

# Legal Framework for Budget Systems and Medium-Term Budgeting

Questions for discussion

# Main Laws for Budget Management

- First, let's examine budget principles stressed or not stressed in existing laws

# Budget Principles Stressed in Law

## **Francophone Countries**

- Universality (coverage)
- Unity (of budget, and of cash)
- Annual basis
- Specificity (input bases)

## **Anglophone countries**

- Accountability
- Universality (Consolidated Fund)

# Budget Principles Not Traditionally Stressed in Budget-Related Laws

- Medium-term Stability e.g., of taxes (also, annual basis implies limited, or no, carry-over of annual budget appropriations)
- Transparency e.g., of Government's MT budget strategy, or LT consequences of current policies (fiscal sustainability; debt)
- Performance – Responsibility for results

# Q1. Constitution – Approval of MTBF, Timing of annual budget

- Should Parliament *review* MTBF?
- Should Parliament *approve* MTEFs?
- In either case, **when**, in annual budget cycle, should Parliament review/approve MTBF/MTEF?

(e.g., a parliamentary pre-budget review, 4-6 months before adoption of annual budget?)

- Should Law (Constitution?) provide date for presentation of annual budget to Parliament and date for adoption?

## Q2 . Main Laws for Budget Management

- Are present laws *adequate*, since they do provide flexibility for the government to develop MTBFs/MTEFs?

Or

- Are present laws *inadequate*, either because:
  - A. There should be a legal requirement to force the government to prepare MT budget strategies (pre-announce policies)?
  - B. Present laws are too constraining? E.g. francophone countries, which require input-based budgeting (*par ministere, par Titre*)

## Q3. Laws/Regulations and Performance Orientation for Budget

- Should a performance-oriented or program-based annual budget be required in law – to facilitate transparency in MT choices of government?

If yes:

- In francophone countries, does this mean abandoning or drastically modifying the WAEMU Directives (especially those pertaining to *Lois Organiques* and to *Nomenclature Budgetaire*)?
- In anglophone countries, what is the appropriate legal solution? Should a separate law, such as Nigeria's Fiscal Responsibility Act, or Uganda's legislation, be adopted?

## Q4. Laws/Regulations and Deconcentration/decentralization

- What are the appropriate roles of spending ministries versus those of the Ministry of Finance, especially in formulating MTBFs/MTEFs?
- Do francophone have to abandon the notion of an *ordonnateur unique*? (and also transfer other responsibilities to spending ministries, including *contrôle financier* and *les comptes publics*?)
- Do anglophone countries need to enhance the responsibilities of “Accounting Officers” in MT budget management? If so, how?