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The Collaborative Africa Budget Reform Initiative (CABRI) is an intergovernmental organisation that provides a platform for peer learning for African finance and planning ministries. The availability of comparative information on how budget systems work across the African continent enriches this knowledge exchange.

The Budget Practices and Procedures (BPP) survey provides CABRI with an overall picture of the state of budgeting in Africa. It contributes to CABRI’s PFM Knowledge Hub, through which the organisation is building an evidence base on public finance management in Africa.

The first BPP survey took place in 2008, when CABRI partnered with the Organisation for Economic Cooperation and Development (OECD) to survey 26 African countries. CABRI undertook a second survey in 2015, adapting the 2008 survey to relate it more closely to the African context.

The survey, conducted from January to September 2015, involved 23 participants: Benin, Botswana, Burkina Faso, Burundi, Central African Republic, Comoros, Côte d’Ivoire, Ghana, Guinea, Kenya, Lesotho, Madagascar, Mali, Mauritius, Namibia, Niger, Seychelles, Sierra Leone, South Africa, Tanzania (Zanzibar), The Gambia, Tunisia and Uganda. This group forms 60 percent of the countries that actively participate in CABRI activities.

The survey was completed by senior officials within each country’s ministry of finance. On completion, a team of independent reviewers verified the country responses. Comments made by the reviewers were shared with the responding countries before a validation workshop, which was held in July 2015. Countries that did not attend the workshop were able to discuss the reviewers’ comments via email.

This series of papers reflects data reported and agreed to by the responding countries, unless otherwise noted.

While the sample of 23 countries allows us to compare country practices and identify correlations between indicators of fiscal performance, there is limited scope for using statistical regressions. The correlations highlighted in the reports do not necessarily establish causal relationships between budget practices and fiscal outcomes. More detailed research could shed more light on the relationship between budget practices and procedures, and budget policies and outcomes.

Mokoro Limited assisted with the administration of the survey, cleaning the data and providing preliminary analysis of the results.
OVER the past 20 years, countries have introduced a wide range of public finance management (PFM) reforms aimed at strengthening public service delivery and achieving sustainable economic growth and development. Among these are fiscal rules, medium-term budget frameworks, fiscal risk management techniques and performance budgeting.²

The BPP survey focused on budgeting practices and the extent to which these reforms have shaped the PFM landscape in African countries. The results demonstrated that participating countries share a common understanding of current global standards of good practice in financial management, and increased their alignment with these standards between 2008 and 2015.

This brief, the final one in the series, highlights the key trends in reported practices across and within the budget cycle.

It looks at each of the phases of the executive budget cycle, and at practices in relation to the main accountability institutions, including the legislature and the supreme audit institution.

While some countries issued budget ceilings later in the process, most did so before line ministries submitted their budget proposals. In fact, only three countries still allowed unconstrained line ministry proposals.

Most countries also require sector/line ministry medium-term expenditure strategies, commonly submitted at the same time or after line ministry budget proposals. Of the few that require these submissions prior to the detailed budget proposals, a minority require them before issuing ceilings.

In general, the budget process takes place over a period of six to nine months. Executive budget processes tend to allow more time for ministries of finance to process the proposals submitted by spending ministries than for these ministries to put the proposals together. This difference has widened between 2008 and 2015, despite an earlier start to the budget process, on

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average, and an increase in the duration of the budget process by about a month (see Figure 1). More detail on the timing of and common steps in the executive budget preparation process can be found in Brief 1: The executive budget process: Longer, but better?

Almost all of the countries had some combination of at least three of the four practices in place, with debt sustainability analysis being reported the least often, and the use of fiscal rules the most often, though the nature of these rules differs from country to country. Most countries use permanent rules that are “hard-coded” into laws or regional convergence targets, while the remainder set rules through the budget process either for one year or on a rolling basis for the medium term.

Countries appear to be shifting towards using more of these four key fiscal reforms over time – one-third of the countries that completed the BPP survey in 2008 and 2015 have introduced a fiscal sensitivity analysis since 2008, and more than half of the repeat responders have sustained their practices. However, there is significant variation in the coverage and types of fiscal rules used, in the variables used for fiscal sensitivity analyses, and in the coverage and horizon of debt sustainability analyses. More detail on the fiscal sustainability

MACRO-FISCAL INSTITUTIONS
The surveyed African countries have introduced a range of reforms to strengthen fiscal discipline and manage fiscal risk. These include the use of:

- Fiscal sensitivity analyses
- Debt sustainability analyses
- Medium-term fiscal frameworks and fiscal targets
- Fiscal rules.

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8 Fifteen countries responded to questions on fiscal sensitivity analysis in both 2008 and 2015.
practices of the surveyed countries can be found in Brief 2: Understanding fiscal management practices in Africa.

EXPENDITURE MANAGEMENT
Common features of expenditure planning in the executive budget process include the use of multi-year perspectives, the introduction of top-down ceilings and the use of performance information. Most countries use all three mechanisms. The integration of investment and recurrent expenditure in budget formulation was also common, but less so than the use of multi-year perspectives and performance information.

Countries’ in-year expenditure management practices also showed some similarities. Most countries have treasury single accounts in place, with comprehensive coverage – in other words, the system does not exclude any key accounts. Of the countries that do exclude certain accounts, the most common exclusion is foreign currency accounts.

Generally, countries also have rules in place on changes to appropriated expenditure by spending agencies. No country allows spending agencies to move funding between spending purposes or to overspend without restrictions. Restrictions on moving funds include approval by the finance ministry and/or limits on the amount or type of funding that can be moved. Overspending was commonly allowed for emergency purposes only, or only up to a limit. More than half of the surveyed countries reported that the executive can cut or cancel approved spending, although most included a provision that the reduced funding has to be regularised by the legislature. Finance ministry-based ex ante expenditure controls appear to still be the norm in Africa.

In almost all the responding countries, finance ministries exercised one or more form of ex ante control. Of these, about half apply all expenditure controls at the finance ministry level. Common finance ministry controls include prior approval of commitments or payment orders, limiting cash releases and the ability to stop payments. Sanctions are a useful countermeasure if controls are breached, but most countries do not use sanctions, or rarely apply them if they do exist.

Interestingly, very few of the countries that have separate processes to plan for their investment and recurrent budgets implement their investment budget under a different unit or use a different process to the recurrent budget. Brief 3: Insights into expenditure practices in Africa provides more detail on in-year expenditure controls.

FISCAL TRANSPARENCY
In-year fiscal reporting has improved, although the timing and frequency does vary in each country. Most countries publish monthly, while others publish their reports every quarter or even less frequently. Between 2008 and 2015, a third of the countries that publish in-year reports have increased their frequency.

However, good practice in relation to the fiscal framework, budget preparation and budget execution processes in the executive is lacking in many countries. For example, most countries provide less than two months for the legislature to scrutinise the budget, despite this being the lowest standard set by international norms such as the Code on Fiscal Transparency. Only a handful of countries provide more than two months.

4 The elements tested are fiscal policy objectives for the medium term; the main macro-economic assumptions; a fiscal sensitivity analysis of the macroeconomic assumptions; a medium-term budget framework covering at least total revenues, total expenditures, and financing (of the deficit or the surplus) of central government; a similar framework but for general government (including extra-budgetary funds and subnational governments); a comprehensive table of tax expenditures; non-financial performance targets for programmes and/or agencies; and estimates of the cost of new policies proposed in the budget.
Too few legislatures in Africa receive enough information on the executive’s budget proposal to have an informed debate. Many countries provide fewer than half of the budget information elements that are central to fiscal transparency in their executive budget proposals. Although this information may be available within the executive, it is not always provided to the legislature. For example, although almost all countries reported undertaking fiscal sensitivity analyses, only about half provided this information to the legislature.

Some countries lag behind in terms of the good practice norms established through the Code on Fiscal Transparency and the International Standards of Supreme Audit Institutions. Very few countries indicated that the head of their supreme audit institution has security of tenure, autonomy in determining the audit programme, and the ability to recruit, remove and remunerate staff on the basis of merit, outside civil service rules. Most supreme audit institutions must submit a report to the legislature, but only some also report to the executive or cabinet. In most countries, however, supreme audit institution reports are always published.

More information on countries’ accountability and transparency practices can be found in Brief 4: The legislatures’ challenge: Powers without information, information without powers.
This brief has highlighted several areas in which countries converge on accepted good practice, however, it should be noted that the survey results are of limited use for understanding individual country practices.

The survey provides a descriptive analysis, using standardised formulations. While some survey questions allowed countries to describe their practices, most questions required them to select one or more pre-formulated answers. Standardised responses allow for quantitative analysis, but they do not acknowledge the nuanced differences between countries’ practices. They require respondents to interpret their precise practices, relative to the options provided, and select the best option. The use of a survey glossary and validation processes – including the validation workshop, peer review and query processes, and the respondents’ validation of the briefs – helped standardise how respondents interpreted the terms used in the response options provided. Even so, actual practice in each country will differ, to some degree, from the standardised options provided for at least some of the questions.

Furthermore, the survey results alone are insufficient to identify whether the practices reported by a country are also functional; in other words, whether they are resulting in improved outcomes in terms of fiscal discipline, allocation and use of resources, and budget credibility and accountability. Countries and development partners are increasingly recognising that the formal requirement for a practice does not necessarily mean it is followed. And even when practices are followed, they do not necessarily result in improvements, often because merely mimicking what is considered good practice may not address related or deeper systemic problems.\(^5\)

Information was scant where the survey attempted to learn how consistently practices are followed, or how these practices affect fund volumes. This indicates that, while the survey results provide comparable information on budget practices and procedures in Africa, understanding under which circumstances the practices are functional will require further work. The results of the BPP survey will guide CABRI’s work to develop a deeper understanding of why and how specific contexts promote functional PFM systems.

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\(^5\) For a discussion on when budget processes and procedures can be considered functional, see M Andrews, M Cangiano, N Cole, P De Renzio, P Krause & R Seligmann (2014), This is PFM, CID Working Paper No. 285, July 2014.