local governments in Zimbabwe report financial information to the Ministry of Local Government (MoLG) but not the MoFED. Some financial statistics for local authorities were available within the MoLG, however, there was a significant lack of data sharing/communication between the MoLG and MoFED making it difficult to compile GFS data using a *GFSM 2014* presentation.

D. GFS for Social Security Funds in Zimbabwe

31. There are seven pension schemes, one of which is a social security fund, in the general government of Zimbabwe. There are seven pension schemes listed in Appendix IV, however National Social Security Authority (NSSA) is the only scheme that meets the definition of a social security fund in the *GFSM 2014* framework.

32. Financial statistics do exist for the social security fund in Zimbabwe but are not integrated with other general government statistics. The National Social Security Authority (NSSA)), which covers the general Zimbabwe population, does produce and publish financial statements but are compiled using an IFRS presentation.⁴ It would be useful for the authorities to begin classifying NSSA financial statements in a *GFSM 2014* presentation to allow or better integration of this data with other parts of the general government.

Recommended Actions:

- **The mission recommends that the authorities compile and publish a complete and accurate list of all general government units, including, all local government units and**

⁴ See: <https://www.nssa.org.zw/downloads/financial-reports/>

EBUs. The government's most significant challenge in terms of institutional coverage remains an accurate and comprehensive recording of EBUs across all ministries in Zimbabwe.

- **The mission recommends that the authorities expand coverage of GFS to include local authorities, EBUs, and the social security fund.** In order to achieve this goal greater cooperation and communication across ministries is essential and should ensure compliance with the PFMA and the transmission of financial statistics in a unified framework to the AG's office in the MoFED. In the short term, this will also require the creation of bridge tables that allow for different presentations of financial statements to be converted into a *GFSM 2014* framework. The mission trained the authorities on how to complete this exercise.
- **In the migration to the *GFSM 2014* framework for the general government, authorities should ensure clear recording of subsidies to all SOEs and classify these according to the *GFSM 2014* guidelines.** In BCG outturn data, subsidies are broadly classified as capital transfers which makes it difficult to get an accurate figure for the size of these subsidies.
- **In the migration to the *GFSM 2014* framework for the general government, authorities should ensure clear recording of pension obligations for the six nonautonomous pension schemes.** In the BCG outturn data, pension contributions are currently being recorded with little transparency and on a cash basis that does not allow for monitoring of the performance, sustainability and solvency of these schemes. The authorities should have clear statistics relating to each of these schemes and move to a modified cash basis of reporting for these schemes.

DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS

33. **Bringing together the findings in this report, the mission recommends the following achievable actions:**

- **The authorities may need to enhance co-ordination and co-operation across ministries when it comes to sharing of financial information for all public sector entities as defined in the PFMA.** At present, co-operation with the AG's office in the MoFED from several ministries is extremely limited leading to a lack of financial accountability for local authorities, EBUs, and SOEs.
- **The MoFED would be required to formulate, and enforce, clear punishment mechanisms for lack of compliance with the laws of Zimbabwe which govern GFS, mainly the PFMA and the PDMA.** At present, there is a severe, and persistent, lack of compliance with reporting requirements laid out in the PFMA and PDMA. Part of this problem is rooted in weak enforcement mechanisms which allow public entities to continually operate with very little accountability.

- **The AG’s office may need to expand their compilation of financial statistics to include all extrabudgetary funds, local authorities, and SOEs using a standardized GFSM 2014 format.** In the short term, this can be done by converting existing data into a *GFSM 2014* presentation. In the medium term, all entities should report using a *GFSM 2014* compatible template or the new chart of accounts.
- **More detailed statistics would need to be compiled to reflect all subsidies provided by government to public corporations.** At present, budgetary central government outturn data broadly classifies these as capital transfers which does not allow for a clear understanding of the extent to which subsidies are being provided and to whom they are being provided.
- **Authorities across all ministries and public entities need to formulate, and publish, an updated list of all public sector entities including EBUs, local authorities, and SOEs.** The mission worked to prepare a preliminary list containing 210 EBUs, 92 local authorities, and 105 SOEs. These are currently being validated across departments and should be published by all relevant government agencies.

34. All of these recommendations will require greater communication and co-operation between MoFED, the Ministry of Local Government, Public Works and National Housing (MoLG) and other relevant ministries, along with the building and implementation of a standardized reporting template which fits into the new Chart of Accounts (COA) framework. The benefits of implementing these recommendations would include a greatly improved ability to assess the health, solvency, and potential risks of the public sector through balance sheet exposure.

Table 3. Zimbabwe Government Finance Statistics Improvement Work Program

Priority	Action/Milestone	Risk Assumptions/ Verifiable Indicators	Target Completion Date	Actual Completion Date	Implementation Status
<i>Outcome: Data are compiled and disseminated using the <u>sectorization</u> of the latest manual/guide</i>					
H	Institutional sectors are defined in accordance with <i>GFSM 2014</i> guidelines	Low risk. Verifiable via a reliable and accurate list of general government and public sector institutional units	June 30, 2018	June 1, 2018	Complete. An updated list of institutional units for all public sector subsectors are included in this report (see text and Appendices).

Priority	Action/Milestone	Risk Assumptions/ Verifiable Indicators	Target Completion Date	Actual Completion Date	Implementation Status
H	GFS compiled according to the <i>GFSM 2014</i> guidelines for the budgetary central government	Low risk. Once the CoA is completed and implemented using SAP, these will generate automatically in GFSM 2014 format.	December 31, 2018		Complete. <i>GFSM 2014</i> data was reviewed in this report.
L	GFS are compiled for the general government sector and its subsectors	High risk. This will involve completing and consolidating the three previous actions/ milestones.			Incomplete. The authorities have a clearer and more practical roadmap to achieve this but will take another few years to complete (as of June 2019).
<i>Outcome: Data are compiled and disseminated using the concepts and definitions of the latest manual/guide</i>					
H	Economic classification of revenue & expense transactions consistent with <i>GFSM 2014</i> .	Low risk.	June 30, 2018	June 1, 2018	Complete. The CoA has codes for all revenue and expense transactions which are consistent with <i>GFSM 2014</i> .
H	Functional classification of expenditure transactions follows <i>GFSM 2014</i> guideline	Low risk. Once the CoA is completed and implemented using SAP, these will generate automatically	December 31, 2019		Incomplete. The authorities are working to meet the deadline.

Priority	Action/Milestone	Risk Assumptions/ Verifiable Indicators	Target Completion Date	Actual Completion Date	Implementation Status
		in <i>GFSM 2014</i> format.			
H	Classification of stocks of debt follows <i>PSDSG 2011</i> guidelines	Low risk.	December 31, 2018		Complete on a cash basis for securities and loans (including penalties and arrears)
Outcome: Data are compiled and disseminated using the <u>classification</u> of the latest manual/guide					
H	Generate and disseminate budgetary central government above and below the line transactions in <i>GFSM 2014</i> presentation using new CoA.	Low risk. The new CoA is nearing completion and should be able to easily produce <i>GFSM 2014</i> presentation of fiscal statistics.	December 2018		Partially complete. The authorities are presenting GFS data on a <i>GFSM 2014</i> basis but are still finalizing their chart of accounts.
H	Design and implement standardized reporting template for all local government units based on the new CoA and compatible with SAP system.	High risk. This will require co-operation from, and co-ordination with, all local government units and MLGPWNH which has, to date, been limited. Verifiable via the publication of consolidated local	June 2019		Partially complete. The AGs office has provided <i>GFSM 2014</i> training to local authorities and are preparing for a transition to <i>GFSM 2014</i> templates.

Priority	Action/Milestone	Risk Assumptions/ Verifiable Indicators	Target Completion Date	Actual Completion Date	Implementation Status
		government finance statistics in <i>GFSM 2014</i> framework.			
H	Design and implement standardized reporting template for all extrabudgetary units compatible with SAP system and integrable into <i>GFSM 2014</i> framework.	Medium risk. Extrabudgetary units are currently managed across various ministries with limited degrees of co-operation and compliance with PFMA. Verifiable via the publication of consolidated extrabudgetary unit finance statistics in <i>GFSM 2014</i> framework.	June 2019		Partially complete. The authorities are currently working to identify all EBUs across Ministries (mission estimated 210 EBUs). Financial information for these EBUs was requested via government circular in June 2019.

A. Officials Met During the Mission

Name	Institution
Mr. Daniel Muchemwa (Accountant General)	Accountant General Office MoFED
Ms. Mildred Chiri (Auditor General)	Auditor General Office MoFED
Mr. George Marufu	Accountant General Office MoFeD

Mr. Itayi Bangidza	Accountant General Office MoFED
Mr. Moses Tomu	Accountant General Office MoFED
Ms. Precious Mugumbabe	Accountant General Office MoFED
Ms. Chipu Madzwanga	Accountant General Office MoFED
Ms. Eshilie Kamuto	Accountant General Office MoFED
Mr. Takudza Ngwenya	Accountant General Office MoFED
Mr. Jivas Nyahwema	Accountant General Office MoFED
Mr. Brain Mangoro	Accountant General Office MoFED
Mr. T.K. Kachasu	Accountant General Office MoFED

Appendix I. Budgetary Central Government Institutional Units

Budgetary CG Institutional Unit	Ministry of Sports and Recreation
Agriculture mechanization and irrigation development	National Peace and Reconciliation Commission
Anti-corruption Commission	National Prosecuting Authority
Audit Office	Office of the President and Cabinet
Council of Chiefs	Parliament of Zimbabwe
Energy and Power Development	Parliamentary Select Committee
Finance and Economic Development	Primary and secondary education
Foreign Affairs	Public Service Commission
Health and Child Care	Public service Labor and Social welfare
Higher and Tertiary Education, Science and Technology Development	Rural Development and Preservation of National Cultural Heritage
Home Affairs	Tourism and Hospitality Industry
Hospitals	Transport and Infrastructural Development
Human Rights Commission	URBAN DEVELOPMENT CORPORATION (UDCORP)
Industry and Commerce	Water and climate
Information communication technology postal and curial services	Welfare Services for war Veterans, War collaborators, former Political Detainees and Restricttees
Judicial Services Commission	Women's affairs, gender and community development
Justice Legal and parliamentary Affairs	Youth Indigenization and economic empowerment
Lands and Rural Development	Zimbabwe Anticorruption Commission
Local Government, public works and national housing	Zimbabwe Electoral Commission
Macroeconomic Planning	Zimbabwe Gender Commission
Media and Information Commission	Zimbabwe Land Commission
Media, Information and broadcasting services	Zimbabwe Media Commission
Mines and Mining Development	National Peace and Reconciliation Commission
Ministry of Small and Medium Enterprises and Cooperative Development	National Prosecuting Authority
National Library and Documentation Services	Office of the President and Cabinet

Appendix II. Extrabudgetary Central Government Institutional Units

African Center for Fertilizer Development	Forestry Commission Company	Medicine Control Authority of Zimbabwe	Postal and Telecommunication Regulatory Authority of Zimbabwe	Training Loan Fund
Agricultural Research Council (ARC)	Freedom from Hunger Campaign	Meteorological Services Fund	Procurement Regulatory Agency	Transport Purchase Fund
Agriculture Marketing Authority (AMA)	Gold Development Initiative Fund	Midland State University	Public Service Training Centers and Amenities Fund	United Bulawayo Hospitals
Agriculture Revolving Fund	Government Pool Property Fund	Mines and Mining Development Fund	Public Service Transport Management Fund	Universal Services Fund
Allied Health Practitioners Council	Great Zimbabwe University	Mining Industry Loan Fund	Quantity Survey Council	University of Zimbabwe
Architectural Council	Guardian Fund	Mpilo Hospital	Radiation Protection Authority	Valuers Council
Attorney General's Office Administration Fund	Gwanda State University	National Aids Council of Zimbabwe	Registrar General Retention Fund	Vocational and Technical Examinations Fund
Aviation Infrastructure Development Fund	Harare Central Hospital	National Archives of Zimbabwe	Research Council of Zimbabwe	Water Fund
Bindura University of Science Education	Harare Institute of Technology	National Archives Retention Fund	Rhodes Matopos Fund	Welfare and Benevolent Fund
Bio Safety Board	Harare/Masvingo Beitbridge	National Arts Council of Zimbabwe	Rhodes Nyanga Fund	Women's Development Fund
Board of Censors	Health Professions Council/Authority	National Biotechnology Authority	Roads Fund	Youth Development Fund
Broadcasting Authority of Zimbabwe	Health Service Board	National Blood Transfusion Services	Rural Electrification Authority	Zimbabwe Anti-Corruption Commission
Broadcasting Fund	Health services fund	National Coordinating Unit	Rural Housing Fund	Zimbabwe Association of Church Related Hospitals
Bulawayo/Harare School of Hospitality and Tourism	Health Services Fund	National Economic Consultative Forum	Salary Services Bureau Fund	Zimbabwe Community Development Fund

Catchment councils	Housing and Guarantee Fund	National Economic Inspectorate Conduct	School Services Fund	Zimbabwe Council for Higher Education
Central Cooperation Fund	Immigration Services Fund	National Education and Training Fund	Schools and Committees Fund	Zimbabwe Economic Policy and Research Unit
Central Vehicle Registry	immigration Services Fund	National Gallery of Zimbabwe	Schools Development Fund	Zimbabwe Electoral Commission
Chinhoyi University of Technology	Independent College Guarantee Fund	National Heroes Dependents Assistance Fund	Scientific & Industrial Research Development Centre (SIRDC)	Zimbabwe Energy Regulatory Authority
Chitungwiza Hospital	Indo-Zimbabwean Fund	National Housing Fund	Scientific and Industrial Research cooperation	Zimbabwe Film and Training School
Civil Protection Fund	Industrial Training and Trade Testing Fund	National Housing Fund	Securities and Exchange Commission	Zimbabwe Institute of Legal Studies
Civil Service Housing Fund	Industry and Trade Competition Commission	National Housing Guarantee Fund	Senior Officers Housing Fund	Zimbabwe Institute of Public Administration and Management
Colleges Amenities Fund	Industry Training and Trade Testing Fund	National Income and Pricing Commission	Small and Medium Enterprise Revolving Fund	Zimbabwe Investment Authority
Competition and Tariff Commission	Ingutsheni Central Hospital	National Indigenization and Economic Empowerment	Social Amenities Fund	Zimbabwe Manpower Development Fund
Consumer Council of Zimbabwe	Innovation and Commercialization Fund	National Investment Trust	Sovereign Wealth Fund	Zimbabwe Media Commission
Council of Legal Education	Institute of Mining Research	National Library and Documentation Service	Special Gold Unit Fund	Zimbabwe National Boxing Control Board
Courts and Administration Fund	Insurance and Pension Commission	National Museums and Monuments of Zimbabwe	Special Services	Zimbabwe National Family Planning Council
Debt Redemption Fund	Japanese Economic and Social Development Fund	National Parks and Wildlife Management Authority	Sports and Recreation Commission	Zimbabwe National Wrestling Control Board
Deeds and Companies Office Fund	Judicial College	National University of Science and Technology	Stadia Revolving Fund	Zimbabwe Nurses Association
Deeds, Companies and Intellectual Property Fund	Judicial Service Commission	National Youth Council	Standard Development Fund	Zimbabwe Olympic Committee
Defense Procurement Fund	Lands and Resettlement Fund	National Youth Development and Employment Creation Fund	Standards Association	Zimbabwe Open University

Department of Roads fund	Lands Compensation Fund	National Youth Service	Standards Development Fund	Zimbabwe Prisons and Correctional Services Fund
Department of Roads fund	Law Development Commission	New Limpopo Bridge Fund	State Enterprise Restructuring Agency	Zimbabwe Revenue Authority (ZIMRA)
District Development Fund	Legal Aid Directorate	New Number Plate Fund	State Lotteries and Gaming Board	Zimbabwe School Examination Council
Drug Information and Poisons Advice Centre	Liquor Licensing Board	New Vehicle Security Registration Number Plate Revolving Fund	State Procurement Board	Zimbabwe School of Mines
Education Materials Disbursement Fund	Lupane State University	Pan African Minerals University of Science Technology	Strategic Reserves Fund	Zimbabwe Tourism Authority
Employment Creation Fund	Manicaland State University of Applied Sciences	Parrirenyatwa group of Hospitals	Technology Information pilot System	Zimbabwe Tourism Fund
Engineering Council	Marondera University of Agricultural Sciences and Technology	Pension Office Retention Fund	Tertiary Education and Training Fund	Zimhabitat
Environment Management Agency	Mashonaland University	Pharmacist Council of Zimbabwe	Tobacco Research Board	ZIMSTAT
Environmental Health Practitioners Council of Zimbabwe	Masvingo State University	Pig Industry Board	Trade Measures Fund	ZIMTRADE
Farmer Development Trust	Medical Laboratory and Clinical Scientists Council of Zimbabwe	Pipeline and Rail Fund	Traditional Healers Councils	ZPS Revolving/Retention Fund
Food and Nutrition Council	Medical Rehabilitation Practitioners Council	Police Procurement Fund	Traffic and Legislation Fund	
Food Standards Advisory Board	Medical School Travel Grant	Political Parties Fund	Traffic Safety Council of Zimbabwe	
Extrabudgetary Funds (Preliminary List)				

Appendix III. Local Government Institutional Units

Table C.1: Local Authorities who submitted 2016 Debt and Financial Statistics to the MoLG
(Urban/Rural)

<i>Urban Local Authorities</i>	<i>Rural Local Authorities</i>	
Chinhoyi Municipality	Chegutu RDC	Chaminuka
City of Kadoma	Hurungwe RDC	Bindura RDC
Norton Town	Mhondoro Ngezi RDC	Guruve
Kariba Municipality	Nyaminyami RDC	Pfura
Karoi Town	Makonde RDC	Muzarabani
Chegutu Municipality	Zvimba RDC	Rushinga
City of Bulawayo	Sanyati RDC	Chipinge RDC
Chirundu Local Board	Nyanga RDC	Chikomba RDC
Gwanda Town	Umzingwane RDC	Wedza RDC
Plumtree Town	Matobo RDC	Murewa RDC
Chitungwiza Town	Mangwe RDC	Manyame RDC
Beit Bridge Town	Bulilima RDC	Mutoko RDC
Chiredzi Town	Beit bridge RDC	Uzumba Maramba Pfungwe
Masvingo City	Insiza RDC	Zvataida
Ruwa Local Board	Gwanda RDC	Mudzi RDC
Bindura Urban	Buhera RDC	Goromonzi RDC
Mvurwi	Bikita Rural	Marondera RDC
Chipinge Urban	Chivi RDC	Makoni RDC
Marondera Municipality	Zaka RDC	Binga RDC
Rusape Town Council	Gutu RDC	Hwange RDC
Epworth Local Board	Chiredzi RDC	Tsholotsho RDC
Hwange Local Board	Masvingo Rural	Umguza RDC
Lupane Local Board	Mwenezi	Bubi RDC
Victoria Falls Municipality	Mazowe	Nkayi RDC
Harare city	Mbire	Kusile RDC
Redcliff	Chirumanzu RDC	Gokwe south RDC
Gweru	Runde RDC	Mutare RDC
Kwekwe city	Gokwe north	Tongogara RDC
Mutare city	Zibagwe	Vhunga RDC
Zvishavane town		
Gokwe town		
Shurugwi town		

Appendix IV. Social Insurance Schemes in Zimbabwe

<i>Name of Scheme</i>	<i>Autonomous/Nonautonomous</i>
National Social Security Authority (NSSA)	Autonomous
Public Sector Pension Fund (PSPF)	Nonautonomous
Grain Marketing Board Pension Fund (GMBPF)	Nonautonomous
Local Authority Pension Fund (LAPF)	Nonautonomous
National Railways of Zimbabwe Pension Fund	Nonautonomous
Unified Councils Pension Fund (UCPF)	Nonautonomous
Zimbabwe Electricity Supply Authorities Pension Fund	Nonautonomous

Appendix V. Ministry of Finance and Economic Development Circular on Reporting of Extrabudgetary Fund and State-Owned Enterprise Financial Statistics

Telegrams: "MINFIN", Harare
Telex: 22141ZW
Telephone: 722101/794571
Facsimile: 792750
Private Bag 7705, Causeway
Zimbabwe



ZIMBABWE

MINISTRY OF FINANCE AND
ECONOMIC DEVELOPMENT
New Government Composite Building
Samora Machel Avenue
Harare
Zimbabwe

25 April 2019

Ref:

Secretary to the Judicial Service Commission
Attention: Mr M. Shadaya

Secretary for Energy and Power Development
Attention: Mr N. Muguwu

Secretary for Health and Child Care
Attention: Ms H. Machamire

Secretary for Higher Education, Science and Technology Development
Attention: Mr E. Ngwarati

Secretary for Home Affairs
Attention: Mr E. Chisoko

Secretary for Industry, Commerce and Enterprise Development
Attention: Mr L. Muzondo

Secretary for Justice, Legal and Parliamentary Affairs
Attention: Mr B.E. Mangosho

Secretary for Labor and Social Welfare
Attention: Mr E. Goronga

Secretary for Lands, Agriculture and Rural Resettlement

Attention: Mr P. Mudzamiri

Secretary for Local Government, Public Works and National Housing

Attention: Mr T. Chaparadza

Secretary for Mines and Mining Development

Attention: Mr M. Makina

Secretary for Primary and Secondary Education

Attention: Mr B. Wenjere

Secretary for Tourism and Hospitality Industry

Attention: Mrs P. Zenda

Secretary for Transport and Infrastructural Development

Attention: Mrs T. Zhakata

Secretary for Women and Youth Affairs

Attention: Mr L. Kunaka

RE: SUBMISSION OF FINANCIAL STATEMENTS FOR EXTRABUDGETARY UNITS AND PARASTATALS

Treasury is in the process of compiling financial information on extra budgetary funds and state-owned enterprises (SOEs). This information is required for consolidation in order to come up with accurate financial position of the entire Government.

This exercise is being conducted, in part, to ensure compliance with the Public Finance Management Act (PFMA). Specifically, in Part IV of the PFMA, section 32 it states that: “(1) Every director of finance shall prepare or cause to be prepared the annual [quarterly/monthly] financial statements of the Ministry concerned and shall submit such statements to the Accounting officer of that Ministry and to the Accountant General within thirty days of the year concerned.” Accordingly, all ministries should be submitting relevant financial statements and balance sheets, including total gross debt for the Debt Management Office, for all units under their responsibility to the Accountant General (AG) within thirty days of the end of each reporting period.

This information should cover all public entities which includes budgetary, extra budgetary, and social security funds, along with all local authorities across all ministries. Subsection (2) of Section 36 in PFMA also notes that: “The Accountant General may determine: a) the format of the statement of revenue and expenditure and the annual report; and b) any other details that the financial statement may contain.”

In cases where public entities are not reporting financial information on a regular basis as outline in the PFMA, the Ministry of Finance has the authority to stop funds. This means that any public entity which is deemed to be noncompliant with the reporting requirements outlined in the PFMA will receive no funding approval from the Ministry of Finance until they become fully compliant. All Financial statements should be submitted as they are being compiled but will be expected to be submitted in the new GFSM 2014 format once ministry training has been completed.

In order to facilitate this exercise, the Accountant General's office has compiled an updated tentative list of these units by Ministry (see attachment) and kindly ask you to provide information on:

- whether this list is correct for your ministry (are there any missing or any which no longer exists?);
- the financial information available for these units, including financial statement and balance sheet? If yes, please indicate which years and on what reporting basis (monthly/quarterly/ annual); and
- Is this financial information being sent to relevant officers in the AG's office?

Please return the attached file along with any other relevant information for your ministry by 30 April.

Pursuant to the above, kindly contact Mr G. Marufu whose contact is 0775795246 or 0719795246 who will facilitate the roll out of the GFSM 2014 to your extra budgetary units and SOEs.

D.Muchemwa

Accountant General

For: Secretary for Finance and Economic Development

Cc: Principal Director National budgets

: Deputy Accountant General –Mr.E. Zvandasara

: Deputy Accountant General- Mrs.M. Mukondomi

: Deputy Accountant General –Mr. S. Kanyoza

: Deputy Accountant General- Ms Maveneka