



GHANA

Ghana adopted a Medium Term Expenditure Framework (MTEF) as part of its budget system in 1998. Together with other budget reform measures, the MTEF provides a potential basis to implement the principles of an open budget and improve fiscal transparency in Ghana.

Legal framework for transparency

- The legal framework for Ghana's national budget process includes the 1992 Constitution, the Financial Administration Decree (1979) and the Financial Administration Regulations (1979), amongst others.
- In theory, this framework provides a moderate level of transparency in the budget process. If the framework were applied in practice, citizens would have adequate information and sufficient access to impact on the budget process, for example through parliament.
- However, the framework is outdated in many respects. The decree and regulations do not adequately support the implementation of the MTEF and other budget reform measures.
- The framework also contains gaps. For example, at present the MTEF is not a legal requirement but rather a discretionary budgeting tool.
- Official secrecy legislation is also seen to undermine transparency in the budget process.

Clarity of roles and responsibilities

- The legal framework assigns clear roles to the executive, parliament and the auditor general in the budget process.
- The minister of finance, who is accountable to the president, has overall responsibility for financial management in Ghana. Yet in practice, the macro-economic team in the president's office has virtually usurped the role of macro-policy formulation. The team's work is inaccessible to the public, making it difficult to ensure its accountability.
- The role of parliament in the legislative phase of the budget process is clearly stipulated. It has the power to adjust both expenditure and revenue downwards. However, it has no say over debt control, no oversight over financing and cannot introduce expenditure or revenue measures. In practice, there is poor take-up of legislative powers.
- During budget implementation, expenditure responsibilities between levels of government are murky. Non-compliance with accountability measures is widespread. The powers of the auditor general, while clear in principle, do not translate into effective budget monitoring in practice.
- The role of civil society and non-executive stakeholders in the budget process is unclear.

Public availability of information

- No budget information is published during the drafting stage of the budget process. Budget planning is traditionally shrouded in secrecy.
- Once presented in parliament, budget information is formulated in technical language and estimates are often inaccurate. When actual spending figures for the preceding year are produced, their accuracy cannot be guaranteed due to late audit reports.
- Information on budget priorities and fiscal constraints is inadequate.
- Budget information is generally not detailed enough to allow civil society to engage meaningfully with the budget process.
- Actual spending reports are not always submitted to parliament as required. Reporting formats are inconsistent and technical, undermining the ability of the legislature to hold the executive accountable.
- Audit reports are frequently delayed due to refusal and/or inability on the part of ministries to supply the needed financial information.

Capacity and systems in the budget process

- The executive has the necessary minimum capacity to carry out its budget functions.
- The legislature is less able to fulfil its responsibilities in the budget process due to a lack of financial skills and the influence of power brokers and embedded corruption.
- The capacity of civil society to engage in the budget process is weak and fragmented.
- Monitoring institutions do not have adequate human capacity or resources to ensure timely information on public expenditure.

MANAGEMENT OF EXTRA-BUDGETARY ACTIVITIES

- The revenue and expenditures of various semi-autonomous state-owned enterprises do not appear on the national budget. However, their profit and/or dividends are included in the budget under 'non-tax revenue'. These institutions are often plagued by financial mismanagement and a lack of independence amongst executive officers and board members. This is exacerbated by the absence of transparent auditing.
- Contingent liabilities and publicly guaranteed loans are not properly reported. This leads to an understatement of actual debt level and obstacles during budget implementation when government is called on to pay up in cases of default.

PARTICIPATION IN THE BUDGET PROCESS

- Civil society in Ghana is beginning to develop a more active role in the budget process. However, their role in policy formulation, budget implementation and monitoring remains unclear. There is no public forum where interest groups can make input into the budget process at the legislative phase.
- Due to the technical language and formats of budget information, most of civil society is excluded from active participation. Civil society also lacks access to the information needed to help monitor public expenditure.
- Donors play an important role in Ghana's budget process. Yet, information about donor activities and conditionalities is not available to civil society stakeholders in time for them to impact in this area.

FISCAL TRANSPARENCY research team in GHANA

The research in Ghana was carried out by Vitus A. Azeem and William Ahadzie, with assistance from Charles Ayamdo. Azeem is the co-ordinator of the Centre for Budget Advocacy within the Integrated Social Development Centre (ISODEC). Ahadzie works with the Centre for Social and Policy Studies and is also a research fellow at the Centre for Budget Advocacy. Ayamdo works with the Commission on Human Rights and Administrative Justice (CHRAJ) in Ghana.