

Budget Transparency and Participation: Five African Case Studies Executive Summary

Civil society budget analysis organizations from Ghana, Kenya, Nigeria, South Africa and Zambia recently published the results of a path-breaking research project on Budget Transparency and Participation in the Budget Process. The purpose of the study was to evaluate the extent to which these countries provided sufficient budgetary information and access to citizens and civil society organizations so that they could participate effectively in the budget process. The study is intended to create a civil society agenda to demand changes in the budget process.

The research results were launched by the Deputy Speaker of the Kenyan Parliament, the Honorable Job Omino, at a conference in Nairobi, Kenya on the 25 and 26 June 2002. The conference was attended by civil society organizations and legislators from the five participating countries, as well as from Cameroon, Ivory Coast, Lesotho, Malawi, Mali, Mexico, Namibia, and Tanzania.

The research project was coordinated by the Budget Information Service at the Institute for Democracy in South Africa. The other participating institutions were Isodec in Ghana, Transparency International in Kenya, Integrity in Nigeria, and Women for Change and the Catholic Commission for Justice and Peace in Zambia. Financial assistance for the project was provided by Ford Foundation, the U.K. Department for International Development, the Swedish International Development Agency, and the Danish Trust Fund for Governance administered by the World Bank.

The research results are available in a book published by Idasa. (To order contact Nomzi@ldasact.org.za)

Research Method

The research results were derived from semi-structured interviews with respondents in the executive and legislature branches of government, independent organs of state, civil society and the media. The qualitative data derived from these interviews was supplemented by a survey of budget documentation, audit reports, policy papers and legislation. In addition, a peer review group was established in each country to check the congruency and accuracy of the results.

The study framework examines three issues. The first dimension examines the four stages of the budget process – the drafting, legislative, implementation and auditing stages. The second dimension examines each of these stages by looking at the availability of information, the clarity of roles and responsibilities between institutions in the budget process, and the systems and capacity to

generate budget information. The third dimension focuses on the legal framework supporting transparency and participation in the budget process.

Results

Although aspects of budget transparency and participation in the budget process were found to be wanting in each country, there were important distinctions between the countries studied. The results suggest that the countries could be classified into three layers. South Africa scored the highest, Ghana and Kenya occupy a second layer, and Nigeria and Zambia a third layer.

South Africa scored “good” on the legal framework and “moderate” on transparency and participation in the budget process. This reflects the comprehensive overhaul of the budget process undertaken since 1994 and the substantial improvements in public availability of information. There is a clearer framework for accountability for public resources and delivery and more transparent management of the wider public sector. The primary concern now is the creation of better access for parliament and citizens, and the development of capacity in these institutions to make good use of the information.

The next layer of countries is Kenya and Ghana. Both countries scored “moderate” on the legal framework and “weak,” but improving, on participation. The Kenyan legal framework was found to be comprehensive, but outdated and in conflict with government policy. Although substantial public information is generated, it is often late, inaccurate and in formats that are hard to use. The budget process in Kenya does not easily accommodate external participation, but both parliament and civil society are increasingly exploiting opportunities to hold the executive accountable.

In Ghana, a moderately good legal framework should ensure greater information and participation. However, this potential is compromised by gaps and the official secrets legislation, and is often outdated. Although public information is more available in Ghana than in Zambia and Nigeria, the information that is produced is frequently late, inaccurate and not particularly useful – in many cases the result of poor capacity to produce information. On the positive side, the introduction of the MTEF and increasing participation by civil society is helping to push the country in the right direction.

In the third layer of countries, Zambia and Nigeria were found to have both “weak” legal frameworks and “weak” transparency and participation. The legal framework in Zambia allows for virtually limitless expenditure with approval after the fact and requires very little information to be published. While transparency is hampered by lack of compliance and cash budgeting, civil society and parliament are starting to forge a space for participation with positive effects.

In Nigeria, a contradictory and ambiguous legal framework is a large part of the problem, particularly as it impacts on the comprehensiveness of the budget and the audit process. While civil society participation also remains weak, the increasingly active engagement of the legislature is a positive sign.

Across all countries, the study showed growing civil society and legislature demand for transparency, access and better results. Given the shift in the political climate towards democratization, the study argues that now is a fortuitous time for budget reforms, provided that they pay attention to the principles of transparency and participation. Although greater civil society and legislature monitoring of budgets is a relatively recent development, their intervention can contribute to modest first steps on the road to more open systems and can help kick-start a virtuous cycle of transparency, participation and better spending results.

In addition to recommendations for each country, the study concludes with the following cross-country recommendations:

- The improvement of budget documentation is a critical first step. Budget documentation should include fiscal policy statements, explain the policy base of allocation decisions and be framed in the previous years' actual spending and non-financial information.
- Repeal official secrets legislation and replace it with legislation that guarantees appropriate citizen access to state-held information.
- Entrench the provision of comprehensive and timely information on estimated and actual expenditure and revenues in a budget law that also sets out a clear budget process and clarifies roles and responsibilities.
- External reporting during the spending year should be obligatory, including under a cash budgeting system. This should include departmental reporting on achievements. If late audit information makes early annual reports at central government and spending agency level unfeasible, interim mechanisms should be created.
- Extra-budgetary spending should be brought onto budget. If this is difficult, comprehensive and accurate information on these activities should be included with the budget.
- The enhancement of external transparency should coincide with efforts to build internal transparency. Often political decision-makers and their administrative advisors make decisions on very imperfect information.
- The capacity of auditors general should be enhanced. Parliamentary capacity to scrutinize budget proposals and oversee implementation should be institutionalized.