

# **A REVIEW THE IMPLEMENTATION OF THE MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF):**

## **A CASE OF SELECTED GOVERNMENT INSTITUTIONS IN LUSAKA.**

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By: Belia Mulenga  
School of Business/Humanities  
Information and Communications University  
Lusaka, Zambia.  
[mbeliajr@yahoo.com](mailto:mbeliajr@yahoo.com)

Kelvin Chibomba  
School of Business/Humanities  
Information and Communications University  
Lusaka, Zambia

### **ABSTRACT**

*The study reviewed the implementation of the Medium-Term Expenditure Framework (MTEF) in selected government institutions in Zambia. The aim was to establish the level of knowledge of the MTEF budgeting model amongst those involved in budgeting. The study inquired into the suitability of the model and the level of support from policy makers. The study revealed that MTEF was a good model and a solution to the challenges faced in traditional budgeting. However, it had not been embraced in all government institutions and most officers had little knowledge of it despite being members of Budget Committees.*

*A multi case study research design was used for this research. This researcher used a mixed -method approach which combined the qualitative and quantitative methodologies and used one survey tool. Data was collected through a questionnaire from 100 participants drawn from ten (10) government institutions. Purposive and convenient sampling techniques were used to select the participants. The data was analysed thematically for qualitative data and through Statistical Package for Social Sciences (SPSS) version 16.0 for quantitative data creating simple descriptive statistics in form of frequencies/ graphs.*

*Results revealed that the level of knowledge of the MTEF was diverse, and mostly influenced by the career field. Officers from the finance and planning departments had greater knowledge levels than those*

*from other departments. Other respondents could not distinguish between traditional budgeting and the MTEF model. Only 38% had embraced and implemented the MTEF. Very few understood their roles in MTEF. Most respondents disagreed to having received training nor sensitisations. There was a recommendation that MTEF should be made compulsory in government institutions to counter the challenges faced in traditional budgeting. That is the lack of the connection between policy making, planning, and budgetary processes.*

*The recommendation is that training and sensitization should still be conducted prior to MTEF implementation by trained officers. The Ministry of Finance should conduct a review of the achievements and shortcomings of the MTEF model to assess whether the benefits of adopting the model have been realised. Adequate reference materials and manuals should be made available to counter the challenges in the implementation of the MTEF. Overall, the study demonstrated that progress had been made in the implementation of MTEF, however, government institutions should be compelled to use the MTEF model.*

**Keyword:** *Medium Term Expenditure Framework, Medium Term, Budgeting, Planning*

## 1.0 INTRODUCTION

This research aimed at reviewing the implementation of the Medium-Term Expenditure Framework (MTEF) in selected government institutions in Lusaka, Zambia.

The Medium-Term Expenditure Framework (MTEF) is a transparent planning and budget formulation process within which the Cabinet and central agencies establish credible contracts for allocating public resources to their strategic priorities while ensuring overall fiscal discipline. The process entails two main objectives: the first aiming at setting fiscal targets, and the second at allocating resources to strategic priorities within the targets, World Bank Public Expenditure Management Handbook (1998).

The MTEF thus consists of a top-down resource envelope and a bottom-up estimation of the current and medium-term costs of existing policy and ultimately, the matching of these costs with available resources in the context of the annual budget process. Abebe et al. (2003).

The problem in most developing countries including Zambia is the disconnect between policy making, planning, and budgeting which has often resulted in failure of the budgets addressing major macroeconomic issues and undermine economic development, Nurudeen et.al (2010). There was no linkage between policy making, planning, and budgetary processes and this could not be resolved by the

annual budgets hence most countries adopting the MTEF. The value added by the MTEF approach came from integrating the top-down resource envelope with the bottom-up sector programs. Under the MTEF approach, policy making, planning, and budgeting processes are linked. Once the strategic expenditure framework is developed, the government defines the sectoral resource allocations, which are then used by the sectors to finalize their programs and budgets, Andrews (2010). Once the MTEF has been developed, it is rolling in the sense that the first outward year's estimates become the basis for the subsequent year's budget, and changes in economic conditions and policies are taken into account.

The MTEF is intended to facilitate a number of important outcomes including: greater macroeconomic balance; improved inter- and intra-sectoral resource allocation; greater budgetary predictability for line ministries; and more efficient use of public monies. It was also seen as a potential solution not only for the inadequacies of the traditional budget system but also for the broader issues in providing public services effectively and efficiently in Zambia.

## 1.1 BACKGROUND

The Government Republic of Zambia adopted the MTEF in 2003 and has since been implementing the framework, Inyambo and Akapelwa (2008). The Medium-Term Expenditure Framework is a very important

budgeting model as it provides a multi-year public expenditure planning exercise that is used to set out the future budget requirements for existing services, and to assess the resource implications of the future policy changes and any new programmes. It also provides an annual, rolling three year-expenditure planning which sets out the medium-term expenditure priorities and hard budget constraints against which sector plans can be developed and refined, IMF (2007)

In addition, the MTEF therefore provides the linking framework that allows expenditures to be driven by policy priorities and disciplined by budget realities (World Bank, 2002). The World Bank observed that if the problem was that policy making, planning, and budgeting were disconnected, then a potential solution would be an MTEF. Given that the disconnect between policy making, planning, and budgetary processes was a common condition of developing countries like Zambia's governance, the MTEF came to be regarded as a central element of Public Expenditure Management (PEM) reform programs. (Africa Region Working Paper Series No. 28, February 2002).

Since 2004, Ministries, Local Authorities and other Spending Agencies have been implementing the MTEF budgeting framework. The Government of the Republic of Zambia presented its first consultative "Green Paper" on the Medium-Term Expenditure Framework (MTEF) covering the period 2004-2006 in

October 2003, Inyambo and Akapelwa (2008). The Green Paper formed the basis for the preparation of the annual budget for 2004. The paper outlined both the macroeconomic framework and fiscal framework. The macroeconomic framework provided projections on the growth of the economy; inflation, exchange rate, balance of payments and so on. The fiscal framework on the other hand based, outlined the expected amount of resources available to the Government, and proposals on how they will be allocated, by type of expenditure. The Green Paper was subject to a broad consultative process which included the Cabinet, Members of Parliament, with participation by the President and consultations at provincial level Inyambo and Akapelwa (2008). It was a first step in the effort to link budgets to the national priorities as espoused in the Zambia's Poverty Reduction Strategy Paper (PRSP) and Transitional National Development Plan. The ability to develop multi-year planning of programs under the MTEF was to be enhanced by the development of Activity Based Budgeting (ABB) and improvements in the information management systems. (Publication Ministry of Finance and National Planning – 2003).

The study was undertaken with a view of assessing the reforms that led to the shift and adoption of the new budgeting model from the traditional way of budgeting. The overarching aim was to determine whether the budgeting

model had been understood by the institutions using it. The study also assessed the promise of MTEF and its actual impact as a potential solution for the inadequacies of the traditional budget system.

The World Bank has been strongly involved in the implementation of MTEF in Africa. More than sixteen African countries have adopted MTEF with Ghana and Malawi making the first appearance in 1996 and since then, other countries in the region has followed. As mentioned above, the Government Republic of Zambia adopted the MTEF in 2003 and has since been implementing the framework, Dale (2005). The MTEF is still passing through experimental stage across Africa countries and the 3-year expenditure framework seems to be gaining ground Obademi et. al (2009).

## **1.2 STATEMENT OF THE PROBLEM**

The Medium-Term Expenditure Framework as promulgated by the World Bank was seen as a tool for effective budgeting and providing a link between the development planning and the budgeting process, World Bank (1998). The other linkage was between the resource allocations and sector policy priorities. The budgeting process in most developing countries has been based on allocating resources on a historical incremental basis and often bearing little relation to current priorities and being unresponsive to the changing needs of various

sector needs. Budget information has been generally incomplete, unreliable, difficult to understand, with poor classification and often outdated to be useful, Dale (2005). The development of the MTEF budgeting model was seen as one way to breaking the vicious cycle, Department for International Development, Human Sciences Research Council, (DFID, HSRC MTEF briefing paper, (2002). In spite of having adopted the MTEF framework in 2003, Zambia, like other countries, has had poor budgeting outcomes and serious need of public expenditure reforms to increase efficiency and transparency of the way public resources are allocated and spent. For this reason, the application of medium-term expenditure framework for budgeting was accepted as an appropriate response to the problem based on potential benefits of MTEF and valuable experiences from other countries in the implementation of MTEF, Fife (2005).

Nevertheless, whether these concerns have been addressed and the MTEF budgeting model fully understood, assimilated and implemented by government institutions was the thrust of this research. This research sought to establish the level of understanding of the MTEF budgeting model amongst budget planners and assessing its suitability thereof in fulfilling the envisaged benefits.

### **1.2 General Objective**

The general objective of the research was to review and analyse the implementation of the

Medium-Term Expenditure Frameworks (MTEF) in Zambia: a case of selected government institutions in Lusaka.

### 1.3 Specific Objectives

The specific objectives of the study are:

- (i) To establish the level of knowledge of the MTEF budgeting amongst budget planners;
- (ii) To assess the suitability of MTEF model for government institutions with regard to the linkages resulting in service delivery in the medium term;
- (iii) To assess the benefits of implementing the MTEF model and
- (iv) To assess the level of support from policy makers towards the budgeting model.

### 1.4 Significance of the study

This study aimed at establishing and gaining knowledge on whether the implementation of the MTEF budgeting model met the intended purpose, expectations and aspirations of the budget planners. The study was meant to highlight whether there were marked improvements in planning and decision making, and if it could be adopted in other sectors. It also tried to establish whether adequate training and sensitization was done before actual implementation of the MTEF as well as identifying the training needs or gaps for the

budget committee members to fully understand the model.

### 1.5 Limitations of the study

The dominant limitation of the study was the focus on one provincial catchment area. The study was delimited to the Government institutions within Lusaka Province. This was due to insufficient funding and time constraints for the research to be rolled out to all the provinces. Conducting research in government institutions proved to be challenging for the researcher due to the bureaucratic nature of the institutions. There was a limitation in terms of respondents due to the apparent uncertainty and perceived lack of confidence in budgeting issues in spite of them participating in budgeting or being budgeting committees' members in their respective institutions.

### 1.6 THEORETICAL FRAMEWORK

This theoretical framework was employed as a theoretical foundation for the study relating to the review of the implementation of the Medium-Term Expenditure Framework (MTEF) in Zambia. The budgeting theory was adopted for this research with a focus on planning and budgeting.

There are various theories on budgeting and the theory in budgeting is of two kinds, descriptive and normative. Descriptive theory is based on close observation or participation in public sector activities. In the descriptive theory, trends, sequences of events are described, and inferences of causes are made based on local

variations as well as uniformities across cases, Ighodaro and Oriakhi (2010). Normative theory on the other hand is based on a narrower range of observations than descriptive theory and its proposed solutions may be based on values rather than observations. The examination of the gap between budget theory and practice required separate examination of the success over time of normative and descriptive budget theory, Rubin (2007).

In assessing the relationship, the budget activists emphasized the role of planning in the budget. Kighir (2012) argued that budgets must contain a workplan and provide funding for the future as well as current needs (short term, medium term and long term. Le Houerou and Taliercio (2002) further argued that budget planning was a way of finding and responding to unmet needs in the community. Others also advocated for a state law that would provide the means to ask the public what its needs were (akin to participatory budgeting). While there was considerable variation in the scope of planning advocated by the early activists, they agreed that planning was inherent in budgeting. Some of the activists explicitly linked planning and budgeting, Cartwright (1915). Budget planning meant choosing particular target levels of service delivery by activity and figuring out in advance what it would cost in personnel and supplies to accomplish the specific goals in the medium term.

Increasingly, planning is merging with budgeting. The result is multi-year budgeting (Medium Term Expenditure Framework) which is not just a projection of the budget numbers (normative theory) but a corporate plan (descriptive theory) which includes statements of policy, underlying assumptions, and goals for the community, Patton (1990). In drawing up the plans, consideration is given to unmet needs, changes in the community, anticipated growth and changing technology.

According to Rubin (2007), contemporary budgeting at the central and local levels reflects many of the practices recommended by the budgeting theory and it continues to evolve. The question that needed addressing was how the relationship of normative budget theory and practice could be improved in the coming years Ireen (2007). From the historical perspective traditional government budgeting was prepared on incremental basis and this could not achieve the objectives of public expenditure management system. It was argued that the planning, budgeting, accounting and reporting of governments from the incremental method could not enhance credibility due to the lack of comprehensiveness of the overall budget and financial data Cartwright (1915). There was also a serious concern of lack of a clear linkage between the planning and the budgeting system in government institutions. The proponents of Medium-Term Expenditure Framework (MTEF) process supported the introduction of

performance-focused planning and budgeting because it would enhance public accountability in the budget process Snider (2010).

According to World Bank (1998), MTEF was a tool that would increase confidence in the government budget preparation process and improvements of accounting and reporting systems through the Financial Management System (FMS). In contrast to the incremental line item budgeting (more of normative theory), MTEF (a combination of descriptive and normative theory) provided benefits to governments in their budget planning and formulation. Through MTEF Governments can prioritize their activities to fit within the ceilings, moving away from the shopping list approach. The budgets of all institutions or departments are set within a three-year framework (multi-year) including all resources both local and donors, Smile (2001). Current budgeting committees are more successful in the combination of normative theory and descriptive theory of budgeting.

### 1.7 Operational Definitions

**Activity Based budgeting:** a budgeting method in which budgets are prepared using Activity Based Costing after considering the overheads costs. It is a management tool which does not consider the past year's budget to arrive at current year's budget.

**Budget:** A budget is a formal statement of estimated income and expenses based on future plans

and objectives for the institution.

**Integrated Financial Management System (IFMIS):** An integrated system designed to improve

Systems for financial data recording, tracking and information management.

**Medium term:** A period of time which lasts a few months to 3 years beyond the present time, in contrast with the short term or the long term.

**Medium term expenditure framework**

**(MTEF):** A transparent planning and budget Formulation process within which the Cabinet and central agencies establish credible contracts for allocating public resources to their strategic priorities while ensuring overall fiscal discipline.

**Participatory budgeting:** a process of democratic deliberation and decision making in which ordinary people decide how to allocate part of the public budget. Citizens identify, discuss and

prioritize spending, projects and have power to make real decisions about how money is spent.

**Public Expenditure Management (PEM):**

The effective administration of funds collected and spent by governments.

**Traditional budgeting:** The budgeting process which is based on allocating resources on a historical incremental basis and bears little relation to current priorities and being unresponsive to the changing needs of various sector needs.

## **2.0 Literature review**

The literature review involved a critical review of the existing work that has been done and reviews conducted on the implementation of the Medium-Term Expenditure Framework. The review explored the various explanations of MTEF and the potential gaps that existed in its successful implementation. The research findings regarding the effectiveness of the implementation of the MTEF from other countries and studies from Zambia were examined. This technique was important because the literature review tried to canvas both global and national perspectives for the researcher to have a comparative framework for analysis and evaluation.

### **2.1 Background to the implementation of MTEF**

In 2003, the World Bank conducted a country assessment and action plan for Zambia (Adunga et al, 2003). The assessment focused on the capacity to effectively allocate and track poverty-reducing public expenditure which was critical to the government of Zambia's ability to successfully implement its Poverty Reduction Strategy (PRS) and to support the commitments made under the Enhanced Heavily Indebted Poor Country (HIPC) initiative; to assess the status of Zambia's public expenditure management (PEM) systems and recommend priority actions to address key shortcomings. Existing and planned donor assistance, and any gaps that may remain, were also identified.

It was observed that there was an improvement in the preparation of multi-year expenditure plans, although it was at an early stage and did not meet the benchmark standard. In the area of comprehensiveness of the budget, one indicator, inclusion of donor provided funds, did also not meet the benchmark status. Overall, Zambia's PEM system still required substantial upgrading in the areas of budget formulation and execution in order to make the budget a functioning tool for implementing fiscal policy (Inyambo and Akapelwa, 2008).

The Government identified PEM reform and financial accountability as major priorities in its Poverty Reduction Strategy Programme. It initiated a number of reforms that were hoped could in the next few years address many of the deficiencies of the current system. Major initiatives included the introduction in the 2004 budget of a more comprehensive budget classification system, known as Activity Based Budgeting (ABB), a Medium-Term Expenditure Framework (MTEF) and the development of an Integrated Financial Management System (IFMIS) by 2006.

### **2.2 Designing a MTEF**

The design of the budgeting reforms follows a natural sequence. It is important to ensure the basics such as the traditional budget processes are in place before designing a MTEF. Implementing a basic MTEF at the Central Government is the prerequisite of designing

reforms to regulate performance of the rest of the public sector entities Bell (2005). The stages among others include; development of Macroeconomic/Fiscal Framework, that projects revenues and expenditure in the medium term (multi-year), development of Sectoral Programs: setting of medium term budget ceilings, preparation of Sectoral Budgets and medium term programs based on budget ceilings, final political approval: presentation of budget estimates to cabinet and parliament for approval. Once the MTEF has been developed, it is rolling in the sense that the first outward year's estimates become the basis for the subsequent year's budget, once changes in economic conditions and policies are taken into account.

### **2.3 Implementation status of MTEF and supporting legal framework**

In Zambia, the legal framework regulating the budget system derives mainly from the Constitution, supported by a number of additional laws and regulations such as the Public Finance Management Act No 1 of 2018, and the National Planning and Budgeting Policy. In general, the framework assigns clear authority, timelines and procedures for the budget process. However, until recently, the existing legal framework was inadequate to ensure budget transparency, participation and accountability. The legal framework assigns clear roles and responsibilities for most budget

functions. But in practice, roles and responsibilities are often not clearly distinguished. It was anticipated that the implementation of the MTEF would assist in defining roles and responsibilities in a way that supports fiscal discipline and more effective accountability and transparency. It would also allow for broader participation on the part of the Legislature and civil society throughout the budget cycle. The main source of budget information in Zambia is the annual Estimates of Revenue and Expenditure, known as the Yellow Book.

### **2.4 MTEF Performance in other African Countries**

Holmes et al conducted a review of experiences in implementing the MTEF in Africa. The purpose was to shed some light on how the MTEF concept was currently operationalized in Africa, that was, to open up the "black box," and to indicate the operational design elements around which variance was the highest. An analysis of the MTEFs "on the ground" in nine African countries revealed that while there was broad agreement on the fundamentals of an MTEF at the conceptual level, there were variations in the design of the reform at the operational level Bell (2005). The divergence of practice, which manifested itself largely in the design and management of MTEFs, was largely due to two factors; i) the divergence in the needs of different countries to adapt the MTEF reform to their institutional and political circumstances,

Cangiano et. al (2013). The divergence of experience due to the fact that the prescriptive advice on MTEFs had been more conceptual than practical.

MTEFs were progressing well though at varying speeds. Many factors underpinned the progress made including the underlying political economy of the country. The case studies suggested that in countries where officials particularly in the Ministry of Finance recognized the potential of a more medium term perspective to budgeting and were persistent in their advice to that effect at the political level, the prospects for the institutionalization of the improved budgetary systems processes and outcomes were greatly enhanced Brumby (2013).

The MTEF development in some selected countries was categorized as follows by the World Bank; Maturing – South Africa and Uganda; Getting it together – Albania, Benin, Rwanda, Tanzania and Struggling – Burkina Faso, Cameroon, Ghana Kighir (2012)

In countries where MTEF was currently being implemented for some time, like Zambia, most of the adjustments were marginal and rather straight forward. However, it is critical for a successful MTEF that review of new initiatives have to be integrated periodically and the changing scenarios have to be updated as new data becomes available Campos and Pradhan (1996). This allows the Cabinet to review and

reconsider budget priorities with the latest information.

### **2.5 Measuring the Government's Commitment to MTEF**

The transparency conditions of MTEF are supposed to allow easy measurement of government's commitment to MTEF. Publishing the Economic and Fiscal Update, Fiscal Framework Statement, Budget Policy Statement and Corporate Plans of Ministries are measures for government's commitment. This commitment in Zambia has somehow been formalized by a Public Finance Act of 2006 and the recently launched National Planning and Budgeting Policy in 2014. The Public Finance Act, 2006 was repealed and replaced with a more rigorous Act, The Public Financial Management Act number 1 of 2018.

## **3.0 METHODOLOGY**

### **3.1 Research Design**

This researcher used a multi-case study research design. The multi-case studies design offered this researcher a proven tool for achieving a deep understanding of a specific phenomenon. The design helped to successfully probe beneath the surface the situation at hand and to provide a rich context for understanding the phenomena under study. The design also helped identify consistent patterns of behaviour and to uncover new and/or divergent themes.

Further, this researcher used the mixed-method approach for this study due to the nature of the research. This approach combines the qualitative and quantitative research paradigms. It was found necessary to use the two paradigms to augment the research findings by providing a holistic understanding of the phenomenon being reviewed. The quantitative approach provided qualities of validity, reliability, objectivity and generalizability to a study, whereas the qualitative approach ensures the achievement of a holistic view of the phenomenon by exploring meanings, feelings, experiences and perceptions Tashakkori et al. (2003). The mixed methods approach allowed the researcher to, not only ensure validity of the findings, but also collect suitable information using different perspectives. Owing to the use of the mixed methods approach, data from the qualitative and quantitative approaches was collected simultaneously and the strategy helped ensure that the strengths of one method offset the weaknesses of the other and allow for a cross-validation of findings within a single study Creswell (2009). The advantage was also a more comprehensive, well validated and substantiated set of data.

As mentioned above, the research design was a multi-case study. Case studies provide a much richer and more vivid picture of the phenomena under study than other more analytical methods (Marshall and Rossman, 1999). Further, this research was a descriptive research and

according to Wallen (1993), a descriptive survey research is an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables. The study was a descriptive research as it was set out to describe and interpret a situation.

### **3.2 Study area and target population**

A study population is a set of cases, objects or events of interest to the researcher, from which a sample is drawn and to which the research findings would be generalisable. The study population was drawn from government institutions which included Ministries, Local authorities, parastatals and statutory bodies. According to statistics at <https://www.lcc.gov.zm/about-city-council>, there are currently thirty-one (31) Ministries and 72 Local authorities in Zambia. There are four (4) City Councils, fourteen (14) Municipal Councils and fifty-four (54) District Councils. There are more than 10 Regulatory Authorities in Zambia in different Ministries. The population was therefore 131.

#### **3.3.1 Sample size**

A sample is a subset or group of subjects selected from the larger population and whose characteristics can be generalised to the entire population. The sample consisted of 10 government institutions; 5 Line Ministries, a Local Authority and 4 Statutory Bodies. The ten

institutions were selected on account of being high spending and sensitive institutions whose budgets were reasonably high and hence require proper accountability from budgeting to implementation. The sampled institutions included Ministry of Finance; Education, Agriculture, Commerce, Local Government; Lusaka City Council; Zambia Medicines Regulatory Authority Health Professions Council of Zambia, General Nursing Council of Zambia and District Education Board (DEBs). One hundred (100) respondents were selected from the ten (10) government institutions and provided with the survey tool about the implementation of the MTEF.

An optimum sample size was used for this research as it fulfilled the necessary requirements. The size of the sample should neither be excessively large or too small. It should be optimum fulfilling the requirements of efficiency, representatives, reliability and flexibility. Below is the segmentation of participants,

No	Segment	No. of Participants
1.	Senior Management Officers	16 (10 males, 6 female)
2.	Planning officers	20 (16male, 4 female)
3.	Finance Officers	32 (26 males, 6 female)
4.	Other Departments	32 (22 males, 10 female)
	<b>Total</b>	<b>100</b>

**Table 3: Segmented table for the study**

### 3.3.2 Sampling technique

This study used purposive and convenience sampling method. A purposive sample is a non-probability sample that is selected based on characteristics of a population and the objective of the study. Purposive sampling is also known as judgmental, selective, or subjective sampling. This was used as the researcher needed to focus on particular characteristics of the population that was of interest and best to answer the research questions. Bailey (1994) explains purposive sampling as a technique whereby the researcher uses his/her own judgment about which respondents to choose and pick only those who can best meet the purposes of the study. Convenience sampling on the other hand is a type of non-probability sampling where members of the target population that meet certain practical criteria, such as easy accessibility, geographical proximity, availability at a given time, or the willingness to participate are included for the purpose of the study. The researcher adopted the two sampling methods because he focused on officers who participate in budgeting (purposive) and were readily available (convenience).

### 3.4 Data collection instruments

The data collection instruments used were a questionnaire and interviews. The questionnaire was semi structured with a 5-point Likert scale and participants had to tick the appropriate number corresponding to their response.

However, some questions only required 'Yes' or 'No' responses and other questions were open ended soliciting for qualitative responses and provision of in depth, original and unique responses, without being limited by multiple choice or a 'yes' or 'no' option. The open-ended questions helped the researcher view things from the participants' perspective through feedback in their own words instead of standard responses. The questionnaire and interviews offered advantages of affordability in gathering quantitative data, and obtaining detailed information about personal feelings, perceptions

### **3.5 Data collection procedures**

The researcher sought permission to conduct the study from the Heads of respective institutions through an introductory letter from the University. The data were collected through questionnaires distributed to the respondents, filled in and handed back to the researcher. The questionnaire had two parts; the quantitative section and the qualitative section. On the quantitative section, A Likert scale was created. The qualitative section had mostly open-ended questions and a few close ended questions which were used as interview questions.

### **3.6 Data analysis and interpretation**

This was a mixed methods study, therefore, both quantitative and qualitative data analysis techniques were employed. The data obtained through interviews were analysed thematically using content analysis, as themes and sub-

themes emerged. Constant comparative analysis was also heavily relied upon to generate concepts from the data by coding and analysing. Quantitative data from questionnaires were first entered into the computer and later analysed statistically using the Scientific Package for Social Sciences (SPSS) software version 16.0 and Microsoft (MS) excel.

### **3.7 Ethical Consideration**

Conducting research in an ethical and sound manner enhances the quality and trustworthiness of the research. The researcher informed the participants about their rights to privacy and confidentiality and assured the respondents that the information they were providing to the researcher was to be treated with utmost confidentiality and remained for academic purposes only. All data collected during this study was treated with high confidentiality and the results were presented in aggregate form to ensure confidentiality. The anonymity of the participants and their institutions was highly guaranteed before, during and after the research.

## **4.0 FINDINGS AND DATA ANALYSIS**

### **4.1 Findings and Data Analysis for Quantitative Variables**

The findings for the quantitative and qualitative analyses of the responses on the implementation of the MTEF were as presented in the tables below;

**Table 4.1.1 Distribution of respondents by Gender**

Gender	Frequency	Percent
Male	74	74.0
Female	26	26.0
Total	100	100.0

Source: Field Survey

74% of the respondents were male i.e. 74 respondents while 26% were female representing 26 respondents.

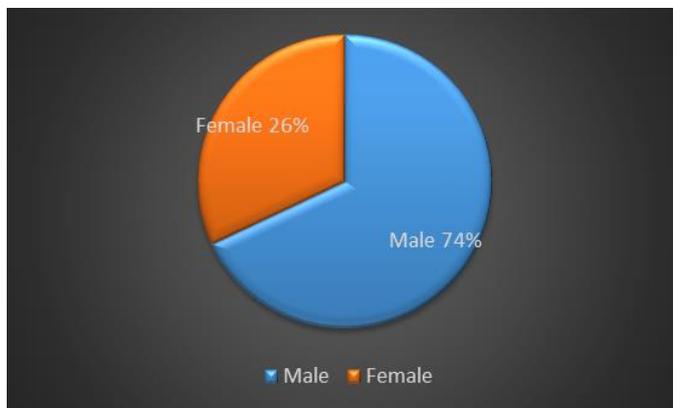


Figure 2

**Table 4.1.2 Whether MTEF has been fully understood by budgeting committee members**

	Frequency	Percent
Strongly Disagree	14.0	14.0
Disagree	40.0	40.0
Undecided	22.0	22.0
Agree	22.0	22.0
Strongly Agree	2.0	2.0
Total	100.0	100.0

Source: Field Survey

40% of the respondents disagreed to fully understanding the MTEF model, 14% strongly disagreed, 22% were undecided, 22% agreed and 2% strongly agreed.

**Table 4.1.3 Whether MTEF has been implemented in Government institutions**

	Frequency	Percent
Strongly agree	14.0	14.0
Agree	24.0	24.0
Neutral	50.0	50.0
Disagree	8.0	8.0
Strongly Disagree	4.0	4.0
Total	100.0	100.0

Source: Field Survey

According to the findings, 14% strongly agreed, 24% agreed that MTEF has been implemented in government institutions, 50% were neutral, 8% disagreed and 4% strongly disagreed. Graphically, this information is depicted in Figure 3 below:

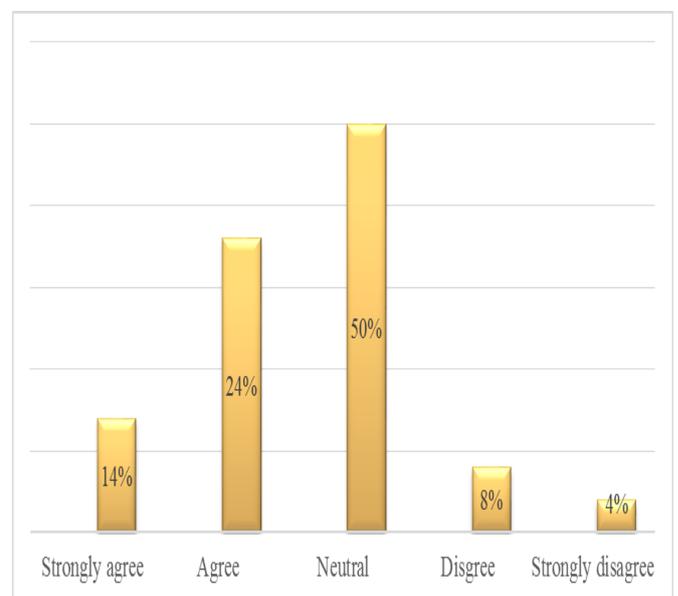


Figure 3

**Table 4.1.4 Whether MTEF should be Compulsory in government institutions**

	Frequency	Percent
Strongly agree	32.0	32.0
Agree	26.0	26.0
Neutral	18.0	18.0
Disagree	24.0	24.0
Total	100.0	100.0

Source: Field Survey

According to the findings, the highest proportion of the respondents 32 (32%) strongly agreed, 26% agreed that MTEF should be made compulsory, 24% disagreed and 18% were neutral.

**Table 4.1.5 Distribution on Training and Sensitisation having been conducted**

	Frequency	Percent
Strongly Disagree	4.0	4.0
Disagree	34.0	34.0
Undecided	22.0	22.0
Agree	26.0	26.0
Strongly Agree	14.0	14.0
Total	100.0	100.0

Source: Field Survey

Most respondents (34%) disagreed, 2% strongly disagreed that training was conducted, 22% were undecided, 26% agreed and 14% strongly.

**Table 4.1.6 Distribution and Availability of Adequate Training Materials**

	Frequency	Percent
Strongly Disagree	16.0	16.0
Disagree	12.0	12.0
Undecided	28.0	28.0
Agree	34.0	34.0
Strongly Agree	10.0	10.0
Total	100.0	100.0

Source: Field Survey

16% of respondents strongly disagreed on the availability of adequate training materials in MTEF hence the lack of understanding of MTEF among officers, 12% disagreed and 28% were undecided. However, 34% of the respondents agreed on availability of adequate training materials and 10% strongly agreed.

**Table 4.1.7 Whether MTEF is a good model**

	Frequency	Percent
Strongly Disagree	20.0	20.0
Disagree	32.0	32.0
Undecided	32.0	32.0
Agree	12.0	12.0
Strongly Agree	4.0	4.0
Total	100.0	100.0

Source: Field Survey

According to the findings, 20% strongly disagreed, 12% agreed, 32% were undecided, 4% strongly agreed and 32% disagreed. The results indicated that MTEF has not been fully

understood hence the need for more trainings and sensitisation among senior management, planning and finance officers in the implementation of MTEF and its benefits.

**Table 4.1.8 Distribution on Adequacy of Information Systems**

	Frequency	Percent
Strongly Disagree	8.0	8.0
Disagree	42.0	42.0
Undecided	36.0	36.0
Agree	14.0	14.0
Total	100.0	100.0

Source: Field Survey

42% disagreed, with 8% strongly disagreed on the adequacy of information systems, 36% were undecided and 14% of the respondents agreed to have adequate information systems that help in financial management in their institutions.

**Table 4.1.10 Distribution on limited capacity in Macro economic Forecasting and analysis**

	Frequency	Percent
Strongly Disagree	14.0	14.0
Disagree	26.0	26.0
Undecided	40.0	40.0
Agree	14.0	14.0
Strongly Agree	2.0	2.0
Not stated	4.0	4.0
Total	100.0	100.0

Source: Field Survey

The results indicate that most respondents were undecided (40%) with 14% strongly disagreeing, 26% disagreed having capacity in macro-economic forecasting. Only 14% of the

respondents agreed and 2 % strongly agreed to have capacity. While 4% of the respondents did not state anything.

**Table 4.1.11 Distribution on Lack of Understanding of roles in MTEF**

	Frequency	Percent
Strongly Disagree	6.0	6.0
Disagree	34.0	34.0
Undecided	34.0	34.0
Agree	20.0	20.0
Strongly Agree	6.0	6.0
Total	100.0	100.0

Source: Field Survey

According to the results, 34% disagreed, 34% undecided, 6% strongly disagreed, only 20% agreed to lacking an understanding of roles in MTEF and 6% strongly agreed.

**Table 4.1.12 MTEF as a Solution to Challenges faced in budget implementation**

It was believed that MTEF would be a solution to widespread challenges faced in traditional budgeting because it would bring in consideration of the medium term. The table below shows the findings;

	Frequency	Percent
Strongly Disagree	2.0	2.0
Disagree	22.0	22.0
Undecided	22.0	22.0
Agree	38.0	38.0
Strongly Agree	16.0	16.0
Total	100.0	100.0

Source: Field Survey

The results showed that 38% of the respondents agreed and 16% of the respondents strongly agreed that MTEF was a solution to challenges faced in budget implementation, 2% strongly disagreed, 22% were undecided and 22% disagreed.

**Table 4.1.13 Distribution on the attitude of officers - budget preparation**

	Frequency	Percent
Strongly Disagree	8.0	8.0
Disagree	10.0	10.0
Undecided	42.0	42.0
Agree	32.0	32.0
Strongly Agree	8.0	8.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: Field Survey

The study results indicate that (8%) strongly disagreed, 10% disagreed, 42% were undecided, 32% agreed and 8% strongly agreed that there was a negative attitude towards budget preparation by those involved in budgeting.

**Table 4.1.14 Distribution of whether MTEF is viewed as a new and Foreign Model**

Respondents were asked on how they viewed MTEF, and below were the responses;

	Frequency	Percent
Strongly Disagree	6.0	6.0
Disagree	22.0	22.0
Undecided	12.0	12.0
Agree	54.0	54.0
Strongly Agree	6.0	6.0

	Frequency	Percent
Strongly Disagree	6.0	6.0
Disagree	22.0	22.0
Undecided	12.0	12.0
Agree	54.0	54.0
Strongly Agree	6.0	6.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: Field Survey

The findings show that 54% of the respondents agreed, 6% strongly disagreed, 12% were undecided, 6% strongly agreed and 22% disagreed. This could be attributed to lack of understanding of the model. This information is further presented in bar chart below;

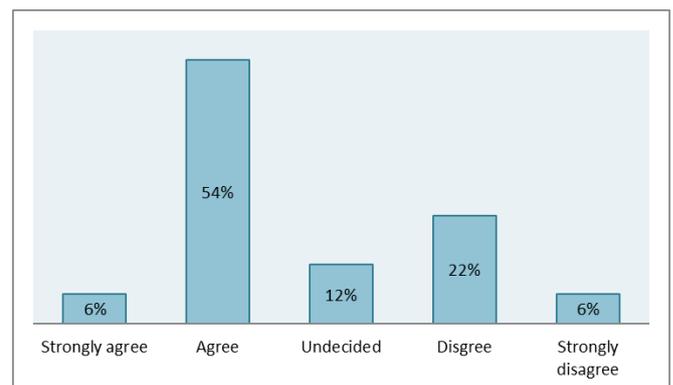


Figure7

## 4.2 QUALITATIVE STUDY FINDINGS

This section presents qualitative findings.

In-depth interviews aimed at probing and reviewing the implementation of the medium-term expenditure framework (MTEF) in Zambia as well the challenges faced in the implementation were conducted with officers. Furthermore, this survey also probed

respondents on how much they knew about the MTEF model. The section presents the findings as expressed by: Senior Management officers, Planning officers, Finance officers and officers from other departments. A total of one hundred (100) participants were interviewed.

#### **4.2.1 Understanding of the MTEF model of budgeting**

The study revealed that forty-six (46) respondents agreed to have understood the MTEF model of budgeting as a transparent planning and budget formulation process.

Twenty-four (24) respondents believed that MTEF could provide the linking framework that allows expenditures to be driven by policy priorities and disciplined by budget realities.

Fourteen respondents (14) indicated that the MTEF model of budgeting improves macroeconomic balance, including fiscal discipline which is attained through good estimates of the available resource envelope, which are then used to make budgets that fit squarely within the institution. Sixteen (16) respondents believed that the MTEF model of budgeting was good because it endeavored to make public expenditures more efficient and effective. However, the model has not yet been fully understood in Zambia hence most institutions shunning implementing it all together or using it ineffectively.

#### **4.2.2 Training and capacity building**

The study also observed the importance of training and sensitizations in MTEF. Continuous

capacity building of staff in various institutions and policy makers was required. This could call for the development of a specific training programme on the preparation of an MTEF module within existing programmes to build capacity in operating the MTEF budget process.

#### **4.2.3 Traditional budgeting vs. MTEF model of budgeting**

The study found that 60 respondents preferred MTEF model of budgeting because it was activity based and each item was considered as per new economic appraisal and government policy direction and was also based on estimation rather than Traditional budgeting which was based on historical budgeting and considered expenditure of previous years. Twenty-two (22) respondents preferred traditional budgeting because they believed that it offered a solid framework since it was based on a reference point and was easier to manage the financial activities of the organization. For them traditional budgeting allowed the institutions to base their budgets on a solid framework which was easy to execute and easy to control. Fifty-two (52) respondents indicated that moving from traditional budgeting system to the new model, would help the planners to make rational decisions. The traditional budgeting was mostly based on inputs and nobody knew what other departments within an institution were doing, or in other words it was hard to quantify their activities.

#### **4.2.4 Availability of Budgeting Committees in institutions**

The study revealed that most institutions (90 respondents) who were interviewed agreed to having budgeting committees in their institutions and that budget committees comprised of Senior Management and Heads of Departments and Units.

#### **4.2.5 Challenges in the implementation of MTEF**

The challenges that were identified mostly related to inbuilt bureaucratic setups in Zambia. It was felt that, unless these challenges were addressed, progress and effectiveness of implementation of the MTEF would be a distant dream. Other challenges cited included; lack of coordination between different departments, for instance, in case of Ministry of Education, Funding sometimes goes unspent and surrendered back to Government Treasury (control 99) of the Ministry of Finance, instead of being spent on attached department's such as the District Education Board Secretary Office (DEBs).

The attitude of civil servants was cited as one the challenges. Forty (40) respondents indicated that the success of MTEF relied on acceptance of the budgeting process and changes in the behaviour, attitudes and capacities of the officers involved. Lack of skills, frequent transfers of civil servants and resistance from civil servants were also mentioned as challenges. The other challenge mentioned was lack of training, re-training (refresher),

sensitisation and making available reference material such as manuals and handbooks.

#### **4.2.6 Prospects of implementing MTEF**

The MTEF has much to offer if properly and effectively implemented. The system has been used by many developed and developing countries alike to improve their governance system. However, since the system is still in its infancy stage in Zambia with regard to effective implementation in all MPSAS, a lot more has to be done at implementation stage. The prospects of MTEF in Zambia, if properly implemented and seriously pursued, are good and many benefits could be reaped. For instance, the Auditor General can use the MTEF document for performance audit of different ministries to check the implementation and effectiveness of the MTEF.

### **5.0 DISCUSSIONS OF THE RESEARCH FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 MTEF implementation in public institutions**

According to the findings, 14% of the respondents strongly agreed that MTEF has been implemented in public institutions and 24% agreed. However, if effectively understood more public institutions will adopt this type of budgeting model. The World Bank (2003) reported that states should encourage public institutions in adopting MTEF as a budgeting model, because it was the best way of sustaining

huge projects that are long term in nature and costs can be spread over a number of years.

### **5.2 Lack of understanding of the roles in MTEF**

34% of the respondents disagreed whilst 34% were undecided and only 20% agreed to lacking an understanding of the roles in MTEF. The number of those who agreed and those who were undecided indicated that the roles in the MTEF had not been fully understood. Gradual progress has been made in bringing expenditures more in line with objectives of the MTEF. The constant re-adjustments of budgetary ceilings together with the lack of integration between the ongoing programme of budgeting exercise and the lack of governments understanding of the roles of MTEF has considerably limited the impact of the MTEF to date. It will only improve things over the medium term if its roles are fully understood. There is need for capacity building and continuous sensitisation on the roles in MTEF for those who participate in budgeting as MTEF is not a magic bullet to change things overnight.

### **5.3 Whether MTEF is a good model**

According to the findings, only 16% agreed that MTEF is a good model. 20% of the respondents strongly disagreed, 32% were undecided, and 32% disagreed. The finding could be attributed to most of the respondents not having a full understanding of MTEF. According to the World Bank (1998), the MTEF is intended to facilitate a number of important outcomes:

greater macroeconomic balance; improved resource allocation and greater budgetary predictability for line ministries; and efficient use of public monies as compared to the traditional way of budgeting hence the need for countries to adopt this model of budgeting. The MTEF is a good model because it endeavors to make public expenditures more efficient and effective, essentially by allowing line ministries greater flexibility in managing their budgets in the context of hard budget constraints and agreed upon policies and programs. However, the model has not yet been understood.

### **5.4 Whether MTEF should be made compulsory**

32% strongly agreed and 26% agreed that MTEF should be compulsory. This is an indication that institutions are supportive of the roll out of the MTEF to all government institutions. The World Bank/IMF (2001) reported that MTEFs should receive attention by all well-meaning governments because it would help in the formulation of Poverty Reduction Strategy Papers (PRSPs), which are an ideal vehicle for incorporating into public expenditure programs within a coherent macroeconomic, fiscal, and sectoral framework.

MTEF provides the linking framework that allows expenditures to be driven by policy priorities and disciplined by budget realities (World Bank, 1998). It was felt that if the problem is that policy making, planning, and budgeting are disconnected, then a potential

solution is an MTEF hence the need for it to be compulsory.

### **5.5 Availability of training materials**

The study showed that 16% of respondents strongly disagreed on the availability of training materials in MTEF hence making the understanding of the MTEF model difficult and the knowledge thereof scanty among Planners, Finance, Senior Management Officers and officers from other departments. A number of African countries have adopted and some are in the process of adopting a Medium-Term Expenditure Framework (MTEF) to improve links between policy, planning and budgeting. Unfortunately, this has not been the case and most countries' MTEFs have failed to produce the desired aspirations, expectations and results due to many implementers lacking knowledge in MTEF, as a result of lack of training materials. However, some respondents indicated availability of adequate training materials which led to positive results in some instances.

Discussions with officers from the Ministry of Finance indicated the availability of training manuals and MTEF handbooks which were distributed to all Ministries and Spending Agencies. However, it could not be established whether these were put to good use in respective institution or not as some indicated non availability of the same.

### **5.6 Training and sensitization on MTEF**

On training and sensitization, 36 disagreed on having received training and sensitisation and

22% were undecided, 40% agreed. This was an indication that there was little or no training and sensitization conducted in budgeting prior to MTEF implementation. The World Bank (1998) reported that generally, before introducing MTEF, it was imperative to conduct intensive training of officials so that they have a good understanding of the concepts and system by the time implementation is required. Training should include both theoretical concepts and practical applications relevant to the line ministry concerned. It is useful to prepare and disseminate a MTEF manual to be used as a training resource in advance of the introduction of MTEF. After the initial training, supplementary training should be given on an ongoing basis, particularly for new staff who may not have received any previous training. Experience suggests that successful implementation projects or systems requires the sensitisation and buy-in of all stakeholders. Arranging sensitisation sessions for ministers, Members of Parliament, Permanent Secretaries and senior management is useful in ensuring a common understanding and acceptance of MTEF (World Bank, 1998).

### **5.7 The need for Building Capacity among officers**

Capacity building (or capacity development) is the process by which individuals and organizations obtain, improve, and retain the skills, knowledge, tools, equipment and other resources needed to do their jobs competently or

to a greater capacity (larger scale, larger audience, larger impact, etc). Capacity building and capacity development are often used interchangeably Eade (1997). Respondents strongly reported the need to have training conducted in the MTEF model of budgeting which is in its infancy stages in Zambia. The trainings should be in the following, among others; Training in MTEF instruments and using existing capacity to improve current systems; Using action learning or learning by doing approaches, so that people experience the new processes as they learn; Using trained civil servants as facilitators or trainers: these would have a better understanding of the issues and therefore more credible in marketing the new approach to their colleagues; Timely allocation of resources for implementation of the planned activities, and ongoing training and orientation of new staff to the framework (MTEF); Building problem solving skills so that the change becomes a continuous process rather than a once off change related to a project and refresher trainings and training not only finance staff but other officers especially those who participate in budgeting Creswell (2009).

### **5.8 Capacity in macro-economic forecasting and analysis**

The study revealed that very few respondents had capacity in macro-economic forecasting and analysis. 40% of the respondents were undecided, 40% disagreed. Only 14% agreed to having capacity in macro – economic

forecasting. This could be attributed to lack of training and hence the need for capacity building.

### **5.9 Attitudes of budget preparers**

The study found that 18% of the respondents disagreed, 42% were undecided, 40% agreed that there is a negative attitude towards budget preparation, hence affecting its implementation. The World Bank (1998) reported that despite the initial resistance of the implementation of MTEF from the traditional way of budgeting, the Ministry of Finance in Mauritius has managed to roll out MTEF in all public institutions by instilling a performance consciousness throughout the government. A clear shift in attitude towards a performance-oriented budgeting system, and a buy-in from all levels of staff has been crucial to the successful MTEF implementation. Officials are aware of the need to relate spending to results, and to get value for money in the public sector Creswell (2009). There is an understanding that budgeting is not just about numbers and line-items, but that these should relate to services provided by the government. This clearly shows that the attitudes of budget preparers can have an impact on both the implementation and preparation of the budget.

### **5.10 MTEF viewed as a new model and foreign concept**

On whether MTEF is viewed as new model and foreign concept, the study revealed that 60% of

the respondents agreed, 28% disagreed, 12% were undecided, This was so considering the fact that MTEF was only adopted by the Government of Zambia in 2003 as a key component of the Public Expenditure Management and Financial Accountability Reforms (PEMFAR). Local Governments and parastatals were first introduced to the Activity Based Budgeting (ABB) principles in 2004.

However, not all Governments institutions were able to set their budgets on MTEF principles and process as Government only commenced the roll-out in 2010 on a pilot basis in selected councils. This was due to differences in the understanding of what activity-based budgeting consisted of and as such continued implementing an extended version of the incremental line item budgeting. Some Councils continued using the incremental budgets according to an annual cycle without taking into consideration events outside the annual cycle particularly the expected revenues, and the longer-term needs of local government's spending policies. This could explain the reason why most respondents agreed to the view that MTEF is a new model and foreign concept an indication that the MTEF model principles have not been fully grasped by most institutions.

### **5.11 Challenges faced in implementing MTEF**

MTEF continuously need reviews and refinement to make it more sensible, credible

and successful. Some shortcomings and deficiencies that require further action include; Lack of coordination between different departments. The study revealed that 21 respondents indicated lack of coordination among departments in institutions. The problem in most developing countries is the disconnection among ministries or organizational departments which has resulted in failure for MTEF to work effectively in helping to address major macroeconomic issues and undermined economic development (Nurudeen & Usman, 2010; Kighir, 2012). This common condition of developing countries' governance imbalance - disconnection among ministries or organizational departments cannot be resolved by an annual budget hence the need for different departments to work hand in hand with each other if MTEF model is to be a success. The MTEF has increasingly come to be regarded as a central element of institutional reform programs both in developing and advanced nations.

Weak institutions were identified as another challenge in the implementation of MTEF. Practical experience, in the view of fiscal decentralization efforts in Zambia has shown that it is really difficult to establish suitable institutions and sustain them in doing MTEF over time. However, the institutional mechanism of the sub-districts structures was very weak. They also said that MTEF has proved to be complicated and time consuming coupled with

limited manpower made it difficult to input data in the system.

The success of MTEF rests on introducing institutional arrangements that provide correct incentives and assist in balancing priorities with affordability at both national and local government levels (Potter & Diamond 1999).

Lack of skills was another challenge mentioned. It was revealed that most civil servants in Zambia did not have adequate skills coupled with frequent postings and transfers. Thus, no matter how well equipped an officer was, after few months they got get transferred. The lack of resources can also significantly create gaps in the service delivery capacity and placed limitation on the extent to which stakeholders can participate in budget execution. It can be argued therefore, that without financial sustainability, institutions are unable to effectively implement MTEF process, and their capacity and autonomy are thereby undermined (World Bank, 1998).

### **5.12 Whether MTEF is a solution to challenges**

According to the findings, 54% of the respondents agreed that MTEF is a solution to challenges faced in budget implementation, 24% disagreed, 22% were undecided. The medium-term system is a powerful tool used to estimate resources and strategically allocate expenditures among a several public choices and necessities as it provides effective solutions in financial management and provides an opportunity for

viewing the comparison with financial magnitudes during the application of budget expenditure. The MTEF has proved that it is a potential solution as it provides the linking framework between policy, planning and budgeting.

### **5.13 Conclusion**

This study shed more light on the implementation status of the MTEF in Zambia with regards to the level of understanding and appreciation of the MTEF model of budgeting amongst those involved in budgeting in general, the suitability of the MTEF model for the government institutions with regard to the linkages that result in service delivery in the medium term, the challenges faced in the implementation of MTEF and the level of support from policy makers.

It is clear that despite being implemented in 2004 and rolled out from 2010, the system is still in its infancy stage in Zambia with regard to effective implementation in all MPSAs. The MTEF budgeting model has not been fully understood by most implementers or those charged with the responsibility of preparing budgets although a good number of respondents indicated that it is a good model compared to the traditional budgeting model due to its characteristics of being activity based and ease of projection in the medium term.

Most respondents agreed not to have fully understood the MTEF model with 54% agreeing that MTEF was a new model and hence the need

for more trainings among participants in the implementation and attainment of its benefits. MTEF has not been implemented in most public institutions as it is still viewed as a relatively new approach in Zambia and that the challenge for most public institutions is to ensure that office bearers understand the MTEF process and this has continued to affect its implementation. However, if effectively understood more public institutions will adopt the MTEF budgeting model. Additionally, the roles in MTEF have also not been understood and hence the difficult to assign the roles accordingly. There was also an indication that there were inadequate training materials, and trainings and sensitization were not effectively conducted in budgeting prior to MTEF implementation. There is therefore need for training both in theoretical concepts and practical applications relevant to the line ministries concerned. An MTEF manual needs to be disseminated and used as a training resource and the trainings should be on an on-going basis.

MTEF should be made compulsory in the institutions due to its benefits and the budget preparers should be encouraged to have a positive attitude towards budget preparation. The challenges faced in the implementation such as inbuilt bureaucratic setup in the Zambia need addressing for progress and effective implementation of this new model. This being on account that the MTEF has been seen as a solution to challenges and it provides the link

between creating policy, planning and budgeting.

#### **5.14 Recommendations**

- ✓ It is recommended that a deliberate programme is initiated for Ministries, Provinces and other Spending Agencies to fully understand the essence of the medium-term budgeting through comprehensive training and sensitization to all staff involved in budget preparation and execution.
- ✓ There is need to build the basics, particularly around basic budget discipline, to support MTEF implementation.
- ✓ Trained senior level officers/principal accounting officers should be involved in training and formulating budgets and aligning budget with objects of the ministries and statutory bodies. The involvement will ensure realistic estimates for both likely revenues and expenditures which are vital if the aggregate resource constraint is to be credible.
- ✓ There is need for timely allocation of resources for implementation of the planned activities to enable trainings and orientation of new staff for the implementation of the framework (MTEF). There is need to establish a change management unit (trainer of trainers) in every ministry/department/statutory body to supervise the reforms and address the conflicts and confusion if they arise. Continuous

monitoring of the implementation process in government institutions will be important to identify the gaps and provide timely solutions.

- ✓ There is need for more capacity building in the financial management to mainstream development and ensure effective MTEF implementation, and not to just assume that finance personnel, for example, can relay MTEF issue well since they are trained to do that. The need to involve all stakeholders in improving and making MTEF a success is critical. Capacity building in macro-economic forecasting and analysis for officers at Ministries and Spending Agencies should also be prioritised.
- ✓ Lastly, the role of Chief Executives Officers (CEOs) and Chief Financial Officers (CFOs) should also be re-considered from mere participants in the implementation process to active facilitators and trainer of trainers. In collaboration with other stakeholders, the Ministry of Finance should ensure that all spending agencies have adequate materials and staff in the institutions are trained to implement the MTEF model effectively.
- ✓ The Ministry of Finance could also set up or utilise already existing Committee or groups such as the Sector Advisory Groups (SAGs) to assist in the sensitization and capacity building of the staff especially those involved in budgeting. MTEF should

be mandatory and hence enforceable with proper monitoring mechanisms. Mainstreaming these recommendations in future National Development Plans and developmental targets such as Vision 2030 will assist in developing the nation - Zambia. The recommendations are especially useful to stakeholders in improving the quality of public financial management. The government of recently passed the Public Finance Management Act 2018 to strengthen public financial management and currently working on the National Planning and Budgeting Bill. The MTEF should be a key component in these documents as this will assure adherence by the implementers.

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