

Budget Brief No.17

Where's Our Money? Budget Transparency in East Africa

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Introduction

There is an emerging global consensus that allocation of public resources is best done through budget systems that are open to public scrutiny and engagement, with strong oversight institutions. International best practice dictates that governments should publish eight key budget documents with comprehensive information in order to facilitate meaningful engagement in budget decision-making. Without adequate information and public participation, budgets are likely to be less responsive to citizen needs and priorities. Opacity also creates greater opportunities for mismanagement and corruption.

This brief presents six key facts about how countries from the East African region perform on a simple measure of budget transparency. We also put East African countries in a global context. We focus in this brief on four of the five countries in the East African Community: Uganda, Kenya, Tanzania and Rwanda. Data are not available for Burundi.

Every two years, the International Budget Partnership carries out a rigorous study, the Open Budget Survey, which measures budget transparency, public participation and oversight in 100 countries around the world. The survey contains 125 questions and is completed by independent researchers in each country. The first 95 questions deal with public availability and comprehensiveness of the eight key budget documents that government should publish at various stages of the budget cycle. The remaining 30 questions relate to opportunities for public participation in the budget process and the roles played by the legislature and Supreme Audit Institutions (commonly known as the National Auditor or Auditor General) in budget formulation and oversight.

The completeness of the budget information in the available budget documents is calculated from a subset of questions in the Open Budget Survey, using the scale indicated below:

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- a. Scant or no information: score 0-20, graded E
- b. Minimal information: score 21-40, graded D
- c. Some information: score 41-60, graded C
- d. Significant information: score 61-80, graded B, and
- e. Extensive Information: score 81-100, graded A.

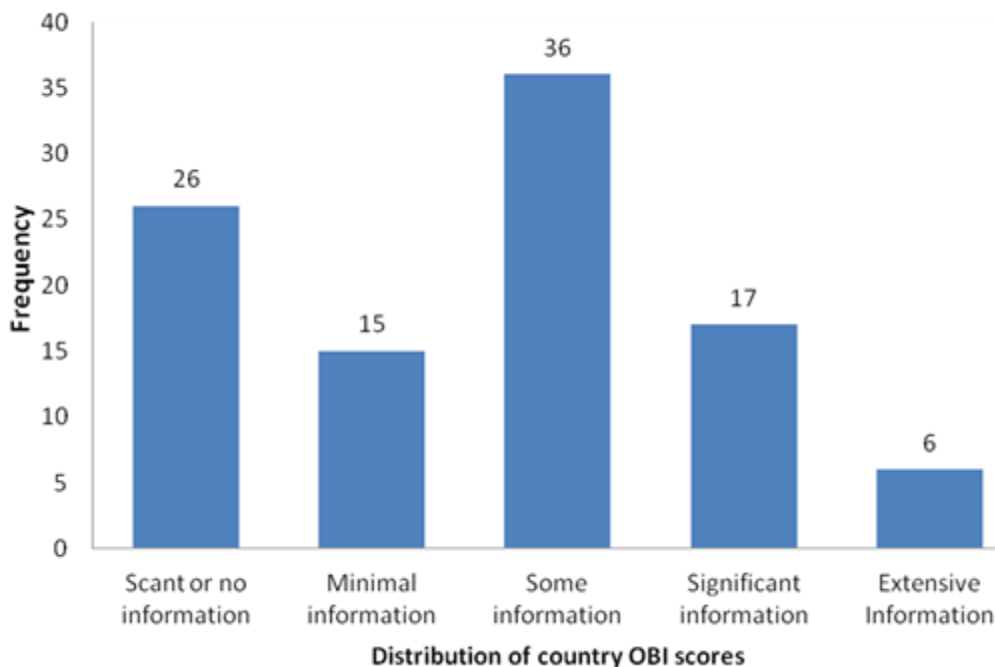
Fact 1: Budget transparency around the world generally remains poor

The global average score on the Open Budget Index in 2012 was 43 out of 100, which is relatively poor, and quite similar to the global average in 2010 of 42. Only 23 countries out of the 100 surveyed provided significant or extensive information (OBI score above 60). A disturbing 26 countries had a total score of 20 or less.

On a more positive note, more than two-thirds of governments publish at least five of eight key budget documents. The top scorers in 2012 were New Zealand with 93, South Africa with 90 and United Kingdom with 88. This demonstrates that world champions in budget transparency can come from all regions of the world.

At the other extreme, several countries had a score of zero, which means they do not provide any budget information at all. Qatar, Equatorial Guinea and Myanmar fall in this category. This similarly shows that countries from different regions can perform equally dismally when it comes to transparency.

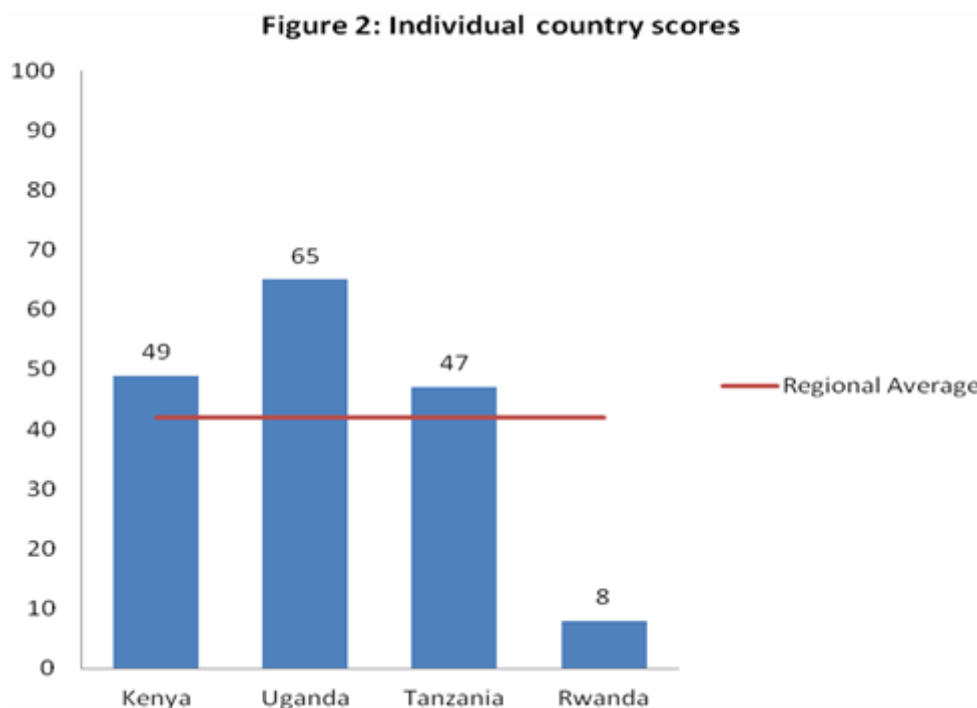
Figure 1: Number of countries scoring in each category



Source of data: The Open Budget Survey, 2012

Fact 2: Most East African countries score somewhat better than the global average but the region is still not transparent

The average score for countries in the region on the OBI is quite similar to the global average. The regional average improved from a score of 40 out of 100 in 2010 to 42 in 2012. While the region is generally becoming more transparent, the OBI shows that it has done so slowly and that transparency is still insufficient to facilitate meaningful public engagement with the budget.



Source of data: The Open Budget Survey, 2012

Fact 3: Disparities in East African budget transparency persist despite the push for greater regional integration

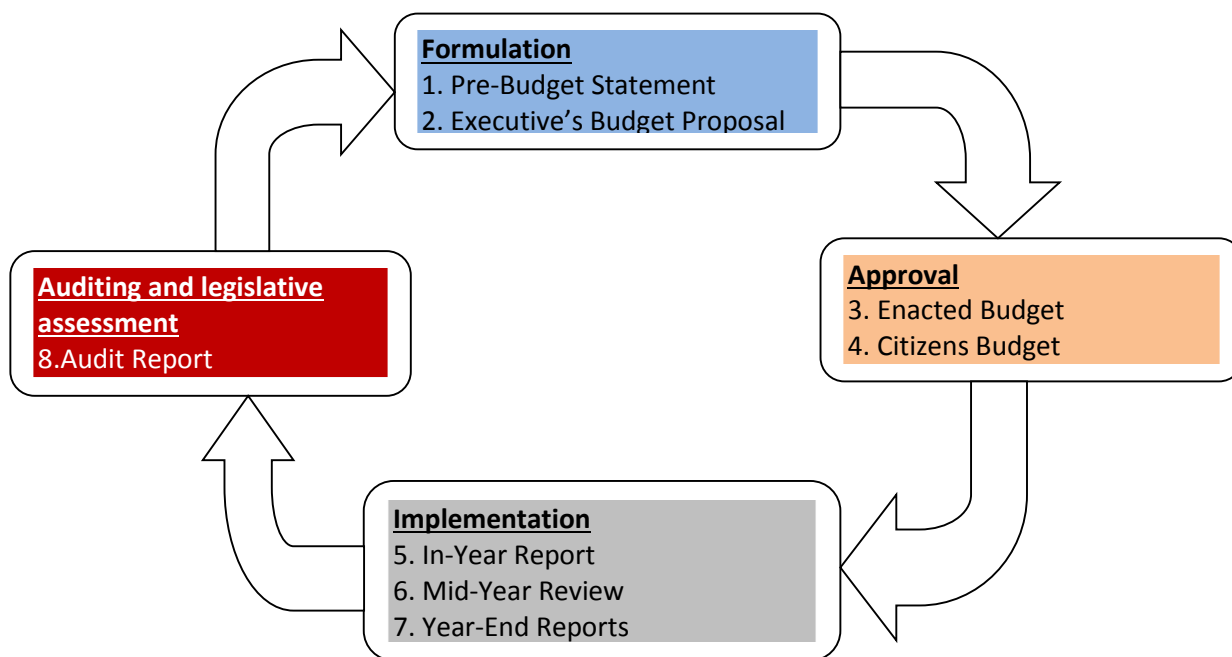
As the region makes gradual progress towards more open budget processes, there are large disparities between countries in the 2012 OBI. While Uganda leads with 65 out of 100 points, Rwanda provides only “scant” budget information (8 out of 100), while Kenya and Tanzania provide just “some” budget information.

Some countries in the region improved since 2010, but not all. Uganda and Tanzania showed some improvement, with Tanzania rising by two and Uganda by 10 points. However, Kenya’s score did not change, and Rwanda’s score dropped by three points from a score of 11 in 2010. The differences between the four countries are significant, especially in light of the fact that the region is heading toward greater economic and monetary integration. Transparency and harmonization of fiscal policies across member states are both key to successful regional integration.

Fact 4: There is little or no information on budget implementation in East Africa

International standards and practices identify eight key budget documents that all governments should publish at different stages of the budget cycle as shown in Figure 3 below.

Figure 3: Budget Cycle



East African governments publish the least budget information during the implementation stage. This means that as governments shift from making proposals to actual spending, they become less transparent.

Neither Kenya nor Tanzania regularly publishes either the Mid-Year Review (MYR) or the Year-End Report (YER). These documents help the public to understand whether the budget was implemented as planned and, most importantly, provide explanations for any implementation failures. While Uganda does publish the entire set of eight documents, its MYR and YER also provide insufficient information (42 and 57 out of 100, respectively). Rwanda published a YER in 2012 but it scores only 30/100 on the comprehensiveness of information provided.

Table 1: The availability of the 8 key budget documents

| Budget document | Uganda | Kenya | Tanzania | Rwanda |
|-----------------------------|------------|-------------------------|--------------|-------------------------|
| Pre-Budget statement | Published | Published | Published | Produced, not published |
| Executive's Budget Proposal | Published | Published | Published | Produced, not published |
| Enacted Budget | Published | Published | Published | Published |
| Citizens Budget | Published | Published | Published | Not produced |
| In-Year Reports | Published | Published | Published | Produced, not published |
| Midyear Review | Published | Produced, not published | Not produced | Produced, not published |
| Year-End report | Published | Produced, not published | Not Produced | Published |
| Audit report | Published | Published | Published | Produced, not published |
| Performance | 8 out of 8 | 6 out of 8 | 6 out of 8 | 2 out of 8 |

Source of data: The Open Budget Survey, 2012

Fact 5: The region has relatively strong oversight institutions but the legislature can be strengthened further

Civil society and the public play an important role in improving the efficiency and effectiveness of public spending through budget oversight. However, well-informed citizens and a vibrant civil society cannot replace the fundamental role of oversight institutions in the budget process. International best practice in public financial management requires that countries establish and empower bodies independent of the executive to scrutinize the use of public funds.

When it comes to oversight of public spending, East African countries have relatively strong Supreme Audit Institutions (SAIs) but a more mixed picture when it comes to the capacity of the legislature. Worldwide, auditors are relatively independent and well-staffed with the global average score at 69 out of 100. Two of four East African countries beat the global average score (Kenya and Rwanda), while all four are ranked as having strong, independent auditors (scores above 66 out of 100). This is an improvement from 2010.

The role of the legislature in the region could be strengthened by ensuring that legislators have more than six weeks to review the budget (international best practice is three months). In Tanzania and Rwanda, legislative oversight would be enhanced by creating research units to assist parliamentarians to analyze the budget. Parliamentary Budget Offices already exist in Kenya and Uganda.

Table 2: Performance of oversight institutions

| Country | Legislative Strength | SAI Strength (Auditor) | Public Engagement |
|----------|----------------------|------------------------|-------------------|
| Kenya | Moderate | Strong | Moderate |
| Rwanda | Strong | Strong | Weak |
| Tanzania | Moderate | Strong | Weak |
| Uganda | Strong | Strong | Weak |

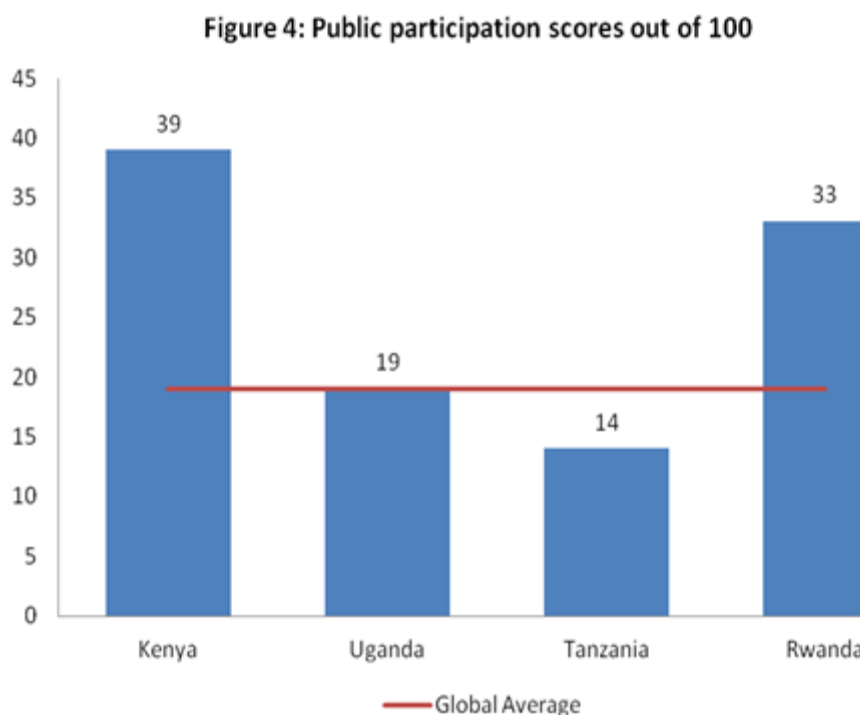
Source of data: The Open Budget Survey, 2012

Fact 6: Public participation in the budget process is limited in East Africa

Access to budget data is necessary but insufficient to increase the level of accountability for the use of public finances. Transparency must be accompanied by meaningful opportunities for civil society and citizens to actively participate in budget decision making and monitoring and by strong institutionalized oversight. International best practice provides principles that should inform public participation more broadly in matters of public finance.

- Participation should happen throughout the four stages of the budget cycle
- Participation should occur throughout government, including with the legislature, supreme audit institutions, and the executive in both budget formulation and execution.
- The government should be obligated under law to ensure public participation in budget decision making.
- The purposes of public participation should be publicized in good time with the government clearly specifying the scope of consultation and providing all the necessary information in time to ensure informed engagement.
- Multiple mechanisms for public engagement should be used to maximize public input and consultation with diverse segments of the public.
- The public should be provided with feedback on their inputs and an explanation of how these inputs have been used in budget decisions, implementation and oversight.

The OBI measures the opportunities available to the public to engage in budget deliberations with the executive, legislature and audit institutions. The region scores poorly overall on these measures, though fairly well by global comparison. Kenya and Rwanda provide more opportunities for public input with scores of 39 and 33 points out of 100 respectively, compared to Uganda and Tanzania at 19 and 14 respectively (global average=19). All the countries in the region could do more to create communication between the auditors and the public and to enhance the role of the public in providing feedback on budget implementation. Aside from Kenya, the other countries could all do more to encourage public hearings in the legislature when the budget is formulated as well.



Source of data: The Open Budget Survey, 2012

Conclusion

Although budget transparency in the region remains poor, budget practice in East Africa is changing rapidly in ways that suggest governments are opening up. The Open Government Partnership, which Tanzania and Kenya have joined, also provides possibilities for greater transparency. For example, Tanzania committed to provide greater information on service delivery, while Kenya committed to provide more information through the Kenya Open Data Initiative.

Not all of the recent changes in budget practice are captured by the most recent Open Budget Survey, because they occurred after the reporting period. Tanzania's shift to publishing both a Citizens' Budget and the Enacted Budget were captured by the Survey. But some recent changes in Kenya and Rwanda were not. Kenya's new Constitution requires that Parliament receive the budget two months before the end of the financial year, and this was implemented in 2012. Rwanda published its budget proposal online in 2012 for the first time, and also published a Citizens Budget. If these practices continue, they will be reflected in a more open East Africa in the OBI 2014. Nevertheless, more work remains to be done to make budget data user-friendly for ordinary citizens in all four countries.