



FOURTH REPORT OF THE

PORTFOLIO COMMITTEE ON FOREIGN AFFAIRS AND INTERNATIONAL

TRADE

ON

THE 2021 FIRST, SECOND, THIRD AND FOURTH QUARTER BUDGET

PERFORMANCE REPORTS FOR THE MINISTRY OF FOREIGN AFFAIRS AND

INTERNATIONAL TRADE

THIRD SESSION - NINTH PARLIAMENT

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ORDERED IN TERMS OF STANDING ORDER NO.18

- 1) At the commencement of every Session, there must be as many Committees to be designated according to government portfolios as the Committee on Standing Rules and Orders may deem fit.
- 2) Each Select Committee must be known by the portfolio determined for it by the Committee on Standing Rules and Orders.

The Speaker announced that all the Committees of the Third Session would continue to operate as previously constituted until such time that new Committees were appointed by the Committee on Standing Rules and Orders. On Thursday 07 October 2021, the Hon Speaker, announced that Committees would resume sittings on Tuesday, 12 October, 2021. The following are Members of the Portfolio Committee on Foreign Affairs and International Trade:

Hon Shamu W.K (Chairperson), Hon Chihururu C, Hon Chikudo R, Hon Chimbaira G, Chimwaza J, Hon Dube G, Hon Gandawa A, Hon Gozho C, Hon Gwanetsa K, Hon Kabozo S, Hon Karikoga T, Hon Makari Z, Hon Masoka N, Hon Masenda N.T, Hon Moyo C, Hon Moyo Priscilla, Hon Mukunyaidze S, Hon Mutambisi C, Hon Ncube Soul, Hon Ngwenya S, Hon Nyamudeza S, Hon Sacco J, Hon Samson A, Hon Shirichena A, Hon Sibanda M, Hon Tungamirai T.

TERMS OF REFERENCE OF PORTFOLIO COMMITTEES

STANDING ORDER NO. 21

Subject to these Standing Orders, Portfolio Committees must-

- i. examine expenditure administration and policy of government departments and other matters falling under their jurisdictions as Parliament may, by resolution determine;
- ii. consider and deal with all Bills other than the Constitutional Bill and Statutory Instruments or other matters which are referred to them by or under a resolution of the House or by the Speaker;
- iii. consider or deal with an Appropriation of Money Bill or any aspect of an Appropriation or Money Bill referred to them by these Standing Orders or by resolution of the House;
- iv. monitor, investigate, enquire into and make recommendations relating to any aspect of the legislative programme, budget, policy or any other matter it may consider relevant to the government department falling within the category of affairs assigned to them, and may for that purpose consult and liaise with such a department; and
- v. consider or deal with all international treaties, conventions and agreements relevant to them, which are from time to time negotiated, entered into or agreed upon.

1. INTRODUCTION

In tandem with Parliament's oversight function, the Committee on Foreign Affairs and International Trade analysed all the 2021 Budget Performance Reports from the Ministry of Foreign Affairs and International Trade. The analysis subjected the Ministry to a litmus test checking whether the Ministry managed to achieve its 2021 targets as well as whether it was on course to accomplish its mandate espoused in the National Development Strategy 1(NDS1) from page 171-176, by 2025. Having done that, the Committee came up with palatable recommendations that, if implemented, would assist the Ministry to execute its mandate in a robust manner for the attainment of an upper middle income economy by 2030.

2.0 METHODOLOGY

The Committee on Foreign Affairs and International Trade (Herein after referred to as the Committee) analysed four Quarterly Budget Performance Reports for the year 2021 from the Ministry of Foreign Affairs and International Trade with technical assistance from the Parliament Budget Office. The Committee sought clarity from the Ministry on a myriad of issues that were responded to, through oral evidence sessions and written submissions. Subsequent paragraphs outlines the Committee's findings.

3.0 COMMITTEE FINDINGS

The Ministry of Foreign Affairs and International Trade's Vision and Mission

Vision: *"To create the necessary conditions for a prosperous, peaceful nation and an effective participant in the community of nations."*

Mission: *"To promote the political and economic interests, image and influence of the Republic of Zimbabwe in the international community and to protect the interests and safety of Zimbabwean nationals abroad through."*

Website: www.zimfa.gov.zw

The Ministry has responded to the e-government drive positively. The majority of documents are available on its website, inter alia;

- Foreign Policy
- Service for Consular and Electronic Visa Application
- Zimbabwe Trade Policy Vision 2030

- List of Ratified BIPPAS

Ministry’s key result areas

These are as follows,

- Improved international relations
- Informed nation and international community
- Improved diaspora participation in national development
- Improved earnings from trade in goods and services
- Improved exports of services
- Enhanced ease of doing business

3.1 Resource Allocation, Disbursements and the overall impact on the Ministry budget Performance

Year	Allocation (ZWL\$)	Actual Disbursements (ZWL\$)	Variance (ZWL\$)	% Actual Disbursements	% Variance
2020	2 642 948 204	1 512 068 097	1 130 880 107	57.2%	42.8%
2021	8 640 000 000	4 956 575 585	3 683 424 415	57.3%	42.7%

Fig.1: Budget allocations, actual disbursements and variance for 2020 and 2021

3.2 The table above (fig.1) illustrates a comparison of resources that were allocated and disbursed to the Ministry of Foreign Affairs and International Trade for the 2020 and 2021 budget years. It is of paramount important to note that for the two budget years, the Ministry managed to get an average actual disbursement of 57% of the total allocation for each year from the Treasury. The resultant variance was around 42%. In light of the foregoing, the Committee was deeply concerned by the humongous amount of money that was not released by Treasury which had a negative impact on the Ministry’s attainment of its intended targets for the years under review.

3.3 The table below (fig.2) illustrates the 2021 budget allocations and disbursements per each quarter for the Ministry of Foreign Affairs and International Trade. The Committee observed that, the Ministry’s targeted budget for the first and second quarter, which is from January to June 2021 was ZWL\$ 4 billion however, the actual disbursement from Treasury was around ZWL\$ 828 million. The resultant variance was ZWL\$ 3.2 billion. Given a miniscule 31% of the total targeted budget that was disbursed by Treasury for the first half of the year 2021 and a whopping 79% of undisbursed funds, the Committee was displeased to note that the enormous amount of money that Treasury could not release was tantamount to derail the Ministry’s annual targets due to unfunded mandates.

Quarters	Targeted budget(ZWL\$)	Actual disbursements (ZWL\$)	Variance	% Disbursements	% Variance
1st Q	2 000 000 000	671 919 186	1 328 080 814	36 %	64%
2nd Q	2 000 000 000	155 853 472	1 844 146 528	8 %	92%
3rd Q	3 640 000 000	3 338 582 449	301 417 551	92%	8%
4th Q	1 000 000 000	790 220 478	209 779 522	79 %	21

Fig.2: Budget allocation, actual disbursements and variance per quarter for 2021

3.4 Further to the above, the Committee noted that, though Treasury disbursed 90% of the targeted budget of the Ministry for the second half of the year, July to December 2021 as illustrated in fig.3 below, the damage had already been done in the first half of the year in terms of missing the set targets for the year. This emanated from the fact that all the activities and programs that the Ministry could not execute in the first half of the year carried them forward into the last half of the year which was underfunded by 10% of the targeted budget. Also, that inflation took its toll on the disbursed funds resulting in the erosion of value/ buying power of the local currency due to exchange rate fluctuations.

The situation was further exacerbated by late disbursements of funds by Treasury which had become a common phenomenon judging on the basis of the analysis of the 2020 and 2021 budget performance reports from the Ministry of Foreign Affairs and International Trade.

- 3.5 Cognisant, that in 2021, Treasury released only 57% of the total budget allocation for the Ministry of Foreign Affairs and International Trade, a scenario that is reminiscent of the year 2020. Also, bearing in mind that, Treasury disbursements were done in an erratic and unpredictable manner in the face of skyrocketing inflation, the Committee was deeply dissatisfied with Treasury’s lackadaisical approach in releasing the Ministry’s budget allocation. The Committee further noted with concern that, this precipitated a myriad of challenges for the Ministry in implementing its budget, chief among them being unfunded mandates which culminated into unmet targets for the year.

Year	Total Targeted budget(ZWL\$)	Actual disbursements (ZWL\$)	Variance	% Actual Disbursements	% Variance
2021					
January- June	4 000 000 000	827 772 658	3 172 227 342	31%	79%
July- December	4 640 000 000	4 128 802 927	301 417 551	90%	10%

Fig. 3 Budget allocation, actual disbursements and variance for each half of the year 2021

- 3.6 To add on, in 2021 the Ministry had planned to rehabilitate four of Zimbabwe’s foreign missions namely, Windhoek, Geneva, Paris and Gaborone as well as to purchase 3 new Chanceries and 3 official residences in Ankara, Kigali and Abu Dhabi. Also, to procure furniture and equipment in Pretoria, Maputo, Windhoek and Washington. However, due to delays in release of funds as well as non-disbursement of the huge chunk of the Ministry’s total budget allocation, this was not fully achieved in 2021. In its fourth quarter submissions, the Ministry reported that, renovations were work in progress at embassies in Nairobi, Maputo and Windhoek.
- 3.7 Bearing in mind that, our Embassies are at the epicentre of the engagement and reengagement exercise, a bedrock for attracting both foreign direct investments (FDI’s)

and diaspora investments. The Committee observed that there was need for Treasury to fully release the budget allocation for the Ministry of Foreign Affairs and International so that the Ministry expedites the refurbishment and construction of Chanceries that befits the office of our Ambassadors.

3.8 It is of paramount importance to note that, Embassies are the official points of contact between foreign governments and the host government. Hence, Ambassadors serve as the personal representatives of the Head of state and government. According to page 33 of the Ministry of Foreign Affairs and International Trade's 2021 Strategic Plan, the Ministry had planned to purchase 39 vehicles, 9 for the Head Office and 30 for our missions scattered across the globe. However, by year end, the Ministry purchased only 8 vehicles which were awaiting delivery. Thus, there was an enormous shortfall of 31 vehicles which was orchestrated by erosion of value of the Ministry's budget due to exchange rate fluctuations and runaway inflation coupled with untimely release of funds by Treasury. Hence, without adequate motor vehicles the mobility of Ambassadors at our missions remains problematic. This affected the effective and efficient discharge of their duties particularly, luring foreign investors whose investments are vital in catapulting our economy into an upper middle income by 2030. In light of the foregoing, the Committee deemed it prudent for the budget of foreign missions to be provided in US dollars so as to circumvent loss of value of the budgeted funds.

3.9 *Diaspora Participation in National Development*

The Ministry successfully engaged the diaspora community resulting in growth in diaspora remittances. The diaspora community showed its eagerness to support the home land/Zimbabwe by remitting through formal channels humongous sums of money amounting to US\$ 1.430 billion. It is important to note that in 2020 diaspora remittances were valued at US\$ 1 billion. This entails that there was a 40% increase in diaspora remittances in 2021. Hence, the Ministry's efforts to increase diaspora participation from 25% in 2020 to 85% in 2021 as espoused in the 2021 Expenditure estimates yielded fruits. This is testified by the direct proportion between the intensified effort in engaging the diaspora community by the Ministry and the total amount of money that was sent back to Zimbabwe.

3.10 *International Trade and investments*

The Ministry has a vision of achieving the 7:14 targets by the year 2030 that is, having exports valued at US\$ US\$ 7 billion by 2023 and US\$ 14 billion by 2030. As at 31 December, the country's export proceeds were valued at US\$ 6.94 billion. The

Committee was pleased to note that the Ministry was on course to achieve its set targets, as the Ministry had managed to attain 49.9% which is almost half of the total 2030 target as illustrated in the table below.

Item	Actual proceeds in 2021 (USD)	Target by 2023 (USD)	Target by 2030 (USD)	Percentage export proceeds in 2021
Export proceeds	6.94 billion	7 billion	14 billion	49.9%

3.11 Moreover, the Ministry intended to create 5 new markets in 2021. As such, it established new markets for Phosphate and fresh flowers in Brazil. In a bid to enhance international trade, the Ministry participated at the Expo 2020 Dubai where it was envisaging to open up investment opportunities with the United Arab Emirates as well as 192 Countries that participated in the event. The year ended whilst the Ministry was still participating in the event which took place from October 2021 to March 2022. Hence, the impact of participating at the Expo would be reported in the 2022 budget performance reports. Though, establishment of markets for locally produced goods would improve earnings from trade, the Committee noted that, the Ministry could not on the annual performance of the Ministry with regards to the sum of markets established in 2021.

3.12 *Bilateral and Multilateral Cooperation*

The Ministry had planned to sign and/or ratify six (6) Bilateral Investment Promotion and Protection Agreements (BIPPAS) in 2021, with Botswana, Mozambique, Egypt, Indonesia, Malaysia and Singapore. Out of the six, only four were tabled before the Public Agreements Advisory Committee. The following agreements were signed; Zimbabwe-Mozambique Joint Permanent Commission on Cooperation was held resulting in the signing of two Memorandum of Understandings (MOUs). MOU on Labour and Employment and MOU on Information Sharing. Also, MOU between Embassy of Zimbabwe with Asia-Africa Silk Road International Business Co and MOU on Trade and Investment Cooperation between the Zimbabwean Embassy and Tungshu Group Co. Limited. The Ministry engaged the Chairperson of the Cabinet Committee on Legislation (CCL) who granted permission for the signed BIPPAs to be tabled before Parliament. The Ministry made a Commitment to the Committee to present them before Parliament during 2022.

3.13 *International Relations*

Through the engagement and re-engagement exercise, various meetings were held at Presidium, Ministerial and senior officials' level with the People's Republic of China. Resultantly, relations between Zimbabwe and China were elevated from an *all-weather friendship to strategic partnership*. The cemented relationship increased the scope of China's involvement in the development of Zimbabwe. As such, in 2021, China donated 400 000 doses of Covid-19 vaccines to Zimbabwe to help the country combat the pandemic. However, the Committee noted that there is need for the Ministry to intensify its efforts towards re-engagement with the international community through prioritising re-joining the Commonwealth as a launch pad to unlock international good will in line with the NDS1 (page175).

3.14 *Consular Services*

The Ministry of Foreign Affairs and International Trade had planned to assist 1100 repatriates in 2021. However, the Ministry's performance surpassed the set targets by a very huge margin. In this regard, in 2021 alone, 60 989 consular services were offered to Zimbabweans locally and abroad. The Committee commended the Ministry for such dedication to national duty and hard work which are a vital cog in the development of our nation notwithstanding a plethora of challenges underscored in the foregoing and the prevalence of the Covid-19 pandemic which almost grinded the world to a halt.

3.15 However, despite all the challenges outlined in the preceding paragraphs, the Committee was delighted to note that, the Ministry's allocation of resources across its programmes was corresponding from the first up to the fourth Quarter Budget Performance Report. Programme 1, Policy and Administration got 5%, and Programme 2, International Cooperation and Diaspora got 95%. The resource allocation information reported throughout the year reconciled with the information in the 2021 Expenditure Estimates.

3.16 More so, the 2021 Mid-Term Budget and Economic Review reconciled with the Ministry's consolidated expenditure outturn. As at 30 June 2021, the Ministry had utilized 18% of its resource allocation. The agreement of the figures as reported by the Ministry of finance and Economic Development against the Ministry's quarterly reports figures give stakeholders confidence on the financial information that the Ministry presents. This was commendable.

3.17 Lastly, the Committee was pleased to note that the Ministry was implementing recommendations made in the 2020 Auditor General's report. These are disclosure of mission expenditure in the appropriation account, crafting a risk management policy, implementing a disaster recovery and the operationalization of the Ministry's Audit Committee that was set up 2019.

4.0 COMMITTEE OBSERVATIONS

These are as follows;

1. That, the major challenges that affected the Ministry to fully achieve its 2021 objectives and would continue to do so if not abated, is Treasury's late disbursements and non-release of full amounts of the budgeted funds.
2. That, inflation and exchange rate fluctuations eroded the value of the Ministry's budget which thus affected its overall budget performance.
3. That, the budget for foreign missions should be done in United States Dollars so as to circumvent erosion of value of the budgeted funds. Also, to enable expedite the construction and refurbishment of our missions abroad for them to befit the office of Ambassadors.

4.0 COMMITTEE RECOMMENDATIONS

The Committee recommends;

1. That, in 2022, Treasury should release full amounts of the budgeted funds for the Ministry of Foreign Affairs and International Trade in much more predictable manner so that the Ministry would complete all the unfinished projects of 2021, particularly the renovations for embassies in Nairobi, Maputo and Windhoek.
2. That, during the 2023 National Budget, the Minister of Finance and Economic Development should set aside a United States Dollar budget for foreign missions so as to enable the Ministry of Foreign Affairs and International Trade to purchase the 31 vehicles, 3 Chanceries and 3 official residences in Ankara, Kigali and Abu Dhabi which could not be procured in 2021 due to inadequate funds.
3. That, by October 2022, the Ministry of Foreign Affairs and International Trade should ensure that its Audit Committee is fully functional as well as the Risk Management Policy and the Disaster Recovery Plan.
4. As part of the capital budget, the Ministry of Finance and Economic Development, the Reserve Bank of Zimbabwe and the Ministry of Foreign Affairs and International Trade must ensure that, the 2022 to 2025 National Budgets set aside funds to procure

or construct at least 3 properties for our diplomatic Missions abroad annually so as to reduce rental costs.

5. The NDS1 provides for the need for acceleration of the rationalisation and streamlining of diplomatic missions. The Ministry of Foreign Affairs and International Trade should come up with a comprehensive strategy for the rationalisation exercise by 30 November 2022 so as to cut costs.

CONCLUSION

In light of the above, it is evident that with robust oversight of the Executive, prudent utilization of public resources can be realised, paving way for the attainment of an upper middle income economy by 2030. This has been witnessed in the reporting and submission of the Ministry's financial performance reports. It is therefore imperative that release of budgeted resources be made quarterly and predictable so that meaningful outputs and outcomes can be realised.