

All correspondence should be addressed

THE SECRETARY

Telegrams: "MINFIN", Harare

Telex: 22141ZW

Telephone: 794572/8

Facsimile 792750



ZIMBABWE

**MINISTRY OF FINANCE AND
ECONOMIC DEVELOPMENT**

Mgadane Dlodlo Building

Samora Machel Avenue

Harare

Zimbabwe

17 August 2021

Dr. M. Rushwaya

Deputy Chief Secretary, Office of the President and Cabinet

Ambassador. J. Wutawunashe

Secretary to the Public Service Commission

Ambassador. M.G. Marongwe

Secretary for Defence and War Veterans Affairs

Ambassador J. Manzou

Secretary for Foreign Affairs and International Trade

Mr. S. Masanga

Secretary for Public Service, Labour and Social Welfare

Dr. M. Sibanda

Secretary for Industry and Commerce

Dr. J. Basera

Secretary for Lands, Agriculture, Fisheries, Water and Rural Resettlement

Mr. O. M. Moyo

Secretary for Mines and Mining Development

Mr. M. Munodawafa

Secretary for Environment, Climate, Tourism and Hospitality Industry.

Engineer. A. Marawa

Secretary for Transport and Infrastructural Development

Mr. Z.R. Churu

Secretary for Local Government and Public Works

Air Commodore J. Chimedza
Secretary for Health and Child Care

Mrs T. Thabela
Secretary for Primary and Secondary Education

Prof. F. Tagwira
Secretary for Higher and Tertiary Education, Innovation, Science and Technology Development

Mr. M. A. Matshiya
Secretary for Women Affairs, Community, Small and Medium Enterprises Development

Dr A.D.T. Nhepera
Secretary for Home Affairs and Cultural Heritage

Mrs. V. Mabiza
Secretary for Justice, Legal and Parliamentary Affairs

Mr. N. N. Mangwana
Secretary for Information, Publicity and Broadcasting Services

Dr. T. Chitepo
Secretary for Youth, Sport, Arts and Recreation

Dr. Eng. G.S. Magombo
Secretary for Energy and Power Development

Dr. Engineer S. M. Kundishora
Secretary for Information Communication Technology and Courier Services

Engineer J.P. Makumbe
Secretary for National Housing and Social Amenities

Mr. W. T. Chikwana
Secretary for Judicial Services Commission

Mr. Z.R Churu
Accounting Officer, Zimbabwe Council of Chiefs

Secretary for Finance and Economic Development
Attention: Mr. I. Mvere

Mr. K. M. Chokuda
Clerk of Parliament

Mrs. M. Chiri
Auditor General

Ms. D. Mazambani
Executive Secretary, Zimbabwe Human Rights Commission

Mr. A. Munowenyu
Acting Board Secretary, National Prosecuting Authority

Ms. S. Tongogara
Executive Secretary, Zimbabwe Anti-Corruption Commission

Mr U. Silaigwana
Chief Elections Officer, Zimbabwe Electoral Commission

Ms. V. Muwaningwa
Chief Executive Officer, Zimbabwe Gender Commission

Mr P. Mawire
Acting Secretary, Zimbabwe Land Commission

Dr. T.P. Mahoso
Chief Executive Officer, Zimbabwe Media Commission

Mrs S. Zembe
Executive Secretary, National Peace and Reconciliation Commission

TREASURY BUDGET CALL CIRCULAR NUMBER 1 OF 2021

PREPARATION FOR THE 2022 BUDGET INCLUDING THE INDICATIVE YEARS 2023 AND 2024

Introduction

1. Our public finance management reforms have provided that following issuance of the Budget Strategy Paper (BSP), two Budget Call Circulars follow. Accordingly, this becomes the First 2022 Budget Call Circular.

2. As you may be aware, the Minister of Finance and Economic Development presented the 2022 Budget Strategy Paper on the 29th of July 2021 with a theme “*Reinforcing Sustainable Economic Recovery and Resilience.*” It is expected that Honourable Ministers and respective Accounting Officers draw direction from this Budget Strategy Paper which conventionally paves way for Ministries/Department/Agencies (MDAs) to start preparing for the next National Budget, in this case 2022 National Budget.
3. This Circular, therefore, seeks to provide first phase guidance to MDAs on the preparation process of the 2022 Budget, consistent with the priorities and objectives outlined in the National Development Strategy 1 (NDS1) and the 2022 Budget Strategy Paper. In other words, MDAs should start planning for the 2022 financial year using the indicative estimates for years 2022 and 2023.

Linkage of Budgeting and Planning

4. Our national priorities continue to be guided by the National Development Strategy 1: 2021-2025 (NDS1), whose implementation commenced with the 2021 Budget thereby setting our country's journey towards a sustainable and sustained growth with clear national priorities, outcomes and strategies.
5. The NDS 1 unveiled on the 16th of November 2020 is premised on 14 national priorities towards Vision 2030, of attaining an upper middle-income status economy.
6. Achievement of the above NDS1 objectives, will require that MDAs comprehensively review their contribution towards the 14 priority areas consistent with the targets and outcomes outlined in the National Development Results Frameworks (NDRF) and Sector Development Results Frameworks (SDRF).
7. Consistent with the principles of Results Based Budgeting, Integrated Results Based Management and the Whole of Government approach, effective delivery of the National Development Strategy 1 targets requires continuous strengthening of the linkage between funding and results.
8. Furthermore, greater emphasis towards value for money principles entail that every dollar spent be accounted for the actual delivery of results in terms of outcomes underpinned by a robust monitoring and evaluation frameworks.
9. As noted in the 2022 Budget Strategy Paper and the 2021 Mid-Term Review, the country has already started witnessing relative stabilisation of key macro-economic fundamentals around inflation and exchange rate, whilst also economic growth numbers remained in line with initial projections under the NDS1.

10. This stability in the macro-indicators ushers in a solid foundation for better planning and budgeting and it is now critical that our budgeting embeds sustaining this trajectory. In line with the Medium-Term Expenditure Framework philosophy being implemented, the Approved 2021 Budget Estimates Book set out Indicative Estimates for 2022 and 2023, which should therefore, guide MDAs to start developing their Expenditure Proposals for 2022 and 2023.
11. Guided by the above ceilings, all MDAs are expected to review their priorities by identifying and mapping their own strategies and outputs. These should be aligned to already established programmes that effectively contribute to the achievement of set NDS1 National and Sectoral Outcomes.
12. Furthermore, these strategies and outputs should be supported by clearly identified and costed activities and projects, based on prevailing market conditions. These provide the basis upon which MDAs will prioritise and allocate their Expenditure Target, when the Final Budget Call Circular is issued by the 20th of September as highlighted in Statutory Instrument 127A of 2021.
13. For avoidance of doubt, it is critical that MDAs stick to the already agreed **Programme Structures** unless their mandate has significantly changed as guided by the Office of the President and Cabinet. In instances where substantial changes to Programme Structures have been made, the justification thereof should be submitted to Treasury for approval.
14. MDAs should also make sure that their performance indicators are able to measure the annually intended outcomes and outputs during a multi-year period and that actual figures are updated until 2020, as well as targets for the 2022-2024 period, Changes or suppression of indicators may be needed when targets are reached or measurement of indicators is not possible.
15. The already established Budget Committees should play a leading role in the prioritising and allocation of resources to identified interventions and activities to ensure ownership by the programme managers.

2022 National Budget Fiscal Strategy

16. As highlighted in the 2022 BSP at pages 22-23, fiscal consolidation roadmap will be sustained going forward as part of Government's prudent and transparent management of the Budget, in order to entrench the prevailing macro-economic stability.
17. In this regard, maintaining fiscal sustainability will entail improving revenue collection efficiencies, limiting spending to available resources whilst eliminating of wasteful

expenditures in light of absence of external funding sources and limited domestic capacity to borrow.

18. Accounting Officers should ensure that MDAs follow this policy stance in coming up with strategic and expenditure priorities as they plan for 2022.

Infrastructure delivery

19. The NDS1, identifies efficient infrastructure delivery as a key building block towards attainment of Vision 2030. Hence, it is critical that MDAs review portfolio of projects under their purview and accord priority to high impact projects that will have highest economic and social returns also taking into account institutional implementation capacities to deliver.
20. The choice of projects should take into the need to restore our basic infrastructure service with focus being on key economic enablers, including expansion of the same with the view to mitigate the risks to life and improve safety to the general public.
21. In order to ensure efficient and effective project implementation, implementing agencies are also urged to come up with robust project investment management systems to ensure infrastructure delivery and where possible, utilise the services of the private sector and other technical expertise beyond those ordinary residents within Government.
22. Furthermore, beginning with the 2022 Budget, in line with the need to enforce compliance on the Zimbabwe Public Investment Management (PIM) guidelines in terms of the project management cycle, Treasury will not approve funding for new projects when the relevant institution still has a stock of on-going and stalled projects. New projects will only be approved in exceptional circumstances.
23. It is also important that MDAs foster implementation of Integrated Approach to Project Development that ensures parallel execution of ancillary and associated downstream project so that the country derives maximum benefits from investments.
24. Noting the relatively low uptake of Public Private Partnerships (PPPs) projects over the years notwithstanding the huge infrastructure deficit and increased appetite by private investors, MDAs guided by the provision of the PIM guidelines and the ZIDA Act should identify potential PPP projects and champion their development to bankability taking advantage of the resources in the Project Preparation Development Fund.

Devolution

25. The implementation of Devolution has gained momentum over the last two years with various social projects having been implemented and completed, with some at various stages of development. Consistent with NDS1 strategic agenda on Devolution, it is imperative that responsible institutions further consolidate key strategies and measures including setting up of effective institutional structures necessary for effective and efficient implementation of Devolution projects. This also requires coming up with enhanced capacity building programmes for technical personnel involved in this process.
26. Going forward it is also critical that there be yearly predictable comprehensive programme of works and cash flows including timely acquittals that should assist Treasury in the mobilisation and disbursement of Devolution resources in line with constitutional provisions.

Mainstreaming Gender in Budgeting

27. In line with NDS1, mainstreaming of gender issues will also be a key component in the prioritisation and final allocations of resources. Therefore, MDAs are required to identify, prioritise and integrate gender issues into their strategic and expenditure priorities as well as disaggregate performance indicators by gender and to clearly identify specific budgetary allocations for gender-related projects, as well as projects contributing to gender equality.
28. It is also important to analyse the impact of public investment on gender equality, particularly when gender is a component of the project activities or outcomes.

Mainstreaming Climate Change in Budgeting

29. The integration of climate change in the budgeting processes has become significant in supporting the realisation of development goals and objectives as espoused in the NDS1 and Vision 2030. This is mainly because climate change has been recognised as a threat to sustainable development globally.
30. It is therefore imperative that whilst strategizing and coming up with budgets, all MDAs must embrace climate change actions by ensuring there is climate change mitigation and adaptation in all their programming. In this regard, climatic change issues should be mainstreamed in all projects and programmes.

Programme and Projects Monitoring

31. Now that Government has put in place monitoring structures throughout the public services, MDAs are required to indicate their monitoring strategies and requirements for the year 2022. The requirements have to be costed and integrated into the 2022 Budget Estimates.
32. In addition, MDAs are required to come up with their 2022 Result Based Monitoring Results Framework for their programmes and projects.
33. In order to successfully implement the NDS1 1, MDAs should ensure continuous monitoring of programmes and projects under their purview to ensure proper utilisation of public funds, as stipulated in the National Monitoring and Evaluation Policy
34. Programme/project monitoring and evaluation will ensure greater accountability, transparency, enhanced efficiency and effectiveness of development programmes in exchange for improved service delivery.

Expenditure Estimates Proposals

35. The Budget Call Circular for Budget Estimates will be issued by the 20th of September 2021, together with Expenditure Ceilings for each MDA. Given the need to give more time for MDAs to consult stakeholders on expenditure and policy priorities for the 2022 Budget formulation process, it is important to immediately start identifying high impact interventions that effectively contribute to the achievement of NDS1 targets.
36. Upon receipt of the Expenditure Ceilings, work would focus on prioritising and ranking costed interventions/activities/projects for each sector outcome, and consolidating proposals for discussion with Treasury.
37. Your usual cooperation is much appreciated.

G.T. Guvamatanga

SECRETARY TO THE TREASURY

cc: Hon. Prof. M. Ncube (MP), Minister of Finance and Economic Development
Dr. M. J. M. Sibanda, Chief Secretary to the President

