Economic Commission for Africa

The Role of African Parliaments in the Budgetary Processes

Especially in the Medium Term Expenditure Framework

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ACRONYMS

AfDB	African Development Bank
AG	Auditor General
APRM	African Peer Review Mechanism
AU	African Union
BFP	Budget Framework Paper (Uganda)
CABRI	Collaborative Africa Budget Reform Initiative
CGE	Computable general equilibrium
CSO	Civil Society Organization
DFID	Department for International Development (United Kingdom)
ECA	Economic Commission for Africa
FDI	Foreign direct investment
FY	Fiscal year
DIE	Deutsches Institut für Entwicklungspolitik (German Development Institute)
GDP	Gross domestic product
GTZ	German Technical Cooperation Agency
HIPC	Heavily indebted poor country
IDASA	Institute for Democracy in South Africa
IFI	International financial institution
IMF	International Monetary Fund
IPU	Inter-Parliamentary Union
MFDP	Ministry of Finance and Development Planning (Botswana)
MP	Member of Parliament
MTBF	Medium-term Budget Framework
MTEF	Medium-term Expenditure Framework
MTFF	Medium -term Fiscal Framework
NDP	National Development Plan (Botswana)
NEPAD	New Partnership for Africa's Development (African Union)
NT	National Treasury (South Africa)
OECD	Organization for Economic Cooperation and Development
PAC	Public accounts committee
PBA	Programme-based Approach
PEM	Public expenditure management
PER	Public expenditure review
PRGF	Poverty reduction and growth facility (IMF)
PRS	Poverty reduction strategy
PRSC	Poverty reduction support credit (World Bank)
PRSP	Poverty reduction strategy paper
SAI	Supreme audit institution

SEF	Sector expenditure framework
SSA	Sub-Saharan Africa
UN	United Nations
UNDP	United Nations Development Programme
UNIFEM	United Nations Fund for Women
VAT	Value-added tax
WBI	World Bank Institute

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EXECUTIVE SUMMARY

The renewed appreciation in Africa of the potential inherent in active legislative participation in the budgetary process has its genesis in the African democratization experiences in the 1990s. This participation promised more openness to all stakeholders, including such marginalized groups as poor women, children, the disabled, and the youth, and was imbued with a better understanding of the needs and priorities.

The redesigned legislative powers put Parliaments in a good position to demand accountability from a wide range of stakeholders, to whom they also were accountable. By its 'power of the purse,' a Parliament can *directly* hold the Executive to account for budget allocation, and insist that these allocations be congruent with policy objectives (poverty reduction, gender equity, economic justice, etc.). Should there be discordance between budgets and policy priorities, Parliaments have to reject the former. Similarly, when they have strong support from supreme audit institutions (SAIs) and external stakeholders, they can monitor budget implementation, conduct impact assessments and carry out audits as part of their oversight functions.

Furthermore, by virtue of their law-making powers, Parliaments can demand accountability from the private sector and from public and parastatal institutions, on behalf of the interests of the general public. In turn, they have to be accountable to interest groups and are subjected to media scrutiny, in support of open democracy and transparency. Important too is that Members of Parliament (MPs) must also be accountable to their own constituencies and political parties. In the latter case, the political and legislative ambience and tradition will dictate in which direction accountability is stronger, whether to political parties or to citizens. Understanding this partitioning of loyalties is critical since political party interests and those of the general public do not always coincide.

This accountability cycle should enable Parliaments to engage in all stages of budgetary processes. Medium-term expenditure frameworks (MTEFs) are one example of a budgeting tool that can be used for this purpose. They are gaining increasing popularity in Africa. In principle, they contain good governance elements for which Parliamentary involvement is justified: political buy-in and ownership and, therefore, increased budget sustainability; accountability; transparency; internal and external stakeholder participation; policy-oriented budgeting; budget realism; and efficient, effective and economical public spending. For this reason, African countries have accepted MTEFs as part of the slew of economic reforms. Such support underscores a clear resolve to pursue good governance in public financial affairs.

Even though some improvements, such as more public spending on social sectors, have been registered in some countries (South Africa, Tanzania, Uganda), overall, there "*have been disappointing results in African countries from the introduction of the MTEF*" (ECA 2005b). This disappointment is deep rooted, because MTEFs were introduced in Africa under pressure from international financial institutions (IFIs) without the requisite technical support and with no effort made to secure political commitment from Executive leadership and Parliaments. Lacking this political commitment, African countries, on their part, may well have seen MTEFs as another conditionality to meet in order to satisfy donor demands, rather than seeing them as an instrument to improve strategic budgetary planning, including more parliamentary participation.

Given the prevailing African conditions, using MTEFs as planning instruments has led to importation of MTEF processes (e.g. economic models) into less than propitious conditions characterized by capacity constraints, lack of incentives and other political and economic factors. Moreover, concerns abound in industrialized countries regarding the impact of MTEFs on democracy, in terms of whether it is desirable that an incumbent Legislature should make a financially binding decision for the next Legislature. Put broadly, what are the implications of MTEFs for democracy, with elections that change governments and priorities?

Besides African conditions, external actors themselves have undercut the prospects for successful MTEFs in Africa. Donor behaviour and aid volatility have undermined effective medium-term planning in most African countries even before MTEFs became fashionable. Unless aid becomes more effective, as promised in the donor community's 2005 Paris Declaration, MTEFs will continue to be underutilized as entry points for parliamentary involvement in budgetary processes.

The ability of African Parliaments to play their budgetary role well is further undermined by the large share of national budgets that is donor funded. This share reaches 80 per cent in some countries (Rwanda, Liberia). Moreover, this contribution, increasingly in the form of general budget support instead of the former off-budget, project-based assistance, means that the donor community will have a great influence on deciding the budgetary composition in many African countries. This approach to providing aid, although an improvement in some ways, inadvertently undermines government's internal accountability and leaves little room for genuine parliamentary participation in budgetary decisions.

This paper gives considerable attention to the factors that impact on the effectiveness of African Parliaments in economic policymaking in general and budget formulation in particular. These factors include:

- Constitutional/legal powers to initiate fiscal laws;
- Legal powers to amend budgets;
- MPs' educational and other qualifications;
- MPs' age and gender;
- Number of MPs in the Cabinet;
- Parliament's ability to determine own budget; and
- Other human and material resources available to Parliaments.

Even though some factors are possibly more important than others, no single factor holds the key to parliamentary effectiveness in budgetary processes, not even strong constitutional powers. In fact, many factors seem to work both ways, that is, to retard or strengthen parliamentary effectiveness, depending on other variables.

Informed observations show that these factors have evolved since the 1990s in a way that enhances the parliamentary role. These observations are supported by a relatively larger number of MP respondents who hold the view that the strength of their Parliaments has risen in the recent past (Botswana, Cameroon, Congo, Liberia, Rwanda, Uganda) compared to those who view it as still emerging (Tunisia, South Africa, Zambia).

One factor that has evolved for the better was the high MP turnover in the early 1990s. This turnover helped install MPs who were more educated, younger, and more reform-minded than their predecessors. This group was deemed more likely to agitate for deeper, broader and faster legal and institutional reforms..

Gender representation in Parliaments has also been attracting much attention. As women suffer from poverty more than men, some observers argue that a demographic transformation to give women more, even equal, representation can result in more re-distributive policies that benefit women more, as well as the poor in general. Current evidence shows that three quarters of MPs in Africa are male, and most Parliaments remain a 'men's club'. Very few countries have registered progress: Congo (Brazzaville) and Rwanda lead with 49 and 48 per cent female MPs, respectively, and South Africa follows with 28.5 per cent.

The paper counsels caution in that constant changes may not always favour parliamentary effectiveness. For example, while the high MP turnover in the 1990s was welcomed, a persistently high MP turnover reflects poor performance by incumbents, as viewed by the electorate. Moreover, the high turnover or 'juniorization of Parliament' could well have impeded capacity building, particularly in such a relatively complex area as budgeting.

The modalities for achieving gender-representative Parliaments must also be thought out carefully. Current indications suggest that getting more women leaders into Parliaments to achieve greater gender equity and equality is largely being pursued using party list electoral systems (Rwanda, South Africa) or legal provisions for affirmative action to allow some MPs to be appointed (Namibia, Uganda, Zambia, Zimbabwe). These methods have an advantage over the direct electoral system (Botswana, Ghana, Kenya, Liberia) in this regard, and can induce social justice and lead to political stability much faster. However, potentially telling disadvantages include discouragement of 'good behaviour' and more merit and effort from MPs. Such methods can also create a 'clientelistic' system in which MP loyalties accrue more to their political parties than to the ordinary citizens who elected them to office. Indeed, individual MPs may choose not to rock the boat if doing so means risking their political careers – a rational choice that nonetheless weakens Parliaments.

Lastly, some observers note that women MPs tend to be middle class, well educated and politically well connected, implying that gender-representative Parliaments may not necessarily impart a greater sense of solidarity with, or deeper concern for poor women than those that are male dominated. It is also true that studies in Ghana, Malawi and Tanzania show that women-led budget committees are most successful in focusing on achieving poverty reduction strategy papers (PRSP) gains for women and in taking on a leadership role on gender equality.

Given this mixed picture, the issue for policy debate and formulation is what role various stakeholders should play to ensure more effective African Parliaments. A tentative 'to do' list points to the following areas:

- ***Governments*** will have to support initiatives to strengthen Parliaments. They must regard them as partners in development and ensure they have the resources and means to carry out their functions, including more budgetary transparency and accountability. Critically, governments must ensure strong, well-resourced and independent SAIs;

- ***Civil society*** and media must regard themselves as critical partners in deepening democracy and fighting Africa's ubiquitous poverty. They must take it upon themselves to provide Parliaments with research, support and advice based on sound analysis. They can also use Parliaments to advance the interests and aspirations of their own constituencies;

- ***External donors*** have made sound pledges regarding refraining from acts that undermine national governance and democratic structures and institutions, including Parliaments. They have undertaken to use aid to support democracy and strengthen State institutions, including SAIs and Parliaments. They have also undertaken to provide training and other support that will enhance the exercise of oversight functions and should meet these pledges;

- Finally, ***MPs*** must comport themselves in a manner that clearly shows, without any doubt, whose side they are on – that of the ordinary people. In this regard, MPs have a propensity to use Parliaments for self-enrichment (perceived or actual), which undermines their ability to uphold their responsibilities to the people they profess to represent. They must ensure openness and inclusiveness of participatory democracy since such openness better sensitizes budgets to the people's needs. They must continuously upgrade their skills level to enhance their impact on budgetary decision-making. Availing themselves of training opportunities provided by external actors will be a good start

This paper opens up key issues for discussion but is not attempting to provide a blueprint for a strong Parliament. It merely flags some pertinent issues and facilitates deliberations on the appropriate policies and practices for enhancing the role of African Parliaments in budgetary processes.

1

INTRODUCTION

1.1 Context

1. In a democracy, Parliament is the highest State organ after the citizens, and represents sovereignty. To underscore the ordinary citizens' centrality in the shaping of Parliaments, Ethiopia's Constitution states, "[the people's] *sovereignty shall be expressed through their representatives elected… through their direct democratic participation*" (article 8). Thus, as a "*bridge connecting citizens and the State*" (Eberlei and Henn 2003), Parliaments are supposed to express citizens' preferences through their use of 'power of the purse', that is, using their budgetary powers over national resources. Budgets, therefore, are an important economic policy tool by which Parliaments can convey and ensure the pursuit of genuine national priorities (ECA 2005a). To this extent, parliamentary involvement in the budgetary process is key to articulating the interests of ordinary citizens and all stakeholders.

2. In reality, parliamentary influence on budget policy in some industrialized countries has declined over the years due partly to decentralization trends that devolved spending to state and local governments, and partly to expansion of both entitlement spending and national debt service. The United Kingdom's Parliament, which has virtually no influence on budget matters, illustrates this diminished influence (Stapenhurst, 2004).

3. Elsewhere, countries have begun reviving the legislature's budget activism. Some legislatures in Organization for Economic Cooperation and Development (OECD) countries are launching campaigns to regain a more active role in the budget process. In France, for example, the National Assembly recently initiated wide-ranging budget reforms, which includes budget reclassification to support parliamentary oversight, and enhancement of budget-amendment powers. [1]

4. In developing and transition countries too, the trend towards more legislative budget activism is palpable. In this regard, the evolution of legislative activism in Africa since the early 1990s has been a part of the broader democratization that the continent has undergone, although legislatures remain weak in this regard. However, Barkan and others (2004) argue, "*although most African Legislatures remain weak in relation to the Executive, they are arguably more powerful today than at any time since independence.*"

1 Stapenhurst 2004

1.2 Objectives

5. This paper contributes to various United Nations General Assembly's mandates and resolutions in two areas: first, to help member States strengthen State institutional capacity, thereby enabling them to carry out their functions more effectively.[2] For example, resolution 53/92 urges United Nations agencies "*to provide adequate assistance for the strengthening of the institutions for the promotion of transparency and accountability in public administration and good governance*".

6. The second mandate is to encourage member States to embrace broad-based participation in policy-making processes. Some elements to achieve this goal include transparency in policymaking and implementation and government's accountability to various stakeholders, especially to their own citizens.[3]

7. In keeping with these resolutions, the ECA 2006/2007 Work Programme includes a non-recurrent publication that will serve as resource material at the "*Training Workshop on the Medium-term Expenditure Frameworks (MTEFs) Process for Policymakers*". In this case, trainees will be MPs from across the African continent.

8. In line with these mandates and programmes, this paper's objective is to explore the determinants for effective Parliaments in the budgetary processes and how these could be strengthened further. These factors or determinants of parliamentary effectiveness are:

- The legal mandate, including Constitutions;
- Parliament's budget-amendment powers;
- Power relations between political actors;
- Parliamentary research capacity and resource availability; and
- The existence of specialized budget committees having the requisite skills and technical know-how to scrutinize budgets effectively.

9. This paper's secondary objectives are to:

- Discuss how Parliaments can engage in budgetary matters, exploring the mechanics of multi-year budgeting and how these processes present entry points for Parliaments to put forward and ensure the public's interests, an area long dominated by the Executive; and
- Examine the extent to which countries professing to have an MTEF do actually comply with this strategy's strict discipline and meet its technical requirements.

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2 See for example resolution 59/155 of 2004.
3 See for example resolution 53/176 of 1999.

1.3 Issues for research

10. The study uses both primary and secondary sources to achieve its objectives. Primary data came from analysis of responses to the questionnaire used in interviewing a number of African MPs. Further discussion of primary sources is made in section 5.

11. The secondary research sources comprise theoretical literature, information available on the Internet, various national legislations, newspapers, government records and data from IFIs.

12. Broken down into smaller researchable questions, the paper attempts to answer, or at least offer tentative insights into the following questions:

- Are African Parliaments legally empowered to be effective in their participation in the budgetary processes?
- As an important leeway for enhanced effectiveness, are African Parliaments enabled to amend budgets as the Executive tables these budgets? If yes, are they doing so?
- Within Parliaments, what impact do political power relations play in shaping budget debate?
- To what extent, if any, do African Parliaments have the requisite capacity and resources to participate effectively in budgetary process?
- Do African Parliaments have budget committees? Are these committees equipped with the know-how, resources and time to scrutinize budgets and offer effective advice to Parliaments and their Executives?

13. Since a number of African countries have adopted the MTEF, and in line with the objective of examining the mechanics of MTEFs, answers were sought for the following questions:

- Is there a strong political will to drive this public expenditure management (PEM) strategy?
- Given that many African countries have heavy budget dependence on donors, are these countries adhering to the disciplines that such frameworks require?
- Are there sufficient technical skills to mainstream the framework at all government levels (national, provincial, local)?

1.4 Structure of the paper

14. The next section delves into the highly charged debate about parliamentary involvement in economic policy in general and in fiscal policy in particular. To the largest possible extent, the paper presents both sides of the argument to raise MP awareness of their exclusion from budgetary processes. Such awareness can help them re-energize their efforts in making a useful

contribution to public financial management and to increase their credibility and status in the eyes of the ultimate judges - the general public.

15. Section 2 has attempted to make the case for increased parliamentary participation in budgetary processes. Section 3 discusses the concept of parliamentary involvement in various stages of the budget cycle. In particular, a strong Constitutional role and sound institutional frameworks are highlighted.

16. Section 4 presents the MTEF as a vehicle for increasing parliamentary involvement in budgetary processes, since the international donor community and IFIs are encouraging African countries to adopt these planning tools as part of public financial management reforms. Importantly, this encouragement (at times, a conditionality) stems from the new development cooperation approaches that include poverty reduction strategy papers (PRSPs), and programme-based approaches (PBAs) and, in this context, general budget support. Given this situation, the paper stresses that properly designed MTEFs contain many elements that justify and require parliamentary participation in budgetary matters.

17. The main body, section 5, analyses the outcome of the questionnaire-based study in selected African countries about the determinants of parliamentary effectiveness in budgetary matters. This section highlights the positive developments and challenges these determinants represent. Although the manner in which the primary data were collected from the MPs could have been improved, the paper argues that when these data are crosschecked against other sources, they are useful is supporting some of the key arguments in the section.

18. The last part of the paper, section 6, summarizes the study's findings and presents the conclusions.

THE CASE FOR PARLIAMENTARY INVOLVEMENT IN BUDGETARY PROCESSES – A LITERATURE REVIEW

19. The arguments favouring Parliament's involvement in the budget and in economic policymaking in general, have received pointed criticisms, both theoretical and empirical. This paper is not exhaustive in its exploration of theoretical and empirical approaches and of contending views. Nonetheless, this section touches on some of these debates, chosen on the basis that they come up more frequently in any discussion that justifies parliamentary involvement in matters of the budget.

2.2 The 'tragedy of the commons' argument

20. Dissenting voices to Parliamentary involvement in budgetary processes have expressed reservations ranging from infringement on government's right to govern, to the superfluity of such involvement. A major work that sets the basis for subsequent research is Allan Drazen's book, entitled *The Political Economy of Macroeconomics* (Drazen 2000).

21. Drazen's political economy research provided the basis for his discourse on the adverse impact of legislative negotiations on fiscal outcomes. The basic idea is that several players holding different preferences will treat budget revenues as a "*common pool of resources,*" and these players will try to appropriate the largest possible share for their own benefit (that is, to compensate the constituency or the lobby that they represent). In the absence of strong institutional procedure that disciplines and limits the behaviour of policymakers, the outcome of the bargaining process becomes the "*tragedy of the commons*", that is, overspending and unsustainably large budget deficits.

22. Building on this work, later research has proposed centralizing the budgetary process in a strong Ministry of Finance. Allan Schick basically argues that in the same way that the 'Friedman rule' assigned monetary policy to autonomous and apolitical central banks, budgeting should similarly be left to apolitical bureaucrats. Failure to do this, he insists, will lead to fiscal indiscipline. In his view, legislative activism in budget matters could lead to "*budgets in which pressure to spend more and to tax less generates chronic deficits and a progressive rise in the share of national income spent by the government*" (Schick 2002).

2.3 Some structural impediments to parliamentary involvement

23. Still later work that presented reasons against parliamentary involvement in budgetary processes was premised essentially on three observations: the emergence of disciplined political parties,

including their ability to design and implement sound fiscal policies; the devolution of spending, and to a lesser extent of revenues, meant loss of comprehensive control of public funds by national legislatures; and finally, the huge expansion of entitlement spending in the twentieth century made budgeting much more rigid and decreased the margin for active legislative engagement in annual budgets (Schick 2002). For poor countries, the latter may include the creditors' entitlement to national resources through debt-service obligations and budget support.

24. All these and other issues, including the increasing complexity of public finances have meant that the executive's budget proposal became the basis of legislative action, and legislatures themselves became mere forums "*to deliberate but not to decide*."[4]

2.4 Legislative activism enhances good fiscal performance

25. To these arguments, activists who propound extensive legislative budget activism counter by pointing out that fiscal indiscipline in fact results from excessive executive dominance over budgets. According to them, legislatures have proven to be a source of fiscal probity rather than profligacy. Langdon (1999), for example, argues that fiscal irresponsibility in Ghana occurred during the period when Parliament was weak, "*because it had been elected without any significant opposition*". In the new and more politically balanced Parliament after the 1996 elections, he argues, the economic policy debate in Ghana has been more about policies to achieve macroeconomic stability and sustainable growth.

26. Another view is that even if greater legislative activism in budget formulation does lead to some fiscal deterioration, this may well be a price worth paying for greater public input into the budget and for building enhanced national consensus on the budget (von Hagen 1992).

27. Counter arguments suggest that such experiences should not be generalized. In the same vein as Drazen (2000) and Schick (2002), Persson and Tabellini (2004) posit the argument of fiscal performance (as may apply in Ghana's case for example) on the country's electoral rules, and not on parliamentary involvement. They argue that parliamentary regimes under plurality rule as opposed for example to proportional representation, are generally associated with excessive government expenditure and with higher budget deficits. Here, "*political candidates [are] more responsive to the wishes of pivotal groups of voters, which increases the propensity to target benefits to narrow constituencies, at the expense of broad and universalistic programmes such as welfare-state spending and general public goods*". Hence comes the 'tragedy of the commons' named in the acclaimed book by Allan Drazen (2000).

2.5 Parliamentary activism promotes good governance

28. From a governance perspective, parliamentary involvement aims to promote sound public financial management and poverty reduction; and for these reasons Parliaments *must* be involved in the budgetary processes as such involvement serves to encourage participation, transparency, ac-

4 Schick 2002, ibid.

countability and national ownership of the budget. As argued in various ECA studies (for example, ECA 2005b), poverty reduction is intimately linked to good governance, making the latter critical to spur the former. In Africa in particular, history is littered with executive fiscal blunders, resulting in continued and seemingly intractable poverty.

29. Santiso (2005) concurs with Schick (2002) that fiscal discipline and budget responsibility are best achieved under the tight steering of a Finance Ministry, a sentiment also echoed by the Inter-Parliamentary Union (IPU 2000). Yet, he stresses the benefits that can be derived from a "*more balanced relationship between the Executive and the Legislature in budgetary matters*." According to him, greater parliamentary involvement in budgeting rectifies the Executive's fiscal errors by strengthening mechanisms for self-restraint and by making public finances less vulnerable "*to corruption and capture*."

30. Expanding on their electoral rule argument, Persson and Tabellini (2006) counter that democratic countries experience different degrees of corruption depending on the electoral rules that are applied for parliamentary election, irrespective of whether Parliaments are involved in budgetary processes or not. In this regard, they argue that "*party lists discourage the effort of office-bearers*" *and "political rents* [or corruption] *will be higher under electoral systems that rely on* [party] *list voting, than in systems where voters directly select individual candidates*". In the same paper, Persson and Tabellini argue that in the latter system, "*individual accountability…strengthens the incentives of politicians to please the voters and is conducive to good behaviour*".

2.6 Parliamentary activism instils budget credibility

31. Closely related to the foregoing discussion by Santiso (2005) is that unconstrained and unchecked executive discretion in public budgeting tends to undermine the budget's credibility as an instrument of policymaking and strategic planning. Here, Haggard and McCubbins (2001) opine that although it allows for greater flexibility and decisiveness, especially during economic crises, executive discretion in public budgeting tends to undermine the resoluteness of fiscal policy and budgetary management. In this regard, "*parliamentary involvement in the budget process helps strengthen both the credibility and the legitimacy of the budget and ensures that budget priorities adequately reflect policy priorities*".

32. Furthermore, centralized and insulated budgetary systems tend to be less transparent, a situation that enables "*even the most stringent fiscal laws [to be] circumvented if non- transparent procedures make budget documents unintelligible and unrelated to the real fiscal situation*" (Samuels 2000).

33. Counter-arguments acknowledge these possible salutary effects of parliamentary involvement, but they offer 'better' solutions. These solutions include loss of a good reputation by the Executive in the event of fiscal indiscipline; the debt's restructuring and/or appropriate indexing; and the so-called Markov equilibria that constrain future policies to the current state of the economy (Persson, Persson and Svensson 2006; Azzimonti, Sarte and Soares, 2005).

34. Moreover, the arguments that Parliaments should strengthen self-restriction mechanisms and promote transparency clash with the experiences of industrial countries, as discussed in Persson and Tabellini (2003), which show that parliamentary systems and proportional electoral rules are typically associated with less (not more) accountability, transparency and efficiency in fiscal policy.

2.7 Parliamentary activism entrenches checks and balances

35. Among the several economic theories that explore the role of Parliaments in budgets, the model by Saporiti and Streb (2004) highlights a key benefit of parliamentary involvement. It shows that separation of powers brings into play a system of checks and balances in public financial management. This system "*provides the kind of commitment device that allows the Executive to credibly compromise to optimal policies, by requiring joint agreement in the policymaking process*".

36. This system further solves two types of problems. First, it provides a solution to the time-inconsistency problem by which the Executive can manipulate fiscal policy in electoral years. Second, the system partly addresses the principal-agent (or agency) problem, including lessening the problems associated with the 'asymmetry of information' (Molander 2001), resulting in manipulation of fiscal policy for political expediency.

37. This agency problem[5] that is well known in the corporate world (Pearce and Robinson 2005: 43) can be loosely adapted to Parliament's role. Basically, when voters elect a government, an agency relationship is established. Voters ('State owners') want an improved life (poverty reduced and maximum returns on their taxes in the form of public goods and services). At the same time, they are not privy to all the information at government's (or 'corporate executive's') disposal, and do not know and understand all government activities. In this case, the Government/Executive can pursue its own interests, regardless of the interests of the voters, and can provide falsified information about its activities. Parliaments in this business analogy act as the Board of Directors to ensure that the Executive (including the Chief Executive Officer (CEO) or President/Prime Minister) pursue, as best they can, the welfare of citizens. Parliaments can even express a vote of no confidence and thereby fire governments. Here, Parliaments can act "*as a medium for representing and articulating the will, aspirations and needs of the people as a whole*."

38. A theoretical research by Alesina and Rosenthal (1995) questions the impact of strong check and balances under certain conditions. Along the lines of the 'tragedy of the commons' argument, they show that when such checks and balances interact within divided governments the resulting process of fiscal policy formation leads to inefficient outcomes, despite Parliamentary participation.

5 The agency problem is also known as moral hazard or shirking, and is discussed extensively in Pierce and Robinson 2005.

2.8 Parliaments boost country ownership of the budget-making process

39. Excessive executive discretion, which in poor countries is driven by the 'Washington Consensus' tends to "*overemphasize aggregate fiscal discipline over the other goals of public budgeting, constraining the ability of governments to pursue counter-cyclical fiscal policies in bad times*" (Santiso 2005). The World Bank admits, "*the pursuit of aggregate fiscal discipline is often done in such a way as to undermine performance – arbitrarily reordering priorities and devastating service delivery and operational performance more generally*" (World Bank 1998). Getting Parliaments to review and ratify agreements entered into by governments and the IFIs will partly solve this problem.[6]

40. On the other hand, it could well be argued that the so-called Washington Consensus no longer exists in the wake of new development thought that emphasizes country ownership (Klingebiel and others 2005; Mfunwa 2006). Even when the Consensus did exist, African countries ignored it, particularly in the fiscal austerity area. Ballooning debts and unsustainable deficits could be cited in this regard. Country efforts at macroeconomic stabilization have all been tentative at best. The point here is that the country ownership argument raised above to justify Parliamentary involvement must be questioned. In any event, although many poor countries tacitly repudiated the Washington Consensus, this did not mean automatic involvement of Parliaments in the design of macroeconomic policies.

2.9 Parliaments ensure gender mainstreaming of budgets

41. Another justification for more parliamentary involvement in budgeting is that gender mainstreaming into budgets can be achieved through such involvement. This point is supported by a survey conducted by Eberlei and Henn (2003), which found that in Ghana, Malawi and Tanzania, women-led budget committees were most successful in focusing on achieving PRSP gains for women and in taking on a leadership role on gender equality.

42. Basically, Parliaments can promote gender-sensitive budgets by (a) requesting that the budget include gender-disaggregated data, and (b) by demanding that the national accounting framework incorporate all productive activities, thus "*making visible in the budget all those unpaid productive activities that are inaccurately reflected in national accounts*" (Gálvez 2003). It has been recommended that successful gender mainstreaming of a budget depends greatly on getting women MPs into Parliaments to start with. As evidence in section 5 indicates, African countries are nowhere near to achieving gender equality and equity.

43. Counter arguments question the empirical basis for the above assertion, noting that even in industrialized countries such gender equality and equity remains illusive. Moreover, skeptical voices raise the point that the manner in which women become part of Parliament is also important and affects their ability to advocate for gender-sensitized budgets. If, for

6 Botswana parliamentary website - http://www.gov.bw/government/the parliament.html.

example, women join Parliaments on the basis of appointments rather than elections, their effectiveness and independence may be limited. The paper returns to this issue later.

44. Another issue to be questioned here is the assumption of gender solidarity when this has to be tested, as there is conjecture that economic class and social status matter more. It seems plausible in that, although women suffer from poverty disproportionately, it is mainly non-poor, well-educated and politically well-connected women who make their way to become MPs. It remains to be seen whether their understanding of poor women's predicaments is different from that of their male counterparts. Emerging achievements in Ghana, Malawi and Tanzania does suggest that women-led budget committees offer leadership on gender equality and equity and focus more on achieving PRSP gains for women.

45. Rather than relying only on female MPs to entrench gender mainstreaming, it has been suggested that the goal generally should be to build *parliamentary democracy*, as this guarantees higher social welfare spending compared to other forms of government. Since gender mainstreaming achieves improved social welfare dimensions, then stronger Parliamentary involvement in the budget is the tool to achieving the gender-mainstreaming objective.

2.10 Parliamentary involvement leads to PRS success

46. Parliaments can play an important role in the poverty reduction strategy paper (PRSP) processes by sensitizing the budget preparation to such goals. Despite shortcomings in the PRSPs, particularly the deficiencies in the participatory and consultative components of requirements (Dijkstra 2005, Mfunwa 2006), there are some examples to illuminate the point that more parliamentary involvement could be beneficial to the PRSP process.

Box 1. MPs in the PRSP process

There are only a few examples in the PRS countries of SSA of institutional participation by parliamentary organs in formulating the PRS:

- In Guinea Bissau, the Vice-president of the Parliament collaborated ex officio on the National Committee to draw up the PRS;
- In Chad, two MPs are members of the Steering Committee responsible for the PRSP draft and its future monitoring;
- In Malawi, cooperation was initiated between parliamentary committees and the thematic PRS working groups; and
- In Sierra Leone, an ad hoc committee was set up in 2002/2003 at the initiative of delegates, to support implementation of the PRS and ensure parliamentary involvement.

Source: Eberlei and Henn 2003

47. In Malawi, Parliament has made great use of its budgetary powers since 2001 to debate and influence its PRSP content, integrating know-how from civil society actors in the consultative PRS process. In Uganda, reference to the PRSP was an important part of the

2002/2003 budget process. In Niger and Zambia, Parliament's future role in reviewing the draft budget in PRS terms is being stressed, at least in the documents (Eberlei and Henn 2003). As box 1 shows, even where MPs are involved, they tend to be involved as individuals rather than as members of Parliaments as institutions. This highlights serious deficiencies in the existing parliamentary budgetary involvement, especially in the PRSP context.

2.11 Concluding remarks

48. The literature reviewed in this section paints a much more complex picture of debates about parliamentary involvement in the budgetary processes. From this paper's viewpoint, two key positions are being adopted.

49. In the final analysis, Parliaments will have to prove their worth by demonstrating capability to rise above individual interests and party loyalties and represent the aggregated interest of the people and the country as a whole. To be effective, they need to upgrade their skills constantly, for effective participation in deep economic and budgetary debates and policymaking.

50. UNECA's stance is a longstanding principle, that it is both desirable and unavoidable that in a representative democracy Parliament should take an active part in economic policy formulation, its implementation and evaluation. This principle is underscored in the organization's work and underpins the objective of seeing participatory policymaking in its member States.[7] The next section addresses how such active participation can be implemented practically.

7 Encouraging a participatory approach to development comes through in many UNECA publications. See for example UNECA (2005a).

MODELING PARLIAMENTARY PARTICIPATION IN BUDGETARY PROCESSES

3

51. The increasing acceptance that Parliaments must be involved in budgetary processes has not settled the issue as to how and where they should fit in the budgetary processes. This section delves at the conceptual level on parliamentary participation at each budgeting stage. A general consensus is that a Parliament's main role in the budget is the oversight function: Is the budget in line with government's stated objectives? Is the budget implemented economically, efficiently and effectively?

52. Parliaments may affect sectoral allocations through enhanced activism, but this is done indirectly through policies that urge more concentrated focus on those sectors. Indeed, it may not be advisable for Parliaments to become submerged in budget compilation as its policing, and checks and balances functions may be compromised.

3.1 MPs' budget accountability: the model

53. The various ways in which Parliaments can influence budgets are explained by reference to the model captured in diagram 1, reproduced and adapted from Sabourin (1999).[8] Direct solid arrows towards MPs illustrate how an MP can demand accountability from government and other bodies, in a *direct* manner. The dotted arrows towards MPs identify the reporting channels to Parliaments that are not necessarily direct. Similarly, outward arrows show to whom MPs are answerable *directly* or *indirectly*. The diagram's top half portrays to whom the MP is answerable, and the bottom half shows from which entities MPs can demand accountability.

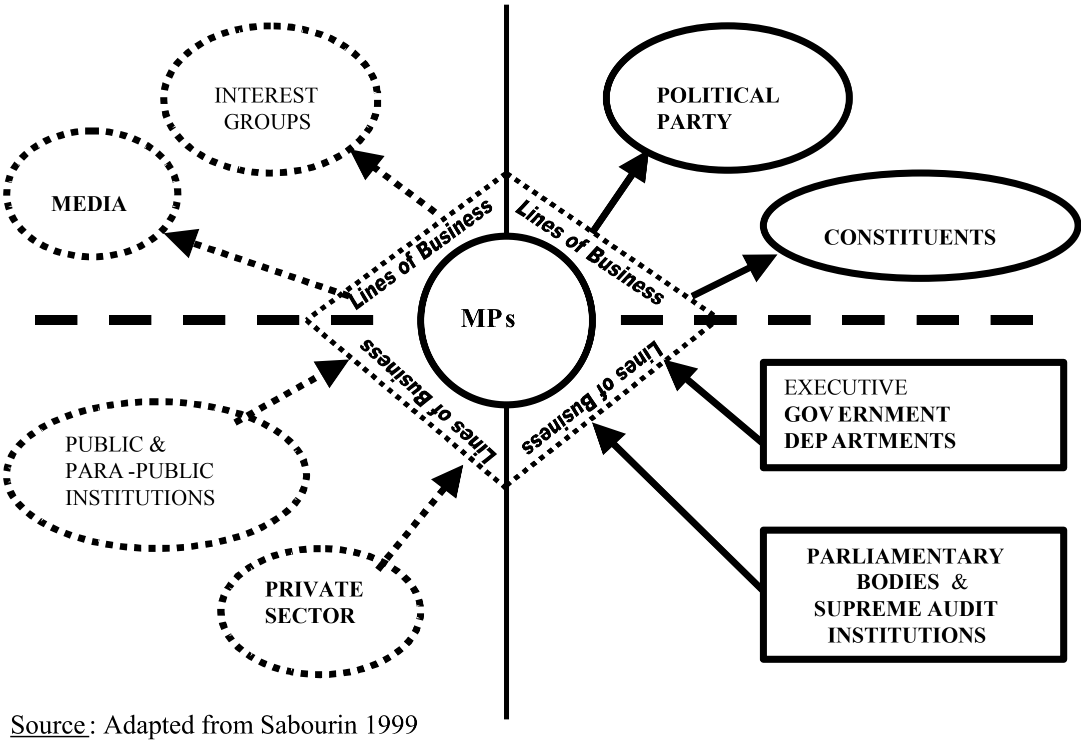
54. The top right quadrant illustrates that "*the ultimate accountability of an elected representative is found in the ballot box*".[9] To reach the ballot box, an MP belongs to a political party.[10] Depending on the country's electoral system, as alluded to in section 2, the arrow can be thicker towards a geographical constituency in a direct election system, or thicker towards a political party in a party list system. These options could have a significant impact on the effectiveness of MPs in budgetary processes.

8 To facilitate policy-related debates, this paper avoids discussing the more theoretical disposition of parliamentary involvement in budgeting processes. A reader interested in this line of discussion is invited to consult, for example, Molander 2001.

9 Sabourin, 1999, ibid.

10 Sabourin, 1999, ibid.

Diagram 1. MP s' Environment of Budget Accountability



Source: Adapted from Sabourin 1999

55. The 'lines of business' in the model refer to the MPs' activities. These activities are exercised in the Chamber or Assembly itself, by their acting principally as legislators. An MP also has duties in a Legislature's committee that studies a Bill or investigates an issue before the committee, engaging in partisan activities for the party or working for the constituency that she/he represents. Guided by this model, MPs can influence a budget process in its entirety. Some ways in which this could be achieved are summarized in the next paragraphs.

56. **Oversight function.** Parliament's role in monitoring and controlling budgetary spending is part of the overall *raison d'être* for legislatures around the world, that is, to oversee government policy and operations *directly*. Many Parliaments in Africa (see section 4) are legally able to call on Ministers and other government officials to justify budget allocations, explain any deviation of spending from policy priorities, demand occasional reports on spending and make other requests.

57. Parliament's effective control and oversight strongly depends on the interplay and communication between all agents and stakeholders of national budgetary processes. These actors include the Finance Ministry,[11] Audit Court, the judicial system, SAIs, and parlia-

11 The Ministries of Finance and the entire Executive have to demonstrate their political will by, among other things, the timely submission of meaningful reports on budget execution, to Parliaments and SAIs.

mentary bodies such as the parliamentary budget committee. As this interplay is importantly determined by practices and not only by the constitutional rules, there is an opportunity to improve institutional interaction through behavioural change. For this reason, discussion forums engaging all these agents, including civil society organizations (CSOs) and the media, can markedly enhance the respective roles of the institutions involved.

58. SAIs are particularly important to the work of Parliaments. The SAIs, including national agencies such as the Auditor General's Office, that are responsible for auditing government revenue and spending, are key to the oversight role. Succinctly put, parliamentary effectiveness hinges critically on the strength of SAIs. The SAIs' raison d'etre, in turn, is to "oversee the management of public funds and the quality and credibility of governments' reported financial data" and then report to the legislature, which has the ultimate responsibility for acting upon the findings, opinions or recommendations of the SAI (Dubrow 2003). If the legislature's role in the budget cycle is to be effective, legislative recommendations based on audit findings must be reflected in future budgets, thus allowing continuous improvements in public financial accountability.

59. SAIs have to be strong institutions, themselves underpinned by constitutionally guaranteed independence. In practice too, they must be able to exert their external control function to the extent they can and should. Strengthening them in their functions can therefore be an indirect way of enhancing parliamentary control.

60. Moreover, SAI effectiveness will be improved by MP capacity to read, understand and make use of SAI reports. If MPs are lacking skills in this area, the external stakeholders' roles, such as providing training to MPs and monitoring and analysing national budgets, become critical. Indeed, various studies and practices have proven the value of involving CSOs in budget decision-making aimed at augmenting parliamentary capacity and constituency outreach.[12]

61. The public/parastatal institutions are supposed to (in industrialized countries they do) report, in most instances, at arm's length to Parliaments. These institutions include parastatals that promote foreign investment, broadcasting entities, various commodity/marketing boards, all of which Parliaments can call to account in the public interest and in lieu of the direct link to government.

62. **Legislation.** Although the Executive chooses policy packages and assigns resources to public service delivery, it is Parliament's prerogative to ratify and legislate the pattern of public-resource allocation.[13] The 'power of the purse' function entails the enactment of the annual budget that originates from the Executive via an appropriation Bill. This is a mechanism by which a Legislature is able to exercise direct control over the pattern of public resource allocation. It is also a mechanism by which it can demand accountability from the Executive *directly*.

12 For example, see Krafnik (2003) and Wehner (2001).
13 See Abedian, 1998, ibid

63. Practices worldwide, including in Africa, differ on the extent of Parliament's legislative powers to influence the national budget. Few countries give MPs strong powers to amend the government's budget proposals (USA, Sweden, Portugal, Iceland). Most countries allow relatively mild to weak (Brazil, Rwanda) powers to the legislature to amend budgets, mostly disallowing increases to budget deficits. Other countries may have strong amendment powers on paper but are restricted by statutory claims (for example, pensions) on the budget (Germany, Norway, Switzerland) (Schick 2002). In many African countries, Parliamentary influence is further restricted by debt-service obligations and capacity constraints to amend budgets.

64. **Participation.** Parliament is a voluntary conduit for public participation in policy- making. *Interest groups* (e.g. civil society, academics, trade unions, women's organizations, policy groups) influence budgets via the Legislature, and fiscal resource allocations are affected accordingly. This legislative role is critical for deepening democracy and for assisting MPs in their oversight role. In South Africa, the Women's Budget Initiative was established to gender-sensitize budgets, and this has helped in providing MPs with budget gender analysis and recommendations. In fact, external stakeholders can force Parliaments to take participation seriously, in some instances.

65. This point is amply showed by the recent case brought by Doctors for Life International, an NGO, in which the Constitutional Court ruled against certain health-related legislations, because the South African Parliament had decided to "*cut corners*" by failing "*in its obligation to allow reasonable and sufficient public participation before the Bills were promulgated and enacted*". The effect on the NGO of the health-related issues had been acute and the NGO was keen to follow up and make their comments.[14]

66. Opening up to, and answering queries from the *media* helps Parliament to influence the budget by promoting financial transparency, staving off wasteful expenditure and deterring corruption. At the same time, it can use media outreach to account to the constituency and to the general public.

67. Parliaments have an ability to demand answers *indirectly* from the private sector (e.g. chambers of commerce, industrialists), emanating from their legislative review, in areas that impact on the private sector directly. These laws include those affecting tax levels, spending patterns on economic infrastructure, investments, interest rates, and environmental issues, as well as the ways in which domestic activities interact with international economic trends.

68. Institutional structures. Parliaments can affect budgets through directly utilizing a variety of parliamentary bodies. Among these are various parliamentary committees, working in various portfolios (education, health, defence, etc.) and which can play a crucial advisory role. In particular, budget committees work in areas that demand in-depth and technical debate and know-how and can shape the manner in which the legislature partakes in budget formulation.

14 See Mail & Guardian (2006c), available at http://www.mg.co.za/articlePage.aspx?articleid=281068&area=/breaking_news/breaking_news__national/.

69. It is well to note that Parliament's influence in budgetary processes, as discussed, hinges critically on the key elements of good governance. Here, transparency in budgetary processes is a critical factor in enhancement of this role, requiring timely and public availability of budget documents in a comprehensive and understandable way (ECA 2005c).

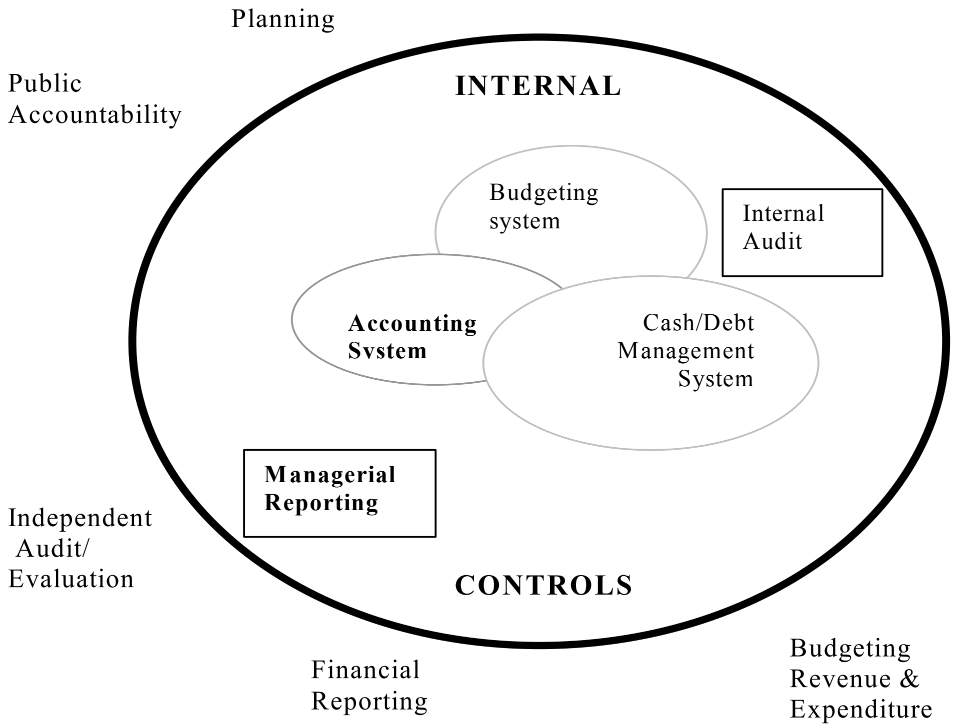
3.2 Parliamentary involvement at various budget stages

70. The above model suggests that parliamentary influence on budgets is indeed "not an event but a process"[15], that participation occurs as a result of a process continued throughout the year in the integrated budget-cycle process. This cycle is depicted in diagram 2 below, illustrating activity in many parts of the governance system, including at the level of the executive leadership, the public service, civil society, and parliament.

71. In order for the cycle to work, it has to operate in a transparent and accountable manner within the national economy. The various functions outside the cycle – budget planning, revenue/expenditure allocation, financing reporting, external audit and evaluation and public accounting – should involve significant interaction with civil society groups, businesses and the public at large. Parliament should, as prompted by the model, play a crucial role in facilitating this interaction.

15 See IPU (2000).

Diagram 2. The Overall Budget Cycle



Source: Langdon 1999

72. In brief, Parliaments play their role both ex-post and ex-ante in the budget process, and include the following activities, already explained in the model (Stapenhurst 2004, Langdon 1999):

73. The planning phase. This is a critical stage for MPs in which they can exercise their 'power of the purse.' They can choose to accept or reject the budget proposals, or if allowed by law, they can propose amendments. As they review the budget proposals, MPs have to see that spending plans are congruent with government policies. In a multi-year budgeting system, they have to see that previously expressed spending priorities do influence current budget plans. This phase presents an opportunity for MPs to seek the views of other stakeholders, such as those of civil society and the private sector, and of experts, to express their opinions about the likely impact of the budget on various segments of society and the economy. In open democracies, the openness has greatly sensitized the budget to the concerns of various groups such as those mobilized around gender issues and children welfare, as exist in South Africa and in Uganda.

74. The implementation phase. At this phase, Parliament should scrutinize spending and revenue details to see that they are consistent with stated government goals. In-year reviews

of spending patterns by the Office of the Attorney General (AG) and the monitoring exercise carried out by various parliamentary committees all facilitate Parliament's monitoring of spending during the year. Such monitoring helps, for example, to identify capacity constraints in capital spending on education and health facilities, this enabling timely action taken to rectify the situation and to ensure an improved public-service delivery.

75. During this phase, MPs can carefully review financial reporting (with the involvement of the AG's office and other external stakeholders, playing a monitoring role) to see if the government is actually pursuing budget promises, and advise appropriately.

76. Evaluation and assessment phase. This is another critical phase for MPs. Assisted by the reports from the AG's office and involving external stakeholders, MPs must evaluate areas of government activity in detail, to see if planned outcomes have been achieved and that these are consistent with policies and goals agreed with government.

77. In this last phase, MPs can employ public accounting procedures (involving the AG's Office) to identify areas where financial dishonesty and irregularity seem to be evident – and address these cases with sanctions to be applied against individuals or groups.

78. The next section discusses an example of a tool by which this model could be implemented in practice, and how African countries have fared so far in doing so.

THE MECHANICS OF THE MEDIUM TERM EXPENDITURE FRAMEWORK

4

4.1 Introductory remarks

79. Section 3 discussed how Parliaments could be involved in budgetary processes. This section discusses a budgeting tool by which such involvement can be facilitated. In principle, MTEFs, properly designed and implemented, contain many good governance elements for which Parliamentary involvement is justified: political buy-in and ownership, and therefore budgetary sustainability; accountability; transparency; participation by various internal and external stakeholders, including civil society; policy-oriented budgeting; budget realism; and efficiency, effectiveness and economy of public spending.

80. The number of countries adopting MTEFs surged during the 1990s. Of all MTEFs prior to 2001, 90 per cent were formulated over the five-year period, 1997-2001 (Le Houerou and Taliercio 2002). Africa accounts for over half of the existing MTEFs in the developing world, and the continent may be regarded as the vanguard in MTEF implementation.[16]

81. The attention lavished on MTEFs in Africa is due to a number of developments. First, MTEFs are part of the overall economic reforms that African countries are undergoing at the behest of the IFIs and the donor community. MTEFs supplement the results-based budgeting systems adopted to monitor the impact of poverty reduction strategies. In fact, they have been deemed an ideal vehicle for incorporating poverty-reducing programmes into public expenditure programmes, within a coherent macroeconomic, fiscal, and sectoral framework.

82. On the role of IFIs, the IMF's Poverty Reduction and Growth Facilities (PRGFs) also call for MTEF reforms, and have featured MTEFs prominently in the country-by-country assessment of the heavily indebted poor countries (HIPC) debt-relief initiative, which seeks to track poverty-related expenditure resulting form debt relief (World Bank/IMF, 2002). The World Bank's offer of technical assistance loans "*to assist in building*" MTEFs gave a further boost to use of these planning tools. Moreover, the Bank's new lending instrument, the Poverty Reduction Support Credit (PRSC), is based in part on these medium-term programmes and costings presented in the national PRSPs and hence, their MTEFs.[17]

83. In sum, it can be concluded that MTEFs have been largely imposed on the African

16 Le Houerou and Taliercio, 2002, ibid.
17 World Bank and IMF, 2002, ibid.

continent primarily by IFIs and the donor community, based on the new development approaches. These approaches to development cooperation include the PRSPs and PBAs, and in the same context, general budget support. Given the complexity of MTEFs, the next question is whether the international community which advocated adoption of these tools has ensured that the right circumstances do prevail locally. This section will partly attend to this question.

4.2 Definition and explanation of concepts

84. The Collaborative Africa Budget Reform Initiative (CABRI) describes a MTEF as *"a comprehensive, government-wide spending plan that links policy priorities to expenditure allocations within a fiscal framework (linked to macroeconomic and revenue forecasts)"* (CABRI 2004).

85. Thus, the MTEF is aimed at providing a *"linking framework"* that allows expenditures to be *"driven by policy priorities and disciplined by budget realities"* (World Bank 1998: 32). On this basis, the framework promises to solve the problem of disconnect between policymaking, planning and budgeting – a pervasive problem in many African countries (ECA 2005c).

86. According to the World Bank's 1998 *Public Expenditure Management Handbook*, the MTEF *"consists of a top-down resource envelope, a bottom-up estimation of the current and Medium-term costs of existing policy and, ultimately, the matching of these costs with available resources…in the context of the annual budget process"*. The 'top-down resource envelope' is a macroeconomic model that indicates fiscal targets and estimates revenues and expenditures, including government financial obligations and the costs of government-wide programmes such as civil-service reform.

87. To complement the macroeconomic model, the sectors engage in bottom-up reviews, beginning by scrutinizing sector policies and activities (zero-based approach) in order to optimize intra-sectoral allocations. Table 1 shows how MTEF is supposed to integrate the top-down resource envelope with the bottom-up sector programmes. For example, in stage 3 policymaking, planning and budgeting processes are joined. Once the strategic expenditure framework is developed, the government defines the sectoral resource allocations, which are then used by the sectors to finalize their programmes and budgets (World Bank 1998).

88. Once a MTEF has been developed, it becomes a rolling budget in the sense that the first outward year's estimates become the basis for the following year's budget, once changes in economic conditions and policies are taken into account.

Table 1. The Six Stages of a Comprehensive MTEF

Stage	Characteristics
1. Development of macroeconomic or fiscal framework	• Macroeconomic model that projects revenues and expenditures in the medium term (multi-year)
2. Development of sectoral programmes	• Agreement on sector objectives, outputs, and activities • Review and development of programmes and sub-programmes • Programme cost estimation
3. Development of sectoral expenditure frameworks	• Analysis of inter- and intra-sectoral trade-offs • Consensus building on strategic resource allocation
4. Definition of sector resource allocations	• Setting medium-term sector budget ceilings (Cabinet approval)
5. Preparation of sectoral budgets	• Medium-term sectoral programmes based on budget ceilings
6. Final political approval	• Presentation of budget estimates to Cabinet and Parliament for approval

Source: World Bank 1998

89. The MTEF aims to deliver on the following objectives, among others:

- Improved macroeconomic balance, especially restoring and maintaining fiscal discipline;
- Greater budgetary predictability for Line Ministries;
- More efficient use of public monies;
- Greater political accountability for public expenditure outcomes through more legitimate decision-making processes;
- Greater credibility of budgetary decision-making (political restraint);
- In the PRSP context, affording countries a better framework within which to engage more strategically with development partners; and
- On the issue of gender mainstreaming of budget processes, serving as a useful entry point for examining the budget for its varying impact on women and men, girls and boys (Wehner and Byanyima 2004).

4.3 MTEF requirements

90. To realize the benefits discussed above requires that MTEFs be conceived appropriately and implemented in full. For countries to be able to do so, they need to meet certain

requirements, but also understand that MTEFs are but a small component of performance expenditure management reforms. MTEF, for example, does not address issues of budget execution or reporting; nor does it cover all relevant budget formulation issues such as budget comprehensiveness (OPM Review 2000).

Box 2. Elements of a Medium-term Budget Framework (MTBF)

MTBF is based on (a) *clearly explained macroeconomic assumptions*; (b) *explicitly costed government policies*; (c) *estimates owned and maintained by government Ministries and agencies; and* (d) policy decisions underlying the estimates *made openly, and policies clearly explained to the public – including any changes during implementation*. A country's institutional arrangements for achieving these aims may vary.

The following are common features of such a system:

- Budget estimates based on a medium-term macroeconomic framework, giving a clear statement of policy objective including the path for the fiscal deficit and consistent tax policies and expenditure;
- Top-down translation of expenditure targets into spending ceilings for individual Ministries, and maintenance of estimates by Ministries on the basis of agreed policies;
- A clear costing of existing commitments and identification and costing of new policies;
- A transparent decision-making process for ensuring consistency between top-down and bottom-up estimates;
- Integration of investment/development budgets with recurrent budget decisions;
- Publication of the MTBF framework as part of the annual budget documentation; and
- Public tracking and accountability mechanisms to trace policy and technical parameter changes from budget year to the next rollover period.

Source: Adapted from Allan and Parry 2003

91. The first steps to a full MTEF are to clarify a medium-term fiscal framework (MTFF) and then a medium-term budget framework (MTBF). MTFF contains a statement of fiscal policy objectives and a set of integrated medium-term macroeconomic and fiscal targets and projections (see box 4 on South Africa for an example). MTBF builds on this first step by developing medium-term budget estimates for individual spending agencies. MTBF's objective is to allocate resources to the nation's strategic priorities and ensure that these allocations are consistent with overall fiscal objectives. This gives some degree of budget predictability to spending agencies, while ensuring overall fiscal discipline (OPM Review 2000). In a sense, MTBF is almost synonymous with MTEF, which develops the approach further by adding elements of activity and output (see box 2).

92. Further requirements for a successful MTEF cover the spheres of politics and technical skills (OPM Review 2000). Some of these requirements are outlined below in the next few paragraphs.

93. **Political support.** At the political level, MTEFs need to be driven by a clear policy framework and fiscal strategy. They will be undermined if ad hoc, politically driven expenditure reallocations and inconsistent macroeconomic management occur (DFID 2001). For example, Ghana's MTEF, in spite of having had a promising start, is argued to have been undermined by politically motivated in-year resource reallocation, which "*stem from the fact that the Government did not obtain a political mandate for its initial budget allocation decisions*" (Le Houerou and Taliercio (2002).

94. **Participatory budgeting process.** Related to the need for political support, MTEFs require quality participation in budget formulation. Line Ministries should be an integral part of budgeting processes and budget ownership, which requires more than a technician's involvement (Dorotinsky and Floyd 2004). The aim is to use the budget formulation as a process for reaching political consensus at senior levels and for allocating resources to meet objectives. A medium-term expenditure plan submitted for approval to Parliaments enable MPs to invite stakeholders and constituencies as external parties to offer views on the appropriateness of the plans. Here, MTEFs have the potential to become not only an inclusive process within government but also include external stakeholders as well.

95. **Predictability.** If the release of budget funds is unpredictable, it will be difficult to implant confidence in medium-term projections. Line Ministries cannot improve performance if the Finance Ministry cannot ensure a predictable funding level (DFID 2001). In this regard, it bears mentioning that it is very important that development partners use existing country instruments for planning, budgeting and disbursement, and thereby improve the predictability of their support (Mfunwa 2006).

96. **Accountability.** If Ministries and Parliaments are not held to account, then no gains can be made from attempts to link budget outcome to policy objectives. Accountability in this case assumes that budgetary systems are open to civil society and media scrutiny, that is, that the budgetary processes are transparent. The Executive must account to Parliament for its medium-term plans, as discussed earlier in the paper.

97. **Budget transparency and a full disclosure of donor funding**. These elements, including aid financing, are critical. The so-called 'special accounts' and supplementary budgets defeat the purpose of transparent budgeting, and need to be minimized and eliminated (ECA 2005c).

98. **Appropriate sector policy**. Trying to achieve transparency in the resource allocation to specific activities is futile where overall sector policies are unclear, inconsistent or unrealistic.

99. **Technical competency**. MTEF raises the demand for technical competence in the Finance Ministry and in line Ministries and other spending agencies. In particular, building

capacity will serve to reduce the gap between forecast and actual revenues and expenditure, and also to improve the budget predictability and the credibility of the MTEF process.

100. In sum, a well-designed and effectively implemented MTEF, supported by complementary reforms in other systems of public finance, provides a platform around which government can co-ordinate its plans and budget implementation, in order to achieve an orderly public finance management and, ultimately, better service delivery (CABRI 2004). It is also a mechanism by which Parliaments can effectively engage in the budgetary processes of the cycle.

4.4 MTEF experiences in Africa

101. It has been mentioned that Africa has had to embrace MTEFs more than any other region in the world. Since Uganda adopted MTEF in 1992, close to 20 other African countries have followed suit. By 2004, a further 18 African countries had adopted MTEFs. These were Benin, Burkina Faso, Chad, Ethiopia, Gabon, Gambia, Ghana, Guinea, Kenya, Lesotho, Malawi, Mali, Mozambique, Namibia, Rwanda, South Africa, Tanzania, and Zambia (Dorotinsky and Floyd 2004).

102. Botswana does not claim to have adopted any type of MTEF, yet its medium-term fiscal planning contains all the hallmarks of a good MTEF: political commitment and buy-in, participation at government and at public level, as well as a preparation of sound and realistic macroeconomic projections. The country is already reaping tremendous benefits from this process, including a shift of public spending in favour of social sectors, showing the potential for reducing poverty (see box 3).

4.4.1 MTEF implementation in Africa is still evolving

103. Preliminary findings by Le Houerou and Taliercio (2002) on Africa's experimentation with MTEFs indicate that the implementation of these strategies is still at an early stage of evolution. For this reason, it is early to venture a conclusive judgment about the correctness or otherwise of adopting MTEFs at this stage. However, preliminary findings on the MTEF impact in Africa, albeit impaired by lack of data, revealed the patterns summarized in the following paragraphs (Le Houerou and Taliercio 2002).

104. First, in most African countries, the MTEFs do not cover the entire government. Many cover only a few sectors and only "*nominally include all sectors*". In many countries, MTEFs omit capital expenditures, an omission that has negative implications for controlling aggregate spending and the fiscal deficit.

Box 3. Bridging Two Paradigms – Botswana's Long-Running MTEF

Preparing budgets within a medium-term fiscal framework is not a practice entirely new to the region. The National Development Plans (NDPs) in Botswana constitute a well-managed development planning process, setting out national objectives on a broad range of issues. Policy objectives for the plan period are arrived at after inter-ministerial consensus and are set out by the Ministry of Finance and Development Planning (MFDP) in its Keynote Issues Paper. These broad objectives are reviewed by the Economic Committee of Cabinet (ECC) and, in accordance with its directions. Ministries outline their sectoral priorities along with projections of capital and recurrent expenditure for the plan period. Spending Ministries have considerable flexibility in selecting the plan projects they want to implement, subject to the sustainability of recurrent expenditure.

MFDP develops the macroeconomic framework that ties together the macroeconomic objectives with the allocation of budgetary resources. Extensive discussions ensue between representatives of the government, the public sector and civil society, with contentious issues being resolved by the ECC. Only after each NDP has been discussed within government and a consensus reached, does it go to the National Assembly for debate and approval. Although the NDP is formally reviewed only at the mid-term stage of the plan period, it is, in effect, updated annually in the light of changes in economic parameters.

The planning process in Botswana has proved to be effective. Substantial reserves have been built up, enabling the government to withstand periodic downturns in the diamond market. The country has been praised for ensuring that the proceeds of mineral revenues have been channelled to key sectors such as education, health and physical infrastructure. Further, the checks on growth in opportunities for labour that are an integral part of the planning and budgeting system, have helped Botswana avoid the downward spiral in real pay and supporting expenditure experienced by other countries in the region. Observers readily agree that the country's NDP-style MTEF has been a critical instrument in its unique record of utilizing mineral resources effectively for development. Practitioners too, concur, which is why the system has been durable.

Source: Le Houerou and Taliercio 2002

105. A second point related to this is that most MTEFs focus exclusively on the central government, to the exclusion of regional and local governments. MTEF extension to other government spheres depends partly on the availability of appropriate administrative capacity, an option that is not feasible at this stage.

106. The only exception in this instance is perhaps South Africa, whose MTEF is deemed as all-inclusive, incorporating all sectors, different government levels and is highly participatory at Executive level (see box 4). South Africa's MTEF was motivated by the politics of democratic transition; the need to deliver required greater control over the budget process. High, constituent expectations had motivated politicians to care about resource allocation, efficiency, and effectiveness. Thus, MTEF had political support from the beginning (Le Houerou and Taliercio 2002).

107. Partly due to MTEF technical requirements, the preliminary findings in Africa indicate that several countries have opted to introduce a multi-year perspective only in selected priority Ministries. While sector-level MTEFs can be introduced selectively, they are argued

to operate far more efficiently if placed within an overall medium-term fiscal framework and in the context of medium-term sector allocations. If sector-level MTEFs are completely isolated from macro-budgetary decisions, the predictability of a medium-term planning horizon falls away (CABRI 2004).

108. Third, existing MTEFs in Africa are yet to contribute to the efficient and effective use of resources in the implementation phase. Partly, this is ascribable to the fact that MTEFs focus on sectoral aggregates with little information available on intra-sectoral resource allocation.

109. Fourth, many countries have a three-year MTEF, which is generally more accepted. The longer the period, as is the case with the six-year MTEF in Mozambique, the less credible the projections and hence the entire MTEF will be.

110. Fifth, an MTEF's fundamental feature is the ability to make credible macroeconomic and fiscal projections. Here, many African countries use different methods or sources including a computable general equilibrium (CGE) model; IMF financial programming projections; various spreadsheet-based econometric models; or some combination of these. The choice of an estimation method should be appropriate to the country's administrative capacity. In this instance, Le Houerou and Taliercio (2002) question why Mozambique is using a CGE model, or why Guinea and Rwanda have chosen the IMF's macroeconomic and fiscal source data. In sum, some chosen methods appear incongruent to local conditions.

Box 4. South Africa's Annual MTEF Programme

January-March: Setting policies, estimating revenue and setting an upper limit on spending: The Cabinet set broad policy priorities against which detailed budgets will be evaluated. The National Treasury (NT) estimates how much the economy will grow. After approval of these estimates by Cabinet, these form the basic framework for the budget. This part is so-called the medium-term fiscal framework (MTFF) because this part of the process is about estimating income from taxes (revenue) not expenditure.

March – May: Departments estimate their expenditure and submit draft expenditure applications: National and provincial departments conduct strategic planning sessions, identify their departmental goals and prepare an initial 3-year budget estimate. They need to try to keep in line with the 3-year allocations determined in the previous MTEF cycle.

May – June: Guidelines estimations are determined for vertical and horizontal allocations: The Budget Council (BC) (consisting of the Minister of Finance and provincial ministers of finance from each province) meets to decide how to divide the revenue into 3 lump sums for national, provincial and local governments. Once the BC has done this vertical division, it then works out the provincial allocations amongst the 9 provinces (i.e. horizontal division).

June – August: Combining all the departmental estimates into one sum and matching it with the BC's allocation: The NT combines the separate departmental estimates into one national estimate. Each of the 9 provincial treasuries combines all their separate departmental estimates into one provincial estimate. It has to ensure that at least 85% of the total provincial budget is allocated to social services. Negotiations take place around this time: provincial treasuries negotiate with their provincial departments; NT negotiates with national departments. In the latter case the national MTEF Committees act as a referee and make the final decision about these national budgets.

September – October: Everyone has a last say: The national MTEF Committee recommends to the Cabinet what Budget allocations go to each national department. The provinces meet to consider their draft and consolidate provincial MTEF. Sectoral teams make comments, which are incorporated into the overall draft Budget.

November – December: A draft, overall MTEF is finalized and a Medium Term Budget Policy Statement (MTBPS) is published. Once the Cabinet, provinces and sectoral MTEF teams has reviewed all the national and provincial MTEFs, a draft, overall MTEF is compiled and submitted to the BC and the Cabinet for approval. The document shows (a) how Budget matches the broad policy framework set out at the beginning of the cycle; (b) suggests allocations for the 3-year period; (c) analyses the implications of these allocations; and (d) suggests alternative expenditure options. The MTBPS is published, setting out policies upon which the MTEF is based.

January: Final stamp of approval: The final MTEF is submitted to BC and Cabinet for approval. Detailed national and provincial expenditure estimates for the year immediately ahead are finalized and documentation prepared.

February: The Minister of Finance presents his Budget to Parliament.

Source: Adapted from Eglin 2000

4.4.2 Benefits are slow in coming

111. Due to these implementation shortfalls, current evidence "*shows, thus far, that MTEFs are not yet unambiguously associated with their objectives*". In brief, the current status of the benefits is described in the following paragraphs.

112. **Macroeconomic balance and fiscal discipline.** There appears to be a poor link between MTEF and reduced fiscal deficits in some countries (Uganda, Ghana) with the exception of a few (South Africa, Tanzania). Admittedly, this analysis is simplistic in that it omits other causal factors such as macroeconomic shocks.

113. **Resource allocation.** Evidence, though limited, is emerging to support the hypothesis that MTEFs are associated with reallocations of resources to government priorities in some countries (Tanzania, Uganda, South Africa), benefiting social sectors; while no such reallocation was detected in other countries (Ghana).

114. **Budget predictability.** An additional MTEF objective is to deliver greater budget predictability regarding the match between budget execution results and approved budgets and MTEF projections. Coupled with improvements in other key PEM areas, MTEF has had some successes in some countries. In particular, the gap between budgets as formulated and as actually executed has been closing. Tanzania has increased the ratio of executed to approved development budget from 14 to 57 per cent from FY1996 to FY2001 and reduced the average deviation from approved budget by sector from 75 to 40 per cent over the same period (Dorotinsky and Floyd 2004).

115. Similarly, Rwanda has increased the executed to approved budget ratio for recurrent expenditures from 92 to 95 per cent from FY1998 to FY2001, and has also increased the execution ratio for capital spending from 46 to 88 per cent over the same period.

116. Namibia too has registered some successes in reducing both budgeted expenditure and revenues from actual outturns since adopting the MTEF in 2001/2002 (Shafudah and others 2004). As Table 2 shows, there continue to be some discrepancies between the main budget and the actual outcome for both revenue and expenditure figures. Since the FY2001/2002, however, actual expenditure differed from the budgeted amount on average by 3.4 per cent as opposed to 5.3 per cent before. Similarly, on average, revenue was 6.6 percentage points off projections up to 2002/2003, but the consistent revenue underestimation has improved lately.

117. The adoption of MTEF and other measures has been instrumental in delivering macroeconomic stability in a fairly turbulent environment in Uganda. Importantly, MTEF is credited for having been successful in steering expenditure composition toward social sectors and economic infrastructure, notably in favour of education, and in protecting priority sectors against cuts (Bevan 2001).

Table 2. Namibia: Comparison of the main budget and the fiscal

N$ million	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
Budgeted	3,828	4,489	5,135	6,062	6,870	7,606	8,595	9,290	11,164
Actual revenues	4,081	4,676	5,690	6,186	7,203	8,286	8,923	10,451	10,780
Percentage difference	6.2	4.0	9.8	2.0	4.6	8.2	3.7	11.1	-3.6
Budgeted expenditure	4,341	5,073	5,754	6,724	7,751	8,447	9,781	10,786	12,257
Actual expenditure	4,557	5,567	6,129	6,936	7,953	8,708	10,302	11,399	12,243
Percentage diffference	4.7	8.9	6.1	3.1	2.5	3.0	5.1	5.4	-0.1

118. Unlike Tanzania, Rwanda and Namibia as previously discussed, the research by Bevan (2001) indicates that the MTEF in Uganda, at least up to 2001, had still to deliver on ensuring that budget allocations do translate reliably into actual expenditure outturns.

119. **Greater political accountability for public expenditure outcomes.** An MTEF implies that political accountability should increase at both the political and managerial levels through greater transparency. MTEFs are supposed to put the numbers 'on the table' in a way that allows for greater scrutiny by civil society and the private sector. It should further facilitate cooperative and consensus-based decision-making. Currently, some countries publish their MTEFs (Uganda, South Africa, Tanzania, Ghana, Kenya), and there is some CSO participation and media interest as a result. Moreover, in countries where MTEF must be approved by Parliament (Kenya, South Africa) the MTEF profile is raised.

120. On the basis of these preliminary findings, researchers Le Houerou and Taliercio conclude, "*de facto, most MTEFs in Africa are only partial MTEFs*". Country experiences with the MTEF in Africa so far range from countries with relatively comprehensive cases, (South Africa, Uganda) to intermediate cases (Ghana, Kenya, Tanzania), to basic cases (Mozambique, Malawi Rwanda, Guinea).

4.4.3 Concluding remarks

121. African countries are increasingly embracing MTEF as part of PEM reforms. From just a conceptual viewpoint, adopting a MTEF in view of the structure of African economies poses enormous challenges. These uncertainties include unpredictable weather conditions upon which many African countries depend for economic growth, and on which macroeconomic projections for MTEFs depend. There are also the whimsical donor flows, which are highly depended on economic performance and political priorities of donor countries (Terry 2002). Moreover, African countries have scant skill pool that is necessary to carry out the MTEF technical aspects.

Box 5. Recommendation for Reform Sequencing towards Full MTEFs

- Lay the foundations – MTEF should be seen as a complement to, not a substitute for, basic budgetary-management reform.
- Adapt the reform to existing capacity.
- Integrate MTEF with the existing annual budget process.
- Actively manage the MTEF reform as an integrative process.
- Sector expenditure frameworks (SEFs) should be developed according to centrally agreed upon guidelines, which should be published, and a realistic timetable, based on capacity constraints.
- The political and institutional dimensions of MTEF reform must be explicitly addressed if the reform is to go forward.

Source: Le Houerou and Taliercio 2002

122. On the basis of these less than suitable conditions for proper MTEF implementation in Africa, it can be concluded that the IFIs and the donor community introduced MTEFs in most African countries without the necessary technical support to implement them and little effort to create ownership by national governments or Parliaments to adopt them as useful planning instruments. MTEFs have not only been undermined by African conditions, but donor behaviour and aid volatility have actively undermined effective medium term planning over the last decades.

123. On Africa's side, as a condition to receiving aid, leaders may have seen MTEFs as donors' 'brain children', leading to the usual complaint of weak political commitment. Hence, MTEFs may have served merely as instruments to secure foreign aid rather than to improve strategic budgetary planning, including more and better parliamentary participation.

124. The seeming reluctance of industrialized countries to embrace MTEFs has a philosophical dimension to it, particularly as it relates to the impact of MTEFs on democracy. In brief, MTEFs cover a relatively long period of time and ideally are binding for Parliaments and governments so as to guarantee predictability. Yet, the timing for MTEFs appears important in this context: is it desirable that a Legislature makes binding decisions for the next Legislature? Asked differently: what are the implications for democracy and the value of elections if MTEFs are not in accordance with the MPs' term of the office?

125. Time will tell whether these concerns are critical in Africa given the MTEF's newness and the fact that the two countries (South Africa and Uganda) with relatively comprehensive MTEFs have not yet seen wholesale government and legislative changes since they introduced these medium term planning instruments.

126. If African countries will eventually find MTEF potentially useful, they will have to overcome daunting design and implementation challenges that call for more efforts on all fronts, undergirded by strong political will and the donor community's cooperation. Given the complexity of MTEFs, it would seem appropriate that African countries gradually implement the various MTEF components in line with local conditions.

127. Some of the recommendations for reform sequencing to a full MTEF are highlighted in box 5. Additionally, MTEFs in Africa need to better reflect the macroeconomic framework within which budgetary decisions are located, including alternative profiles for domestic and donor resources, as well as financing options, interrelations with the domestic private sector, and the absorptive capacity issues (Bevan 2001).

128. The international donor community itself has to fully integrate donor-financed projects into recipient country budgeting systems, both ex ante in the MTEF process, and ex post in tracking outturns (Bevan 2004). They also need to provide greater stability and predictability in aid flows, as they undertook to do in the 2005 Paris Declaration.[18]

129. MTEFs can help link the PRS to the budget process through greater clarity of objectives, predictability in allocations, and more comprehensive coverage and transparency in the use of funds. They can also show the financial impact of new initiatives, both in the current and in future years. In doing so, the implications of delays or shortfalls in donor disbursements are made clearer, as is the financial burden of the new initiatives falling on the government budget in the years immediately after the donor support for the new initiatives has run out (World Bank and IMF 2005).

130. Although MTEF reforms are now common in many African countries, they require political commitment, deep institutional reforms, and technical capacity. They have thus proven more challenging to implement than initially envisaged. The more successful countries have benefited to varying degrees, from high-level political commitment to budget reform and active engagement of Cabinet in the PRS and MTEF processes (Benin, Rwanda, Tanzania, Uganda); and a gradual opening of the budget review process to donors and civil society (Uganda, Tanzania, Rwanda). Even in the case of Uganda, where the PEM reforms began in 1992, there is still a need for coordination and capacity building, to highlight the long-term nature of the MTEF and PEM reform process (World Bank and IMF 2005).

131. Linking the PRS to the budget and MTEF has also been more successful where planning already existed and budget reforms were underway. Various African countries (Tanzania, Uganda, Burkina Faso) have benefited from good pre-existing expenditure planning and information systems, inter-ministerial coordinated mechanisms and, except for a few countries (Burkina Faso), performance and results orientation.

132. The next section discusses factors that have hindered or helped African Parliaments to get more involved in budgetary processes.

18 See High-Level Forum (2005), and further discussion in Mfunwa (2006).

5 DETERMINANTS OF PARLIAMENTARY EFFECTIVENESS IN BUDGETARY PROCESSES IN AFRICA – A BRIEF SURVEY

133. The previous sections made a case for parliamentary participation in the budgetary processes, stressing that notwithstanding any argument to the contrary, such participation is both desirable and unavoidable in a truly representative democracy. These sections further provided a model for such participation, and argued that the MTEF is an example of a budgeting tool that could serve as a good entry point for this participation. This section ascertains the nature of some formal and informal determinants of parliamentary effectiveness and what the evidence tells us regarding their supporting or retarding role in making African Parliaments more effective in budgetary matters.

5.1 Methodology

134. This paper presents results from a brief survey of MPs' views from a limited number of African Parliaments who were easy to access and willing to fill in a brief questionnaire that was prepared for this purpose. These results are supplemented by, and at times crosschecked, against other empirical studies and facts drawn from other sources. Although the MPs that eventually responded to the questionnaire are spread throughout the continent, the survey does not claim to give a representative sample of the continent. These MP responses are merely presented as illustrative examples to the key arguments made.

135. As the questionnaire was filled by individual MPs and not Parliaments as organizations, caution is warranted in judging opinions as representative of all MPs in a particular country. The questionnaire did not ask whether the respondent MP was from an opposition or ruling party, although this may have a bearing on the responses given.[19] This possible bias is ameliorated somewhat by the dominance of questions that raised issues of fact rather than opinion. Furthermore, the questionnaire avoided seeking information on sensitive political and financial issues (for example, no information was solicited on the controversial MPs' remuneration issues).

136. The survey was conducted during April-June 2006. Since that time, some developments may have taken place, impacting on the conclusions of the paper. These include the enactment of new laws that have a bearing on the status of Parliaments. For example, the filling of Parliamentary vacancies may have changed the composition.

19 This might prove an important omission in that it might significantly tip the scales when referring to MPs judging the strength of the Parliament. For example, MPs from a ruling party may feel institutionally strong towards their President or Prime Minister, but what does that mean in terms of de facto 'power of the purse' and high external budget dependency in countries such as Rwanda and Liberia?

137. This study adopted a research methodology similar to that of other studies pursuing the same objectives in Africa (Barkan and others 2004) and Latin America (Santiso 2004). These studies sought to find the key determinants of an effective Parliament across a broad range of issues. In this study, the main issue is Parliamentary effectiveness in influencing the budgetary process. Barkan and others (2004) describe these determinants as falling under two broad categories:

138. First, there is a set of *structural* variables that exist both inside and outside the Legislature that shape the development of the body (e.g. structure of society and political system within which the Legislature is embedded; and the formal rules that define the nature, authority, operations and institutional resources available to MPs).

139. Second, there is a set of *individual-level* variables that affect the extent to which MPs are more or less inclined to seek an expansion of their roles and the authority of the body to which they belong.

140. This study looks at *some* of these variables, and the extent to which they enable MPs in Africa to be effective in influencing budgetary processes. Other studies have gone further and examined in detail the institutional, political, cultural and other factors that have a bearing on a legislature's effectiveness in its oversight of government activities. This paper is limited in this regard, confining itself to factors that have an immediate effect on the parliamentary budget role.

141. All information on Benin, Ghana, Kenya, and Senegal, unless otherwise noted, is drawn from a research paper done by J.D. Barkan, L. Ademolekum and Y. Zhou (2004).

142. Finally, data interpretation and conclusions reached are those of the author, and not of the MPs who filled in the questionnaire or of the Parliaments with which they are affiliated.

5.2 Constitutional and legal mandate

143. As seen in section 2, constitutional arrangements are key to how Parliaments will perform their duties as overseers of governments' activities and representatives of the public. A strong *de jure* mandate empowering Parliaments sets the modality by which they may contribute to the shaping of budgets. Basically, the greater the role assigned by the Constitution to the Legislature over budgetary matters, the greater the overall impact Parliament will have over the process.

144. As can be gleaned from table 3, a number of African constitutions do grant Parliaments varying degrees of budgetary powers. The key issue is the nature and depth of such powers. Here, the actual calibration of an enabling Act, if any is needed, will be key to Parliamentary ability to initiate money bills and exercise budget-amendment powers – formal or 'structural' issues that are important determinants of whether Parliaments can truly influence

budgets or merely 'rubber stamp' the Executive's budget proposals. In this equation, political system dynamics and parliamentary readiness to exercise those powers effectively must be factored.

Table 3. The Emerging Power of the Legislature

Measure of legislative authority	Botswana	Cameroon	Rep. of Congo	Liberia	Rwanda	South Africa	Tunisia	Uganda	Zambia
Legislature's independence/ strength	EM/G	EM/G	EM/G	G/G	G/G	G/EM	G/EM	G/G	EM/EM
Constitutional role	SR	G	G	"Yes"	G	SR	EM	B	R
Ability to amend or modify budget	W	W	EX	EX	EX	W	G	G	W

Note: EM = Emerging; G = Good; R = Restricted; SR = Slightly Restricted; EX = Excellent; W = Weak; B = Broad

145. Regarding the translation into reality of constitutional provisions, African Parliaments are confronted by daunting challenges on many fronts. An MP from Kenya, Hon. Musikari Kombo, summarizes some of these structural and managerial challenges. He argues that since MPs are popularly elected in Kenya, they "*do not necessarily submit themselves to meritocracy*" – a sentiment that seems to impugn the technical capacity of individual MPs to interrogate budgets. Second, Kenya's Parliament lacks "*a legal or constitutional mechanism for bringing the President to account for his actions, and those of his Government*" - suggesting a strong presidential dominance in the country's political landscape. Third, Parliament's 'power of the purse' is constrained by "*weak amendment powers conferred to it*". Fourth, Parliament's rubber-stamping of the budget is exemplified by the supplementary budgets, which are "*presented to Parliament around mid-year, though in theory, they are meant to be proposals, and are in fact usually already incurred expenditures for which Government is merely seeking parliamentary approval as a formality*" (Kombo 1999).

146. Article 75 of South Africa's Constitution grants Parliament the powers to amend budget proposals from the Executive (Republic of South Africa 1996). Article 77 requires that an enabling Act be passed to enable these amendment powers to be realized. According to the questionnaire feedback, this "*matter* [of enacting an enabling Act] *is under consideration by Parliament at present as part of a comprehensive oversight exercise*". This means that, for now, South Africa's Parliament has less influence on budgets than it is constitutionally allowed.[20]

20 Recently, South Africa's Finance Minister, Mr. Trevor Manuel, urged the country's MPs to enhance their involve-

147. Its capacity to interrogate budgets effectively needs serious improvements. Indeed, despite having 25 portfolio committees plus several standing committees including the Standing Committee on Public Accounts, there is a "*general agreement that a major challenge for* [South Africa's] *National Assembly* [is] *to increase the proportion of committees that could be rated as 'effective' by upgrading and training their members*" (Barkan 2005). This paper attributes the capacity problem to the high MP turnover since the first election in 1994.

148. Uganda's Parliament has low capacity to carry out all the functions given to it by the 1995 Constitution, the Budget Act of 2001, the Public Finance and Accountability Act of 2003 and the Local Government Act of 1997. To rectify this pitfall, a strategic investment plan was drawn up to improve the capacity of Parliament and its supporting committees and technical personnel to understand and carry out their general functions (Kuteesa and others 2004). Furthermore, Uganda recently established a Parliamentary Budget Office, comprising 13 Economists (International Budget Project 2003).

149. The Parliaments of Tunisia and Botswana are also taking action in this regard. The respondent MP from Tunisia remarked, "*Working groups were* [recently] *set up to examine more thoroughly the* [budget] *documents presented by the government*". The respondent MP from Botswana wrote that, in the current 9th Parliament,"it has been provided that Parliament will have a Legal Counsellor, a qualified Accountant to assist the Public Accounts Committee."

150. It is still too early to gauge how effective these measures will be, especially in light of a relatively high MP turnover in some countries (Botswana, Uganda, Zambia), as we shall discuss on the basis of evidence shown in table 7.

Table 4. The Constitutional Authority of the Legislature

Factor	Botswana	Cameroon	Rep. of Congo	Liberia	Rwanda	South Africa	Tunisia	Uganda	Zambia
Scope of legislative authority	SR	G	G	"Yes"	EX	SR	EM	B	R
Rules that entrench presidential dominance									
Can the President determine the fiscal agenda of the Legislature?	No	Yes	Yes	No	No	No	No	Yes	Yes
Can the President force the Legislature to vote on a finance bill?	No	Yes	No	No	No	No	No	No	No
Can the President rule by decree?	No	No	No	No	Yes	No	No	No	No

ment in the budget processes and hold the Executive to account, as they are empowered to do by the Constitution (Mail & Guardian 23 March 2006). This call suggests that South African MPs are not as involved in budget processes as they could be.

Factor	Botswana	Cameroon	Rep. of Congo	Liberia	Rwanda	South Africa	Tunisia	Uganda	Zambia
Can the President amend laws unilaterally?	No	No	No	No	No	No	No	No	No
Must the President assent to all laws?	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes
Can the Legislature override presidential veto?	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
Does the President appoint most Ministers from within the Legislature?	Yes	No	No	No	No	Yes	Yes	Yes	Yes
Can the President adjourn and dissolve the Legislature?	Yes	Yes	Yes	No	Yes/ No	Yes	Yes	-	Yes
The legislative involvement in budgetary process									
Can the Legislature initiate fiscal legislation?	No	Yes	Yes	Yes	Yes	No	Yes	No	No
Can the Legislature amend finance bills?	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes
Must the President and Ministers answer questions and provide documents to the Legislature?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Has the Parliament the powers to ratify all government borrowing?	Yes	No	Yes	Yes	No	No	Yes	Yes	No

Note: SR = Slightly restricted; G = Good; EX = Excellent; EM = Emerging; B = Broad;
R = Restricted; -- = question not addressed

151. The amendment powers of Francophone African Parliaments are similarly restricted, enabling Parliaments merely to reduce public expenditure or increase public revenue. Should Rwanda's Parliament, for example, decide to increase expenditure or reduce revenue, according to article 91 of the 2003 Constitution, Parliament "*must indicate proposals for raising revenues or making savings equivalent to the anticipated expenditure*".[21] This restriction (also applicable in Benin and Ghana), to be sure, contributes to fiscal discipline but has the effect of lessening the parliamentary role in budget matters, especially at the critical preparatory stage.

152. The presidential dominance is most pronounced in Senegal, with Kenya the least, while Benin and Ghana lie somewhere in between, according to Barkan and others (2004). Similarly, Kenya's rules enabled the Legislature to limit Executive authority the most, followed by Ghana, Benin and Senegal in that order.

21 See Lienert, 2004.

153. To elaborate on this dominance, in Benin and Senegal the President is empowered by the Constitution to pass the budget by decree if the Legislature fails to do so within a specified period (60 days in Senegal's case) or attempts to make major changes in what the government has proposed.

154. In the current study, the responses contained in table 4 indicate that such rules are less prevalent in the countries under review. Only the response from an MP from Rwanda indicated that the President "*can request the Parliament a second reading of the Bill (law) but if the Parliament persists* [in rejecting it], *the President has to promulgate the Bill (law) anyway*." In this case, article 80 of the 1993 Constitution states that "*the Prime Minister* [must] *authorize by an order a monthly expenditure on a provisional basis of an amount equal to one twelfth of the budget of the preceding year*".[22]

155. A further positive element in the current study is that some countries (Cameroon, Congo, Liberia, Rwanda, Tunisia), according to the questionnaire feedbacks, can initiate Finance Bills - a rare Parliamentary perequisite in the continent.

156. Some Parliaments (excluding in Rwanda and South Africa) have powers to amend Finance Bills. In elaborating on such amendment powers, the respondent MP from Liberia remarked that "*when it is later proven that such Bills are not operating in the interest of the State or lack some clarity, or the elements of accountability are not fully reflected and needs to be reviewed, such Bills can be amended*".

157. Importantly, and in the context of structural adjustment programmes (SAPs), where these are applicable, some Parliaments (Botswana, Republic of Congo, Liberia, Tunisia, Uganda) must ratify government borrowing. This power stands to enhance Parliament's participatory role and can make foreign aid more effective in reducing poverty.

158. The appointment of MPs to the Executive as Ministers or Deputy Ministers contains some benefits of higher income and other perks. Ministers have access to departmental budgets that they can "*funnel back home*" to their constituencies (Barkan and others 2004). At the same time, our guess is that once MPs become part of the Executive, as is the practice in many countries (Botswana, Benin, Ghana, Kenya, South Africa, Tunisia, Uganda), their ability to act as an independent check against the Executive wanes (table 4).

159. We further argue that those MPs not appointed are likely to show less inclination to 'rock the boat,' lest they ruin their own chances of ever being chosen for such coveted ministerial posts. In any event, Parliament as an institution is likely to be less effective as an oversight body in countries where Executive members are partly or wholly drawn from the MP pool. Indeed, using the corporate analogy of section 2, it is inconceivable that a board member can be part of the Executive and still be effective as a guardian of shareholder interests. We venture

22 See Lienert, 2004.

to say that the same outcome is likely to obtain even if, upon appointment to a Cabinet post, an MP has to resign from Parliament, as is the case in Cameroon.

5.3 Power relations of political actors

160. Observers such as Leston-Bandeira (1999) and Young (1999) have stressed that budgetary processes take place in a broader political context and they express the power relations of political actors in those processes. Thus, how much *de facto* rather than *de jure* influence the legislature has is largely determined by party political majorities.

Box 6. **Ghana's Parliament introduces VAT**

In 1995, Ghana's Government introduced a value-added tax in an effort to remedy the deficiencies of consumption taxes and to boost the revenue. This action led to a widespread civil unrest, which strengthened political opposition to the tax. Parliament repealed the VAT.

Subsequently, a National Economic Forum showed that there was broad agreement on the VAT initiative, but that such a tax would likely have implementation problems and – perhaps more significantly – that the opposition party in Parliament increasingly believed that the solution to Ghana's chronic budget deficits were not new revenue measures but rather expenditure controls and reductions.

Despite Government objections, Parliament called for national public hearings on the new proposals for VAT, with the result that public support was garnered for a VAT with a lower, but broader, base (10 per cent compared with the previous 17.5 per cent) but with the exclusion of certain basic goods such as unprocessed foods, drugs and health services. The revised tax was approved by Parliament in December 1998.

In 2000, Parliament voted to increase the VAT rate to 12.5 per cent, with the additional funds being directed to a new General Education Trust Fund that guaranteed that the new revenues would be spent on education and that this fund would be operated autonomously from the Ministry of Education.

Source: Stapenhurst 2004

Table 5. Resources Available for MPs and Deputies

Resource	Botswana	Cameroon	Rep. of Congo	Liberia	Rwanda	South Africa	Tunisia	Uganda	Zambia
A Constituency fund?	No	Yes	No	No	No	Yes	Yes	Yes	Yes
Own budget?	No	Yes	Yes	Yes	No	No	Yes	No	No
A daily record of debates?	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
An office space for members?	Yes	--	Yes	Yes	No	Yes	Yes	Yes*	No
A sufficient meeting space for committees?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Number of sessions per year devoted to budget matters?	One meet-ing	--	Yes	One	"Yes"	+/-35	20	2	One
Is more space being constructed?	Yes	Yes	Yes	No	Yes	No	Yes	No	No
What is the mode used to pose questions to government (oral/written)?	Both	Both	Both	Both	Both	Both	Both	Both	Both
Does the State provide training to new MPs on budget procedure?	No	No	Yes	No	Yes	Yes	Yes	Yes	No
Parliamentary staff									
• Professional	5	--	0	764	32	439	40	165	93
• Support staff	80	--	1	488	13	20	60	35	407
• Committee Staff	3/comm.	40	1	12	15	59	70	27	26
Time allocated to MPs to study the budget (weeks)	"One clear day"	4	8	2	12	2	12	4	2
Is there any Parliamentary Library and Resource Centre?	S	S	S	N	S	L	L	S	M
Length of session that MPs devoted to discussion of the budget	35 days	20 days	2	14 days	40 days	+/-10 weeks	15 days	90 days	40 days
Internet and World Wide Web access	So	N	So	N	F	F	F	F	F

Note: * = "but not adequate"; So = Some; N = none; F = Full; L = Large; S = Small; M = Medium; -- = questions not addressed.

161. If a Legislature comprises several parties, none of which have an overall majority, or party discipline is weak, the Executive has to muster support of a number of opposition MPs on budget proposals. This increases the potential Legislature's influence in the budget. Ghana and Kenya[23] typify this situation. Observers attribute the ability of Ghana's Parliament to influence fiscal policy (see box 6) to the thin majority (51 per cent)[24] that the ruling party has.

162. Similarly, Kenya's Parliament is described as being "*one of the most independent Legislatures on the continent*" (Barkan and others, 2004). It is claimed that the strength of the Kenyan Parliament derives from its split, with the majority of MPs coming from an opposition party, other than the ruling party. In this and in the case of Ghana, care must be taken that the bargaining process that takes place does not result in the 'tragedy of the common,' discussed in section 2.

163. In some countries where the ruling party commands an overwhelming majority (Equatorial Guinea 98 per cent; South Africa 69.75 per cent), this majority can be a handicap in parliamentary attempts to influence budgets. MPs here are usually advised during party caucuses to "*tow the official party line*" (Barkan 2005). Furthermore, in the presence of substantial opposition parties, such parties tend to be weak, divided and ineffectual.

164. Notwithstanding the fact that South Africa's Parliament remains "*a marginal player with respect to the budgetary process*" (Barkan 2005), the public accounts committee (PAC) has had some successes in keeping irregularities in check. This is exemplified by its ability to keep the "*defence budget scandal*" in the public eye, demanding remedial action from the Executive. One possible explanation for this relative independence is the custom of appointing the PAC Chairpersons from opposition parties.

165. In Uganda too, an equivalent committee took its own initiative to tighten financial administration of local school authorities (Krafchik 2003).

166. Barkan (2005) advises against writing Parliaments off simply because of the overwhelming ruling party majority. In South Africa's case, the ruling party, the African National Congress, is said to have a strong caucus system that allows "*sometimes quite extensive, even spirited*" debates on many issues, including legislations about to be introduced in Parliament by its Ministers, including on budgets. In this situation, "*the process is democratic, but it is not 'bottom-up'*" (Barkan 2005).

167. This observation does not detract from the well-founded perception that South Africa's Parliament performs below par – a perception confirmed by relatively low ranking in table 3. This situation is compounded by high MP turnover (discussed later), the appointment of

23 Kenya's ruling coalition, NARC, is said to have a "small but fragile majority in Parliament" - a result of, inter alia, internal squabbles and strong challenge from the opposition (Economic Intelligence Unit online, http://db.eiu.com/report_dl.asp?issue_id=480464633&mode=pdf.

24 See the Parliament of Ghana website at: www.parliament.gh.

almost all Cabinet members from the National Assembly[25], and the fact that the ruling party's President is also the country's President in a party list electoral system (discussed in section 2), which 'stifles dissent,[26]' giving an appearance of a very powerful Presidency.

168. A further cause for skepticism for Bevan's observation is that technically speaking political parties are private entities, not compelled to account to the public, including about their funding sources. Indeed, many countries in Africa (Kenya, Lesotho, Mauritius, Malawi, Nigeria, Senegal, Seychelles, South Africa, Tanzania, Zambia, Zimbabwe), do not have laws requiring disclosure of political party funding, as opposed to only a few who do (Benin, Ghana, Guinea, Namibia)[27]. Indeed, South Africa's high court recently dismissed an application brought by an NGO, IDASA, asking the court to force political parties, including the ruling party, to disclose their sources of funding.

169. In any event, in a well-functioning democracy, private or non-state institutions or the goodwill of individual leaders' should not be substitutes for strong and effective State institutions to safeguard the public's interests[28].

5.4 Parliamentary resources and capacity

170. The existence of a legislative budget research capacity can enable the Legislature to make informed contributions to budget formulation. The Legislature's budget research and capacity can enable MPs to make informed contributions to budget formulation. Such resources include compensation levels of MPs (of which information was not requested for this study), and the level of institutional support that MPs receive to support their work. The latter include whether the MPs determine their own budget or whether it is entirely dependent on the Executive for budget allocation; and whether MPs have the power to appoint their own staff and set their terms of service.

171. As is the case in some countries (Cameroon, Congo, Liberia, Tunisia), where the Legislature has the power to set its own budget, the chances are good that both the institutions and their members will be better endowed with respect to salaries, professional staff support, and physical infrastructure (table 5). The power to set its own budget is also an indicator of the Legislature's independence and an indirect measure of legislative authority.

172. The findings by Barkan and others (2004) indicated that all MPs (Senegal, Benin and Ghana), except those of Kenya, expressed dissatisfaction at the size of their remuneration. This is argued to have the effect of reducing MP responsiveness to their constituencies.

25 According to section 91(3) of South Africa's Constitution, the President can appoint up to two Ministers from outside the National Assembly.

26 See Mail & Guardian of May 4, 2006, which summarizes the recent findings of South Africa's Country Self Assessment Report for the APRM (Republic of South Africa 2006).

27 Source: http://www.whofundswho.org/pubs/conf/saffu.htm

28 http://www.mg.co.za/articlePage.aspx?articleid=235465&area=/breaking_news/breaking_news__national/.

173. At the same time, the ability of Kenyan MPs to set their own remuneration is currently a source of controversy. While the Parliament has risen "*as a force to be reckoned with in the governance equation after 40 years of being more or less a rubber stamp for the Executive*", the MPs' act of awarding themselves "*excessive*" increases is said to have alienated them from voters (*New York Times* 2006). The timing of the awards was also unfortunate, effected as they did when the country was suffering from a devastating drought. Indeed, Kenya's MP remuneration is thought to be one of continent's highest, and compares well with those in developed nations[29].

174. To the extent that Kenya's reported situation is true, this cannot make the case for a stronger Parliament compelling. The same is true with regard to South Africa's 'Travelgate' in which some MPs were found to have abused travel allowances. Both these cases are a warning that enhanced powers to Parliaments should not be used to accord privileges to MPs themselves at the expense or annoyance of the ordinary citizens. These perceived or actual abuses of power and privileges can further undermine the legitimate cases of MPs in countries such as South Africa[30] and Ghana[31], who are requesting more resources for the effective and efficient conduct of their representative and administrative duties. Ultimately, MPs must comport themselves in a way that cannot be construed to be inconsistent with deep concern about the plight of the poorer members of society they are supposed to represent.

Table 6. Internal Structures and Rules of Procedures

Factor	Botswana	Cameroon	Rep. of Congo	Liberia	Rwanda	South Africa	Tunisia	Uganda	Zambia
Number of budget committees	N	20	9	15	8	26	25	25	0
Number of ministerial committees	N	"In-defini"	--	N/a	10	35	27	10	11
Number of public accounts committees & other oversight committees	12	--	--	31	2	4	10 or less	2	1
Estimated effectiveness of ministerial committees	N/a	*	--	N/a	EM	EM	EM	St	EM

29 The increases took Legislators' income to $US81,000 a year; tax free, plus other perks. Per capita income in Kenya is estimated at $US463, minimum wage is $US924 a year (see New York Times 2006).
30 See: http://www.news24.com/News24/South_Africa/Politics/0,,2-7-12_1946626,00.html
31 See http://www.parliament.gh/newsdetails.php?id=0184

Factor	Botswana	Cameroon	Rep. of Congo	Liberia	Rwanda	South Africa	Tunisia	Uganda	Zambia
Estimated effectiveness of committees concerned with budget	N/a	EM	EM	N	M	EM	EM	EM	W
Estimated effectiveness of budget oversight committees	EM	EM	EM	N	M	EM	EM	EM	W
as the Parliament the necessary powers to hold hearings any time a need arises?	H	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Does the Parliament have a budget research unit?	No	No	No	Yes	Pr	No	Yes	Yes	Pr
Has the Legislature the opportunity for deliberating and amending budget?	So	So	No	So	EX	**	Yes	EX	So

Note: N = none; N/a = data/information not available; EM = Emerging; St = Strong; M = Moderate; EX = Extensive; W= Weak; -- = question not addressed; So = Some; ** = "Extensive for deliberation, but not to amend"; Pr – Proposed; * = "There are: one chamber of accounts in the Supreme Court, one superior control of the State, Finance controllers I the Ministries & public organizations (universities, etc.)."

5.5 Budget committees

175. As argued before (section 3), Parliament's influence in the budget drafting should be the result of a process throughout the year, especially through its relevant portfolio committees and other mechanisms available for raising the Executive's awareness of public needs and concerns: oral and written questions procedures, motions, inquiries, Select Committee hearings, White Papers, and representation from Ministries and departments.

176. The existence of specialized budget committees where in-depth and technical debates take place is critical. These committees must be supported by adequate staff and related resources, and must have sufficient time for deliberation. To put this differently, "*the ability of the Legislature to contain and oversee the operations of the Executive branch is a function of the quality and capacity of the committee system rather than the number of the committees*" (Barkan and others 2004).

177. African countries are coming to realize the importance of Parliamentary budget committees for enhancing their effectiveness in budgetary processes and oversight functions. The newness of this awareness probably explains why some MPs have a low opinion of the effectiveness of these committees, where they exist (table 6).

178. To reduce this weakness, Uganda has formed an Assurance Committee whose function is to check and find out if budget proposals have been implemented or not. Furthermore, there is an Implementation Committee, a Parliament's organ, tasked to see that most of the proposals made in the budget are implemented (Stapenhurst 2004).

179. Measures to strengthen finance committees are being taken by Ghana's Parliament. To ensure effectiveness in the MTEF processes, Ghana's Parliamentary Finance Committee proposed that the Committee's representative should participate in the initial MTEF process regarding macroeconomic and fiscal projections. This was to assist in enhancing Parliament's understanding of the rationale behind some expenditure patterns while ensuring that budgets are more aligned to the medium-term development plans (Obimpeh 1999).

180. Several studies (for example, ECA 2005c; Barkan and others 2004) are consistent in finding that African Legislatures have a disadvantage of time to countenance amending budget proposals as submitted by the finance minister. The average two months was found insufficient to deliberate and act on budget proposals, including its submission to subcommittees for technical and other amendments. Thus the "*exercise is largely a formality in most cases and few if any amendments are made*" (Barkan et al. 2004).

181. Indeed, only a few MP respondents (Rwanda, Uganda) clearly expressed satisfaction at the time allocated for budget matters (table 6). In fact, Liberia's Parliament, according to the respondent MP from that country, has recently "*informed the Budget Director that the Budget should be submitted to us a month in advance* [to enable us] *to analyse* [it] *properly*."

182. Some relatively "strong" Parliaments have nonetheless managed to make their impact felt, as discussed before. Kenyan MPs attend workshops organized by CSOs and think tank organizations to explain the budget on an annual basis. They further employ their own analysts to monitor the Ministry of Finance and explain budget features to MPs.[32]

5.6 Participation and open democracy

183. In some countries, Parliaments influence budget at the formulation stage through political debates, questions and suggestions, mainly also on the basis of inputs from various stakeholders. In the case of some countries the influence is exerted through more detailed discussions in the portfolio committees on each department's activities and on the expenditure proposals that each department will present to the Finance Ministry (e.g. see Eglin 2000).

32 Barkan et al., 2004, ibid.

Box 7. Parliament and Civil Society Partnership for Gender Budgeting in South Africa

A gender-sensitive budget ensures that the needs and interests of individuals from different social groups are addressed in the government budget. In particular, it ensures that the needs and interests of women and men, girls and boys are sufficiently considered. The South African Women's Budget Initiative was set up in 1995 by the Parliamentary Standing Committee on Finance and two NGOs. This partnership arrangement enabled MPs to draw on research skills in civil society, while the NGOs benefited from direct access to policymakers. It took 3 years to carry out gender analyses for 26 votes on the national budget. In the following years, the Women's Budget Initiative conducted further gender analyses, which dealt with issues such as local government finance, donor funding and government revenue. As well as longer reports, it put out simpler and shorter versions of the research, and published its work in different local languages to reach a broad audience.

Source: Wehner, 2004

184. As discussed, Botswana's budgetary processes are highly participatory (box 3). In that country, MPs first consult their constituencies during which the National Development Plan (NDP) is discussed. This interaction is two-way as MPs listen, as well as clarify budget matters, to various constituencies. MPs convey their constituency's needs to the implementing Ministry or Agency, which, in complying, need to bear in mind the risk that MPs may promote the interests of their own individual constituency at the whole country's expense (Nwako and Mpofu 2004; see also section 2).

185. In South Africa, Parliament has found it useful to influence and debate more intensively, the MTEF's outer years, so it can influence funding decisions more than in the year in which it is actually voting (Fölscher and Cole 2004). This has been particularly true in influencing subsequent budgets since the inception of the Women's Budget Initiative in 1995 (box 7).

186. The overall assessment of literature of Parliaments' involvement in Africa paints a less than a rosy picture. Indeed, the research by Dorotinsky and Floyd (2004), indicates that MTEFs in African countries mostly exclude Parliaments. In fact, other researchers (Le Houerou and Taliercio 2002) found only four countries (Kenya, Rwanda, South Africa, Uganda) had submitted MTEFs to both Cabinet and Parliament. Partly, this is because MTEFs are often separated from the budget and not approved through Cabinet and Parliament (Malawi, Mozambique, Ghana); in some countries, (Mozambique), MTEFs remain a separate technical document.

5.7 The Composition of the Legislature

187. During the single-party era, the majority of MPs accepted authoritarian rule as long as they continued in office and the system gave them the resources to service their constituencies (Barkan et al., 2004). Also, they accepted such rule because they were "*patronage seekers*" themselves and for their communities[33]. To be sure, there were a few dissenters, but the majority belonged to this conformist category.

33 Barkan et al., 2004, ibid.

188. This situation changed in the 1990s, as discussed, with the increasing MP majority asserting itself more and seeking independence from the Executive. The reformers are said to be generally young, more educated, relatively new as MPs, have successful private sector backgrounds, and also comprise of other reformers "*who did not benefit from the clientelistic system of the 1980s and had nothing to lose by challenging the system*".[34] Barkan et al. (2004) estimate that between 40 and 60 per cent of incumbent MPs typically lost their seats in the 1990s, giving way to a new political generation. This new cohort is beginning to shape the evolution of African Legislatures for the better, supported by an increasingly vigilant and vocal civil society.

189. African Legislatures remain overwhelmingly male organizations though, with well over three-quarters of MPs being male. This situation largely still obtains in the countries under review, with the exception of Congo (Brazzaville) and Rwanda (with 49 and 48 per cent women representation, respectively) and South Africa (with 28.25 per cent women representation), which have some of the most gender-representative Parliaments on the continent (table 7). Despite being the South African Government's policy to ensure that women are equitably represented at all levels in public and private sectors (Republic of South Africa 2006), the country has a long road to travel to reach this goal. The basic principle underpinning the call for more women MPs, subject to the strong caveat of section 2, is that since women are disproportionately affected by poverty, a gender-representative Parliament will make policies that are attuned much more effectively to the ultimate poverty reduction objective.

190. As it was the case in the Barkan et al. (2004) study, most (three-quarters) MPs fall in the 40-59 years age category in the current study, indicating, according to them, that "*a legislator is neither a young person's nor an old person's game*". The current study confirms this with a slight difference in countries emerging from conflict (Rwanda, Liberia) and Congo, where there is a significant number of MPs under the age of 40.

191. The educational levels of MPs have improved in the recent past, as indicated by a majority of MPs with university degree qualifications. Indeed, the respondent MP from Botswana expresses the general trend when averring, with respect to Botswana, that the latest Parliament "*is the first to include highly educated, young and independent-minded MPs*". This respondent MP continues, "*There is a possibility that it* [this new set of MPs] *may change a lot of things in the running of Parliament, its role in the reduction of poverty and in the independence of Parliament*".

192. While in the Barkan et al. study, there were MPs not fluent in the official language, in this study, almost all MPs (except the 2.5 per cent reported in Congo) are fluent in the language in which the budget is largely expressed and are therefore able to participate fully in the proceedings. Barkan et al. revealed that in countries with relatively more independent Parliaments (Kenya, Ghana), relatively more MPs were fluent in the official language than in less independent Parliaments (Senegal, Benin).

34 Barkan et al., 2004, ibid.

Table 7. The Composition of the Legislature

Measure	Botswana	Cameroon	Rep. of Congo	Liberia	Rwanda	South Africa	Tunisia	Uganda	Zambia
Male ratio in the Legislature (%)	88.7	88.9	51	87.5	52	71¾	77¼	75	90.0
Male ratio within the Parliamentary subcommittee on finance (%)	90.9	90.0	50	93.3	62	73.1	67¾	–	N/a
Average age (%)									
• 39 & under	6.5	2.8	40	40.4	35.9	12½	7.6	16.3	4.4
• 40-49	35.5	10.0	25	23.4	30.8	27½	12.6	33.3	29.8
• 50-59	37.1	50.0	7.5	33.0	24.4	35¾	63.1	33.7	42.4
• 60-69	17.7	40.0	2.5	1.1	8.9	15¾	14.7	14.9	21.5
• 70+	3.2	1.1	–	0	–	8½	2.0	1.8	1.9
Presence of newly elected MPs from the most recent elections (%)	56	80	25	0	26-50	26-50	51	50.3	80 (2001)
Education (%)									
• None	–	0	2.5	–	–	–	–	–	0
• Primary (1-8)	4.8	0	–	3.2	–	–	–	–	0
• Secondary (9-10)	25.8	50.0	12.5	3.2	23.1	–	19.0	17.1	56.3
• University (13-16)	45.2	30.0	75	34.0	71.8	–	74.1	82.9	30.0
• Advanced (16+)	14.5	20.0	10	27.7	5.1	–	6.9	–	12.7
Not fluent in the language (e.g. Swahili, English, French, Portuguese) in which the Budget is mostly presented (%)	0	0	2.5	0	0	–	0	0	0
Occupation (%)									
• Peasants & traders	11.3	0	2.5	2.1	2.6	–	0.5	–	–
• Intermediate civil servants	22.6	0	12.5	–	32.1	–	8.5	–	9.5
• Senior civil servants	35.5	25.0	26.3	–	19.2	–	55.4	–	15.2
• Business or managerial	21	25.0	25	–	8.9	–	9.0	–	22.2
• Teachers	9.7	25.0	2.5	4.3	21.8	–	25.9	–	14.6
• Professional	–	25.0	12.5	34.0	12.8	–	0.5	–	–
• Other	–	0	–	27.7	2.6	–	–	–	22.8
Term in office (%)	52.6	80.0	62.5	89.1	39.7	31¾	47.1	56.1	72.8
• First	32.8	19.0	20	9.4	60.3	35	38.6	31.8	14.6
• Second	14.6	1.0	17.5	1.6	–	33¼	14.3	12.2	12.6
• Third									
Minister or deputy minister (%)	35	Less than 1	–	0	0	11¾	1	22	35
Total number of Parliamentarians in the National Legislative Assembly	62	180	80	64	78	400	189	296	158

193. The occupational backgrounds of MPs reflect their educational backgrounds. In the Barkan et al. (2004) study, a majority of MPs in the 28-45 years age group were professionals (attorneys, engineers, doctors, etc.). They found that in this category, the outcome is mixed, with Benin and Ghana having the most professionals, while Senegal has more peasants or traders than other countries. How this aggregate affects the MP performance is unclear. The hypothesis is that the presence of a large number of professionals is a necessary, although insufficient, condition for strengthening Parliaments.

194. While the data collected for this study were inconclusive and rather inconsistent, we can draw some tentative conclusions. If true, in countries (Cameroon, Congo, Rwanda, Tunisia) where Parliaments have over 90 per cent of MPs being senior civil servants and above, (presumably, comprising of professionals in one field or the other) MP performance should be exemplary, while Botswana and Liberia, with two-thirds of the MPs being professionals is adequate.

195. The MP turnover has an effect on parliamentary performance. An 'excessively' high turnover weakens the Legislature's oversight powers as its vacancies are filled with junior MPs, who may lack the political clout and seniority to hold the Executive to account. South Africa, for example, has experienced a turnover or 'juniorization of Parliament' of 82 per cent since the country's first democratic election in 1994 (Mail & Guardian 2006d). This 'brain drain' has resulted in a loss of institutional memory, weakened portfolio committees, as "*very talented people… move their talents elsewhere*," and in "*parochialism and a more limited understanding of issues*."[35] Finally, continuing high turnover has implications on the MP training, making it difficult for CSOs and other external actors to help in building MP' capacity, and impeding the efforts of older MPs to pass on their knowledge to new ones through 'on the job training', as a gradual change would have allowed.

196. The foregoing analyses are disputed by another set of evidence, however. In the Barkan et al. study, Parliaments deemed less independent in many areas (Senegal and Benin) had the lowest number of MPs who were holding ministerial positions, while the percentage was higher in countries with relatively stronger Parliaments (Ghana, Kenya). In Kenya's case, that study found the highest number of MPs also forming part of the Executive, yet, Kenya's Parliament managed to transform itself into one of the most powerful Legislatures on the continent. In Senegal and Benin, the Constitution requires that all Ministers be appointed outside of the legislative branch (Barkan et al. 2004).

197. In this study too, the same inconclusiveness prevails with the relatively strong Legislature of Botswana having many MPs in the Executive, while the equally strong Parliament of Tunisia has only one. In Botswana, according to the respondent MP, "*all Ministers, including His Excellency the President are Members of Parliament*".

35 Mail & Guardian (2006d), ibid, available at http://www.mg.co.za/articlePage.aspx?articleid=280728&area=/insight/insight__national/#.

5.8 Other determinants

198. The above analyses clarify the immense role Parliaments have in influencing the budget processes. In practice, Parliaments have to overcome heavy obstacles (box 8), and more factors need to be taken into account in order to make them effective. These factors include those briefly described in the next paragraphs.

Box 8. Some Impediments to Parliamentary Effectiveness in Budgetary Processes

- In most African countries, Parliaments do not have the capacity or the resources to carry out budget oversight functions (e.g. Malawi);
- A preoccupation with secrecy undercuts the potential for Parliaments to play an effective expenditure accountability role (e.g. Uganda's Parliamentary Accounts Committee has only a secretary and an intern as staff);
- Partly due to the circumscribed media role, the presumed Executive and Judicial response to Parliamentary findings is not forthcoming (e.g. Burkina Faso); and
- he interplay in Parliament of political parties is important. African countries need to consider giving the Chair of the Public Accounts Committee to the opposition, ensuring rival party access to public finance information.

Source: Dorotinsky and Floyd 2004

5.8.1 Foreign debt and budget support

199. African parliamentary effectiveness in budgetary processes is undermined by the heavy indebtedness of many of these countries and the huge slice of the budget cake that is taken by debt-service costs. These international obligations have a large impact on budgetary planning or, at least, on debates about national budgets. In Africa, fiscal policies are heavily influenced by IMF and the World Bank and by their SAP and sector-investment programmes.

200. It is a standard practice for heavily indebted poor countries (HIPCs), that at budget time, IMF studies and gives advice on budget allocations. Therefore, as an MP from Zambia, Hon. R. Yikona, remarked, "*the truth is that, poor African countries have little to say in the distribution of money*."[36] Given this situation, MPs take decisions within a narrow corridor of possibilities, if they are allowed to do so at all.

201. As mentioned earlier in the paper, the important role played by donors in providing budget support in African countries poses particular problems for parliamentary participation and influence over budgetary processes. Donors exercise increasing influence on the national budget composition on the continent, leaving little room for parliamentary participation in budgetary decisions.

36 See Mensah, 2000.

5.8.2 The PRSP process

202. The PRSP process represents a major opportunity for Parliaments to influence government's budget processes. They are assisted in this effort by CSOs, which are increasing their interest in building their budget-analysis capacity in order to monitor budget decisions and outcomes in relation to government's poverty reduction strategies (Africa Budget Watch 2004). Yet, several MPs feel that they have been uninvolved in the PRSP processes, even less than CSOs. In the budgeting attendant to the costing process of the PRSP programmes, they feel even less involved. These sentiments were particularly expressed by Ghana's MPs (IPU 2002).

203. In the four countries researched by Draman and Langdon (2005), it was acknowledged that widespread parliamentary focus on the budget cycle process and its key linkage to the PRSP process represents a strong PRSP role for Parliament. They noted several weaknesses to be overcome, including the:

- Short period of time to study the budget (Tanzania);
- Rapid adoption of the budget (Niger);
- Time limitation in several countries (Ghana, Malawi);
- Having opportunities for inputs before the budget is presented is seen as a priority (Malawi, Tanzania, Ghana); and
- The Parliamentary Audits in Africa all show that Parliaments feel their influence in setting budget priorities is low, and they are unable to have much input into budget planning.

5.9 Concluding remarks

204. No single factor can determine parliamentary performance, particularly in budgetary processes. Several issues militate against this paper ranking of Parliaments in terms of strength and effectiveness. Partly, this inability arises from the manner in which data were collected. For example, since there was no qualification made about party affiliation, this omission may have tipped the scales when referring to MPs attempting to judge the strength of their Parliaments.

205. This inability to rank Parliaments in this paper is also due to the fact that some issues can concurrently operate to weaken and strengthen a Parliament depending on the impact of other variables. For example, this paper has welcomed the defeat of more than 60 per cent of MPs from the authoritarian era in elections in the 1990s. This change was deemed to hold promise for the recruitment of a new generation of politicians who would demand greater formal and informal powers for the Legislature more forcefully, including the strengthening of amendment powers over budgets.

206. At the same time, the paper hoped that these rates would fall over time – a stability that would depend on voter perception of an MP's performance, which in turn, will depend on the MP's capacity to build up his/her skills and perform better. Relative MP stability will also facilitate institution building and capacity building, particularly of portfolio committees, enabling better oversight over government activities.

207. The same ambiguity about the impact of certain factors under review pertains to the party list system as practiced in Rwanda and South Africa, for example. This system enables Parliament to be more gender representative, and it further enables the party to recruit 'qualified' members. Major flaws abound in this system in that MPs have weak links to ordinary voters, and have disincentives to challenge the party leadership, which, in many cases, also lead the government. In this instance, qualifications and diversity do not necessarily lead to better performance by Parliament. Moreover, in this system, the tenuous and precarious MP stability observed in some countries (33.25 per cent of MPs in their third term in South Africa as of June 2006; table 7), might not necessarily lead to more effective MP performance as overseers of government activities.

208. On budgetary participation and oversight, there are certain determinants whose existence appears to explain parliamentary effectiveness. Enthusiastic and high reform-minded MPs, notwithstanding legal provisions, are more likely to immerse themselves in budget issues, including participating in portfolio committee work. These MPs are more likely to be better educated and younger; and, they are more likely to be professionals by occupation.

209. The end result is that MPs who have these qualities are more likely to develop strong capacity on budget issues including a strong committee system. These MPs are more likely to engage in oversight by departmental committees for the same reasons that they are likely to participate in these committees for the purpose of writing legislation. Here, other factors can be decisive, including the effectiveness of audit committees, whose performance hinges on the timeliness of the audits, and how the Executive responds to past audits.

6 SUMMARY OF FINDINGS AND CONCLUSIONS

210. The wave of democratization that swept across Africa during the 1990s gave currency to a debate about expanding parliamentary authority in a number of policy areas. Parliaments are urged to form a 'front line' of the State's effort to deepen democracy, ensure participation of all stakeholders in decision-making processes, and insist on transparency in the running of State affairs.

211. In making the case for parliamentary participation in the budgetary processes, the paper noted the dissenting voices but stressed that such participation is a cornerstone of any representative democracy. Such participation can serve the cause of good governance and poverty reduction well. African history is littered with evidence showing that budget centralization in the Executive has neither led to more fiscal discipline, nor improved the living standards of Africans. Rising deficits, ballooning debts and worsening poverty since the 1980s support this conclusion, calling for alternative governance practices.

212. As efforts to engage Parliaments in budgetary matters mount, clear constitutional and institutional arrangements and procedures must be redesigned and strengthened to clearly define the shape and depth of such engagement. Clearly, Parliaments must let governments govern, but at the same time the former must exercise heightened vigilance over the latter's activities to safeguard the public's interests and strengthen citizen participation in policymaking.

213. Such participation by citizens (for example, via CSOs and the media) in budget matters is also critical both in the PRSP context and in monitoring aid effectiveness in the HIPC context. Concurrently, such parliamentary participation supports efforts to fight corruption and restrain wasteful public expenditure.

214. The model presented in the paper showed how such budget participation could arise. In particular, the role of parliamentary bodies and SAIs was deemed key to MP effectiveness. SAIs especially need to be granted the requisite constitutional strength and institutional capacity to carry out their functions effectively. Ultimately, parliamentary strength hinges critically on the strength and independence of SAIs.

215. A highly vigilant and active civil society and media can also help Parliaments to surmount technical and outreach difficulties. In this context, increased transparency and accountability and stronger enforcement mechanism of rules and regulations are some of the

measures needed to entrench a symbiotic relationship between State bodies and private sector, and between various entities within the State.

216. The paper has suggested that budgeting along the lines of the MTEF could well serve the goal of parliamentary budgetary involvement. Properly designed MTEFs contain many salient properties of sound public financial management and good governance: participation; accountability; political buy-in; budget realism; and clear linkage of public policies to budgets and budgets to programmes and projects.

217. The analysis may raise some alarm about the daunting structural and institutional obstacles to enhanced MTEF implementation in Africa. Central to these obstacles is the fact that MTEFs were imposed on Africa by the IFIs without the necessary technical support for their implementation and with little effort to create ownership by governments or Parliaments. Moreover, donor behaviour and aid volatility have vitiated efforts for discharge of effective medium-term planning in most African countries over many years, through for example, erratic aid flows.

218. These telling pitfalls are emerging and are seen in the limited way in which many African countries have used MTEFS as a planning tool. While few countries have reasonably comprehensive MTEFs (Uganda, South Africa), others are at an intermediate stage (Kenya, Tanzania, Ghana), while others are still in infancy (Mozambique, Malawi, Rwanda, Guinea). As part of a stepwise process to full MTEFs, and with donor assistance, these countries should further engage their Parliaments, for consultation and approval, among the measures they must undertake. Parliamentary engagement of this nature will give these planning instruments the requisite credibility and inject the participatory content that they were meant to contain.

219. The paper sought to gauge the status of other determinants of parliamentary effectiveness as an oversight State organ and representatives of the ordinary citizens. To serve this end, MP views were solicited and analysed. The paper submits that its primary data are prone to consistency and coverage problems. Nonetheless, when MPs' views are crosschecked and augmented by other sources, they provide answers, albeit suggestive, to some questions posed in section 1 of the paper.

220. The picture that emerges is rather blurred. On parliamentary strength, some MPs think that this aspect is still emerging (Tunisia, South Africa) while others think that it is relatively strong or good (Botswana, Congo, Kenya, Liberia, Rwanda, Uganda). For what these views are worth, it is nonetheless gratifying to note an infusion into Parliaments since the 1990s of a cohort of MPs that is relatively young, well educated, reform minded, and have professional qualifications (lawyers, engineers, medical doctors, etc.) to enhance their independence from the Executive. It is suggested, that this new generation is likely to agitate for a faster pace of legislative and institutional reforms than is the case presently.

221. In view of the shrill calls for demographically representative Parliaments, the paper noted an enormous amount of work still to be done in this area. On the gender front, the evidence indicated that Parliaments remain a 'men's club' with male dominance of over three-quarters in some countries (Botswana, Cameroon, Liberia, Tunisia, Zambia). Only Congo (Brazzaville) and Rwanda, with 49 per cent and 48 per cent female representation, respectively, are close to achieving gender parity in Parliament. The heightened focus on women representation stems from the realization that poverty tends to hit women more than men. There is a feeling that more gender-representative Parliaments will *ceteris paribus* help devise policies that are attuned much more towards poverty reduction than those less representative. Such representation should be encouraged, but, for now, available evidence supports the view that it is the *parliamentary systems*, rather than other government forms, that have generated welfare-enhancing policies in industrialized countries, irrespective of their gender composition.

222. The paper noted the contradictory impact of certain other factors of parliamentary effectiveness. In particular, some factors tend to work both to retard and enhance this effectiveness. One example to illuminate this point is in the context of a party list electoral system (South Africa, Rwanda) or some kind of a legal provision allowing for the appointment of some MPs (Namibia, Uganda, Zambia, Zimbabwe), as opposed to a direct election of MPs (Ghana, Kenya). In this system or provision, it is possible to recruit more educated individuals and women as MPs, a step that should boost the diversity of Parliaments while achieving the goals of social justice and political stability quicker.

223. At the same time, such a system or provision can cause a 'clientelistic' element in which it is in the MPs' personal interests, beholden to political party largesse and whims, to serve the party interests at the expense of those of the general public. When this disquieting scenario materializes, the resulting diversity may well enfeeble rather than strengthen Parliaments. It is against this possibility that the effectiveness of relatively more representative Parliaments of Republic of Congo (Congo Brazzaville), Rwanda, South Africa and Uganda[37] must be assessed.

224. The practice of drawing executive members from the MP pool poses similar risks to those above. At least in theory, this practice can impair Parliament's ability to oversee the Executive – it is almost axiomatic to argue that MPs will abrogate their oversight duties over Executive if they themselves are a part of it. This situation would obtain even if the appointed MPs have to resign their parliamentary seats, since unappointed MPs would be reluctant to act in ways that would ruin their chances of ever being appointed to these coveted ministerial posts.

37 The current 8th Uganda Parliament is composed as follows: of the total 319 MPs, 215 MPs are directly elected, 69 must be women, 10 from the Uganda Force, 5 youth, 5 disabled, 5 workers, and 10 ex-officio
(Source: http://www.parliament.go.ug//index.php?option=com_content&task=view&id=15&Itemid=28)

225. The paper is aware that appointing Cabinet members from Parliaments is common among the countries reviewed. It is noteworthy that Kenya, deemed to have one of the strongest Parliaments in Africa, is one of these countries, suggesting that this hypothesis still needs empirical testing to see if Kenya's situation is a norm or an exception or if such appointments are relevant to parliamentary effectiveness at all.

226. Finally, the paper rejected the idea espoused by some observers advising the public not to be overly concerned over weak Parliaments as long as political parties comprising these institutions have robust democratic practices within themselves. In the final analysis, political parties are private entities, and these entities or their 'benevolent' leaders should never be substitutes for strong State institutions in a functioning democracy. To safeguard public interest, it is strong Parliaments and the State oversight organs that support them that should be relied upon to oversee Executive management of public resources. It is for the purpose of rendering these organs stronger that debates must continue, with a view to nurturing the nascent democracy in Africa and to work towards eliminating poverty.

GLOSSARY

Accountability: requires that decision-makers be held responsible for the exercise of authority invested in them. Budget officials and line Ministries must answer for the use of funds, and also face consequences for any misuse of funds.

Accrual accounting systems and cash accounting systems: accrual accounting systems recognize transactions or events at the time economic value is created, transformed, exchanged, transferred, or extinguished. – and all economic flows (not just cash) are recorded. Cash accounting systems recognize transactions and events when cash is received or paid. Unlike accrual accounting, they do not recognize non-cash events. A key difference is that cash accounting systems have no record of asset values, which has a significant impact on incentives concerning the use and maintaining of capital.

Allocative efficiency: a process is said to be allocatively efficient if the inputs are being used in the optimal proportions given their prices and productivity (supply side) and the preferences of society (demand side). Two components to allocative efficiency are exchange efficiency (when no further allocation of goods is possible that raises welfare) and technical efficiency (the production of one good cannot be increased without sacrificing the production of another) (Stuart and Woodroffe 1998).

Appropriation: The budget as approved by the Legislature by line item of spending. The budget law gives the Executive branch the authority to incur obligations, which become due during the budget year, up to a specified amount for specified purposes within a financial year (usually one fiscal year).

Budget preparation: stage of budget process involving the submission and negotiation of ministry expenditure bids. The process concludes with parliamentary review and legislative approval.

Budget process: is the vehicle by which the government sets its overall budget plans and within which decisions are made on the allocation of funds.

Budget: The annual document in which the government presents its expenditure and taxation plans for the coming year.

Comprehensiveness: The budget should capture all activities of government. Effective resource allocation through the budget process requires current and capital expenditure decisions to be linked and assessed together.

Computable General Equilibrium (CGE) model: CGE models explicitly model goods and factor markets, with wages, prices and private income determined endogenously. They measure the distributional impact of policy reforms in a completely specified model economy. They measure indirect effects of policy changes as well as direct effects (which are not captured in partial equilibrium approaches).

Development budget: public investments brought together in one plan intended to develop the economic and social potential of the whole economy or a specific area. They often include both capital and current spending on investment projects.

Effectiveness (of public expenditure): the contribution of public expenditure to advancing the government's objectives.

Efficiency (of public expenditure): public spending is efficient when goods and services are delivered at minimum cost.

Estimates: forecasts of revenue and vote ministers' requests for authority form parliament to incur expenditure and liabilities; i.e. the 'estimate' of what revenue will be raised and expenditure incurred during the coming fiscal year.

Extrabudgetary funds: accounts held by government bodies but excluded in the governmental budget. Earmarked revenues or user fees and charges often finance expenditures from such accounts (Allan and Parry 2003).

Fiscal discipline: maintaining spending within limited created by the ability to raise revenue and maintain debt at levels that are inexpensive to service (DFID 2001).

Fiscal policy: government policies with respect to taxes, spending, and debt management that affect macroeconomic outcomes, particularly with respect to employment, the size of the economy, price level stability, and equilibrium in balance of payments. The budget process is a major vehicle for determining and implementing fiscal policy.

Fiscal year (FY): is the government's accounting period and is often referred to by the year in which it ends.

Legislature: elected representatives who have responsibility for passing legislation, including the appropriation act, which gives the Executive authority to make expenditure according to the budget.

Line Ministries: Ministries responsible for providing policy advice on, and implementing activities, in a particular sector, such as education or agriculture.

Macroeconomic framework: macroeconomic assumptions underpinning the budget. It is prepared in the strategic planning phase and provides a forecast of the overall resource envelope for the upcoming budget.

Medium-term Expenditure Framework (MTEF): There are three key components to an MTEF: a statement of fiscal policy objectives and a set of integrated medium term macroeconomic and fiscal projections; medium term budget estimates for individual spending agencies based on sectoral objectives and priorities and elements of activity and output budgeting. Many budgetary approaches that exclude this element are still referred to as MTEFs.

Outcomes: the impact of public expenditure on the community or in advancing the government's objectives.

Outputs: the goods and services produced with public money.

Outturn: actual revenues and expenditures.

Oversight: a Parliament's functions that entails monitoring and reviewing the actions of the Executive organs of government; and assessing whether actions are legal, whether they conform with government policy, and whether they benefit the intended sections of the population (DFID 2004).

Parliament: an assembly of elected representatives with some or all of the following statutory duties: (a) passing and in some cases initiating legislation; (b) conducting oversight of the Executive; and (c) representing the views and concerns of the electorate (DFID 2004).

Parliamentary or Public Accounts Committee: is the common name for the Parliamentary Select Committee that reviews the budget and is most directly involved in the PEM system.

Predictability: is one of the characteristics of a robust PEM system. It refers to the extent to which the budget provides a dependable guide to public sector manages as to where resources will be made available.

Programme budgeting: a programme budget is specified according to programmes rather than along organizational lines. A programme is a public policy objective along with the steps necessary to achieve it.

Public expenditure management (PEM): the way in which public money is allocated to alternative uses and in which these decisions are implemented. It is broader than the traditional budget process through its focus on the link between expenditures and policy and its recognition of the importance of a broad range of institutional and management arrangements.

Public expenditure review (PER): are analyses of the allocation and management of government expenditure. They may cover all government expenditure or focus on one sector. They can inform strategic planning and budget preparation by identifying ways to improve strategic allocation and value for money.

Resource envelope: the upper limit for expenditure for the upcoming budget base on expected revenues and deficit and debt targets. Ideally the resource envelope should be set during the strategic phase of the budget process so that expenditure is planned within a realistic constraint. In a good system resource envelope will have a multi-year horizon.

Strategic planning: the stage of budget process where Ministers determine their budget strategy and objectives.

Transparency: a transparent PEM system provides an understandable guide as to how use of resources is planned, and what results are expected. Reporting should also enable easy monitoring of performance against government's stated intentions.

Value for money: the achievement of economy, efficiency and effectiveness in the use of resources, in order to achieve desired outcomes at the lowest cost.

Vote: a group of appropriations. Each Ministry or Department will consist of one or more votes.

Warrant: A release of all or more commonly, a part of the total annual appropriation that allows a line Ministry or spending agency to incur commitments.

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