

« Are we asking the right questions ?

Building a medium term budgetary perspective »

Module 1:

Budgetary systems and multi annual budgeting practices in French-speaking countries



Overview

- Introduction
- Francophone legal framework
- Multiannual budgeting
- Strong points and weaknesses
- Current reforms
- Specifics of Burkina Faso
- Conclusion



Introduction

- Francophone countries' legal frameworks are modelled on the French system
- Budgetary management has undergone some changes in recent decades
- From now on the budget must take results-based management into account
- Consistency in economic and social policies requires multi annual budgeting
- All legislation is attempting to take these reforms into account, and integrate them into the legal framework



I. Francophone legal framework (1/3)

- It is Order No 59-2 of January 2nd 1959 providing organic law relative to the Finance Acts which defines the structure of the budgetary legal framework of Francophone countries
- Each country has adapted its budgetary legislation according to this order.



Francophone legal framework (2/3)

- In Burkina Faso it is the Order of September 18th 1969 providing organic law relative to Finance Acts which lays down the basis for budgetary law, by largely following the principles of French law.
- Since January 11th 1994, the budgetary law of Member States has been more dependant on efforts geared towards harmonising the budgetary legal framework of the West African Economic and Monetary Union's (WAEMU) countries.



Francophone legal framework (2/3)

- The Order of September 18th 1969 was replaced by a law on January 24th 2003 concerning Finance Acts.
- This law allowed for the insertion into Burkina's law of the community budget standards set up by Order No 5/97/CM/UEMOA of December 16th 1997 concerning Finance Acts and the modifying Directive of December 21st 1999.



II. Multi annual budgeting

- The legal framework of francophone African countries is not always conducive to multi-annual budgeting.
- It provides opportunities and hindrances to this form of multi annual budgeting.



A. Opportunities for multi annual budgeting (1/2)

1. Authorisation of programmes

This concerns the system of investment expenses, the techniques of which will reduce the strictness of the annuality of the budget. As for investment programmes extending over several years, the government may, in terms of the budget, request an overall authorisation from Parliament for each capital expense, and the fixing of a maximum ceiling of necessary expenses for its overall implementation.



Opportunities for multi annual budgeting (2/2)

- **2. Credit reports**

Credit reports authorise the entry of credits which were not used during the past year into the following budget. They are by rights for investment transactions, and exceptionally for operating transactions. In Burkina Faso for example, Finance Acts authorize the carrying forward of credits without specific limits.



B. Hindrances to multi annual budgeting (1/2)

Among the hindrances to multi annual budgeting, are the principle of the annuality of the budget, that of the single authorising officer, and the many systems of implementation :

1. The principle of annuality of the budget

This is a general time principle which specifies the period of budgetary authorisation (one year) granted by Parliament. It means that government is obliged to obtain budgetary autorisation from Parliament every year.



Hindrances of multi annual budgeting (2/2)

2. Principle of a single authorising officer

In francophone African countries, it is the principle of a single authorising officer which gives the Minister of Economy and Finances the rights and prerogatives of the single authorising officer of the State's budget. In fact, in Burkina Faso, the Minister of Finance is the single authorising officer of the State's budget, and the Director General of the Budget is authorised to arrange revenue and expenditure ; which gives him the title of the State's appointed budget officer.

III. Strengths and weaknesses

Francophone budgetary system

The francophone budgetary system has strengths and weaknesses

Multi annual budgeting is implemented in a very unsatisfactory manner by Ministries and Institutions.



A. Strong points

1. The flexibility of the system which allows for the possibility of departing from general budgetary principles ;
2. The power of government before Parliament on budgetary issues ;
3. The multiplicity of texts giving free rein to budgetary practices (informal) which could improve the effectiveness of public spending.



B. Weak points (1/4)

1. Excessive limitation of Parliament's rights. In fact, Parliament has no authority over the State's budget, particularly during voting on budgetary authorisations. For example, in Burkina, it is the government which explains to Parliament the way in which it has drawn up its budget.
2. A lack of clarity in the State's financial operations. In addition, the order has allowed for the development of practices which are hardly conducive to clarity regarding the State's financial actions. ;



Weak points (2/4)

3. A management framework which is too rigid and lacks accountability.

In fact, the application of the principle of speciality – which has been rendered possible by reason of the management opportunities provided to the Government by the Order – is hardly favourable, and is in fact even obstructive to the development of a performance approach in the management of public services.



Weak points (3/4)

4. Poor application of legislative texts in the field of the budget.

Indeed, the texts concerning the legal framework of the public finances of Burkina Faso provide opportunities for multi annual budgeting which are not always utilised by the executive. This is due to insufficient training, lack of information and failure to master budgetary procedures.

5. Poor management culture based on results.



Weak points (4/4)

6. The « budget focus » approach

In practice, all the budgets of the francophone African countries are drawn up and implemented according to:

1. « budget focus » approach or
2. « budget resources ».

Achieving an expenditure rate of 100% is seen as being effective, which has no link with results.



IV. Current reforms (1/3)

1. Improvement of the legal framework

In France, and in all francophone African countries, the trend is to reform the legal framework of public finances through Organic Law.

In fact, among other things, the aim of the reform of the French government's finances, handled by the [Organic Law No 2001-692 of August 1st 2001 relative to the Finance Act](#) (abbreviation LOLF) is to increase Parliament's role in defining this budget and implement improvements in the drawing up of the budget, its implementation and budgetary monitoring with reference to results-based management.



Current reforms (2/3)

- **2. Revision of legal framework in WAEMU**

The many reviews of WAEMU's directives and nomenclature are finally in the process of bringing about reform in the francophone West African legal framework, so as to link the budget with results-based management



Current reforms (3/3)

3. Parliament's new requirements

The budgetary process begins more or less one year in advance. It is entirely under the control and responsibility of the government, with Parliament in fact having only a less than marginal influence (it will only move one ten thousandth of credits, in comparison with the government's proposal)



V. Special features of Burkina (1/5)

1. Community Reforms

The Member States of WAEMU are subject to reforms which are under way in the economic and monetary region through Directives called « WAEMU Directives »



Special features of Burkina Faso (2/5)

2. Internal Reforms

- The government of Burkina Faso has undertaken extensive reforms in the area of public finances for over more than a decade. Among these reforms, some are aimed at budgetary programming and planning.
- Budget programme in 1998
- CDMT in 2000
- Sectoral strategy and policies
- Plan of action



A. Why reforms?

- To define an overall and coherent framework for reforms of the budgetary management system.
- To sustain the current growth in the country.
- To guarantee a stable macro-economic framework
- To make up for the shortcomings of the legal framework
- The need to increase discipline and transparency in budgetary implementation by appropriate rearrangement of the legislative and regulatory system and effective application of decreed regulations



B. Approach

- Adoption of a Plan of Action on July 31st 2002 for the improvement of budgetary management (PRGB) with the following

Overall objective:

«The sustainable development of transparency, reliability and effectiveness in budgetary management».

- On February 2nd 2006, adoption of a strategy for the Improvement of Public Finances (SRFP)
- Three-yearly Sectoral Plan of Action 2008-2010 as a tool for the operationalism of the strategy



C. Some reforms (3/5)

- Budget programme

Multi annual budgetary planning mechanism connecting the objectives and programmes of a sector with available budgetary resources.

- CDMT

Budgetary programming and multi annual financial tool allowing for the allocation of available resources to the sectors.



Some reforms (4/5)

- **Projected and rational management of resources and expenses :**

the macro-economic and budgetary programming framework tools are insufficient or not really operational : TOFE WAEMU, an example of predicting revenue, overall and sectoral CDMT, budgets - programmes ;



Some reforms (5/5)

- **Improvement of operations at sectoral level:**

Few ministerial departments have real sectoral strategies and policies with working plans of action.

It is a matter of allocating each Ministry a sectoral strategy for better visibility of actions.



Conclusion(1/3)

- The systems instituted by the budgetary texts are very close to, if not identical, to those which appear in the Edict of January 2nd 1959.
- The regulatory texts have been the focus of hedged applications created by habits, gaps in training or lack of information, departure from procedures or other shifts.



Conclusion(2/3)

- For the moment, the execution of the CDMT and the budget programmes, the aim of which is to set out the programming of public expenses, has not been entirely accepted by Parliament.
- These budgetary programming tools have no legal value in Burkina's legal framework.



Conclusion(3/3)

- The budgetary programming tools will allow for the establishment of the connection between the plan and the budget.
- The plan of action taking into account a sector's medium term requirements;
- And the budget which takes short term requirements into account

