

Introduction
Research Method
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Acceptable levels of fiscal and budget transparency are reached when the product of appropriate disclosure systematically matches the product of appropriate scrutiny. This conceptualization of transparency as the product of both state action and citizen participation informs the scope and depth of this volume of case studies.

The notion of transparency has long been a fundamental principle of public finance management theory. It is an obvious pre-requisite for accountability, which in turn is required to provide a check on the behaviour of decision-makers. However, after the 1998 Asian crisis the concept of transparency was defined in a series of international codes that emphasized the supply side of fiscal and budget information and did so based on a bias towards financial investors.

This study takes a slightly different tack. It looks at transparency through the eyes of the ordinary citizen and the legislatures in the countries concerned and asks what information they would to assess the link between policy priorities, spending and services. This is a primary requirement for a functional democracy. The information a citizen needs to vote should be defined just as the information requirements for financial markets have been defined, limiting governmental discretion to keep the unfavourable under wraps.

The organizations conducting the study place a high value on this link between democracy and transparency. They also shared the view that the electoral link is insufficient to promote state responsiveness to citizens' needs. A much more continuous engagement is required. Publicly available financial information on the activities of the state should therefore be of sufficient quantity and quality to empower citizens to influence government decision-making not only through the power of their vote, but through the power of their voice in between elections.

Good democratic practice in this regard also has clear economic benefits. Transparency has an operational value in that the obligation to make known the nature, extent and results of fiscal activities acts as a check on potentially bad budgetary decisions and improves the likelihood of better decisions. This is clearly true of any reporting by the state after the fact, whether financial or non-financial. However, reports are too late to prevent wastage and loss. Appropriate information availability and citizen engagement before the budget is fixed demands better planning (while it still matters) and allows for potentially critical inputs into the policy making process.

But how to define the level of transparency that will satisfy internal audiences and be an effective means towards better spending? The study borrowed heavily from a South African pilot study (see below) which, in turn drew on the International Monetary Fund (IMF) Code on Fiscal Transparency and the Organisation for Economic Cooperation and Development (OECD) Best Practice Guidelines for Transparency to set out a

BOX 1**International civil society transparency research**

The methodology applied to South Africa has subsequently served as a starting point for further civil society research on budget transparency in a number of developing countries. In December 2001, five civil society groups in Latin America published the results of their budget transparency analysis, which incorporated the transparency perceptions index that they developed. This multi-country study covered Argentina, Brazil, Chile, Mexico and Peru. The results received substantial press coverage both in Latin America and internationally. In another initiative, Strategy, a civil society organization in Russia, has completed a similar report card measuring budget transparency at local government level in several Russian provinces. Similarly, the Gdansk Institute for Market Economics, completed a budget transparency report for Poland. The release of the five African case studies covered in this volume brings the total number of similar civil society research initiatives to 12.

The enthusiastic reception of the Latin American transparency index and the support expressed for this Africa initiative shows the potential positive role that civil society can play to enhance accountability and transparency in developing country budgeting. This is but one facet of the increased role of civil societies and legislatures in the budget process of many countries in Africa, Asia and Latin America. The IBP is committed to supporting this broader effort, as well as more specifically, helping to adapt the budget transparency and participation method to a broader range of countries.

To this end, the IBP will provide documentation, training and technical assistance, meetings and facilitation to help civil society organizations in their efforts. Interested groups should also feel free to contact directly those organizations, such as the Idasa Budget Information Service, that have experience in designing such studies. Further information on undertaking transparency research, the organizations to contact, as well as background research and information are available on a special theme page on the IBP website (www.Internationalbudget.org). The IBP will also be convening workshops during 2002/3 to help interested groups to share experiences on this exciting new field of study.

(Information provided by the IBP)

framework of principles. This study also drew on public finance theory and more recent work done internationally on the prerequisites for successful citizen engagement. The study saw the definition of the transparency requirements of citizens not as a once-off static process (although principles should be entrenched in legislation) but as a dynamic process resulting from citizen engagement with government. In order to take up their role in this regard, however, citizens need to have the capacity to act, which in turn is dependent on the information they have in the first place and the

democratic space for engagement provided within the budget process.

Therefore a distinguishing feature of this study, is that while posing the standard codified questions on the availability, accuracy, timeliness and usefulness of information, it asks them with one yardstick in mind: is the information adequate to enable meaningful participation of citizens, either directly with the executive or through their elected representatives. In addition it asks a whole series of questions about participation itself.

1: The study

The study thus does not hide the fact that it is value driven. The study team, comprising civil society organizations (CSOs) active in applied budget work¹, wanted to define what systemic changes they and others should demand to have meaningful access to public policy debates in their respective countries.

This study is neither the only nor the first civil society effort to grapple with budgetary systems (see Box 1). In mid-1999 the Idasa Budget Information Service in collaboration with the International Budget Project of the Center on Budget and Policy Priorities in

¹ See Centre for Budgets and Policy Priorities (CBPP), 2001, Guide to Budget Work (www.internationalbudget.org/resources/index.htm).

Washington, DC published a pilot study on Fiscal Transparency and Participation in the Budget Process in South Africa (Fölscher, Krafchik and Shapiro, 2000). The method developed for this purpose drew on other efforts available at this time, particularly the IMF Code on Fiscal Transparency. However, the IBP / Idasa method went beyond these efforts by focusing on *budget* transparency and by introducing participation in the budget process as a core element in the definition of transparency.

The standards chosen are high and it is therefore not surprising that most of the countries in the sample did not fare particularly well – many developed democracies do not fulfill all the standards either. However, most of the requirements are fundamental. If citizens are to participate in public debates and hold their governments to account for performance, they need timely, accurate and comprehensive information in useful formats as well as a clear understanding of who is responsible for which budgetary decisions. The study was aimed at providing a credible base from which to advance towards this ideal. In this regard it was felt that the technical and strategic advocacy benefit of utilizing codified international standards and published prior research justified their use.

The African comparative study was initiated in Harare in October 1999 at a seminar for African CSOs on public expenditure management². At the seminar a loose network of CSOs interested in budget work was established with the Africa Budget Project, housed in Idasa, as the designated lead organization (See Box 2). The group chose this study as one of the first focus activities of the network. The aim of the study was to provide a policy agenda for the participating organizations and other members in the network, to build capacity for applied budget work in the organizations and to test the methodology for further replication on the continent.

1.1 Why the sample countries

In the months after the seminar, CSOs from Ghana, Nigeria and Kenya all expressed an interest in the work. Each of these groups was in the process of building up active pro-poor budget research and advocacy wings. For the ABP this was important: it was never the intention that the work would stop with the completion of the study, but that the study results would be used in promoting open budget systems within the respective countries and elsewhere on the continent. In many ways the Center for Budget Advocacy (part of the Integrated Social Development Centre) in Ghana, Integrity in Nigeria and Transparency International in Kenya have subsequently taken the lead in advocating for systemic changes in the transparency of public financial affairs.

The ABP was fortunate in securing funding for the study in these countries from the World Bank Danish Trust Fund for Governance, and the United Kingdom Department for International Development (DFID). Early in 2000 at a training seminar in Zambia the Swedish International Development Authority (Sida) in Zambia expressed an interest to fund Zambian participation in the study and the Zambian research partners (Women for Change and the Catholic Commission for Justice in Peace under leadership of a

² Organised by the Idasa Budget Information Service and the IBP in collaboration with the Public Expenditure Management Unit of the World Bank.

consultant from the University of Zambia), agreed to join the group. These organisations too have been on the forefront of pro-poor budget advocacy in Zambia.

1.2 The research process

In July 2000 the country lead researchers had a first workshop to familiarize themselves with the concepts and discuss a framework for the African study, drawing from the South African pilot study, but based on their country experiences³. Individual workshops for each of the countries followed to fully account for country-specific issues and detail the country research process, interviewees and review groups. These workshops were also used to familiarise co⁴- or junior researchers and other members of the participating organisations with the framework.

Early in 2001, halfway through the process, the full research team convened again to discuss preliminary results, tweak the framework and agree on a shared outline for the resulting case studies. The research team also felt it necessary to include an update of the earlier South African paper in this final volume on the argument that it can act as a counterfoil for the results emerging from the other countries.

The research process did not proceed smoothly in all the countries. In Ghana the process was interrupted by the 2000 elections, with officials first unwilling to share information in the run-up to the elections and then again reluctant while settling in with their new political masters. In Kenya events around the Anti-Corruption Authority interrupted the study while in Zambia the foreshadow of the 2001 elections loomed as the study drew to a close. In Nigeria the study team reported great difficulty in penning officials down for interviews. The study teams also found themselves stumped by officials citing standing official secret legislation. The collection of budget data and budget documentation was not easy either. Either the cost was prohibitive (a set of budget documentation in Kenya costs approximately \$600), documents were out of print or simply not yet available (actual spending information for 1999 and 2000 in some cases). These difficulties themselves spoke volumes about the state of transparency in the study countries. However, in late 2001 the study drew to a close with the submission of final drafts and internal reviews.

The methodology

At the first research workshop the team members were faced with a critical choice between the comparative strength of the results and the quality of their understanding of transparency dynamics in their countries. While a number of standards in the framework have factual answers, many require informed judgement. As the discussions took shape it became clear that decisive comparisons in this regard between the countries would require a qualitative survey of a sufficiently large sample of country respondents'

³ The workshop was attended by Soji Apampa (Nigeria), Dr Inyambo Mwanawina (Zambia); John Githongo and Sam Mwale (Kenya); and Vitus Azeem and William Ahadzie (Ghana); and Alta Fölscher (South Africa, team leader) and was instrumental in developing the framework discussed below. The research team was also grateful for the inputs of Joel Friedman and Warren Krafchik, both now with the IBP, and two colleagues (Eduardo Morón from Peru and) who were participants at the time in the parallel Latin American study.

⁴ Justina Moonga from Women for Change and Kalunga Sampa from the CCJP in Zambia and Tunde Oni in Nigeria

perceptions of transparency. While providing interesting data, this will not allow the rich understanding of budget management that could result from a case study approach. In the end the team opted for the case study approach for two reasons. On the one hand it was felt that a survey of stakeholder perceptions of transparency may not necessarily yield accurate data about factual transparency.⁵ On the other hand, it was felt that a thorough understanding of budget management gained from the key budget experts and practitioners would be the most conducive to the researchers' future engagement with the state on these issues.

The research team therefore followed roughly the same process as the earlier South African study. Key respondents in the executive and legislative branches of government, independent organs of state, civil society and the media⁶ were targeted for semi-structured interviews. In addition in each country a peer review group was set up consisting of informed members of society (retired finance officials, members of the legislature and media and civil society leaders) and where relevant, with representation by donors. The review group was set up to resolve any major conflicts between responses and to act as a quality check on the results.⁷

The qualitative data collected from these interviews were supplemented by a literature study of existing reports on budget and financial management and a survey of budget documentation, audit reports, policy papers, and legislation. As the study progressed the organizations were also increasingly able to draw on their own experience in engaging with government on budget policy issues.

The resulting case studies are drawn together by the synthesis chapter in this volume of case studies using the information in the individual studies to provide a qualitative comparison of the country results. The volume also includes a glossary of key terms used in the synthesis chapter and case studies, and a list of useful resources for interested readers and organizations.

1.3 The framework

The research framework determined the scope of the enquiries in the main research countries. While synthesis chapter provides more detail on the rationale of standards behind the framework, the rest of this introduction briefly illustrate the framework itself.

As said earlier, the study team subscribed to the dynamic relationship between transparency, accountability, participation and improved budget outcomes. To capture this dynamic relationship, the framework attempts to examine issues across three different dimensions.

⁵ To a limited degree the effect of ignorance or misinterpretation could be seen in the case study results as they stand. For example, in Ghana the Central Bank contended that information on donor funding is collected, while other survey respondents denied the existence of such databases. Interestingly, the parallel Latin American study addressed this possibility by combining a perceptions index with a separate legal study.

⁶ Approximately 20 interviews were conducted in each country.

⁷ In South Africa, because the study had already been published, the review group was not set up for the update.

The first dimension involves defining the “budget process” itself. The framework acknowledges that the budget is not a single event, but rather is a number of separate but related activities: budget decisions are made, funds spent, public goods and services delivered, and records kept. Together these different activities comprise the budget process. If external stakeholders are to contribute to decisions and hold the executive to account, all of this must occur within the context of the budget process to be effective. The study defined the budget process as stretching from the start of the planning process for a particular spending year to the closure (actively or by default) of files on incidences relating to spending in that year in the audit process. It divides the process into four phases:

- the drafting phase (lasting to the tabling of executive budget proposals in the legislature),
- the legislative phase (lasting till the budget is approved),
- the implementation phase (the fiscal year), and
- the audit phase (concluding with follow-up on audit reports).

It was decided for reasons of practicality and resources to limit the study to the central level of government. Sub-national spending is included insofar it is a result of the main division of revenue and as regards the clarity of spending roles and responsibilities between central and local levels of government.

The second dimension of the framework attempts to measure transparency within the stages of the budget process by looking at three critical aspects of transparency:

- the availability of information (defined as comprehensive, timely, accurate and useful information on fiscal and budget issues) during each stage,
- the clarity of roles and responsibilities between and within institutions that are part of the budget process, and
- the systems and capacity behind the production and assurance of information.

The study’s framework assumes that the availability of information is crucial for transparency. But information by itself is not sufficient where the goal is ultimately to improve spending outcomes. To achieve that goal, spending decisions, whether in allocating or using funds, must be attributable to specific institutions (or individuals); that is, someone needs to be held accountable for these decisions. Only if there is clarity about roles and responsibilities of the various participants in the budget process is it possible to use available information as a check on bad and an incentive towards good decisions. Finally, as the third aspect implies, the framework examines the systems and capacity of the state to disclose budget information and the ability of external stakeholders to scrutinize this information. Capacity is determined by the institutional

arrangements⁸ of budget management and the capacity of all actors to fulfill their roles. The study rests on the belief that transparency should be systemic, meaning the necessary outcome of institutional arrangements, rather than the result of occasional goodwill.

While the first two dimensions frame the study teams enquiries about transparency in practice, the third dimension of the framework is concerned with the legal framework supporting transparency and participation in budget management. For example, the study found that in all five of the countries auditor general reports were required to be published within a set number of months after the end of the fiscal year; however, in practice these reports were published in some of the countries up to 18 months late. This long delay weakened the ability of these reports to impact the policy process and improve outcomes. While the first two dimensions of the framework looked at transparency arrangements in practice, the third dimension investigated the strength of the legal framework supporting transparency and participation. The results from these investigations form the core of the study reports.

This model however does not take adequate account of two aspects of budget management that are enormously influential in budgetary outcomes in the four countries concerned: firstly the prevalence of extra-budgetary activities – defined as off-budget fiscal activities by government or other kinds of activities with fiscal implications -- and secondly, the role of donors. These were investigated in separate sections. Also, in Zambia the study team identified the Presidential Fund as a specific transparency issue covered in a separate section and in the Nigerian study government involvement in the financial sector and privatization receive particular attention.

Finally the base definition of transparency as the result of both disclosure and scrutiny implies an obligation on citizens to participate. The study team felt that while the main framework covers the supply of budget information, it does not fully assess whether the other half is fulfilling its role in demanding information and accountability. Here it should be noted that the study team worked with the notion of a chain of accountability. The earlier links of the system – vertical accountability internal to the executive and horizontal accountability to the legislature and independent organs of state – were covered in the main text of the study. The final step of that institutional structure, the role of civil society is the subject of the last section in each of the case studies. While the focus was on CSOs, the study also picked up where relevant on the role of other organs of civil society (in its broadest sense), namely the media and private sector.

It is hoped that this study would advance the discussion on public responsiveness to needs and mechanisms to enhance it in the countries concerned. The case studies have been published by the organizations as position papers and many of the issues raised have been taken up in public debates with the government. Publishing the case studies in this form is intended to support the efforts of the organizations concerned. It is

⁸ Schick (1998. A contemporary Approach to Public Expenditure Management, World Bank Institute) defined institutional arrangements as the sum total of formal and informal rules, roles, structures and systems that determine the outcomes of spending.

also hoped that it will raise awareness elsewhere on the continent and encourage other organizations to make use of the material to initiate similar processes.