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PARLIAMENT OF ZIMBABWE

THIRD REPORT

**OF THE PORTFOLIO COMMITTEE ON EDUCATION, SPORT AND
CULTURE ON THE HALF-YEAR BUDGET PERFORMANCE REPORT FOR
THE MINISTRY OF SCIENCE AND TECHNOLOGY DEVELOPMENT**

SECOND SESSION, SIXTH PARLIAMENT

Presented to Parliament – November, 2006

[S. C. 37, 2006]

ORDERED IN TERMS OF S. O. NO. 151:

- (1) At the commencement of every session, there shall be as many select committees to be designated according to government portfolios to examine expenditure, administration and policy of government departments and other matters falling under their jurisdictions as the House may by resolution determine and whose members shall be nominated by the Standing Rules and Orders Committee. Such nominations shall take into account the expressed interests, experience or expertise of the members and the political and gender composition of the House.
- (2) Each select committee shall be known by the portfolio determined for it by the House.

TERMS OF REFERENCE S.O. NO. 152:

Subject to these Standing Orders, a portfolio committee shall –

- (a) consider and deal with bills and statutory instruments or other matters which are referred to it by or under a resolution of the House or by the Speaker;
- (b) consider or deal with an appropriation or money bill or any aspect of an appropriation or money bill referred to it by these Standing Orders or by resolution of the House; and
- (c) monitor, investigate, enquire into and make recommendations relating to any aspect of the legislative, budget, policy or any other matter it may consider relevant to the government department falling within the category of affairs assigned to it, and may for that purpose consult and liaise with such department;
- (d) consider or deal with all international treaties, conventions and agreements relevant to it, which are from time to time negotiated, entered into or agreed upon.

ANNOUNCED:

Tuesday, 19th of July, 2005
That the Committee consists of the
following:

Hon. J. Madubeko, Hon T. H. Maluleke,
Hon. E. Maziriri, Hon. N. Mguni, Hon F.
G. Mhashu, Hon. L. Moyo, Hon Prof.
J.N. Moyo, Hon. L. Mupukuta, Hon. W.
Mutomba, Hon. G. Mutsekwa, Hon. C.
Pote and Hon Chief N. Z. J. Shana.
Hon. F. G. Mhashu to be Chairman

ANNOUNCED:

Thursday, 23rd February 2006
That the Committee consists of the
following Senators:

Hon Senator A. Chimbudzi, Hon
Senator J. J. Chindanya, Hon Senator S
Mkusha and Hon Senator Chief
Sengwe.

1. Introduction

- 1.1 The Portfolio Committee on Education, Sport and Culture undertook a review of the 2006 half-year budget performance for the Ministry of Science and Technology Development. The review was done from mid-September to October 2006. The purpose of the review was to ensure accountability in the use of public funds, identify any challenges faced by the Ministry and make recommendations for improvement. The monitoring of the budget also gave the Committee an insight into the operations of the Ministry, which is fairly new.

2. Methodology

- 2.1 The Committee considered the half-year budget performance report submitted by the Ministry before inviting the officials to discuss issues raised in the report. The officials also gave oral evidence regarding the Ministry's 2007 priorities.

3. 2006 Targets for the Ministry of Science and Technology Development

The Ministry's targets for 2006 were as follows:

- Policy development
- Promotion of Science and Technology
- Establishment and support of relevant Research Councils.

It is against the above targets that your Committee monitored budget performance of the Ministry of Science and Technology Development.

4. General Overview of Half Year Budget Performance

- 4.1 The Committee was informed that during the period under review, the Ministry's operations were adversely affected by the hyperinflationary environment coupled with the late disbursement of funds earmarked for

capital expenditure. Furthermore, most line items required additional funding, as the expenditures up to 30 June were above the 50% target for the first half of the financial year. The Committee further analysed current expenditures and a sample of line items is outlined below.

- The cumulative expenditure for office supplies was 80.11% of the 2006 allocation.
- Expenditure on educational materials stood at 56.6% of the total allocation.
- For foreign travel, the Ministry incurred expenditure amounting to 99.7% of the total allocation.
- The medical supplies line item had expenditures amounting to 95,9% of allocated funds because the Ministry had to virement the funds to cater for airfares, which had insufficient funds to meet outstanding bills.
- For rental and hire services, the Ministry required additional funding to pay CMED and Old Mutual, which were threatening to suspend their services.
- The cumulative expenditure on the Institutional provisions line item was 97% of the allocated funds.
- Capital transfers to departmental institutions stood at 86% of the allocated funds.
- The Innovation and Commercialisation Fund had a low expenditure of only 5% of the allocated funds and this was attributed to the failure by Treasury to release the funds.
- For promotion and advocacy, the Ministry of Finance did not release 55% of the allocation for the first half of the year and this had a negative impact on the Ministry's targets.

- 4.2 The Committee was concerned to note that the Ministry's expenditures for the period under review were above the 50% expenditure expected for six months. The Committee was also concerned about the late release of allocated funds by the Ministry of Finance.

5. Challenges faced by the Ministry

- 5.1 The Secretary for Science and Technology Development informed the Committee that during the first six months of the 2006 financial year, the Ministry was operating in a difficult environment characterized by hyperinflation. This was happening against the backdrop of limited resources made available by Treasury. Thus, the Ministry had limited resources in a hyperinflationary environment and this made it difficult for it to meet the targets that had been set at the beginning of the year. By June 2006, the Ministry had only achieved no more than 30% of its targets. This was mainly due to the fact that by April 2006, the funds that had been allocated to the Ministry by Treasury were only able to purchase goods and services for purposes of achieving 25% of the Ministry's targets because of the impact of inflation. The Committee is of the view that measures should be put in place to stabilise the country's economy so that it can turn around and begin to show signs of recovery in the medium to long term.
- 5.2 The Committee was informed that funds allocated under the capital expenditure budget were not disbursed on time. The capital expenditure budget provides for the purchase of equipment, furniture, vehicles and sundries that are required to enable officers to perform their duties. The Ministry of Finance did not release the capital expenditure funds until the end of March and consequently, officers were being paid to sit idle in their offices because they did not have the equipment with which to do the work. When the funds were eventually released in April the funds had been eroded by inflation and this had a negative impact on the Ministry's performance. The Committee was disturbed to learn that funds allocated for capital expenditure were not released on time and is of the view that the issue of the late release of funds by Treasury should be addressed urgently.
- 5.3 The officials also informed the Committee that the Ministry faced challenges regarding the recruitment and retention of qualified staff.

Towards the end of 2005, the Ministry recruited ten Science and Technology officers. By the end of March 2006, eight out of the original ten officers had left and the Ministry had to start the recruitment exercise again. The Committee believes that the challenges associated with high staff turn over will persist unless the conditions of service for Science and Technology officers are significantly improved.

- 5.4 The other challenge cited by the officials was the shortage of foreign currency. The Committee was informed that the Ministry relied on imported equipment and technologies for some of its research and innovations. The Ministry therefore required foreign currency to be able to spend the local currency that it would have been allocated by Treasury.
- 5.5 The issue of policy and programme mismatch was also cited as a challenge that was faced by the Ministry during the period under review. The officials informed the Committee that at the beginning of the year, the government introduced the Results Based Management System, which basically meant that every dollar allocated by Treasury was linked to a specific output, thus the budgeting system was very tight. In June the government introduced the National Economic Development Priority Programme (NEDPP). The NEDPP had its own set of priorities to stabilize, recover and turn around the economy and this meant that the priorities that the Ministry had set at the beginning of the year were in some instances overtaken by the priorities in the NEDPP. In some cases, the NEDPP priorities were reinforcing the Ministry's priorities and that had implications in terms of financial resources as the allocated budget had been eroded by inflation. The Committee is of the view that notwithstanding the Results Based Management System, Ministries ought to be provided with the necessary resources in order to be able to deal effectively with eventualities given the current hyperinflationary environment.

6. Conclusion and Recommendations

6.1 Given the pivotal role played by the Ministry in the development and promotion of Science and Technology in this country and the challenges it faced during the first half of the 2006 financial year, the Committee makes the following recommendations:

- **That the Ministry be allocated adequate funds to enable it to carry out its mandate.**
- **That the Ministry of Finance should disburse funds allocated for capital expenditure timeously in order to obviate the effects of inflation.**
- **That the Ministry should embark on income generating projects in order to augment funds from the fiscus.**
- **That local innovations and initiatives by the Scientific and Industrial Research and Development Centre (SIRDC) should be adequately supported by the Government to cut down on the amount of foreign currency needed to import equipment.**