

**AN ANALYSIS OF THE PUBLIC EXPENDITURE
MANAGEMENT FRAMEWORKS IN ZIMBABWE THE CASE OF
THE MINISTRY OF LOCAL GOVERNMENT PUBLIC WORKS
AND NATIONAL HOUSING.**

BY

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS OF MASTER OF SCIENCE DEGREE IN
PUBLIC ADMINISTRATION**

FACULTY OF SOCIAL STUDIES

**DEPARTMENT OF POLITICAL AND ADMINISTRATIVE
STUDIES**

UNIVERSITY OF ZIMBABWE

MARCH 2016

DEDICATION

To my loving family.

ACKNOWLEDGEMENTS

I believe that for me to come this far is not by default but by the will, and grace of God who gave me power and courage. I would want to thank the Human Resources Manager and other officials from the Ministry of Local Government, Public Works and National Housing for granting me an approval to carry out this research in their organisation and the support they gave me.

I would also like to express my sincere gratitude to my distinct supervisor, Mr H. Zvoushe for his undying support, mentorship and guidelines during the course of my project in ensuring that I successfully completed my dissertation. I want to say to him “thank you for your rigorous criticisms, guidance and assistance for they gave me an insight of the right path to take.”

I would also want to extend my gratitude to my colleagues who assisted me during my course of studies at the University of Zimbabwe. These include, Zorodzai M. Vutete, Arnold Chisamba, Shamiso H Madhlangobe, Evans Gwasunda, Jealous Makovere, Fortunate Jena, Glenda Chifamba, Rekai Rusinga, Tinotenda Chidhawu, Melody Nyamangodo among other I cannot mention. I would also want to thank all the lecturers at the University Of Zimbabwe for their support and to my loving family thank you for the support and encouragement you gave me during my weary times to soldier on; you are great and charitable **God Bless You All.**

ABSTRACT

The issue of Public Expenditure Management gained much attention from many organisations and governments globally. Governments and organisations the whole world has expressed the need to provide quality goods and services to people at a minimum cost. Zimbabwe as a country is not an exception to this trend. Since its independence in 1980, Zimbabwe as a country has put in place policies and programs of cutting public expenditure. These policies and programs are implemented through various frameworks that range from policy frameworks, legal or legislative frameworks, institutional frameworks and procedurals and processes amongst others. However, in Zimbabwe these frameworks are yet to prove their effectiveness as government ministries, departments and agencies still incur high cost in their endeavour to deliver public goods and services. Evidence to this include the problems of overspending, exceeding budgets limits, payments that are not supported by receipts and invoices, flouting of tender and procurements procedures and absence of risk management policies and debt recovery strategies. Hence this study sought to analyse the frameworks that are being used by public sector institutions in managing public expenditures. The Ministry of Local Government, Public works and National Housing was used as a case study and its findings will be used to generalise the scenario in the public sector. Literature review of the study revealed that frameworks for PEM aim at achieving four outcomes namely aggregate fiscal discipline, allocative efficiency, operational efficiency and the societal dimension by instituting sound corporate governance to achieve values such as transparency, accountability, integrity, honest and equity in the use of public resources. The study took a qualitative stunt and used a concoction of interviews, open-ended questionnaires and documentary search as research instruments to collect data from the field and participants were purposively selected from different organisations. The study also use thematic, content and descriptive analysis to analyse the data gathered. The findings of the study revealed that the Ministry of Local Government, Public Works and National Housing has a number of instruments ranging from institutional, policy and legal frameworks and processes available to it to manage its expenditure. Despite the compelling factor of sound Public Expenditure Management frameworks challenges such as political directives, lack of motivation, managerial override, and the inflexibility of the system among others were noted as factors militating against the success of PEM initiatives in the ministry. Thus the study also identified a cocktail of challenges that negatively impact the organisation in managing its expenditure. Accordingly, the study recommends that there is need to implement frameworks such as Medium Term Expenditure Framework, motivate employees and setting out realistic budgets to mention a few were proffered to mitigate these challenges and to make expenditure reduction initiatives viable.

LIST OF ABBREVIATION

ADB	Asian Development Bank
CRF	Consolidated Revenue Fund
EU	European Union
GDP	Gross Domestic Product
MDTF	Multi Donor Trust Fund
MLGPW&NH	Ministry of Local Government, Public Works and National Housing
MoF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
PEM	Public Expenditure Management
PFMA	Public Finance Management Act
POLAD	Politics and Administrative Studies
OECD	Organisation for Economic Co-operation and Development
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
USAID	United States Agency for International Development
ZIMCDD	Zimbabwe Coalition on Debt and Development

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study analyses Public Expenditure Management frameworks that are used to manage and control public expenditure in the Zimbabwean public sector, but special focus is on the Ministry of Local Government, Public Works and National Housing. This chapter presents the background of the problem, statement of the problem, research objectives and research questions, hypothesis. The justification of the study, the limitations and the delimitations are also presented.

1.1 Background to the study

Globally the concept of Public Expenditure Management forms the niche of sound public finance administration. According to Graham (2001:2) the sphere of Public Expenditure Management covers a series of elements of how governments, their citizens and many other related institutions manage their resources, achieve public goods and results, and account for their stewardship and delegated responsibilities. Zhou (2012:34) describes it as a long term process in which fiscal managers and authorities undertake periodic review of their decisions and activities in a bid to control and reduce costs that stem from unnecessary spending, unbudgeted expenditure, fiscal indiscipline, corruption and lack of transparency and accountability. Musgrave and Musgrave, (1984) view public expenditure management as a process in which public finance managers regularly review the strength and weaknesses of their public expenditure control systems. Zhou (2012:34) further notes that public expenditure management system serves as a long term barricade against corruption, fiscal leakage and the risk of debt trap.

The emergence of public expenditure management as a concept is not a recent phenomenon. According to Guarai (2011), the concept came into being in the late 17th and early 18th century, and during that period public expenditure was considered as wastage of resources and governments were mainly concerned with their traditional functions of maintaining law and order. The size of the public sector was very small. In the 19th century public spending began to grow as most governments were skewed at following a laissez faire approach in their economic policies and their functions were now focused on defending aggression and maintaining law and order. However in the 20th century the public sectors of many

governments began to expand and this sparked the blooming of public sector spending (Guarai 2011). Guarai (2011) further notes that in this period John Maynard Keynes advocated the role of public expenditure in the determination of levels of income and its distribution. Since then, the term public expenditure management did not become an issue until the latter half of the 1970s when it was adopted and developed by the World Bank (Schick 1999). According to Rajaram and Krishnamurthy (2001:2) the concept of public expenditure management was adopted, developed and has been put into practice in the early 1980s by the World Bank and the approach have been improved to a large extent. The concept was later appreciated, embraced and also supported by other international financial institutions such as the IMF, OECD and EU (Djurovic and Djordjevic 2009:285).

In the mid-1980s, the approach was also adopted and assimilated into many government systems worldwide. This is also put forward by Premchand (2000:2) who postulates that expenditure management in governments received substantial additional stimulus in recent years, particularly during the eighties, as a result of fiscal crisis experienced by a number of governments. Thus almost every country if not all, are caught in the web of expenditure management in which they are trying to ensure that limited resources available are used in an efficient and effective manner by government ministries, departments and agencies. Djordjevic (2009:284) supports this by chronicling that every country (developed or developing, rich or poor, big or small) needs serious financial resource management for its existence, hence all governments have to collect resources from the economy in a sufficient and appropriate manner, allocate and use the resources responsively, efficiently and effectively. According to the USAID (2008) cited in Ali (2013:9) government expenditures especially in developing and underdeveloped nations has drawn the attention of international institutions like the World Bank, IMF and USAID among others. Thus with the help of Bretton Woods institutions many countries especially African countries are implementing public expenditure management initiatives that are aimed at reducing public sector costs and ensuring better use of the available limited resources. These expenditure control initiatives are enforced within various frameworks that include institutional, legal and policy frameworks. This is also noted by Bailey (1995) cited in Zhou (2012:154) who states that public expenditure control includes the use of procedures and instruments by governments to monitor and regulate expenditure behaviours in various line ministries, agencies and departments with the aim of inculcating fiscal discipline and economy in the use of public

resources. Thus public expenditure control seeks to reduce costs that arise from fiscal indiscipline, wastage, inefficiencies and duplication of activities to mention a few.

To this wave of public expenditure management, Zimbabwe as a country is not an exception as it is currently operating in a fiscal crisis situation and finding it difficult to control its expenditure. Historically, according to the Multi Donor Trust Fund (MDTF) (2011:4) public expenditure in Zimbabwe was highly compared with other countries of similar levels of per capita income and was only exceeded by a few European countries. During that time, the government of Zimbabwe pursued an expansionist economic policy in which it was trying to fulfil its liberation struggle promises by implementing policies such as health for all and education for all. However, high levels of public expenditure led to large and unsustainable fiscal deficits which from the mid-1980s averaged 10 percent of the GDP and by the early 1990s the increasing levels of state activities in the economy had become a constraint to economic development (MDTF 2011). Against this backdrop, with the help from international institutions such as the World Bank and IMF the country implemented Economic Adjustment Programs to minimize its public sector expenditure. The MDTF (2011:5) further stresses that the key objectives of the adjustment programs that became the major feature of economic policy during the 1990s were of controlling public spending, reduce fiscal deficit and implementing structural reform measures to facilitate private sector growth. However, according to the OECD (2009) these policies were not successful and the subsequent period of economic decline and political turmoil during the 2000-08 resulted in the falling of public expenditure from 44 percent to 7 percent of the Gross Domestic Product. Since then up to date, the expenditure of the public sector still remains a fiscal policy challenge as the public sector still insures more cost than what they are being expected to do. Nyakazema (2014) also chronicles that government institutions are spending more than they had barely served and budgeted for. For instance, according to Langa (2015) in 2014 the government lost about US\$ 180 million through payments that were not supported by invoices and receipts from service providers by its various ministries. The Ministry of Local Government, Public Works and National Housing in 2013 incurred about US\$ 50 million costs in unauthorized expenditures (Nyakazema 2014). These costs have culminated in the haemorrhage of bad corporate governance, mismanagement and other anomalies.

Another problem being faced in managing public expenditure noted by the Auditor General (2014:181) is that of weak expenditure management frameworks to ensure public financial

accountability and good corporate governance in the public sector. The World Bank (1998) also alludes to the same problem by stating that,

weak public expenditure management in most African countries undermine budgets execution as accounting processes being re-established are still weak and this has led to loopholes that had facilitated overspending of public resources enveloped, outright theft, payments that are not supported by invoices and receipts from service providers, absence or lack of updated asset registers, absence of audit committees and risk management policies, weak debt recovery systems, flouting of procurement regulations, and non-compliance to the principles of good corporate governance.

To overcome these problems Zimbabwe as a country constantly seeks advises and engages the Bretton Woods institutions in implementing different programs and policies to manage and control its public expenditure. Hence this study seeks to analyse the frameworks that are being used in the Zimbabwean public sector to manage and control public expenditure. The Ministry of Local Government, Public Works and National Housing which is one of the largest and crucial ministries in Zimbabwe will be used as a case in this study. The ministry is responsible for ensuring that there is good and constant service delivery of public goods and services which are a necessity for socio-economic development of the country as a whole. It is also concerned with local democracy and decentralization of designated powers and responsibilities from central government to lower tier structures. Its mandate is also to promote sound local governance, construction and maintenance for sustainable and functional human settlements to improve the quality of life for the people of Zimbabwe (<http://www.mlg.gov.zw>).

1.2 Statement of the problem

Since the conception of public expenditure management in the late 1980s, in Zimbabwe policies and programs of cutting public sector expenditure are firmly in vogue, but yet to prove effective. These policies and programs have been implemented through various frameworks that are meant to reduce public sector costs but have not yet yielded results as expected. Efforts to cut off public sector expenditure are still in vain as public sector institutions still incur high costs. Evidence to this effect includes the exceeding of budgets limits, overspending of public resources, payments that are not supported by invoices and receipts, absence or lack of risk management, flouting of procurement procedures, and weak debt recovery systems and outright theft (Auditor General 2014). This has resulted in strained

relationships between government ministries, departments and agencies and their stakeholders. Therefore this study seeks to analyse the frameworks that are being used by government ministries departments and agencies to control and manage their expenditure using the case of the Ministry of Local Government, Public Works and National Housing which is one of the core government ministries that is responsible for ensuring public service delivery both at the national and local level.

1.3 Objectives of the study

The study seeks:

- ❖ To identify the tools being used by the Ministry of Local Government, Public Works and National Housing to control and manage its expenditure.
- ❖ To investigate the effectiveness of the tools being used by the ministry to manage its expenditure.
- ❖ To highlight factors (if any) accounting for the success or failure of existing frameworks for managing public expenditure.
- ❖ To identify the specific challenges being faced in using the instruments to manage public expenditure in the ministry.
- ❖ To proffer recommendations on how to mitigate and overcome these challenges

1.4 Research questions

- ❖ What expenditure management frameworks or instruments do the Ministry of Local Government, Public Works and National Housing have in place to manage its expenditure?
- ❖ How effective are the tools?
- ❖ What are the factors accounting to the success or failure of existing frameworks for public sector expenditure management in the public sector?
- ❖ What specific challenges are being faced in using the instruments in managing public expenditure in the ministry?
- ❖ What can be done to overcome these challenges?

1.5 Hypothesis

Weak public sector expenditure management frameworks will result in overspending by government ministries and departments.

1.6 Justification of the study

This study is of much value to a number of stakeholders including the academia, policy makers, Public Finance Administrators as well as the general public interested in issues to do with public finance management. By analysing public expenditure management frameworks in the Ministry of Local Government, Public Works and National Housing the general public interested in issues to do with public sector finance management will be enlightened about the frameworks that are being used by government ministries, departments and agencies to control and manage their public expenditure. To academics the study may act as a springboard for further research in which further inquiries may be made into the area of public sector expenditure management and it adds to the existing literature. Furthermore this research study is of importance to the Ministry of Local Government, Public Works and National Housing itself as it may highlight some issues and loopholes that may be taken into consideration to improve its resource use and administration. In addition the study is also important to policy makers as it may help them in making informed decisions on budgetary issues and on how to cut excessive public spending by government ministries and departments.

1.7 Delimitations

The study mainly focused on public expenditure management frameworks that are being used by the Ministry of Local Government to control expenditure. Other ministries will be just referred to where necessary either to emphasize a point or to show similarities.

1.8 Limitations

The research faced various constraints or limitations such as the unwillingness of the respondents to disclose relevant information that is crucial to the study. Some of the information may be regarded as not for public consumption and highly secret to the organisation. To circumvent this challenge the researcher explained that the research is purely academic. The Ministry of Local Government, Public Works and National Housing as a public sector institution is characterized with bureaucratic pathology and this delayed access to data. Some top officials in the ministry were not readily available for interviews. To circumvent this challenge the researcher had to make several trips to the ministry in order to interview them. In addition to the challenges since some information was to be gathered through the use of questionnaires, there was no guarantee that the respondents will complete

and return the questionnaires to the researcher in time. In this vein, the researcher did not have a choice but to use the information that has been availed.

1.9 Organization of the study

This research study was presented in the following manner:

Chapter One: Introduction

This chapter serves as an introduction to the study and presents information about the background of the study, statement of the problem, hypothesis, research objectives and research questions. The justification of the study, limitations and delimitations of the study are also presented in this chapter.

Chapter Two: Literature Review

This chapter presents information from different authorities on the research topic under study. In addition to the literature review, this chapter also spells out the theoretical framework that informs the study.

Chapter Three: Methodology

This chapter highlights different methodologies that were used to sample, collect, present and analyse data.

Chapter Four: Data Presentation and Analysis

This chapter presents and analyses the major findings of the study.

Chapter Five: Conclusions and Recommendations

This chapter draws up the conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews various literatures relating to both theory and practice of public expenditure management. It presents the conceptual framework which is the key stem for the study. Literature pertaining to PEM cycle and its principles will also be reviewed in this study in this chapter. The theoretical framework that underpins the study will also be discussed in this chapter.

2.1 Conceptual framework

2.1.1 Public Expenditure

Zhou (2012:154) defines public expenditure as costs that are incurred by central states and local institutions of governments. According to Dalton (1970:175) public expenditures are essentially government's expenditures, security expenditures, expenditures on administration of justice, development costs and debt management. Guaria (2011) defines them as costs incurred by public sector institutions such as government ministries, departments and agencies in trying to meet certain public ends. The definitions of Zhou (2012), Guaria (2011) and Dalton (1970) concur with the definition of ZIMCODD (2001:4) and Bailey (1995:49) cited in Zhou (2012:154) which state public expenditure as costs that are incurred by governments in trying to discharge their duties. Bailey (1995:49) further notes that these costs are either of current or capital nature. Therefore deducing from the above definitions public expenditures are costs incurred by governments and their various institutions in trying to meet certain public ends such as providing public goods and services. These costs may be categorized into two classes' namely current expenditure or capital expenditure. Capital expenditure constitutes non-recurring costs arising from creating the socio-economic infrastructure in the form of roads, bridges, power generation, agricultural production, industrial expansion, and communication infrastructure, among others while current expenditures are non-investment, exhaustive and recurrent in nature (Visser and Erasmus, 2005).

2.1.2 Expenditure management

The world of expenditure management is a wide one and there is no general consensus as to what really it is. According to Musgrave and Musgrave (1984) the sphere of expenditure management does not only involve the planning and budgeting of expenditures but also debt management and strengthening of various controls among others. Zhou (2012:4) defines PEM as,

A long term process in which fiscal authorities and managers undertake periodic reviews of their spending decisions and activities in a bid to reduce costs stemming from unnecessary spending, unbudgeted expenditures, fiscal indiscipline, corruption and lack of transparency and accountability.

In the view of Graham (2011:1) expenditure management is as an initiative that covers a series of elements of how governments, their citizens and many other related institutions manage their resources, achieve public goods and services and account for their stewardship and delegated responsibilities. Bailey (1995) cited in Zhou (2012:154) defines expenditure management as a process that embroils the utilisation of various instruments and procedures by governments to monitor expenditure activities in distinct line ministries agencies and departments with the aim to institute sustaining fiscal discipline and efficiency in the use of public funds. Campos (2001) cited in Chirwa (2009: 2) notes public expenditure management as a process related to the allocation and use of financial resources responsively, efficiently and effectively. Therefore deducing from all the above definitions one may define expenditure management as a process that goes on and on in monitoring and controlling government activities in using public funds. Also, from the definitions above expenditure management is not only concerned with the allocation and use of resources but also on the planning and budgeting of those resources to be spend.

According to Schick (1999:1) public expenditure management is a new approach to an old problem of allocation of public resources. Schick (1999:1) further notes that for more than a century the allocation of resources have been made through the machinery of budgeting, the routines and procedures devised by governments to decide the amounts spent, the balance between revenue and expenditure and the allocation of funds among public activities and entities. Public expenditure management operates through budget decisions but differs from public budgeting in some ways. This is also noted by the Asian Development Bank (2001:1) which states that Public Expenditure Management and Public Budgeting have often been

used interchangeably yet they are different in meaning. According to the Asian Development Bank (2001:1) public expenditure management focuses on outcomes and sees expenditures as a means to produce outputs which are needed to achieve desired outcomes and in emphasizing these outcomes. Thus PEM highlights the importance of having the right processes. On the other hand public budgeting according to the Asian Development Bank (2001:2) seeks to ascertain that the agency budgets have been prepared and implemented in accordance with prescribed rules and procedures. Thus from the perspective of public budgeting, a good budget is the one that follows rules and procedures accordingly. Hence public budgeting in its nature and approach is legalistic. PEM according to the ADB (2001:1) is an approach to public sector budgeting that is oriented towards achieving socially desired outcomes.

2.2 Theoretical framework

2.2.1 The Principal-Agent Theory

The principal agent theory according to Eisenhardt (1989) surfaced in the 1970s from the combined disciplines of economics and institutional theory. However, there is no general consensus as to who exactly originated the theory as some theorists claim it was Stephen Ross while others claim it be the baby of Barry Mitnick. According to Jansen and Mickling (1976) cited in Hughes (2003:13), the principal agent theory was developed for the private sector to explain the divergence often found between the goals of managers (agents) in private firms and shareholders (principals) and how to structure various systems of accountability. The principal agent theory, according to Hughes (2003:13) attempts to find incentive schemes for agents to act in the interest of principals. The theory according to Ayee (2005:1) ritualises assumptions about the handling of property rights and information in the writing of contracts that define organisations. Thus the theory deals with the design of contracts between principals and their agencies who exercise authority on their behalf. Ayee (2005:1) also puts forward that the Agent theory bickers that principals must solve two basic problems in choosing their agencies. First, they have to select the best agent from the pool they have and create inducements for them to behave as desired and secondly, the principal must monitor the behaviour of their agents to ensure that they are performing their tasks well (Ayee, 2005:1). Vickers and Yarrow (1988:13) are of the same view as they stress that the activities of the agents need to be monitored by shareholders regularly and to ensure that their behaviour complies with the wishes of the principal. In that vein agents should have contracts

that specify their obligations and rights so that they are aware of what they are expected to do.

However according to Ayee (2005:2) there are two problems that face the principals in choosing their agents. There is the problem of adverse selection in which the principal can never know everything about the agent. According to Ayee (2005:2) the principal in choosing an agent can examine a potential agent's education qualifications, skills and background but can never be sure of selecting the best candidate as agents are the only ones who know more about their own qualifications, hence as a result principals tend to hire lower quality applicants than desired. Secondly there is the moral hazard problem. According to Arrow (1985) the theory assumes that principals can never know the full details of the agent's performance though there are always signals about the employee's performance such as reports, complains, and direct observations. Thus principals are typically at an information disadvantage and their agents have an incentive to work less than their capacity since they know that their performance may not be detected.

2.3 The emergence and genesis of public expenditure management.

Public expenditure management approach is not a recent phenomenon to the extent that it cannot be commonly defined. According to Ghiasi (2014:2) public expenditure management is an ancient inclination or system that came into prominence in the early 1980s and 1990s. Although other researchers maintain that there is no single approach to public expenditure management Chu and Hemming (1991:1) argue that public expenditure management has evolved over time and is still in the process of transforming itself. This implies that PEM is still in the metamorphosis process where it is still work in progress trying to establish its ground.

According to Krishnamurthy (2001:2) public expenditure has emerged and put into practice in the early 1980s by the World Bank and the approach has been improved to a long extent so far. The approach has not only been taken into consideration by the World Bank and IMF but also the OECD and EU (Krishnamurthy 2001:2). However, Guaria (2011) does not concur with the view of Krishnamurthy (2001:2) that the concept started in the early 1980s. Guara (2011) claims that the issue of public expenditure came into being in the late 17th and early 18th century where the size of the public sector during that time was very small and government activities were mainly focused on maintaining law and order. Guaria (2011) further notes that though the issue of public expenditure had emerged in that period it did not

become an issue until the 20th century in the late 1970s when the size of the public sector had ballooned.

Allen and Salvatore (1994:6) are of another view, they postulate that the issue of public expenditure management came into being in the 1970s. They further argued that,

Until the late 1970s most external assistance to developing countries focused on individual projects including efforts to increase financial integrity and aid effectiveness and the concept was developed from the Public Investment Review which was meant to safeguard and ensure the integrity of donor resources provided to a project.

Thus they believe that public expenditure management had emerged earlier on but it used another name. However, according to Allen et al (2004:25) the expansion of Public Investment Review into public expenditure management is often a misnomer because most of such reviews cover only government spending and usually only central government spending.

Shah (2005:86) is of another view as he associates the genesis of public expenditure management to Pigou when he wrote his book “Public Finance” in 1928. According to Shah (2005:85-86) Pigou (1928) noted that public expenditure “ought to be regulated with some reference to the burden involved in raising funds to finance them.” He went further noting that governments must extract resources coercively through taxation and the cost of doing so both administrative and compliance cost and the excess burden or dead weight loss taxation ought to be taken explicitly into account in determining the appropriate level of public expenditure.

However the emergence and genesis of public expenditure management according to Winch (1992:92) is believed to be the baby of Adam Smith, a Scottish philosopher and a political economist who attempted to systematically study the issue of public finances in the 1770s when he wrote “The Wealth of Nations” in 1776. This view seem to coincide with the view of Chu and Hemming (1991:2) who argued that historically in the literature public expenditure management was viewed in the study of public finances. According to Ghiasi (2014:2) they (Chu and Hemming 1991) further argued that fiscal studies were the essence of public finance and many economists and fiscal analysts focused on fiscal and economic growth.

2.4 The need to control expenditure

The need to control and manage public expenditure according to Djurovic and Djordjevic (2009:292) was facilitated by the growing of fiscal burdens in many states. This growth is a result of the expansion of the state economy and also the scarce of resources due to the dwindling of revenue inflows and the need to provide quality public goods and services. Djurovic and Djordjevic (2009:292) further state that the dwindling of revenues in various states has led public assets to gain a much more valuable appearance and raised the necessity for expending them efficiently and effectively. Allen and Tommasi (2001:19) also stressed that the need to control public expenditure is influenced by the need to distribute and utilise resources productively, effectively and sensitively. This is also noted by the www.yourarticlelibrary.com which states that controlling public expenditure in developing countries which are operating in fiscal deficits helps in directing the allocation of resources enveloped in the desired lines and to influence the composition of national product.

2.5 Public expenditure management system

The PEM system according to Thain and Wright (1995:179) came into play in the 1980s and its development was aimed at the system of planning and controlling of public expenditure in Britain through the establishment of the Public Expenditure Survey Committee which was aimed at reviewing the expenditure of the government by then. The Treasury Board of Canada Secretariat (2009:13) also contends that the expenditure management system is the framework that supports the government in the identification of its priorities and spending plans within fiscal limits established by the budget. Thus public expenditure management system is a framework for developing and implementing government's spending plans and it encompasses a number of activities such as planning, monitoring and evaluation that guide decisions on the allocation and use of resources. Public expenditure management system has various frameworks, elements and activities that provide the information necessary to support the development of spending plans, the government's priority-setting process, fiscal and budget decisions, and the translation of those decisions into resource allocations for government programs (www.tbs-sct.gc.ca/sr-es/faq-eng.as#q1).

According to Lienert (2003:1) in Africa most countries tend to have inherited either a British based or the French based PEM system depending on their colonial histories. In Anglophone countries Lienert (2003:9) argues that the approach can be characterised as one of decentralised management in which public expenditure is exercised using the warrant system.

In this system following the adoption of the national budget the Ministry of Finance issues quarterly and annual warrants to authorise public expenditures to various line ministries who are responsible for their spending (Lienert (2003:9). However, this is different with the system in Francophone countries which according to Lienert (2003:9-10) tends to have a centralised public expenditure management system in which to the Ministry of Finance is responsible and plays an important role at each step of the spending process. However, despite their differences both systems are aimed at achieving the same goals and objectives.

2.6 Principles of public expenditure management

According to Tommasi (1999:5) traditionally public expenditure management was exercised under the aegis of public finance management and it comprised of planning management, and control processes but the degree of emphasis placed on each of the process depended mainly on the approach to budgeting and the role assigned to the public administrator. Schick (1966) also notes that the traditional public administration model of public expenditure management mainly focused on probity and propriety, and based budgeting on a set of procedural rules. However, dissatisfaction with traditional budgeting, the fiscal stress and the political will to limit the weight of government sector in the economy has favoured the development of policy planning and performance oriented approaches to public expenditure management (Tommasi 1999:5). Thus the recent PEM system tends to achieve or promote the achievement of three outcomes, namely aggregate fiscal discipline, allocative efficiency and operational efficiency (Asian Development Bank 2001). This is also noted by Campos and Pradhan (1997:425) cited in Djorovic (2009:282) who argue that although public expenditure management systems vary from one country to another they are aimed at accomplishing the same complicated and determined duties which are macro fiscal discipline, strategic priorities and functional application. These principles also go by different terms such as aggregate fiscal discipline, allocative efficiency and operational efficiency.

Aggregate fiscal discipline according to the Asian Development Bank (2001:1) refers to the alignment of public expenditure with total revenues. Tommasi (2009:5) put forward the same sentiments as the ADB (2001) when he contends that in the principle of aggregate fiscal discipline contends that for macro-economic stability to be achieved, effective control of the budget totals and management of fiscal risk is required. These totals should be sustained over the medium-term and beyond. Therefore aggregate fiscal discipline is concerned with keeping

government spending within limits in which it is aimed at ensuring that the government is not spending more than it can afford.

The second objective or principle of public expenditure management is that of allocative efficiency. Allocative efficiency according to the Asian Development Bank (2001:1) refers to the consonance of budgetary allocations with strategic priorities. It is aimed at ensuring that budgetary resources are allocated to programs and activities that promote the strategic priorities of the country. Tommasi (2001:5) also subscribes to the same view by noting that the allocative efficiency principle emphasises that resource allocation is done in conformity with government policy objectives and that expenditure programs should be based on government priorities and on the effectiveness of public programmes. Tommasi (2001:5) further states that the budget system should spur reallocation from lesser to higher priorities and from less to more effective programmes. Deducing from the above views of Tommasi (1999) and the ADB (2001) allocative efficiency as a principle of the public expenditure management system is aimed at ensuring that the government's spending are being exercised on the right things, thus the need to allocate resources effectively.

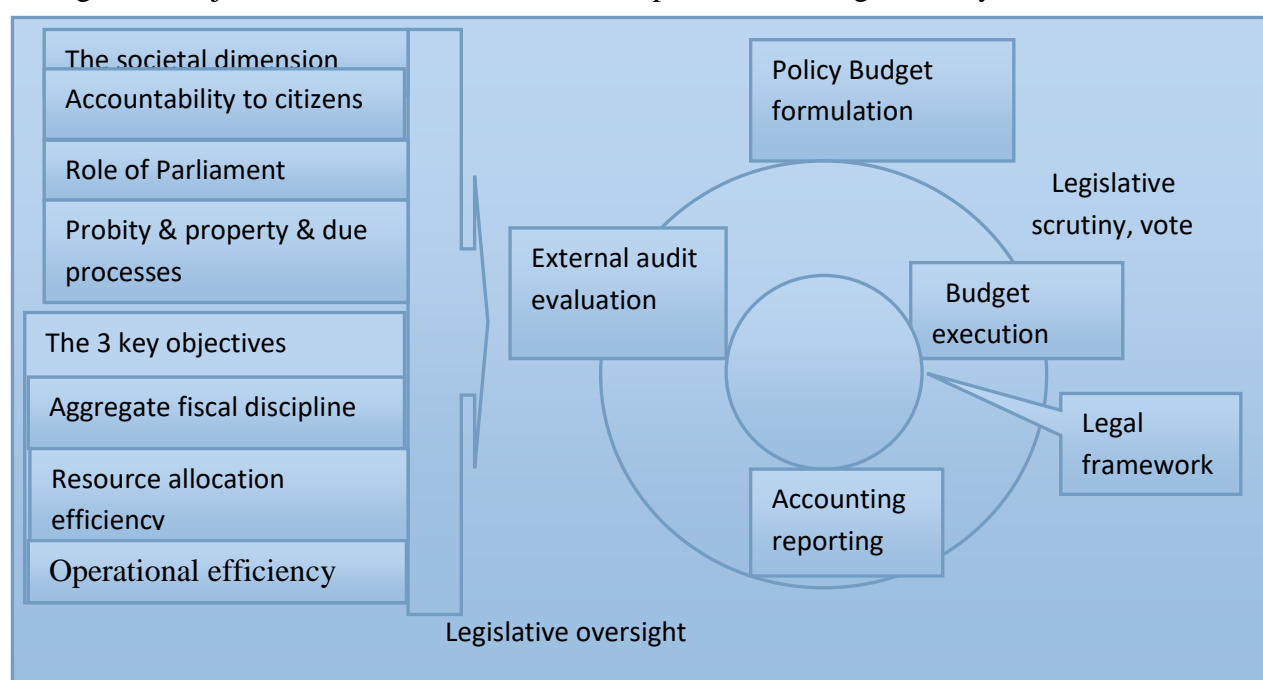
Operational efficiency according to the Asian Development Bank (2001:1) is the third principle and it refers to the provision of public services at a reasonable quality and cost. Tommasi (1999:5) also argues that this principle is aimed at ensuring that agencies are producing services that both achieve efficiency gains and satisfy the objectives they were designed to meet. From these principles the PEM system ensures value for money for all government spending. This is coined by Premchand (1993:41) who notes that public expenditure management system has revolved around the pursuit of economy, efficiency and effectiveness in mobilizing monetary resources that form the public treasury.

Apart from these three dimensions of principles, Tommasi (2009:5) adds the societal dimension as another principle to be achieved by public expenditure management. According to Salvatore Schiano- Campo and Tommasi (1999:6) the societal dimension emphasises the issue of public accountability. They observed that, "... the executive must be accountable to the legislature and in the same manner the legislature must be accountable to the citizens and making the governments more responsive to their citizens' needs." According to Tommasi (1999:5) this societal dimension includes due process, probity and accountability to both the parliament and citizens, and participatory process to involve the parliament and citizens in the decision making process. Schick (2001) cited in Tommasi (1999:5) also adds that the term

due process connotes the judgement that if the procedures are sound, the outcomes are the right ones, despite the fact that good procedures may also produce bad results because of the opportunistic behaviour of budgetary participants and informal rules. However this has to be done and need to be well balanced with the three specific objectives mentioned earlier.

2.7 The public expenditure management cycle

Figure 1: Objectives of PFM and the Public Expenditure Management Cycle



Source: Adapted from Tommasi (1999:46)

According to Simsom et al (2011:1) the various Public Expenditure Management processes are structured around the budget which is an annual cycle aimed at ensuring that public expenditure is well planned, executed and accounted for. Therefore from the diagram above budget preparation and expenditure planning is the first stage in which the government with the legislative oversight plans the use of resources in accordance with policy priorities (Simson, Sharma and Aziz 2011:1). In addition to this, Tommasi (1999:46) adds that the stage of budget preparation is largely of political nature, and mostly the choices of politicians are revealed only at the budget execution phase, through a significant budget deviation. Tommasi (1999:46) further states that it is in the budgetary preparation and expenditure planning where financial constraints should be built.

Once the budget has been approved and new fiscal year begins, spending agencies and the treasury ministry embark on its implementation with the treasury ministry managing and monitoring the flow of funds, making in year adjustments to ensure compliance with the

expenditure management rules (Simsom, Sharma and Aziz, 2011:1). According to Tommasi (1999:46) the execution stage includes aspects of commitment, appropriation management rules, predictability of funding, procurement rules, internal audit, revenue collection procedures and public debt servicing to mention a few.

The third stage in the cycle is that of accounting and reporting. In this stage according to Simsom et al (2011:1) spending agencies record their expenditures and report them to the Ministry of Finance which will consolidate them into a report that demonstrates how the budget was implemented and this report will then be subjected to external scrutiny during the fourth stage. In this stage the supreme auditing institution, an independent government body reviews the government's revenue and spending and issues its own report on the execution of the budget and the strength of the public expenditure management system (Simson et al 2011:1).

2.8 Public expenditure management frameworks.

Public expenditure management according to Mrakovic (2000:3) is exercised through policy frameworks, institutional frameworks and legal frameworks. According to Zhou (2012:155) Public Expenditure Management frameworks provide internal checks and balances as well as defining the space within which fiscal activities are administered both at macro and micro levels.

According to Zhou (2012:154) legal frameworks cover the constitutional, legislative and statutory instrument provisions which proscribe and prescribe fiscal management within state institutions. Mrakovic (2000:4) also alludes that policy frameworks for expenditure management are fiscal strategies which establish fiscal targets for the government to achieve expenditure growth and manage public debt and budget rules that set constraints to deliver the fiscal strategy such as new spending to be offset by expenditure saving of an equivalent amount. On the other hand, institutional frameworks denote government institutions such as ministries and departments which provide administrative implementation and supervisory framework within which public expenditure management is undertaken (Zhou 2012:155). Mrakovic (2000:2) also put forward that institutional frameworks are a decision forum that sets the fiscal strategy and budget rules which allocates resources within established budget constraints.

2.9 Experiences in other countries.

2.9.1 Malaysia

Malaysia has been at the forefront of public expenditure management reform among developing countries. According to the World Bank (2000:2) the Malaysian public expenditure management system performs on par with international best practice as exemplified in a few OECD countries. This is due to extraordinary efforts by central agencies to improve the system over the years through fiscal discipline, allocation of public resources to strategic priorities, effective and efficient use of public resources, and accountability for the use of public resources (World Bank, 2000:2). The World Bank (2000:12) further notes that, Malaysia had to adapt and customize reforms before achieving a successful public expenditure management system, as no best practice was available from developing countries. In the late 1960s, according to The World Bank (2000:19) the government of Malaysia moved from a traditional budget system which relies on line item budgeting and detailed line item control, and is highly centralized to a program performance budgeting system which uses program and activity structures, performance measurement elements, and performance evaluation. In the 1990s, it shifted to an output and outcome-based budgeting system, the Modified Budget System (MBS), which focuses on outputs and impacts, performance measurement, and evaluation. According to the World Bank (2000:19) expenditure management frameworks were strengthened to ensure compliance to the principles of expenditure management and to combat rampant corruption. However issues to do with compliance due to the politicization of the budget process were evident and lack of political commitment in implementing various initiatives of public expenditure management as some of them reflected the need of performing a radical surgery to the whole system.

2.9.2 Uganda

Uganda is a land locked country that straddles the Equator and it has a total population size of about 31.4 million and growing rapidly at 3.6 percent per annum (World Bank Report 2008:1). According to the World Bank Report (PFAMP) of (2008:2) thirty-one percent of its population live below the poverty line, mostly in rural areas and in Northern Uganda and there is 67 percent literacy and there is high incidence of HIV/AIDS, though much lower than the regional average; and life expectancy is just 52 years. According to the World Bank (2012:7) Uganda is cited as one of the most successful country with a robust public expenditure management system. It has made many public financial management (PFM)

diagnoses over the years and these include the 2001 Country Financial Accountability Assessment (CFAA), the 2001 and 2004 Heavily Indebted Poor Countries (HIPC) assessment, the Public Expenditure and Financial Accountability (PEFA) assessments of local and central government, a 2005 IMF assessment of expenditure arrears, the 2008 PEFA self-assessment (PEFA) conducted by the Office of the Auditor General (OAG) of Uganda (Ugandan Ministry of Finance Report of 2012:7).

Its legal framework for public expenditure management is highly developed. This is noted by its Ministry of Finance Report of (2012:7) which states that Uganda is credited to have one of the best legal frameworks in Sub-Saharan Africa and its present legal framework for budget formulation, execution, and audit is provided by the Constitution 1995, the Public Finance Management and Accountability Act (PFMA) 2003, Public Procurement and Disposal of Public Assets Act 2003, Prevention of Corruption Act 1970, and the National Audit Act 2008. Anti-Corruption Bill 2008, Public Procurement and Disposal of Public Assets (Amendment) Bill 2008 (World Bank Report 2008:1). According to the World Bank (2012:7) the Ugandan public sector institutional framework for Public Expenditure Management includes the office of the Auditor General, the Central Bank, the MoF, Internal Auditors, Permanent Secretaries, and Parliamentary Committees. However its system suffered from corruption which is at par and lack of compliance by public authorities, management overrides and lack of power to enforce recommendations (World Bank 2012)

2.9.3 Zambia

According to the World Bank (2004) over the last few years in the Southern Region of Africa, Zambia is one of the countries that have undertaken a number of fiscal reforms aimed at improving public expenditure management. In implementing these reforms Zambia got a lot of support from the international community, including the World Bank, IMF, AfDB, EU and other bilateral donors (World Bank 2004). With the help of these institutions according to Graham (2011:31) Zambia has got a quite elaborate PEM system. In its public expenditure management system, according to Graham (2011:31) the Ministry of Finance and National Planning acts as the hub of disbursement of public funds collected from both tax and non-tax sources. Graham (2011:31) further notes that the Ministry of Finance through the secretary of treasury designates officers in charge of controlling public funds disbursed to respective line ministries. Some of the offices include internal auditors and accounting departments in government ministries. However its public budget execution was so inefficient and ad hoc that it lost credibility and significantly stifled public expenditure management programmes

between the period of 1980 and 1990 (Graham 2011:31). This is also noted by the World Bank (2004) which states that though sizable progress has been made, recently considerable weaknesses remain in the areas of budget management, financial reporting, audit, and public procurement. According to the World Bank (2004) to address these long standing challenges that Zambia faces in public expenditure management it will require strong political will to combat rampant corruption, strengthen budget processes and institutions that are responsible for managing and control public expenditure.

2.10 Challenges in managing public expenditure

From the above cases it can be deduced that developing countries face almost the same problems or challenges that account to their success or failure in the management of public expenditure. These challenges include lack of political will by politicians and public administrators. According to Zhou (2012:159) lack of political will is one of the major challenges to public expenditure management. Zhou (2012:159) further eludes that while fiscal management is undertaken within a fairly comprehensive constitutional, legal, institutional and policy framework in many developing countries, the political will to enforce extant frameworks remain on a low note. Hence this results in poor resource management by public managers leading their organisations to overspend.

Also state organs which are constitutionally authorized to ensure public accountability within state departments and ministries are generally poorly constituted in terms of funding, man power, skills and power base. In addition they are legally and politically powerless to enforce and execute compliance with their observations and recommendations. The Parliamentary Debates (Volume 31 no8, 13 October 2004:423), also make the same reservations by postulating that due to lack of sanctioning powers of state organs that are responsible for ensuring public transparency and accountability, and other frameworks in many countries compliance with treasury regulations have been low note across even with claims of violations of the Audit Exchequer Act (Chapter 22:03) with such impunity as if law did not exist at all.

In Tanzania, for instance auditors both internal and the Auditor General do not have sanctioning powers to bring to book corrupt officers and this lead their offices to be regarded as a toothless bulldog that can only bark and not bite (Zinyama 2013). In addition, corruption is another challenge that widely set public expenditure management initiatives behind. According to Tommasi (2009:) corruption problems are widespread in many areas especially

in public procurement, public service delivery, customs, and taxation and fighting corruption needs one to adopt three concurrent efforts which are awareness-raising, prevention, and enforcement. This requires a wide range of activities in several areas, such as justice and public administration.

There is also the challenge of corruption that has roped developing nations especially in Africa where corruption is alleged to be rampant. Corruption by public officials in the procuring of goods and services has drowned the hope maintaining public accountability and transparency.

2.11 Conclusion

This chapter reviewed literature related to PEM. The conceptual and theoretical framework, history and origins of PEM were explored. An overview of PEM highlighting its purpose, importance and the process was also given. In addition the chapter also looked country cases and the challenges being faced in managing public expenditure.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methodology employed by the researcher in this study. The methodologies used in collecting and analysing data in this study were determined by the research objectives and questions highlighted in Chapter One. The study adopted a qualitative approach, using a case study research design in exploring issues to do Public Expenditure Management. Methods such as documentary or library research, key informant interviews and open ended questionnaires were used to collect data whilst content analysis, thematic, and descriptive analysis were used to analyse the data gathered.

3.1 Qualitative research approach

The study assumed a qualitative approach as its main mode of inquiry. Qualitative research according to Cresswell (2009:4) is a means for exploring and understanding the means that individuals or group ascribe to a sound or human problem. Teddie and Tashakkori (2009:5) put forward that qualitative research may be simply and parsimoniously defined as a technique associated with the gathering, analysis, interpretation and presentation of narrative information. Bryman (2001:20) is of the same view, describing qualitative research approach as a research strategy that usually emphasizes words rather than quantification in the collection and analysis of data. Therefore the data gathered in this study was conceptual in nature and less numerical. In this study various techniques such as in-depth interviews, documentary research and open ended questionnaires, thematic analysis and content analysis were used to collect, present and analyse data. However the quantitative method was not completely ruled out as some of the data collected through interviews and questionnaires was quantifiable and analysed using the descriptive analysis and presented graphically.

3.2 Research design

According to Yin (2003:20) every type of empirical research has an implicit, if not explicit research design. In the most rudimentary sense, research design can be viewed as the compelling sequence that relate empirical data to the study's initial research questions and ultimately to its conclusion. Nachmias and Nachmias (1992:77-78) define a research design as a plan that guides the investigator in the process of collecting, analysing and interpreting

observations. It can be described as a blue print or master plan that guides the research. In this vein the research's master plan was a case study design. According to Yin (2003:1) a case study is a strategy in many situations to contribute to our knowledge of an individual, group, organisational, social, political and related phenomena. Briefly, the case study design enable researchers to contain the holistic and meaningful attributes of real life events. Yin (2003:12) further notes that the importance of a case study is that it tries to light up a decision or set of decisions on why they were taken, how they were implemented and with what result. Schramm (1971:13) present a case study as an empirical study that investigates a contemporary phenomenon within its real life context.

The researcher chose the case study research design because it enabled the researcher to link micro level or the actions of individuals to the macro level or large scale structures and processes (Vaughan 1992 cited in Neuman 2014:42). It also helped the researcher to clarify and link abstract ideas in specific ways. The researcher also opted for the case study because it helped the researcher to elaborate on an entire situation or process holistically and permit the incorporation of multiple perspectives.

3.3 Study area

This study was carried out in the Ministry of Local Government, Public Works and National Housing. The researcher used the purposive sampling technique to select the case from the large pool of public sector institutions that are available in Zimbabwe. The researcher chose the MLGPW&NH because it is one of the core government ministries responsible for the provision of public goods and services both at national level and local level.

3.4 Sampling

According to Punch (1998:193) sampling is an important aspect of both qualitative and quantitative techniques of social science research. Therefore in terms of the sampling technique the researcher chose to employ purposive sampling which is a non-probability sampling technique. Babbie (2004:200) defines purposive sampling technique as a type of non-probability sampling in which the units to be observed are selected on the basis of the researcher's judgement about which one must be the most useful. Williamson et al (1977:111) present purposive sampling as a judgemental form of sampling in which the researcher purposely selects certain groups or individuals for their relevance to the issue being studied. Therefore this study exploited this technique to choose or select key

respondents from the ministry of Local Government, Public Works and National Housing, academics and the Ministry of Finance who are strongly involved with Public Expenditure Management. In a sense, the respondents singled out were specialists and are deeply involved in the area of public expenditure management within the organisation.

3.5 Data collection methods

Burns and Grove (1977:383) define data collection as the systematic way of gathering data which is relevant to the research objectives, purpose and questions. In this study the researcher used qualitative data collection methods such as documentary research, interviews and open ended questionnaires to collect data.

3.5.1 Library (Documentary) research

According to Scott (1990:123) a document is an artefact which has its central feature an inscribed text. According to Payne and Payne (2004) cited in Moyalakwe (2006:222) documentary research is a technique that is used to categorise, investigate, interpret and identify the limitations of physical source most commonly written documents whether in the private or public domain. Bowen (2009:28) presents library research or documentary review is an unobtrusive method rich in portraying the values and beliefs of participants in the setting and it entails the use of both primary and secondary sources. According to the UCLA Institute (2010:1) primary sources includes sources such as transcripts of speeches, parliamentary papers, minutes of meetings, diaries, and pamphlets while secondary sources include sources such as text books, papers and documents such as journals and annual reports and newspapers. Therefore against this backdrop a series of books, receipts, journals, policy documents, ministerial policy statements and newspapers to do with issues of public expenditure management are to be scrutinised. The researcher opted use this instrument because documentary sources is more extensive than interview transcripts or questionnaire responses. However, the disadvantage of library research is that the value of sources depends on their accuracy, completeness, degree of detail and proximity to the event recorded.

3.5.2 Key informant interviews

Key informant interviews were also used to collect data. Kyale (1996:14) presents interviews as the interchange of views between two or more people on a topic of mutual interest. Scott (1990:54) defines key informant interviews as loosely structured conversations with people who have special knowledge about the topic you wish to understand. The researcher employed an open-ended discover- oriented approach which is conducted through face to

face interviews with the key respondents. In this technique the researcher used semi structured key informant interview guide to solicit information from key respondents who are members of staff who work in the Finance Department of the Ministry, academics and some staff members in the Ministry of Finance who are to be selected purposively courtesy of their unique knowledge in issues to do with public expenditure management. The researcher chose to utilise this technique to collect data because it allows flexibility, rephrasing and probing of questions to make sure they are understandable and asks for clarity. It was chosen also on the basis that it allows the researcher to ensure that respondents finished their interviews and they enable the researcher to collect unobtrusive information. However the technique has a weakness that it may lead to bias as respondents will be aware that they are being interviewed hence they may give out biased information to impress the researcher.

3.5.3 Questionnaires

According to Babbie (2014:262) a questionnaire is a document containing questions and other types of items designed at soliciting information apparent from analysis. Neuman (2014:345) put forward that there are two types of questionnaires namely open-ended questionnaire and closed ended questionnaires. Neuman (2014:262) further notes that open ended questions are a type of survey research inquiry that allows respondent freedom to offer any answer they wish and they can be used in qualitative research and on the other hand, close-ended questionnaires which are suitable for quantitative research are a type of survey research inquiry in which respondents must choose from a fixed set of answers. In this study the researcher used open ended questionnaires. According to Neuman (2014:345) open ended questionnaires have an advantaged that they permit an unlimited number of possible answers and allows respondents to answer in detail as well as qualifying their responses. However the disadvantage of this method is that many people do not complete and return questionnaires to the researcher in time and the researcher does not have control over the conditions under which the questionnaire is completed hence someone else may be given to complete it (Neuman 2014:334) .

3.6 Data Analysis

According to Yin (1994:41) “data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study.” However, data gathered was analysed separately using qualitative and quantitative data analysis techniques. Qualitative data was analysed using content analysis and thematic analysis whilst quantitative data was analysed using descriptive statistics.

3.6.1 Content Analysis

To Babbie (2010:156) content analysis is the study of recorded human communication such as books, websites, paintings and laws. Holsti (1968:601) presents it as an approach for making assumptions by constantly and equitably identifying stated characteristics of messages. The researcher used this method to present and analyse data gathered from artefacts of social science communications such as books, journals, articles and newspapers to mention a few. Holsti 1968:598) also posits that,

In a systematic content analysis, the addition or exclusion of content is usually done according to consistently applied criteria of selection; this requirement eliminates analyses in which only materials supporting the investigator's hypotheses are examined.

Thus in analysing data the researcher considered and examined all contents that supports and repel the investigator's hypothesis.

3.6.2 Thematic Analysis

Data collected through key informant interviews was analysed and presented through thematic analysis. According to Rice and Ezzy (1999:258) thematic analysis involves the identification of themes through careful reading and re-reading of data. Gibson (2006:1) also notes thematic analysis as an approach used by researcher to deal with data that involves the creation and application of codes. This technique was used by the researcher to analyse data gathered from interview transcripts, policy documents and field notes. Thus the data which was gathered through interviews, questionnaires and documentary search was grouped into themes of similar characteristics and analysed case by case.

3.6.3 Descriptive analysis

The descriptive analysis technique was used to analyse quantitative data gathered through questionnaires. According to Babbie (2010:467) descriptive statistics is a medium for describing large amounts of data in a way that is manageable and understandable to make the data useful in answering a research objective. This method was used to analyse quantitative data. Descriptive statistics will be used to draw inferences and generalizations through the drawing of graphs, charts, tables.

3.7 Ethical considerations.

Pera and Van Tonder (1996:1) define ethics as a code of conduct or behaviour considered correct in a research. In this research the researcher observed ethical guidelines that are deemed correct in conducting a research. According to Marshal and Rossman 2010) these guidelines help the researcher to safeguard and protect the interest of the research participants and also recognise any conflicting concerns that might arise. The researcher first acquired an introductory letter from the University of Zimbabwe through the Department of Politics and Administrative Studies. The letter helped the researcher to get approval from the responsible organisation. The researcher also explained through both letters and verbally that the research is purely academic and that the information to be gathered was to be used as such. In this study also issues to do with privacy, confidentiality and anonymity were taken into consideration and respected.

3.8 Conclusion

As can be noted above, this chapter highlighted the methods that the researcher used to gather and collect data. The study employed the qualitative approach and use purposive sampling as a mode of selecting its respondents. The study also uses methods such as documentary research, key informant interviews, content analysis and thematic analysis to collect and analyse data. However quantitative methods such as the questionnaire method were not completely ruled out.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF FINDINGS

4.0 Introduction

This chapter focuses on the presentation and analysis of data gathered during the research. The main purpose of this research was to establish and analyse the frameworks for public expenditure management being used in the Zimbabwean public sector. The study used the Ministry of Local Government, Public Works and National Housing as a case study. Data was gathered through the use of key informant interviews, questionnaires and documentary reviews.

4.1 Response rate

This section gives the summary of the response rate of the study obtained from both key interviews and questionnaires.

Table 1: questionnaire response rate for MLGPW&NH

category	issued	returned	Percentage of returned	Not returned	Percentage of not returned
Top management	2	2	100%	0	0
administration	6	5	83%	1	17%
Total	8	7	87.5%	1	12.5%

Source: field data 2016

Table 1 above shows the distribution questionnaires that were successfully issued out, completed and returned basing on the specific organisational positions occupied by the respondents. Twenty five per cent (25%) of the total respondents in the ministry indicated that they constitute the top management whilst seventy five per cent (75%) of the total sample indicated that they occupied the administrative positions. Therefore, the respondents were evenly distributed in terms of organisational levels and this ensured optimal representation. This was crucial so as to capture data from all levels of the organisation. Of all the questionnaires issued out, two were issued out to the top management and they have a total of hundred per cent response rate (100%) and a total of six were issued out to the

administrative staff and they have a total response rate of 83% whilst a total of 17% were not returned. The respondents were said to have tight schedules and that they were not be able to complete and return the questionnaires. The sampling frame remained representative as Saunders et al (2000:35) notes that “for a research to be valid the response rate must be above 50%.” Thus the research response rate is valid since it is more than 50%.

4.1.1 Response rate for key informant interviews.

Table 2: Response rate for Key Informants Interviewed

category	No targeted	Interviews conducted	Percentage	Not conducted	Percentage of not conducted
MLGPW&NH	7	4	57%	3	43%
MoF	3	2	67%	1	33%
Academics	2	2	100%	0	0%
Total	12	8	67%	4	33%

Source: field data 2016

As being shown in table 2 above the researcher had targeted a total number of 12 key informant interviewees, in which 7 are employees in the MLGPW&NH, 3 officials in the MoF and 2 academics. In the Ministry of Local Government Public Works and National Housing the researcher targeted a total of 7 interviews. However, of all the targeted key informants in the ministry the researcher managed to interview only four and the remaining three were said to be not available and that they were busy planning for ensuing programmes of the year. In the Ministry of Finance the researcher had targeted a total of three key informants. However the researcher managed to interview only two respondents as the third one was said to be busy and out of town. As for the academia, the researcher managed to interview two respondents as targeted. Therefore it has a response rate of 100%. The total response rate for all interviews is 67% and this renders the research findings valid as it is above 50%.

4.2 Demographic attributes of participants

The structure of the questionnaire expected respondents to complete two sections namely A and B. Section A of the questionnaire constituted the demographic information of the respondents which included name, position, years of experience and highest qualification obtained whilst Section B included research questions. The reason behind the inclusion of names, qualifications, positions and years of experience was to enable the researcher to establish if the people who are responsible for managing and controlling public expenditure in the ministry were qualified and have the necessary skills to do their job effectively. However the researcher was denied permission to access that information due to the nature of the research and for the purpose of maintaining anonymity of the respondents. Hence the researcher had no option than to comply with the terms and conditions prescribed by the authorities thus he moved to the next section of the questionnaire. Despite those conditions, all respondents indicated that they have more than five (5) years experience in the organisation.

4.3 Challenges Encountered in Conducting Fieldwork

The researcher faced a number of constraints during the data collection process. The major challenge was that the data collection process did not go according to the schedule that was designed by the researcher. Organisations that had approved the research had busy schedules and were not available for interviews in time. However, some of the interviews were carried out after the researcher made several trips to the ministries to engage the respondents.

The researcher also failed to conduct key informant interviews with the Permanent Secretary for the Ministry of Local Government, Public Works and National Housing and other two directors in the ministry namely Director of Finance and Administration and the Director for Policy and Research within the ministry. The researcher was told that they were busy planning for ensuing programmes of the year. However the responsibility was later transferred to other officials and departments after a number of unsuccessful trips had been made to the ministry.

RESEARCH FINDINGS

4.4 Understanding on the concept of public expenditure management

Research findings from documentary research, questionnaires and key informant interviews conducted by the researcher during the data collection process provided interesting insights of

the understanding of public expenditure management. For instance one of the key respondents in the Ministry of Local Government, Public Works and National Housing defined public expenditure as, *“Any costs that we incur in the process of delivering our goods and services that are meant to improve the welfare of the people of Zimbabwe.”* An academic at the University of Zimbabwe cited Zhou (2012:154) who presented public expenditure as costs that are incurred by central states and local institutions of governments. Thus the conceptualisation of public expenditure by the official in the Ministry is similar to that of academics and the definitions that are found in the documentary review which present public expenditure as the costs that are accrued by public sector intuitions in trying to deliver their goods and services to the public. These definitions concur with the conceptualisation of public expenditure by Guaria (2011:1) who presents public expenditure as costs incurred by public sector institutions such as government ministries, departments and agencies in trying to meet certain public ends.

In an interview, an official from the MLGPW&NH, described public expenditure management as a way of regulating the use of public funds and also monitoring the nature and extent of the expenditure. This definition is almost similar to one given by an official from the Ministry of Finance in the Budget Department who presented public expenditure management as an approach to public sector budgeting that is aimed at achieving socially desired outcomes. In addition to these definitions an official from the Department of Economics at the University of Zimbabwe stated public expenditure management as an approach or system used for making a guided expenditure that is, it is a process meant for protecting the use of public funds. Therefore deducing from the above definitions public expenditure management is an approach that is aimed at reducing public cost by government employees in trying to deliver their goods and services. The conceptualisation of PEM in the ministry is the same as that of academia and other officials in other ministries such as the treasury ministry.

4.5 Frameworks for public expenditure in the public sector

4.5.1 Constitutional and legislative frameworks

Legal instruments of expenditure management in the ministry encompass constitutional, legislative and other subsidiary legislation such as statutory instruments.

4.5.1.1 Constitution

A key informant interviewee in the MLGPW&NH in the Department of Internal Audit revealed that at the apex of all public expenditure management frameworks in the ministry is the supreme law of the land, which is the Constitution of Zimbabwe. It talks about public accountability and principles of good governance. A lecturer at the University of Zimbabwe (UZ) in the Political and Administrative Studies (POLAD) Department revealed that “when we talk of public expenditure management frameworks the constitution is one of the core frameworks that are used by all government ministries, departments and agencies to control their expenditure.” This is also noted by Zhou (2012:38) who states that the root of expenditure management in Zimbabwe lies in the supreme law (the constitution) which regulate affairs of withdrawals and payment payments into the CRF. The Constitution in Chapter 17 provides that no monies will be withdrawn from the CRF except to meet expenditures that are charged upon by the constitution or by an act of parliament

4.5.1.2 Public Finance Management Act

Inquiries at the MLGPW&NH in the Department of Accounts revealed that public expenditure in public sector institutions is managed and guided by the PFM Act [Chapter 22:19] which gives detail of some of the regulatory frameworks on the management of public expenditure. One of the key informants at the ministry put forward that “*the PFM Act anchors the whole system of the government institutions and it concerns all operations and seeks to secure transparency, accountability and sound management of the revenues, expenditure, assets and liabilities of any entity*”. Another key informant who is an officer in the Budget Department at the Ministry of Finance also noted that within the legal instruments for expenditure management in Zimbabwe there is also the Public Finance Management Act [Chapter 22:19] which was enacted on the 2nd of April 2010. The PFMA sees to invigorate the fiscal framework by clarifying the roles and responsibilities of various players.

The Newsday (29 February 2016) in an article titled “Government moves to curb public finance leakages” cited the Minister of Finance saying there is need to revise the PFM Act to strengthen existing and governance and accountability arrangements to curb fiscal leakages in line ministries and parastatals.”

4.5.1.3 Audit Act

The study also revealed that among the instruments of public expenditure in the ministry is also the Audit Act (Chapter 22:18). According to a senior official in the Department of Internal Audit at the MLGPW&NH the Audit Act as a framework for expenditure

management gives the responsibility to internal auditors to ensure that proper procedures and processes are observed. The Act according to Barata et al., (2000:12) goes on to specify that “in the performing of their duties internal auditors shall have free access to any books, vouchers and documents of public monies or state property at all reasonable times...” In this vein the Act by empowering internal auditors with the power to check, monitor and ensuring that proper accounting processes and records are maintained and observed it ensures sound corporate governance and reduce unnecessary spending and maladministration of public funds within the ministry thereby reducing public expenditure.

4.5.2 Institutional frameworks

4.5.2.1 Permanent secretary

Among the institutional frameworks that have been alluded to by most of the respondents during the research is that of the Office of the Permanent Secretary within the MLGPW&NH. In an interview with an official from the Ministry of Finance an officer in the Budget Department indicated that Permanent Secretaries have a special role in public expenditure management as they are responsible for the funds in their ministries. Also one of the key informants at the University of Zimbabwe alludes that Permanent Secretaries as heads of government ministries serve as Chief Accounting Officers, hence they play a special responsibility in the management of public funds. The study revealed that in Zimbabwe, each ministry has a Permanent Secretary who acts as its Chief Accounting Officer. In other words, the Office of the Chief Accounting Officer is one of the public institutions that assists the Parliament in its day to day financial controls of public funds. As Chief Accounting Officers within the ministry, Permanent Secretaries have a mandate of providing estimates of expenditure and any other information to the Treasury ministry and Parliament as required. However, their effectiveness as frameworks for expenditure management is compromised by challenges they face such as trying to strike a balance between political and professional considerations since they are subject to ministers who are political appointees.

4.5.2.2 Internal Audit Department

Research findings revealed that within the ministry there is a department for internal audit that is responsible for managing and controlling of public expenditure. One of the key respondents in the Ministry noted that, “the department is established and provided for in the Audit Office Act (chapter 22:18) and Public Finance Management Act (PFMA) [Chapter 22:19] section 80 (1) which states that, ‘To assist the Treasury in carrying out the duties

referred to in section 6, the Public Service Commission may appoint an officer of the Public Service as an internal auditor to any Ministry or any reporting unit of a Ministry.” In an interview a key respondent at the MLGPW&NH stated that “the Internal Audit Department is meant to promote and ensure sanity through monitoring and evaluating internal processes such as risk management processes, governance processes and internal control processes to ensure that funds are being used effectively and efficiently.” This view concurs with Zhou (2012:38) who states that,

Within each ministry are internal auditors who inspect the books of accounts of the various cost centres to establish if the funds are being used for their intended purposes. In cases of anomalies, these are brought to the attention of Accounting Officers for redress.

The existence of the auditing department in the ministry instils sanity in the organisations as departments may feel that they are being monitored and watched. However, according to Zhou (2012:38) their effectiveness is compromised by lack of collaboration from other actors and as junior officers auditing the spending decision of their institutions amounts to auditing the decisions of their superiors. Thus it may be difficult to ask their superiors to enforce their observations if they are at fault.

4.5.2.3 Accounts Department

The study also revealed that within the ministry under study, there is also the Accounts Department which is responsible for controlling expenditure and providing guidelines of the budget within the ministry. The department is also responsible for budget making, ensuring that expenditure in the ministry is within the limits stipulated in the Appropriation Act and for ensuring that proper accounting processes are being followed by different departments within the ministry. The department is also responsible for ensuring that financial statements are prepared and submitted to responsible authorities in time. However, the study revealed that the department is not performing to the expected standard due to lack of skilled personnel as there are no training and development initiatives currently being done in the organisation to capacitate employees with modern accounting means. The study also highlighted that the Accounts Department is not performing well due to irregularities in following proper rules and procedures.

4.5.2.4 Procurement committees

Expenditure management in the MLGPW&NH is also enforced through procurement committees. A key informant at the MLGPW&NH in the Audit Department revealed that

procurement committees ensure that all purchasing activities are done effectively and transparently following proper rules and processes. Another respondent indicated that procurement committees in the ministry are mandated to operate on the basis of Three Quotation Rule which requires the submission of three quotations before the decision to make a purchase is made. The respondent further notes that the three quotation rule is done so as to compare prices and to allow the procuring board to make informed decisions before the purchase. However, the effectiveness of this instrument is compromised by collusions and kickbacks by the authorities who are responsible for purchasing. This is also postulated by Zhou (2012:39) who asserts that, “the effectiveness of this framework is usually compromised by insider trading and lack of transparency.”

4.5.2.5 Parliament

Documentary review revealed that public expenditure management in the public sector is also enforced through Parliamentary controls. Zhou (2012:39) notes that across the world, legislative arms constitute integral elements of national expenditure control system by ensuring that funds allocated are used for their intended purposes. They play an authorisation role by passing on various legislation such as Appropriation bill which specify the funds which ministries are allowed to spend. They also exercise expenditure control role by playing an oversight role and monitoring expenditure activities of all government institutions through their various committees such as public Accounts Committees and Budget Committees. However their effectiveness in Zimbabwe is limited by the lack of power to enforce their recommendations. Thus they do not have sanctioning powers to enforce their recommendations.

4.5.2.6 Auditor General

Research findings revealed that public expenditure management in the public sector is also enforced through the framework of the office of Auditor General. The office of the AG plays an oversight role and it derives its existence from the National Constitution in Chapter 17. According to a key informant from the MLGPW&NH the office of the AG is labelled as the guardian of the national purse and of public funds. Research findings revealed that the core functions of the Auditor General are to ensure compliance, regularities, accountability transparency and value for money in the use of public funds by all government institutions. As a framework for Public Expenditure Management the office of the AG is also mandated with auditing all public accounts, preparing reports and reporting to the Parliament. However the effectiveness of this instrument has been severely compromised by lack of power to

enforce its recommendations, lack of funds to carry its duties from time to time and its reports are not being taken seriously leading some to label it as a toothless bull dog which can only bark and not bite. Zinyama (2013:276) also notes that the effectiveness of the Auditor General is compromised by lack of sanctioning powers.

4.5.2.7 Debt recovery and management

Research findings revealed that the MLGPW&NH also uses debt recovery and management as a framework for managing public expenditure in the organisation. A key informant in the Ministry of Local Government, Public Works and National Housing revealed that the ministry through its legal practitioners and its various departments such as the Accounts Department, Physical Planning and National Housing Department is busy trying to recover its debts through following its debtors who owe the institution large sums of money. However the effectiveness of this tool has been heavily compromised by lack of a Debt Recovery and Management Unit in the organisation. Hence some of the personnel in the organisation advocated for the establishment of a specific unit in the organisation which deals with such matters only.

4.5.3 Policy frameworks

Research findings also revealed that there are also policy frameworks that are used in the ministry to control and manage its expenditure.

4.4.3.1 Risk management policy

Research findings from the MLGPW&NH revealed that within the ministry there is a risk management policy in place that is aimed at identifying and analysing all risks that are being faced and those that might be faced by the organisation in trying to meet its ends. In an interview at the MLGPW&NH one of the key respondents in the Internal Audit Department stated that *“we as the Ministry of local Government tiri machampions erisk management izvozvi each department is aware of the risks that it might face both in the present and in future that may impact expenditure ende tinotava nenzira dzekusolver nadzo.”* (“We as the Ministry of Local Government, Public Works and National Housing we are the champions of risk management and now each department is aware of the risks may impact our expenditure either positively or negatively and the possible ways to mitigate them.”)

Another respondent in the same Department also indicated that the ministry has a risk management policy in place that ensures that people are risk averse. The respondent went

further indicating that currently all the departments are busy completing and compiling their risk registers in which they are identifying all risks that may hamper them from performing effectively. By being risk averse, the ministry therefore uses the risk management as an instrument of managing its expenditure.

However, the effectiveness of risk management practices are yet to be seen in the organisation because of lack of training to employees to assess and analyse risks and failure to monitoring risks and managing credit risks due to absence of effective management systems. Some of the respondents cited lack of experience in risk management practices as a factor hampering the organisation's performance in managing its expenditure. Thus they recommended the need for development of a training program to capacitate them. Some of the respondents went further confessing that they had never heard of the framework for risk management practices previously in the organisation and this does not only reflect the education background but also experience of employees.

4.5.3.3 Budget policy

Research findings also revealed that public expenditure management in the Ministry of Local Government, Public Works and National Housing is also enforced through both the national and local (organisational) budgets. A key respondent in the Ministry of Finance noted that, "expenditure management in public sector institutions is also enforced through the national budget in which each institution is allocated a certain amount for a year and their expenditure is closely monitored by the treasury ministry to ensure that the limit is not exceeded." This is also alluded in Zhou (2012:39) who notes that, expenditure control is also enforced through the budget which determine expenditure allocations as well as policy measures to restrain expenditure in line ministries.

4.5.3.2 Fiscal policy

Research findings revealed that amongst the instruments for Public Expenditure Management in the public sector is also the fiscal policy framework. According to Zhou (2012:153) fiscal policy is at the heart of fiscal management. Fiscal policy provides a framework for resource mobilisation (revenue), allocation and control of government resources. Research findings also revealed that fiscal policies are enforced through the national budgets which have explicit measures for revenue mobilisation, control of public expenditure and facilitate economic growth. In Zimbabwe currently the fiscal policy is restrictive in nature as it tries to restrict public expenditure by public institutions.

4.5.4 Processes and procedures

4.5.4.1 Procurement process

Documentary search as well as interviews revealed that public expenditure management in the MLGPW&NH is also enforced through processes and procedures that are provided in other subsidiary pieces of legislation and these processes and procedures include procurement and tendering processes and accounting processes.

According to some key respondents at the MLGPW&NH in the Policy and Research Department within the ministry, there are apparent and defined structures both in terms of procedural and substantive rules that guide procurement and the tendering processes. The respondents further note that, they are guided by the Procurement Act (Chapter 22:14) which makes it a must that procuring entities use the three quotation principle (rule) that demands that, “before a tender is awarded to any bidder, there must be three quotations to allow the checking of prices and quality of all services and goods before procuring them.” Chikomwe (2012) also noted that in Zimbabwe there are two key pieces of legislation that should guide public institutions in the administration of tenders namely the Administrative Justice Act (Chapter 10:28) and Competition Act (chapter 14:28). The Administrative Justice Act deals primarily with the procedural and substantive aspect of tender administrative while Competition Act dwells on promoting and maintaining competition which states that “the tendering process must not be open to abuse and manipulation.” However some of the respondents noted that this instrument without is subject to manipulation as there are high levels of corruption where officials are inflating price of goods and commodities to be purchased. In addition, the study noted that acts such as collusions and kickbacks by public officials responsible for procuring goods and tender issuing render the tool ineffective if the process is not closely monitored.

4.5.5 Resolutions

Documentary search and interviews reveal that the ministry uses formal statements that are made by various committees in the ministry's departments to control expenditures. These formal statements can also be termed resolutions and they are usually made after voting. These formal statements are meant to ensure that all the decisions being made in the department are cost conscious. Thus they are aimed at reducing implementing wasteful decisions thereby reducing public expenditure.

4.5.6 Treasury instructions and circulars.

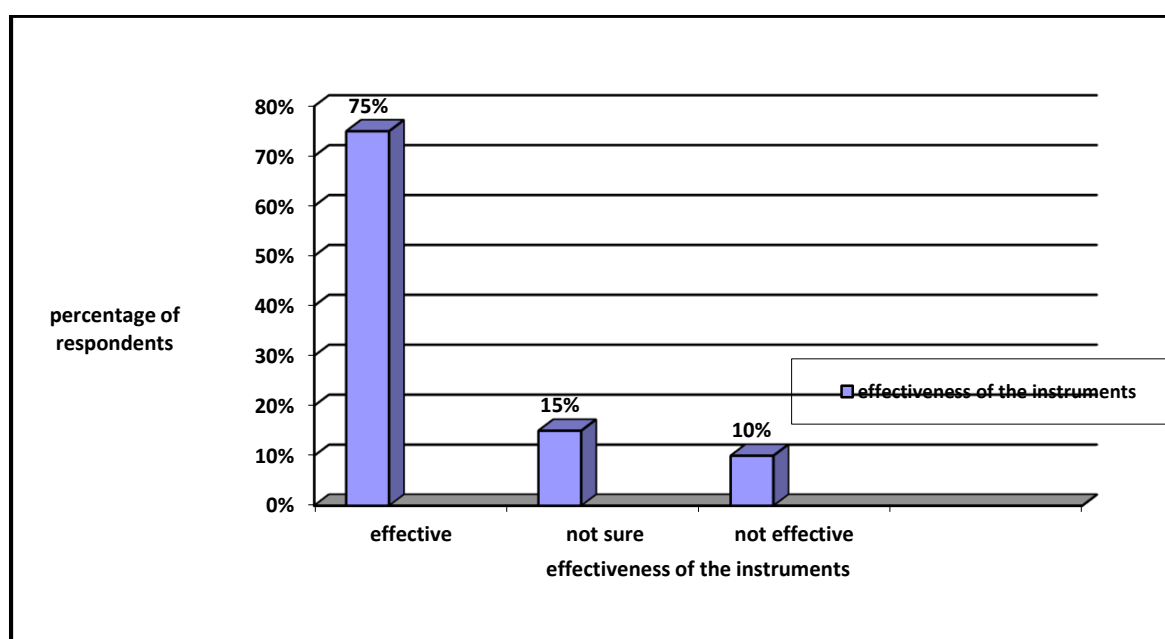
Treasury instructions and circulars are also other instruments for Public Expenditure Management that has been put forward by almost 96% of respondents. One of the respondents defined treasury instructions as “specific instructions from the Ministry of Finance to government departments, ministries and agencies which are directly involved in monitoring and controlling of expenditure processes at all levels of government.” In documentary research, Zhou (2012:37) also alludes that Public Expenditure Management in Zimbabwe is also enforced through specific instructions by the treasury ministry. Thus MoF is constitutionally authorised to issue out instructions and directions to government institutions to guide them in matters to do with public expenditure management.

4.5.7 Public Finance Management System

Public Finance Management System is another PEM framework that has been referred to in the study. A key informant in the Ministry of Finance presented the PFMS as a computerised system that is centrally coordinated by the MoF through the Central Computing Service. According to Zhou (2012:39) the adoption of PFMS is a computer based system which monitors all transactions of government ministries and department to ensure that they manage their expenditure effectively and efficiently. The PFMS ensures fiscal prudence in the public sector by making it a requirement that all government institutions submit expenditure reports to the treasury ministry before any funds applied for are disbursed. Since its adoption in 1999, the performance of PFMS is quite recommendable and encouraging as it monitors and records all transactions made by government institutions. However its effectiveness is affected by constant electricity blackouts.

4.6 Effectiveness of the instruments

Figure 4.1: Effectiveness of the instruments.



Source: Field work 2016

Research findings from interviews, questionnaire surveys and documentary search revealed that there are various perceptions on the effectiveness of the instruments for public expenditure management in the public sector. The data gathered by the researcher from both interviews and questionnaire surveys shows that about 75% of the respondents indicated that instruments for expenditure management in the ministry are effective whilst 15% indicated that they were not sure whether they are effective or not. They further stressed that they can be effective if proper procedures are being followed and if budget allocations outweigh the ministries' estimated expenditures. Only 10% indicated that the instruments are not effective. One of the key respondents in the MLGPW&NH indicated that the effectiveness of the frameworks cannot be measured (assessed) using the straight jacket approach as they are aimed at achieving three basic objectives which are discipline, allocative efficiency and operational efficiency. Thus the effectiveness (performance) of public expenditure management frameworks is assessed basing on the objectives they seek to achieve.

4.6.1 Fiscal Discipline

Aggregate fiscal discipline is concerned with aligning public expenditure with totals of revenues. It is concerned with ensuring that government expenditure is kept within sustainable limits. The effectiveness of public expenditure management frameworks in

instilling public fiscal discipline has been presented in Table 3 and figure 2 below. Table 3 below shows the Ministries approved budget allocations and estimated expenditures for the fiscal years 2011 through 2015. As the table below shows it is seen that the ministry's expenditure management frameworks are effective since there are positive variances in fiscal years except for year 2013 and 2015 which have recorded negative variance.

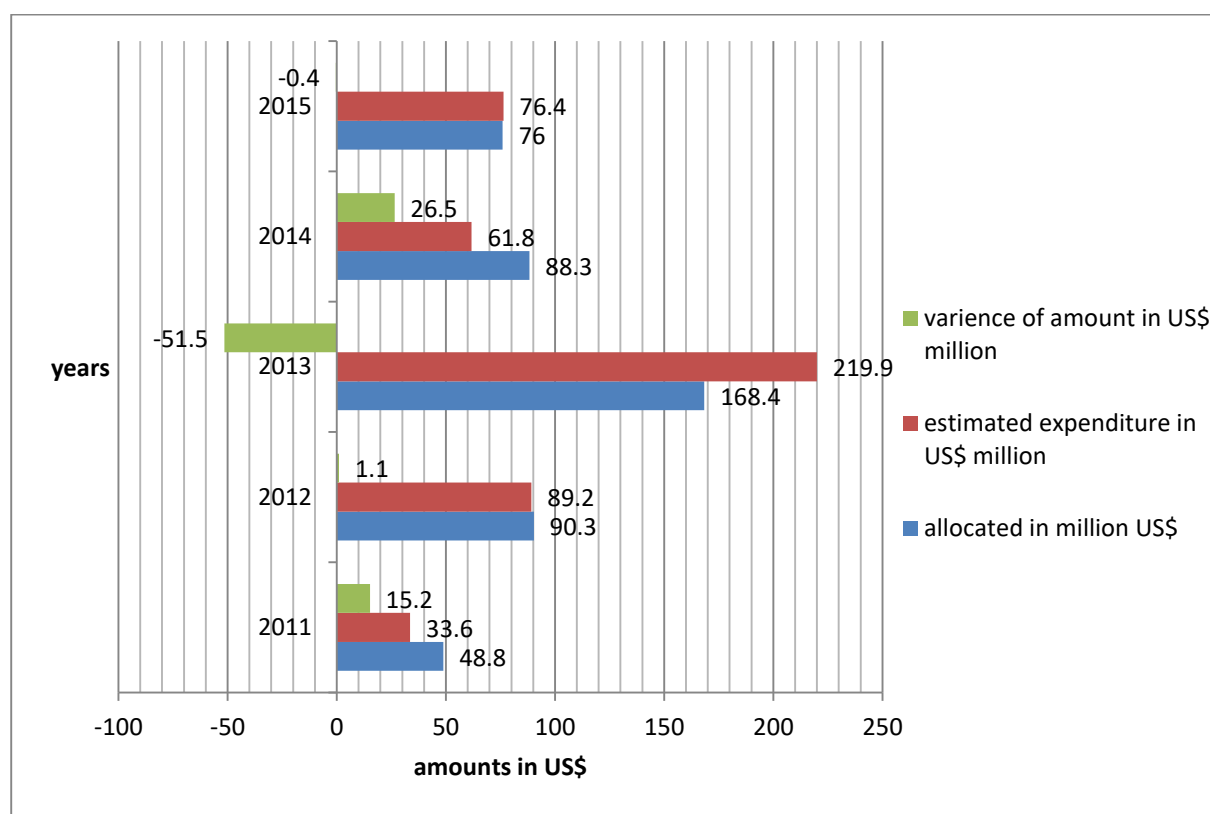
Table 3: Estimates of appropriated and total expenditures for MMLGPW&NH 2011-2015 (all digits have been rounded off to one decimal place).

Table3 year	Allocated amount US\$ in millions	Estimated Expenditure US\$ millions	Variance US\$ in millions
2011	48.8	33.6	15. 2
2012	90.3	89.2	1.1
2013	168.4	219.9	-51.5
2014	88.3 m	61.8	26.5
2015	76 m	76.4	-0.4
TOTALS	471.8	480.9	94.7

Source: Field work 2016

Figure 3 shows the totals for Ministry of Local Government, Public Works and National Housing estimated expenditure, approved budgetary allocations and the various amounts of allocated and expenditures. The observation is the same that the total estimated expenditure is higher than approved amounts allocated to the ministry.

Figure 4.2: Estimates of appropriated and total expenditures for MMLGPW&NH 2011-2015



Source: Field data 2016

The main reason for variations in the ministries estimated expenditures may be aligned to factors such as irregularities in following proper rules and regulations, collusions and kickbacks in procurement of goods and services, and maladministration which results in incurring high administrative costs in the ministry. The study further notes that total expenditure which amounts to US\$ 480.9 million overrides the totals of amounts allocated which amounts to US\$471.8 million to the ministry. This shows that there has been serious fiscal indiscipline in the ministry during the period under review.

4.6.2 Effectiveness in terms of Allocative Efficiency

Allocative efficiency relates to the consonance of budgetary allocations with strategic priorities. Thus it is meant to ensure that budgetary allocations are allocated to programs and projects that promote policy priorities. The study revealed that the ministry in the past years used to reallocate its resources to other programs during the course of the year. One of the key respondents indicated that in 2013 the ministry due to lack of funds, under budgeting and lance budget the ministry had to transfer and reallocate its funds to other programs which needed high priorities during the course of the year in the form of virements. Therefore it can

be deduced that poor planning during the budget planning stage led to poor costing hence the need to reallocate resources from one program or project to another by the ministry.

4.6.3 Effectiveness in terms of Operational Efficiency

Operational efficiency aims at ensuring that citizens are getting the best buy from their monies at an acceptable level and affordable price. The study revealed that the ministry have shown much improvement in service delivery and in the use taxpayers' money. According to one of the key respondents, the ministry has vowed and shown much will on ensuring that citizen's resources are used to for their intended purposes so as to provide quality services for instance trying to recover its debts from its debtors.

Therefore deducing from all the above information it can be noted that the frameworks present in the ministry are effective in managing public expenditure as the ministry have shown much progress in trying to maintain fiscal discipline, prioritising its resources and in ensuring that citizen get the best buy of their resources. However, there are other factors that contribute to inefficiencies and ineffectiveness of the PEM frameworks resulting in the increase in high levels of expenditures.

4.7 Factors that have contributed to the success or failure of PEM activities.

4.7.1 Success factors

The success or failure of public expenditure management systems in the public sector institutions depends on various factors that vary from organisation to organisation. In this study, research revealed that the success of the PEM system in the MLGPW&NH where influenced by factors such as adherence to rules and regulations and following of procedures by authorities within the ministry. The success of PEM initiatives in the ministry is also a result of effective team building and good working relationships between various departments. The success is also as a result of strong political will at the highest level and stakeholder participation especially in budget making process which results in improved budgeting.

4.7.2 Failure factors

4.7.2.1 Lack of proper skills

Research findings revealed that factors such as lack of training of staff members within various departments in the ministry to capacitate them with modern trends of financial management have drowned back expenditure management in the ministry as some of the staff

members are now short of requisite skills that match up the current trends of expenditure management. This has impacted heavily on the management of public funds in the organisation to the extent that it usually overspends due to unbudgeted expenditures and discrepancies on the calculation of interest on loans.

4.7.2.2 Irregularities in following of rules and procedures

Research findings also revealed that irregularities in following proper procedures, rules and regulations especially the Promun Accounting system that is recommended by the Ministry of Finance (Treasury Instruction 0104) have impacted the management of public funds in the ministry. In the study one of the respondents indicated that there is a problem of evading proper rules and procedures especially in tendering processes and accounting procedures in the ministry. Therefore without fully utilising the recommended accounting system financial transactions may not be fully recorded and this may result in inaccurate information being disclosed in the financial statements. For instance, without fully utilising the Promun Accounting system, financial transactions may not be fully recorded and disclosed and this results in inaccurate information being disclosed in the financial statements.

4.7.2.3 Lack of motivation and discrimination in the allocation of resources

Research findings from both interviews and questionnaire surveys revealed that lack of motivation to members of the staff within the Ministry of Local Government Public Works and National Housing have dwindled the zeal of public servants to perform their jobs in the utmost good faith where they deliver their services wholeheartedly. One of the respondents in the study indicated that the reason behind poor performance of employees in managing public funds is because there is lack of motivation (whether monetary or nonmonetary) and discrimination in the distribution of resources between lower level and the management. This has impacted the organisation's performance on managing its resources as people are reluctant of discharging their duties effectively and efficiently since they are not motivated.

4.8 Challenges being faced in managing public expenditure.

4.8.1 Limited fiscal space

The study revealed that one of the major challenges being faced by the ministry in managing its funds is that of limited fiscal space. The authorities in the ministry, that are responsible for managing public expenditure indicated that there are few resources to manage due to limited fiscal space and lance budgets. They went further suggesting that lack of funding makes it difficult for the organisation to implement RBM System in the organisation and to meet its

Key Result Areas as expected. Hence the organisation is left with no option than to prioritise to what it thinks are essential matters to the extent that some funds are not used for their purposes.

4.8.2 Rigid system

Another challenge being faced in managing public expenditure in the public sector is that of rigid and inflexible public sector system. Documentary research and interviews revealed the system is rigid and inflexible to the extent that some of the instruments being used are no longer effective in the current situation. In an interview a key respondent at the MLGPW&NH in the Department of Accounting presented that some of the instruments are no longer fit for use in managing public expenditure in the current economic situation and there is therefore need for change. However the system is so rigid that it cannot be changed to meet current financial demands. For instance, instruments such as the treasury instructions and accounting procedural manual are outdated and need to be removed and then introduce others that suit the current economic situation in Zimbabwe.

4.8.3 Political directives

Research findings also revealed that political directives are another major challenge that has contributed to more troubles being faced in the management of public resources in public institutions. One of the key respondents in the study stated that,

sometimes we receive political directives from our superiors to disburse funds for certain projects and programs that are not meant for the organisation, for instance ikozvino tine 21st movement yatakatarisana nayo as a ministry tinonzi tinofanira kucontributor something to make the event successful, ende mari inobuda ipapa yakareba uye haina kunge iri pabudget.

(As one of the public institutions we sometimes receive political directives from ministerial leaders to disburse funds for certain events and programs that are sometimes not for the organisation. For instance we have the 21st movement ahead of us which is an event to honour our president. As a ministry we are expected to make a contribution towards that event and yet the amount required is huge and unbudgeted for.)

Thus political directives have large implications on public sector institutions on Public Expenditure Management as sometimes demands that some money be disbursed for other events other than the original purposes. In addition the human behaviour driven by self interest is another explanation for the increase of government expenditure. Politicians influence public expenditure by advocating for public policies with the aim to gain

political mileage and support by promising things during campaigns. In addition self-interest motives tend to accumulate personal wealth at the expense of government resources.

4.8.4 Too many instruments

Research findings also revealed that the ministry has too many instruments for Public Expenditure Management that it uses to manage its expenditure. These instruments range from policy, legal, legislative, and institutional frameworks and within these instruments there are many actors that are involved and are responsible for managing public expenditure. This results in the duplication of duties within the ministry and generates confusion to the extent that one may end up losing track as to who is responsible for that and who is supposed to act on that matter and which instrument to use.

4.8.5 Collusion and kickbacks

According to the findings another major problem being faced by the ministry in trying to manage its expenditure is that of collusion and kickbacks especially in the purchasing and procuring of goods and services. This challenge according to some of the respondents is hampering the success of expenditure management initiatives in the institution and sometimes results in the flouting of tender processes. It is also resulting in the loss of large sums of money by the ministry since prices of goods and services to be purchased will be inflated by members of the staff to enable them to gain from the remainders.

4.9 Comparisons with other countries.

Research findings revealed that public expenditure management frameworks in Zimbabwe show similarities to those of other countries in Africa especially Anglophone countries such as South Africa, Uganda, Zambia, Malawi and Tanzania. However, some of the problems being faced in Zimbabwe are not being faced in other countries. For instance, the system used in South Africa is flexible and allows modern trends to be adopted.

4.10 Conclusion

Research findings revealed that the Ministry of Local Government, Public Works and National Housing has a number of instruments that it uses to control and manage its expenditure. These instruments range from legal, institutional, policy and processes and procedures among others. The study also revealed that the effectiveness of these instruments is hampered by a number of challenges the organisation is facing in trying to manage their expenditure. Whilst factors such as proper following of rules and procedures contribute to the success of managing expenditure though there are factors such as lack of motivation, lack of proper skills among others that militate against the success of PEM activities in the organisation.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter summarises the whole study and presents various conclusions that have been made by the researcher concerning Public Expenditure Management frameworks being used in the public sector in Zimbabwe. This chapter also presents recommendations and possible solutions to the challenges being faced by the MLGPW&NH in trying to manage its expenditure.

5.1 Conclusions

5.1.1 Understanding of public expenditure

From the data gathered from interviews, questionnaires and documentary search it can be concluded that most of the staff in the ministry know and understand what Public Expenditure Management is and what it concerns. The main objective of the study was to identify the frameworks for Public Expenditure Management being used in the public sector, hence for one to be able to identify these instruments he/she needs to understand what expenditure management is all about.

5.1.2 Frameworks for Public Expenditure Management

Concerning the frameworks for Public Expenditure Management, it can be concluded that the ministry has a fairly comprehensive expenditure management framework as the study revealed that the organisation has a myriad of instruments that range from institutions, policy, legal and processes among others. However, it was observed that the ministry by having too many frameworks there is a danger that officials may end up losing track on which instrument to use since they are surrounded by many frameworks. This is negatively affecting the management of expenditure as it has created confusion as to which instrument to use and who is responsible to act.

5.1.3 Effectiveness of the frameworks

Research findings revealed that 75% of the respondents indicated that the frameworks in the ministry are effective in managing public funds. The study also revealed that these instruments can be effective if proper rules and procedures are followed and the instruments used are appropriate and expenditure conscious. However the study also revealed that factors

such as irregularities in the following of rules and procedures and evasion of proper rules affect the effectiveness of the instruments.

5.1.4 Factors that influence the success and failure of PEM systems

In the study the researcher observed that factors such as observation of rules and procedures that guide the use of public funds, proper accounting procedures leads the success of public expenditure management initiatives in the ministry. However, in the study it was observed that, factors such as irregularities in following proper procedures, lack of motivation to staff members and lack of training and development initiatives to capacitate the staff with necessary skills is impacting the organisation negatively in managing its expenditure. This also affects the effectiveness of the instruments since the responsible authorities will not be executing their duties in utmost good faith. Therefore it can be concluded that most of the factors impacting the organisation negatively are internal.

5.1.5 Challenges being faced

On challenges being faced by the ministry in managing its expenditure, it can be concluded that the organisation is facing a number of challenges that are hampering the success of expenditure management initiative. The study revealed that challenges such as limited fiscal space, inflexibility of the system, collusion and kickbacks, political directives among others are some of the challenges that are being faced in the public sector concerning public sector expenditure management resulting in overspending and making decisions that are not cost conscious.

5.2 Recommendations

Based on the findings of this study, several recommendations may be proffered.

5.2.1 Initiate capacity building schemes

The ministry needs to draft and initiate capacity building initiatives. These initiatives will be meant to train and develop organisational staff in order to capacitate them with modern trends and skill in managing public funds. For instance the ministry needs to shift its focus from Promun Accounting system which is outdated and no longer fitting the Zimbabwean economic situation to International Public Sector Accounting Standards (IPSAS) which advocates for accrual accounting system which enhances transparency and accountability in the use of funds and improve quality of accounting information in the public sector.

5.2. 2 System needs to be flexible

In addition there is need to ensure that the system in the ministry is flexible to allow innovation and changes to be made easily in the organisation. This may also reduce bureaucratic red tape which delays decisions which are cost conscious to be made instantly by low level employees without the approval of top management. In addition the study also revealed that some of the instruments being used in the ministry such as treasury instruments and accounting procedural manuals are outdated to the extent that they proved to be no longer fitting the current economic situation of Zimbabwe, hence they need to be changed and this can only be if the system is flexible to allow new means to be adopted.

5.2.3 Establish debt recovery unit

The study revealed that there is no sound debt management and recovery system in place. Therefore it can be recommended that the ministry needs to establish an effective debt recovery unit in the organisation in compliance with the requirements of the treasury instrument 0501 as the ministry lost large sums of money due to unrecovered debts. This may relieve the organisation from operating in limited fiscal space as some of its resources will be recovered and reallocated for other activities.

5.2.4 Motivation of low level employees

There is no doubt that for an organisation to prosper in its activities, the soft aspects of HRM such as employee morale and satisfaction are considered as the major drivers of organisational performance. Employees as most valued asserts of the organisation need to be motivated so as to boost their morale. Therefore, the ministry needs to issue out incentives (especially nonmonetary incentives) to its employees to motivate them and to boost their morale. This will motivate them to be effective and efficient in delivering their duties, thereby boosting organisational performance in managing public expenditure. The authorities in the organisation need also to ensure that there is equity in the distribution of resources between high level and low level employees in the organisation.

5.2.5 Need to ensure that proper rules and procedures are being followed

The ministry should ensure that proper rules and procedures are being followed in the ministry especially in procuring activities and tender processes. This may be through instituting checks and balances in the ministry by constantly auditing all departments from time to time. This may help curtail corrupt activities such as kickbacks and collusion in which prices are inflated in procuring public goods and services. There is also need to give hefty penalties to offenders. This may help to send a clear message to all employees that if they

evade proper rules and procedures they may be punished. This may also bar them from engaging in corrupt activities such as inflating of prices. This may also help instil good public corporate governance in which transparency and accountability are core values. Giving heavy penalties to offenders also helps the organisation to curb the problem of non compliance to rules and regulations in the organisation.

5.2.6 Internal controls needs to be improved

It was established that the ministry should constantly review its PEM instruments to check if they are still compatible and effective with current trends of the economic situation. This may help the organisation to improve its internal controls. This may also help in identifying gaps that may have been caused by the volatile milieu. For instance the organisation needs to upgrade its accounting procedures from manual to computer based accounting systems such as accrual accounting systems.

5.2.7 The legislation needs to be water tight

There is also need for the government to ensure that legislative acts governing the use of public funds are watertight and need to be aligned with the constitution. The constitution also must stipulate how public funds in government institutions must be expended.

5.2.8 Budgeting must be realistic and limits must be adhered to

In the research it was established that the ministry needs to set up realistic budget that reflect what is on the ground rather than formulating an ambitious budget which cannot be met. This may help the organisation in prioritising its resources to sound projects and activities as the ministry is operating in limited fiscal space. It was also established that organisation must stick to its budget limit as it will help the organisation from overspending its resources.

5.2.9 Medium term expenditure framework

It is recommended that the government should implement the Medium Term Expenditure Framework which is a tool for public expenditure management. The World Bank (2001) describes MTEF as a process consisting of a top down resource envelope and bottom up estimation of the current and medium term cost of existing policies and ultimately the matching of the cost with available resources. MTEF as a framework for Public Expenditure Management is aimed at improving macroeconomic balance by developing a consistent and realistic resource framework. It is also aimed at improving the allocation resources to strategic priorities among and within sectors and providing line agencies with a hard budget constraint, increasing autonomy and incentives for effective and efficient use of funds. If well

implemented MTEF helps the government to link priorities with a budget within a sustainable spending envelope, highlight tradeoffs between the competing objectives and to improve outcomes such as accountability, transparency and predictability of funding.

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Appendix 1: Questionnaire for respondents in the MLGPW&NH

My name is Mugwenhi Shephard, a student at the University of Zimbabwe currently doing Master of Science Degree in Public Administration. I am conducting research on a dissertation project titled: **An analysis of public expenditure management frameworks in Zimbabwe. The case of the Ministry of Local Government, Public Works and National Housing..** I kindly ask for your assistance in providing insights to my research inquiry. Responses given will be treated with confidentiality and all information provided will be used strictly for academic purposes.

Section A: Respondent's Profile

Name:

1. Gender: Male ☐ Female ☐

2. Level of Education

Primary	Secondary	Diploma	Degree	Masters	PHD

3. For how long have you been with Harare City Council?

Less than a year	2 -3years	4 – 5 years	More than 5 years

Section B: Research Questions

1. In your opinion what is your understanding of Public Expenditure Management (PEM)?

.....
.....

2. What are the reasons for public sector institutions implementing public expenditure management frameworks and does the Ministry of Local Government, Public Works and National Housing have a public expenditure management framework?

.....
.....
.....
.....

3. What tools or strategies does the ministry have in place to manage its public expenditure?

.....

.....

4. Are these instruments effective in managing public expenditure management of the ministry?

.....

.....

.....

5. As the Ministry of Local government, Public Works and National housing representatives, what do you think are the contextual variables or factors that influence the success or failure of the PEM system in the public sector?

.....

.....

6. Would you categorise these variables as internal or external? Please explain your answer.

.....

.....

7. What specific challenges are being faced in managing public expenditure in the ministry?

.....

.....

8. What do you think are the remedies to these problems?

.....

.....

THANK YOU FOR YOUR ASSISTANCE AND COOPERATION!

Appendix 2: Interview Guide

Position of respondent.....

Department.....

Date.....

My name is Mugwenhi Shephard, a student at the University of Zimbabwe currently doing Master of Science Degree in Public Administration. I am conducting research on a dissertation project titled: **An analysis of public expenditure management frameworks in Zimbabwe. The case of the Ministry of Local Government, Public Works and National Housing.** I kindly ask for your assistance in providing insights to my research inquiry. Responses given will be treated with confidentiality and all information provided will be used strictly for academic purposes.

1. Understanding of public expenditure.
2. Reasons for implementing public expenditure management system. Does the ministry have it?
3. Strategies or tools for expenditure management in the ministry.
4. Effectiveness of the ministry.
5. Contextual variables that account for the success or failure of the PEM system.
6. Can then be categorised as internal or external.
7. Specific challenges.
8. Remedies to the problem.

THANK YOU FOR YOUR ASSISTANCE