SUBMISSION TO THE CONSTITUTION REVIEW COMMISSION

BY

THE CIVIL SOCIETY FOR POVERTY REDUCTION (CSPR)

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INTRODUCTION

We, the Civil Society for Poverty Reduction (CSRP), are deeply concerned with the crushing levels of poverty in which the majority of the Zambian people find themselves. In order to address these issues of poverty, Zambia developed the Poverty Reduction Strategy Paper (PRSP), which outlined the programmes that the country would implement in order to reduce poverty and move toward the achievement of the Millennium Development Goals. The wide participatory manner that characterised its formulation is indeed laudable. This process resulted in a broad consensus in the choice of priority sectors for poverty reduction.

PERFORMANCE OF POVERTY REDUCTION PROGRAMMES

While we commend the formulation of the PRSP we, the Civil Society for Poverty Reduction (CSRP), are concerned that there has been inadequate commitment from Government to fight poverty. While the policy document may have been well crafted, it is ***the actual implementation that is vital to poverty eradication***.

A comparison of budgetary allocations, actual releases and expenditure on poverty reduction programmes is the best measure of the level of commitment that Government places on the fight against poverty.

Unfortunately, an analysis of the expenditure pattern over the last three years shows that Government has not taken poverty reduction as a priority. This is manifested by the fact that from the overall resource envelope, poverty reduction activities were to be funded only from the residue remaining after deducting expenditures that could not be waived such as external debt service, domestic interest payments, and the maintenance of constitutional offices and functions. This residue is what was defined as poverty reduction expenditure for the period 2002 – 2003. There was thus only a meager amount left for spending on poverty reduction programmes.

Data from the Ministry of Finance and National Planning shows that the actual releases for PRSP programmes constituted only 66%, 46% and 52% of the original domestic budgetary allocations for the years 2001, 2002 and 2003 respectively.

Further, analyses of the 2002 and 2003 budget speeches by the Minister of Finance and National Planning by the CSPR reveal that K450 billion and K420.7 billion respectively were allocated to poverty reduction programmes. Actual disbursements for both years constituted only 24.5% (K110 billion) for 2002 and 50.4% (K212.9 billion) for 2003.

While it could be argued that the available resource envelope over the last three years since the PRSP was formulated could not be said to have been adequate, a case of misplaced priorities was also very evident.

There were several cases where certain heads of expenditure received funds far in excess of their budgetary allocation. For instance, in the financial year 2002 Cabinet Office received 512% of its budgeted allocation, State House received 262%, Office of the President (Special Division) 238%, Electoral Commission 145%, Ministry of Foreign Affairs 141.3%, to mention only a few examples. Since Cabinet Office received five times its budget for 2002, we can arrive at the conclusion that the most important priority for government was Cabinet Office followed by State House and Office of the President. Of course it is possible that the Controlling Officers for those institutions may all have been guilty of poor budget preparation or excessive spending.

What the above background shows is that funds were there, but that they were reallocated to less productive sectors. It is evident to us, the Civil Society for Poverty Reduction, that the problem has not really been scarcity of funds as such but lack of political will to fund the poverty reduction programmes.

I. ***We therefore submit that once funds have been allocated for Poverty Reduction Programmes they should be ring-fenced (protected) and not be derogated from (subtracted or diverted), just as in the case with funds that are earmarked for external debt servicing, domestic interest payments, and the maintenance of constitutional offices and functions. In other words, all the 100% ought to be released. We therefore propose that there should be a clause in the new Republican Constitution to protect funds that are designated for poverty reduction activities.***

THE ROLE OF PARLIAMENT IN PUBLIC FINANCIAL MANAGEMENT

The Constitution under Part Ten and the various statutes made pursuant thereto provides the enabling legal framework for public financial management. The authority of Parliament to impose taxation for purposes of raising revenue is provided under Article 114. Government spending is then provided for under Articles 115, 116 and 117.

The budgetary process is initiated by the Executive and such proposals are then tabled for approval by the National Assembly. The National Assembly approves both the revenue measures and spending proposals. This principle is supposed to provide checks and balances in the management of public finances.

In practice, however, Parliament's mandate is undermined by several derogations or limiting clauses:

(a) In certain special circumstances, the President under Article 115(2) is empowered to authorize expenditure without waiting for Parliamentary approval.

(b) Under Article 117, the Minister of Finance and National Planning is authorized to make substantial modifications to spending without seeking prior approval from Parliament.

All that is required to regularize such spending is either a Supplementary Appropriation Bill or an Excess Expenditure Appropriation Bill. In essence Parliament is asked to legitimize expenditure that has already been incurred. While these provisions may be necessary exigencies, our concern is that resources earmarked for poverty eradication may be misapplied by the Executive and the people's representatives would essentially be acting as a mere rubber stamp.

II. ***In order to address this problem, we submit that the role of Parliament in the management of public finances ought to be enhanced in the next Republican Constitution. There should be a limit on these powers conferred on the Executive so as to make them obliged to obtain prior Parliamentary approval before incurring such expenditure or making modifications.***

It has been observed that Parliament has no authority to increase the overall budget envelope. Parliament can only make reallocations from one sector to another.
Moreover, the Executive does not provide even details of expenditure for the preceding financial year.

III. ***In order to address these weakness, we submit that the next Constitution must make provision so that estimates of revenue and expenditure are presented well before the new financial year in order to give adequate time to Parliament to scrutinize and, where necessary, increase the overall budget envelope and by the same token give reasonable time to the Executive to identify new revenue measures.***

IV. ***Furthermore, we submit that the Executive must be obligated to provide details of expenditure for the preceding financial year in order to enable Parliament make informed decisions.***

The Public Audit Act

Under Article 121(4) the Auditor General is required to submit an annual report to the President not later than twelve months after the end of each financial year, who in turn is required to cause it to be laid before Parliament.

V. ***We submit that the Auditor General's report must be submitted not later than six months after the end of the financial year simultaneously to both Parliament and the President. Moreover, Parliament ought to have the power to recommend appropriate sanctions on erring Controlling Officers.***