

# Technical budgeting problems in Anglophone African countries

## A strategy to minimise the problems

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### ABSTRACT

*The purpose of this paper is to develop a strategy to address technical budget problems emanating from the techniques used in the budget preparation aspect of budgeting systems in select Anglophone African countries. The objectives are consequently to firstly select a sample of Anglophone African states for study; secondly, to examine the nature and functioning of budget systems in general; thirdly, to identify the techniques used in budgeting systems in general and the selected countries in particular; fourthly, to identify the technical problems emanating from the techniques utilised in the selected countries; and lastly to develop a strategy to deal with the major technical problems experienced in the selected countries.*

### INTRODUCTION

African countries inherited the public governance, -administration and -financial management (including budgeting) systems of their colonisers at independence. The Anglophone African countries in particular inherited the British budgeting system which has subsequently been reformed by Britain and other Anglophone countries into the world class benchmark for developed countries e.g. Australia and New Zealand. The budgeting system reforms of Anglophone African countries, undertaken on grounds of economic crises, lagging development, own initiative and/or requirements set by development partners, have failed to achieve sustainable improvements in performance (Andrews, Pritchett and Woolcock 2012: 299).

The effectiveness of the public financial management systems (including budgeting systems) of some Anglophone African countries have been assessed and surveyed by international institutions with the purpose of identifying problems and implementing reforms to promote development. The well-intentioned reforms aided by donor technical assistance have not generally achieved success because of a number of problems of which the lack of contextual understanding and patchwork reform are a part. "According to the World Bank's



CPIA ratings, PFM systems in developing countries hardly increased during the last ten years. PEFA scores generally paint a similar disappointing picture.” (Allen 2009:1-30). A more strategic approach should be taken to address and resolve the budgeting system problems experienced in these countries. The aim of the article is to identify technical problems emanating from budgeting techniques used in budgeting systems of select Anglophone African countries. The sophistication and quality of budgeting systems differ significantly between the developed, developing and underdeveloped countries of the world. Any attempt to identify technical problems emanating from budgeting techniques for the universe of countries would result in insignificant findings. A single country case study on the other hand would provide significant findings but of limited applicability. This article will attempt to provide a strategy to deal with the technical budgeting problems of a sample of Anglophone African countries; a strategy that might have some utility when these countries meet in reform workshops to share their experiences and expertise. The method of investigation used is a qualitative analysis investigating relevant sources, legislation and policy documents. The study aims to understand the budgetary systems utilised, identify the technical problems emanating from the budgetary techniques utilised, and to develop a strategy to deal with the major technical problems experienced in the selected countries strategically rather than tactically.

## **CONTEXTUALISATION OF BUDGETING SYSTEMS/TECHNIQUES**

Public budgeting systems constitute the operating core of PFM systems. Furthermore, budget formulation, implementation, execution and oversight are situated at the centre of good economic governance (Sayeh 2013). The literature does not clearly distinguish between budgeting systems and PFM systems. Budget systems theory uses the allocation problem as the point of departure whereas PFM has government revenue and expenditure as its point of departure. Both areas of study expand from their respective departure points eventually incorporating many of the aspects addressed by the other. The budgeting system, the budget cycle and the budget are common to both. Techniques are used and related technical problems are experienced in each aspect of both areas of study. This article uses literature from the budgeting system area of study and focuses on the techniques used in budget preparation, the related technical problems and their strategic resolution.

A sound public finance management (PFM) system, transparent government accounts and effective public resource management are crucial preconditions for the sustained economic growth and prosperity of a nation-state (Sayeh 2013). The budgetary system is at the centre of PFM systems because it seeks to resolve the issue of matching infinite needs to finite scarce resources, measures progress toward the achievement of policy objectives and provides the means to hold persons to account for fiscal discipline, effective allocation of scarce resources and efficient service delivery. Budgets are a powerful tool for relevant and credible planning and contracting, providing a mechanism to coordinate engagements amongst key role-players resulting in a social contract that defines what government will deliver with the allocated resources. Budgets can be considered as having three (3) overall objectives, namely, fiscal control to support macroeconomic stability, allocative efficiency and operational efficiency (Welham and Hadley 2015:431). Technical problems emanating from the budgetary

techniques utilised detract from the achievement of these public finance management goals and therefore need to be identified and dealt with strategically rather than tactically.

Budgeting is central to both political and administrative processes of governance. Budgetary thinking by public officials has evolved by virtue of the criticality of budgeting to governance and as driven by changing public opinion about the proper place of government. When governments had to prove to their taxpayers that they could be trusted with their money, the budget emphasised controlling costs, accounting for finances and improving efficiency. In times of economic recession or depression when citizens want government to proactively solve problems the private sector is blamed for, the effectiveness of public programmes became the budgetary focus. In recent years both of these missions have been reflected in the public budget (Henry 2010:181). The evolution of budget thinking is characterised in the under-mentioned systems of budgeting or budgetary techniques (Henry 2010:183–190; Lee, Johnson and Joyce 2008:149–157).

- Line item budgeting
- Programme/Performance budgeting
- Planning-Programming-Budgeting System (PPBS)
- Budgeting-by-objectives (BBO)
- Zero-based-budgeting (ZBB)
- Target base budgeting (TBB)
- Budgeting-for-Results
- Hybrid budgeting techniques

The abovementioned budgetary techniques are not discrete and each technique has had a lasting legacy in the evolution of budgetary techniques. Various combinations of the techniques are in use in each country depending on the governance challenges being faced and the expectations of the citizenry (Lee, Johnson and Joyce 2008:157). The Budgeting-for-Results technique seeks to create rules linking funding and results. It requires significant capacities for successful implementation and is thus generally unsuitable until the more basic elements of good budgeting have been developed. The sample Anglophone African countries use a hybrid of budgeting techniques consisting of Programme/Performance budgeting and Target Base Budgeting (CABRI 2010 and World Bank Public Sector Budget Law Database {WB PSBLD} 2010). These techniques are combined with multi-year budgeting in a Medium Term Expenditure Framework (MTEF) to provide government decision makers with the medium term fiscal consequences of the budget (De Renzio & Wehner 2009:20). MTEF is a system for planning actions and programming spending over a three to five-year period. It reconciles systematically the achievement of strategic objectives with respect for aggregate resource limits and articulates political-administration participation (OECD 2009:10). MTEFs require institutional adjustments and full integration into the annual budget process.

The demands on budgetary thinking by administrators has also changed as a consequence of the evolving techniques i.e. Line Budgets requires administrators to justify and control costs of inputs; Programme/Performance budgets required administrators to determine the programmatic purposes of the budget and budget as a means of fulfilling public purposes; PPBS requires administrators to acquire skills in economic analysis as well as in accountancy and administration; BBO requires administrators to negotiate goals and hold subordinates to account for achieving them as well as be more productivity minded; ZBB



requires administrators to be more involved in budgeting to justify the continuation of their programmes; TBB requires administrators to develop political and coordinative skills and to acquire knowledge of the governance and budgetary system; and Budgeting-for-Results requires administrators to maximise programme outputs for given budgets. Without the appropriate capacity, administrators would experience difficulty in adopting and applying these budgetary techniques individually or in combination.

## **STUDY APPROACH: ANGLOPHONE AFRICAN COUNTRY SAMPLE SELECTION**

Countries are unique with respect to their political history and the development of their state institutions and governance practices. Major differences exist in the budgeting systems, techniques and technical problems of developing countries and others such as heavily indebted poor countries and fragile states. The technical problems emanating from their budgeting systems consequently also differ. A sample of Anglophone African countries will thus be selected as the subject of this article rather than a single country case study which is less challenging. The sampled countries share a common governance inheritance but their subsequent development differs substantially.

In the selection of the sample the identifying of technical problems associated with the techniques used in budgeting systems requires specific information regarding the PFM systems and budgeting system used in a country or group of countries. Information is also required about the quality with which such systems operate. Combining the information provided by the abovementioned databases and survey facilitates the identification of generic technical problems emanating from the techniques used in the budgeting systems of Anglophone African countries included. The countries that will thus serve as a sample for this study are *Ghana, Kenya, Tanzania, Uganda, Zambia, Lesotho, Botswana and South Africa*. These countries are regularly grouped together when CABRI seminars are offered to Anglo-, Franco- and Lusophone country groups.

### **Budget practice inheritance and subsequent development**

The PFM systems of Anglophone African countries have a number of weaknesses in their budgeting systems. Public spending has taken place without budget authority, commitments have been made, but cash has not been available for payment, data in accounting ledgers and monthly reports have not been maintained, and long delays have been experienced in preparing and auditing the annual accounts of government. Pursuant to such weaknesses, budget performance has been disappointing. Over the past two decades, planned budget deficits have been exceeded because revenue projections have been optimistic, specific expenditures in the annual budget have been under-budgeted for e.g. government supplied utilities, expenditure control has been poor and there has been a general lack of fiscal discipline. These developments can be attributed to weaknesses in the original British budgeting system other external influences, notably those coming from the international financial community, and the manner in which PFM systems have evolved and are operated today in these countries (Lienert and Sarraf 2001:21–22).

## Sources of information for selection and analysis

The development of a strategy to address technical problems experienced in budgeting systems of the Anglophone African countries must be based on the specific problems experienced in these countries. A number of on-line databases are operated by international institutions involved in promoting governance, public administration and public financial management (including budgeting systems) in the world. From these databases the following have been identified to support this study:

- **Public Expenditure and Financial Accountability (PEFA)**

The PEFA initiative (a consortium of donor agencies) promotes a coordinated approach to the assessment of the quality of PFM systems in developing countries and to support the development of related reform programs. PEFA launched a performance monitoring framework for Public Financial Management (PFM) systems in 2005. The framework consists of six dimensions using 28 indicators which attempt to capture the capacity of country PFM systems to deliver positive outcomes along a series of dimensions. The dimensions are: credibility of the budget; comprehensiveness and transparency of the budget; policy-based budgeting; predictability and control in budget execution; accounting, recording and reporting; and external scrutiny and audit. The PEFA framework has been applied in over 60 countries of which 21 were carried out in Sub-Saharan African countries and eight in Anglophone African countries. The dimensions relevant to budgeting techniques as per Public Expenditure and Financial Accountability 2005 and 2010 and PFM Performance Measurement Framework – as Revised January 2011 (WB PEFA 2005 2010 and 2011) and for the purpose of this paper are PI–5 to PI–12.

- **Collaborative Africa Budget Reform Initiative (CABRI)**

CABRI aims at strengthening budget practices and procedures in African countries. CABRI (supported by the African Development Bank) arranged an extension of the Organisation for Economic Co-operation and Development (OECD) “Survey on Budget Practices and Procedures” to African countries. The survey provides an overview of budget practices and procedures in the following seven (7) key areas: budget timelines, budget formulation, parliamentary oversight, budget execution, fiscal transparency, off-budget spending, and aid management (De Renzio and Wehner 2009:20). These areas were selected in order to cover the most relevant issues for budgeting in Africa. The 2008 survey was conducted in 26 participating African countries. The survey objective was for African countries to ‘take stock’ of the state of their practices and procedures, and to compare and contrast these practices with those of their peers as well as providing CABRI with a basis to consider what emerges as key priorities for budget reform for the continent. Eleven of the surveyed Africa countries were Anglophone countries, seven of which have also undergone PEFA assessments.

- **World Bank: Country Budget Law Database (WB PSBLD)**

The World Bank provides a database of current budget system laws (sometimes referred to as organic budget law or public finance acts) to aid in understanding



public finance law and assist in reviewing or drafting legislation. These laws have been collected from numerous sources, including World Bank and International Monetary Fund staff, country Finance Ministries, and consultants. Organic budget laws are drafted to suite country legal, cultural, and political conditions (WB PSBLD 2010). A number of countries recognised the need to change budget systems laws in fundamental ways to enable reforms e.g. placing the annual budget in a medium-term macro-fiscal framework; changing the legal basis for annual appropriations from an inputs to an outputs basis; laying the framework for budget preparation; specifying that ministers are responsible for the effectiveness of the policy underlying their budgets and for conducting regular operational efficiency audits; introducing a performance-oriented budget system; establishing principles for budget stability; and allowing greater freedom for budget managers to reallocate expenditures between budget lines and to carry over expenditures into the next fiscal year. Some countries have introduced far-reaching reforms by adopting completely new laws to fill gaps in existing legal frameworks. Reforms (techniques) such as improved performance-oriented budgeting; improving the efficiency and effectiveness of government programmes; preparation of multi-year strategic plans, annual performance plans and annual performance reports; clarifying the role of government in budget processes; the requirement that government report to parliament on the objectives aimed at and the results achieved in various areas of operations; introducing accrual accounting to accompany the budget reform to enhance transparency for parliament and new accountability for budget program managers serve as examples of how budget systems are changed or adopted through legislation (Lienert and Sarraf 2001:21-22). The countries that will thus serve as a sample and as part of the data base for this study are *Ghana, Kenya, Tanzania, Uganda, Zambia, Lesotho, Botswana and South Africa*.

## **TECHNICAL BUDGETING PROBLEMS**

Analysing the performance of a country's PFM system including the budgeting system requires distinction between deficiencies in the technical competence of the public service and the wider quality of governance. Governance concerns the clarity and openness of the relationship between the executive and the legislature and between the elected officials and the appointed officials (public service). The technical competence of the public service refers to both the technical capacity and institutional structures and processes to support budget management (DFID 2001:34). Although the governance context is a cardinal determinant of the performance of a country's public budgeting system, it is beyond the scope of this article. The article thus focuses on the technical problems emanating from the budgeting techniques used by the public service in budget preparation.

### **Identifying technical budgeting problems**

The diagnostic instruments for assessing the quality of budgetary institutions and systems are limited. The best known of these instruments is the PEFA diagnostic tool discussed above.

The diagnostic information deriving from a PEFA assessment does not provide a robust basis for preparing an action plan to be used by national authorities in strengthening their budgetary institutions (Allen 2009:15). However a PEFA assessment of a country or group of countries provides sufficient information to identify aggregate weaknesses in budget cycles in general and budget preparation in particular from which technical problems can be deduced (WB PEFA 2010). The limitations of the PEFA assessments can be compensated for by using the CABRI Budget Practice Survey from which technical problems experienced by African countries have been deduced and elaborated on (De Renzio and Wehner 2009). This will allow the identification of common technical problems in budget preparation for the Anglophone African countries of the selected sample with a reasonable degree of confidence.

The PEFA assessments provide a benchmark assessment of a developed country for comparative purposes. The sub-standard criteria can be interpreted as technical problems emanating from the budgeting techniques used by the country in question. The dimension “PFM Outturns” and related indicators is the combined consequence of the budget preparation and execution phases and is thus beyond the scope of the article. The results of the comparison of “Cross Cutting Issues: Comprehensiveness and Transparency”, “Budget Cycle: Policy-based Budgeting” and “Donor Practices” allows identification of a common set of technical problems emanating from the budgeting techniques for budget preparation used by the sample countries.

## **Budget preparation problems in Anglophone African countries**

The sample countries are substandard in a number of indicators in the budget preparation aspects of the PEFA assessment. The most problematic dimension is “Donor Practices” with its associated indicators. This problem will not be addressed further because it is an issue arising from the donor-beneficiary country relationship and the insistence by donors that all donations must be “on-budget”. The major challenge to solve this problem is the lack of synchronisation in the related budget cycles. The problem is being addressed through various international institutions and donor forums with a standard practice under development.

The dimensions relevant to budgeting techniques as per Public Expenditure and Financial Accountability (PEFA) 2010 and PFM Performance Measurement Framework – as Revised January 2011 and for the purpose of this article are PI-5 to PI-12. A cursory analysis of these dimensions reveals that the sample countries are generally on par with the benchmark country with respect to the indicators “Multi-year perspective in fiscal planning, expenditure policy and budgeting”, “Public access to key fiscal information”, and “Oversight of aggregate risk from other public sector entities”. Interestingly, the benchmark country and the sample countries have a similar technical problem to properly link multi-year planning with budgeting (PI-12) (Lienert and Sarraf 2001:14). As a consequence the multi-year recurrent expenditure of investment expenditure is not fully addressed, consequently the outturn in aggregate expenditure and composition are very different from that budgeted and have to be reworked extensively in following years. The performance of the sample countries is substandard on the remaining five relevant indicators thereby indicating technical problems that will be addressed individually.



- ***Classification of the budget (PI-5)***

A robust classification system allows the tracking of spending on the following dimensions: administrative unit, economic, functional and programme. The international standard for classification systems is the Government Finance Statistics (GFS) which provides the framework for economic and functional classification of transactions. Under the UN-supported Classification of Functions of Government (COFOG), which is the functional classification applied in GFS, there are ten main functions at the highest level and 69 functions at the second (sub-functional) level. No international standard for programmatic classification exists, and this type of classification is used in widely deviating ways across countries (WB PEFA 2005:17). The budget formulation and execution of the benchmark country is based on administrative, economic and sub-functional classification, using GFS/COFOG standards or a standard that can produce consistent documentation according to those standards. The budget formulation and execution in the sample countries is based only on administrative and economic classification using GFS standards or a standard that can produce consistent documentation according to those standards i.e. the functional and programmatic dimensions are not included (WB PEFA 2010). The sample countries thus experience a technical problem with comprehensive performance budgeting in the absence of programmatic and functional budget classifications.

- ***Comprehensiveness of information included in the budget presentation (PI-6)***

Annual budget documentation submitted to the legislature for scrutiny and approval, should allow a complete picture of central government fiscal forecasts, budget proposals and outturn of previous years. To be considered complete, the annual budget documentation should include information on the following elements: macro-economic assumptions, fiscal deficit, deficit financing, debt stock (creditors), financial assets, prior year's budget outturn, current year's budget (both budgets in the same format for comparability) summarised budget data for both revenue and expenditure according to the main heads of the classifications used (ref. PI-5), including data for the current and previous year, and explanation of budget implications of new policy initiatives (WB PEFA 2005:18; Lienert and Sarraf 2001:16). The benchmark country provides 7-9 of the information benchmarks whilst the sample countries generally provide 5-6 of the information benchmarks in budget documentation (WB PEFA 2010). The missing information items differ between sample countries and can only be identified from individual country reports if made accessible. These items are possibly incomplete budget data because of the inadequate classification identified above as well as debt stock and financial assets.

- ***Extent of unreported government operations (PI-7)***

Annual budget estimates, in-year execution reports, year-end financial statements and other fiscal reports for the public, should cover all budgetary and extra-budgetary activities of central government to allow a complete picture of central government revenue, expenditures across all categories, and financing. The sub-indicators assess *firstly*, the level of extra-budgetary expenditure (other than donor funded projects)



which is unreported and *secondly*, income/expenditure information on donor-funded projects which is reported (WB PEFA 2005: 19; Lienert and Sarraf 2001:15). The benchmark country has firstly, insignificant (less than 1% of total expenditure) unreported extra-budgetary expenditure (other than donor funded projects) and secondly, reports 90% income/expenditure information for 90% (value) of donor-funded projects except inputs provided in-kind or, donor funded project expenditure is insignificant (below 1% of total expenditure). The sample countries generally have unreported extra-budgetary expenditure (other than donor funded projects) of 5-10% of total expenditure but have complete income/expenditure information for all loan financed projects is included in fiscal reports (WB PEFA 2010). The 5-10% of total expenditure that is not reported is a technical problem leading to a potential lack of transparency and accountability.

- ***Transparency of inter-governmental fiscal relations (PI-8)***

The levels of sub-national government, revenue sharing arrangements and related expenditure responsibilities are determined in constitutions and/or laws. Sub-national governments determine the use of equitable revenue share and transfers such as unconditional and conditional grants to implement selected service delivery and expenditure responsibilities, through their budgets. Clear criteria, such as formulas, for the horizontal distribution of grants among sub-national government entities are needed to ensure allocative transparency and medium-term predictability of funds available for planning and budgeting of expenditure programs. Firm and reliable information on annual allocations from central government well in advance of the completion (preferably before commencement) of their own budget preparation processes is necessary. Complete overview of expenditure allocations by general government requires sub-national governments to provide fiscal data with a classification that is comparable to central government and that such information is collected at least annually and consolidated with central government fiscal reports. The consolidated reporting of fiscal information should be of a reasonable quality, include all tiers of general government, and be presented on both an *ex-ante* (budgeted) and an *ex-post* (actual) basis. *Ex-post* information should be sourced from routine accounting systems. The indicators assessed are firstly, transparent and rules-based systems in the horizontal allocation among sub-national governments of unconditional and conditional transfers from central government; secondly timeliness of reliable information to sub-national governments on their allocations from central government for the coming year; and thirdly, the extent to which consolidated fiscal data is collected and reported for general government according to sectoral categories (WB PEFA 2005:20-21). The benchmark country determines at least 50% of transfers from central government by transparent and rules-based systems; sub-national governments are provided reliable information on the allocations to be transferred to them ahead of completing their budget proposals, so that significant changes to the proposals are still possible; and, fiscal information that is consistent with central government fiscal reporting is collected for at least 75% (by value) of sub-national government expenditure and consolidated into annual reports within 18 months of the end of the fiscal year. The sample countries generally determine only

10-50% of transfers from central government by transparent and rules-based systems; reliable information to sub-national governments is issued before the start of the sub-national fiscal year, but too late for significant budget changes to be made; and, fiscal information that is consistent with central government fiscal reporting is collected for at least 60% (by value) of sub-national government expenditure and consolidated into annual reports within 24 months of the end of the fiscal year. The sample countries experience technical problems with respect to an inadequate rules-based system of transfers, late provision of transfer allocations disabling timely budget adjustments and inadequate and late fiscal reporting for general government fiscal reporting (WB PEFA 2010).

- ***Orderliness and participation in the budget cycle (PI-11)***

A pre-determined budget formulation calendar should facilitate participation in an integrated top-down and bottom-up budgeting process by involving all parties in an orderly and timely manner. The calendar should allow sufficient time for participants to meaningfully prepare their detailed budget proposals as per the guidance. Clear guidance on the budget process should be provided in the budget circular and budget formulation manual, including indicative budgetary ceilings for administrative units or functional areas. Effective participation in the budget formulation process by the political leadership, ministries, departments and agencies impacts the extent to which the budget will reflect macro-economic, fiscal and sector policies. It is important that the political leadership is actively involved in the setting of aggregate allocations (particularly for sectors or functions) from an early stage of the budget preparation process. This should be initiated through review and approval of the allocation ceilings in the budget circular, either by approving the budget circular or by approving a preceding proposal for aggregate allocations. The calendar should allow for passing of the budget law before the start of the fiscal year. Delays in passing the budget may create uncertainty about the level of approved expenditures and delays in some government activities, including major contracts.

The indicators assessed are the existence of and adherence to a fixed budget calendar, clarity/comprehensiveness of and political involvement in the guidance on the preparation of budget submissions (budget circular or equivalent), and timely budget approval by the legislature (WB PEFA 2005:20-21). The benchmark country has a clear annual budget calendar that is generally adhered to and allows ministries, departments and agencies at least six weeks from receipt of the budget circular to meaningfully complete their detailed estimates on time; a comprehensive and clear budget circular reflecting ceilings approved by Cabinet (or equivalent) prior to the circular's distribution; and the legislature approves the budget before the start of the fiscal year. The sample countries generally have clear annual budget calendars with some implementation delays allowing ministries, departments and agencies at least four weeks from receipt of the budget circular so that most of them are able to meaningfully complete their detailed estimates on time; a comprehensive and clear budget circular is issued which reflects ceilings approved by Cabinet (or equivalent) provided after distribution of the circular but before budget submissions are completed; and the legislature approves the budget before the start of the fiscal year, but delays of up to

two months may occur (WB PEFA 2010). The sample countries experience technical problems with limited time to complete budget submissions caused by late provision of expenditure ceilings. Late approval of the budget causes uncertainty about level of spending approvals delaying new government activities including major contracts.

## **Technical budgeting problems requiring strategic attention**

The sample countries experience a number of technical budgeting problems. Comprehensive performance budgeting is challenging in the absence of adequate programmatic and functional budget classifications. Certain required information items such as debt stock and financial assets as well as incomplete budget data emanating from incomplete budget classification is lacking. Government activities to the value of 5-10% of total expenditure are not captured on budget leading to a potential lack of transparency and accountability. An inadequate rules-based system of transfers and late provision of transfer allocations disables timely budget adjustments also causing inadequate and late fiscal reporting for general government fiscal reporting. Delayed implementation of budget circulars and late provision of spending ceilings limit the time available to complete budget submissions. Approval of the budget after commencement of the fiscal year causes uncertainty about level of spending approvals delaying new government activities including major contracts. These technical problems should be dealt with strategically and not in a piecemeal fashion.

## **BUDGETING IMPROVEMENT STRATEGY**

Strengthening budgetary systems in low- and middle-income countries is often constrained by the poor quality of public institutions; weak centres of government and cabinet systems that create problems of policy coordination and efficient planning; strong patronage systems and weak capacity in human resources and information systems. In addition, such countries have insufficient financial resources to spend on necessary technical systems and capacity building (Allen 2009:24).

### **Approach to budgeting system reform**

Countries needing to upgrade their budget systems to resolve technical problems would have to consider various strategies and action plans. Allen (2009:24) has provided some key principles and factors to consider. First, envisaged corrective measures should be considered in terms of the PFM objectives of fiscal discipline (fiscal control management and fiscal sustainability), efficient resource allocation and operational efficiency before their incorporation into strategies and action plans. Second, public finance systems can be considered as hierarchical structures in which reforms should be built up from secure foundations. Corrective strategies should target a few key areas of the budget system that are the foundation of more advanced reforms e.g. budgeting-for-results and accrual accounting. Such areas are likely to include establishing a comprehensive and credible budget that eliminates (or reduces) extra-budgetary activities and accounts; and building a sound system of accounting and control that avoids payment arrears and enables fiscal



reports to be produced on a timely and regular basis. Third, rather than give priority to correcting areas of the budget system that score most poorly in a diagnostic assessment e.g. PEFA, a more sophisticated, nuanced approach is required in which all relevant variables — including the regulatory framework, business processes, human resource issues such as developing appropriate skills, and IT systems be taken into account. Finally, technocratic budget improvement programmes need to be avoided. Budget reform is an art, not a science. Moreover, modernisation of the budget needs to be linked to reforms in public administration supported by the political leadership and to the establishment of a professional, merit-based civil service (UNESC 2005:16).

## **Regulatory framework**

Budget system laws provide clear operational rules for the budget system to all participants; ensure that budget rules have sufficient authority; incorporate budget principles into legal text; elaborate on constitutional requirements for the budget system; reform the budget system either radically or on a piecemeal basis; specify the financial powers of the legislature and the executive; contribute to macroeconomic stability; and, enhance the transparency of the budget system for accountability purposes (Lienert and Jung 2004:86). The adequacy of existing or envisaged budget system laws should be in accord with the established principles guiding such legislation (Lienert and Fainboim 2010:7).

These prescripts in the organic budget system laws of the sample countries will furthermore provide clarity regarding responsibilities and processes as well as serve as a basis for capacity building and accountability. Other considerations for improving budget performance include:

- improving the alignment between strategy, planning and budgeting for select sectors through the introduction of standardised strategic plans, common strategic objectives, generic budget programme structures and uniform reporting; and
- improving the availability of information within the budget in order to empower oversight structures to strengthen accountability and promote greater transparency.

## **Information support system**

This component of the recommended corrective strategy addresses the generic aspects of an adequate information support system to correct the identified technical budgeting problems. In the past decade, developing countries have been encouraged to reform their PFM systems by introducing government Financial Management Information Systems (FMIS). FMIS provide powerful platforms to enable standardisation of information, comparability, integration and resource planning, amongst others (ICGFM 2010:1-2). FMIS are a crucial supporting component of a country's budgeting system and should have the following capabilities with respect to the budgeting function: maintain a historical database of budget and expenditure plans; have dedicated modules to handle monthly, rolling, short-term and longer-term forward estimates of revenues and expenditures prepared by ministries, departments and agencies; and, have built-in analytical tools to offer trend analysis of various elements of fiscal operations to permit a forward look at the emerging events bearing on the fiscal stance (Diamond and Khemani 2005:5).

## Capacity building

Capacity building in budgeting may address the individual level, the organisational level and the institutional level. Capacity building interventions aim at developing institutional rules and procedures, organise the work and provide resources in a way that facilitates their efficient implementation, and equips people in the organisations with competence to operate efficiently in accordance with them (Anderson and Isaksen 2002:1). It is by giving adequate attention to the human angle (particularly the motives, competence and the actions of individuals) that reform programmes can expect to have a substantive impact on internal processes and external service delivery (UNESCO 2005:16 and UK Cabinet Office 2006:24). Enhancing the capability of public sector organisations will empower them to strengthen their budget processes and to perform their respective mandates (Tilley, Hadley, Long and Clark 2015:432).

Staff training should thus not only include training in use of the FMIS for their respective operations and functions, but also training in the new legal and regulatory framework, the new codes and classifications, and the new business procedures put in place. In the initial stage of implementation, there is a need to develop new practices, and the associated training requires a great deal of innovation and tailoring to the specific features and capacity of the organisation. A large proportion of the training should be on-the-job training, and be focused on “super-users.” This implies decentralised on-the-job trainers deployed throughout the implementation period. User support is also necessary as a permanent service (Diamond and Khemani 2005:12).

Capacitating the administrators in the sample countries to comply with the amended budgetary framework and effectively utilise the adjusted FMIS to perform their budgeting functions according to the prescribed techniques, will qualify them to be held to account for the execution of their respective functions.

## Accountability

Accountability requires a relationship of conferring responsibility and reporting back on the expected and agreed performance and on the manner in which the responsibility was fulfilled. The rendering of account, whether obligatory or on a voluntary basis, establishes the relationship of accountability (Khan 2007:2).

Administrators of the sample countries are entrusted with public resources for performance of certain well-defined budgeting functions. From the point of view of the public they have a fiduciary relationship with the people at large. Although all administrators are accountable for the performance of their respective functions, the senior management has a broader responsibility to procure, utilise and account for the resources at their disposal. Having been provided with an amended budgetary framework, a modified FMIS and training for proficiency and compliance, administrators of the sample countries can now be held fully accountable for the effective performance of their budgetary duties. What remains is the adoption of good governance practices that emphasise integrity, transparency and accountability in the sample countries.

Institutional accountability must be strengthened within the budget cycle process. Key elements include budget execution and audit and evaluation. The access to comprehensive,



accurate and timely reporting of actual spend against budget, amongst others; will empower political representatives and citizens to hold government to account. Increased transparency promotes change, maintains openness with the public, encourages the involvement of citizens, and increases citizens' confidence (Sayeh 2013). Citizens' awareness pushes government to become more accountable thereby promoting more transparency that demands more accountability (ICGFM 2010:3).

In addition, independent assurance will provide confidence that funds have been collected, managed and expensed for intended purposes and in compliance with the relevant laws and regulations (Andrews, Cangiano, Cole, De Renzio, Krause and Seligmann 2014:285). Strengthening the role and performance of assurance providers is therefore also critical to improving institutional accountability. Strong political and executive leadership are essential elements of improving institutional accountability (Sayeh 2013).

## CONCLUSION

The budgeting techniques adopted by the sample Anglophone African countries show some progress but proficiency in the adopted techniques should first be achieved before the more sophisticated budgeting techniques of the developed countries of the world are attempted. The technical budgeting problems identified in the sample countries relate to foundational aspects of their respective budgeting systems and should thus be addressed before considering advancements. Following the principles expounded by Allen (2009) a more strategic approach addressing the fundamental aspects of an appropriate regulatory framework, providing relevant information support, building public service capacity and enforcing accountability arrangements is recommended. The corrective stratagem for the identified technical budgeting problems is thus first establish an adequate regulatory framework in law; second provide an integrated information support system that reinforces the framework; third build the public service capacity to operate within the regulatory framework; and last, hold to account any official that moves outside the framework. This article reveals further research opportunities using similar methodology applied to the Francophone and Lusophone African countries as well expanding beyond budgeting systems into PFM systems.

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