Open Budgets in Africa

Michael Evers

8th Economic Development Days – May 2022
Vienna University of Economics and Business (WU Wien)

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Outline

1. Budgets Overview
2. Fiscal Transparency
3. World Bank Focus: BOOST Databases & Open Budgets Portal
4. Experience
    1. Challenges
        1. Technical (program vs means budget (and basculation), COFOG, poor data)
        2. Situational (customs, norms, hierarchies)
    2. Successes

1. Budgets Overview

"We didn't overspend our budget. The allocation simply fell short of our expenditure." – Keith Davis

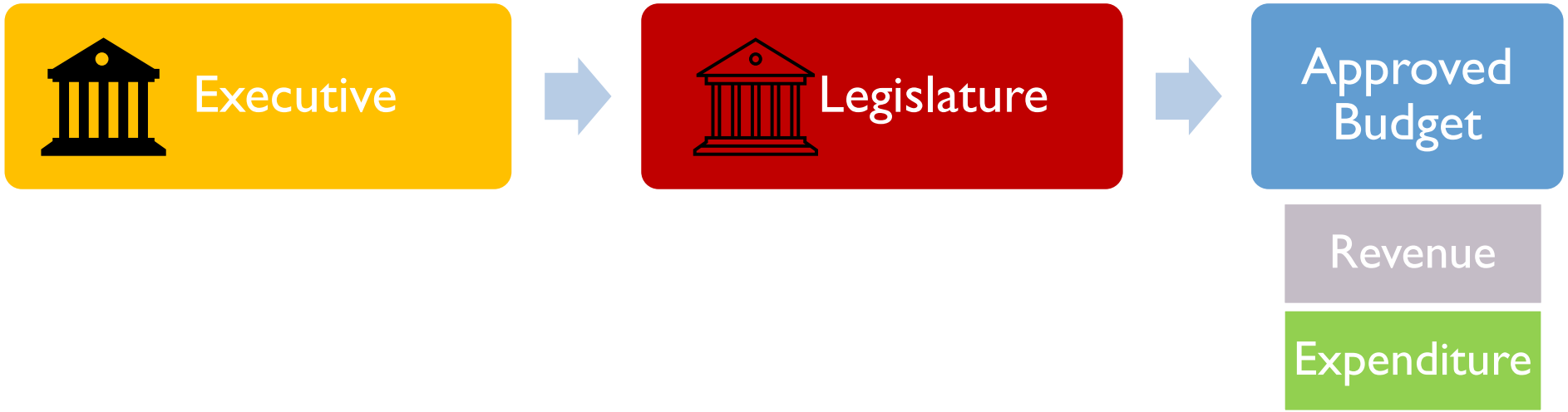
"Don't tell me where your priorities are. Show me where you spend your money and I'll tell you where they are."

– James W. Frick

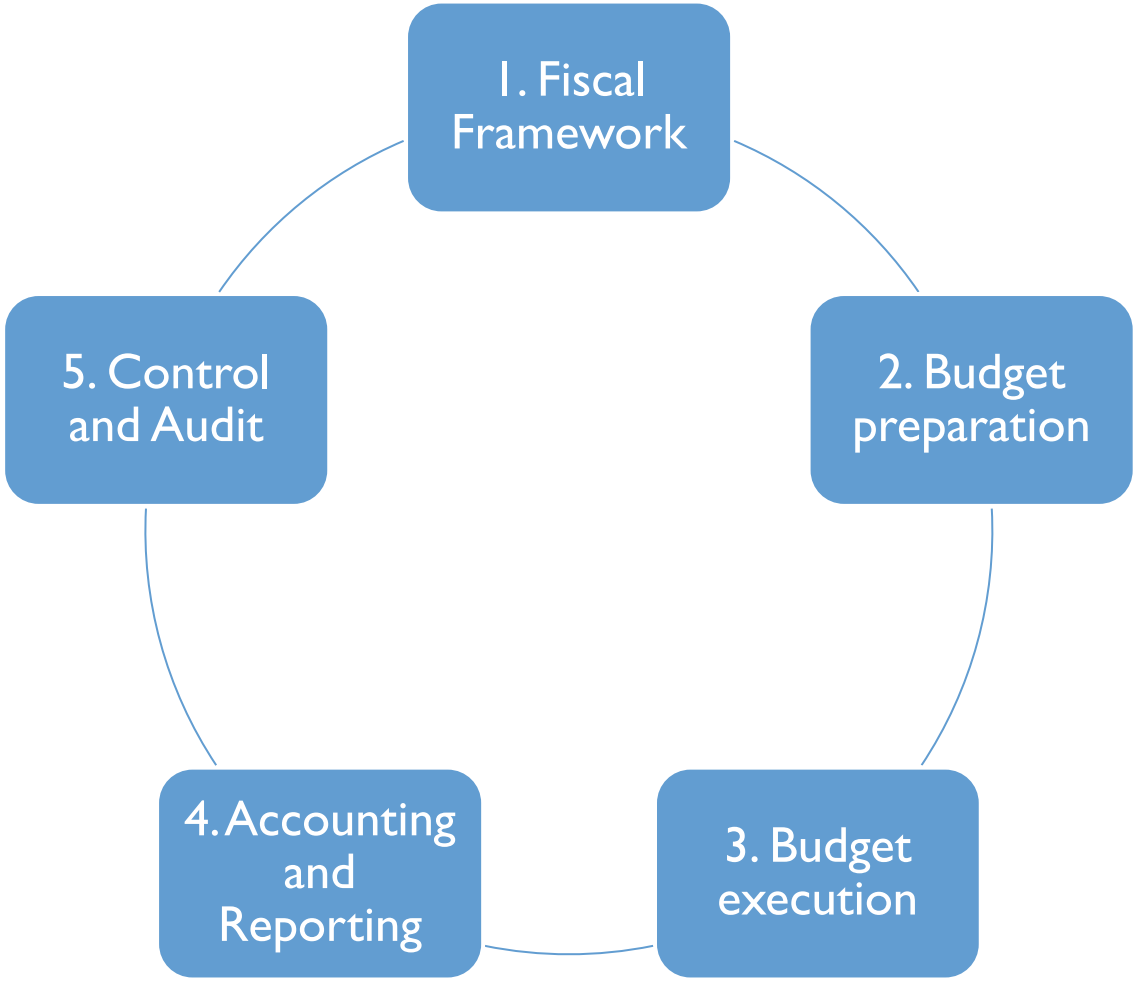
"It's clearly a budget. It's got a lot of numbers in it." – George W. Bush

What do we mean by "Budget"?

- The Annual Budget is…
  - Proposed revenue and expenditure of the Government for a 12-month period



Budget Preparation Process

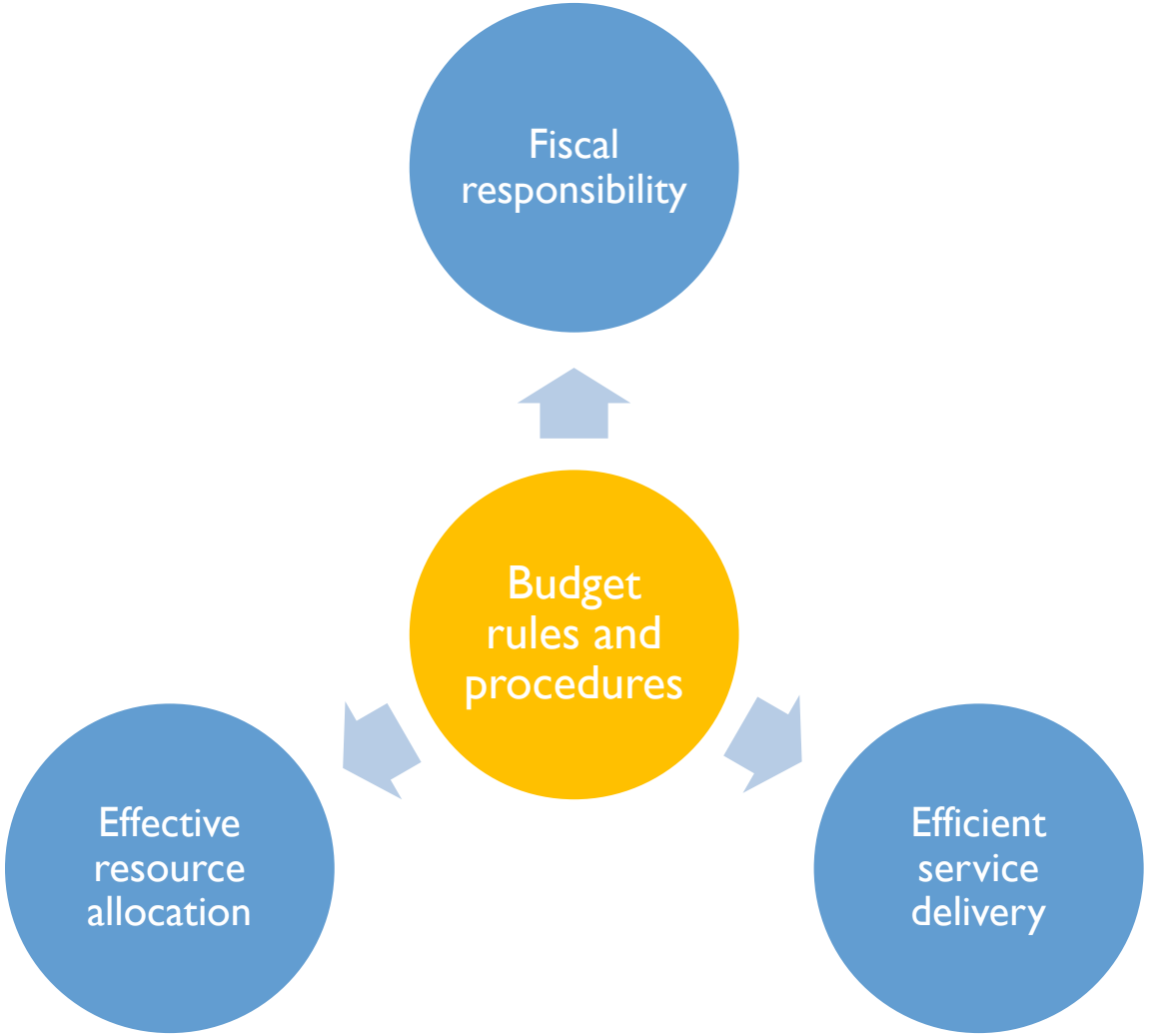


#1. Strategy setting

#2. Budget guidelines and submissions

#3. Budget review; negotiation and reconciliation

Technical Aspects of Budgets



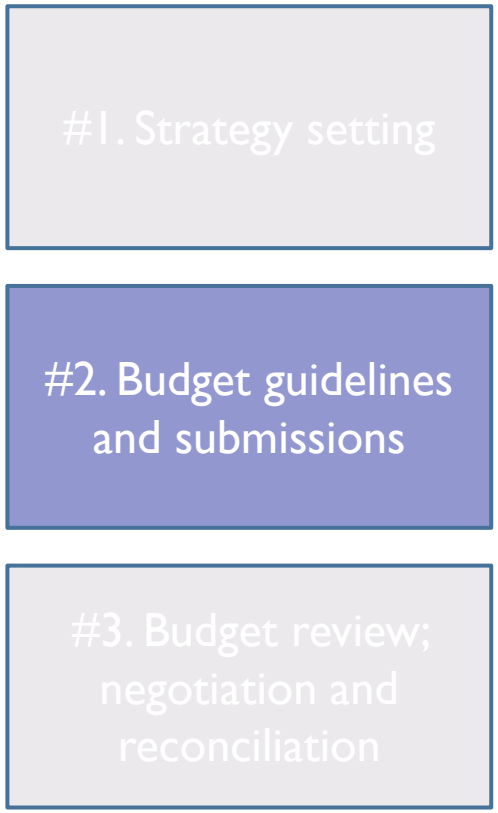
Basic principles

- **Comprehensive** – All revenues and expenditures
- **Universality** – Total revenue covers total expenditures
- **Unity** – Single budget and budget process
- **Annuality** – All appropriations have a clear end date
- **Specificity** – Purpose of each appropriation is clearly stated and sufficiently detailed

Budget Preparation Process

A. Limits on total expenditure
   Consistent with medium term fiscal objectives and targets
B. Identifies sectoral priorities for services and public investment
C. Ceilings on expenditure for spending ministries
D. Understanding assumptions and potential fiscal risks

Budget Preparation Process



A. Budget circulars
   i. Macro-fiscal targets and information
   ii. Budget priorities and ceilings
   iii. Procedural guidelines for submission
B. Ministries submit budgets within ceilings according to guidelines

Budget Preparation Process

#1. Strategy setting

#2. Budget guidelines and submissions

#3. Budget review; negotiation and reconciliation

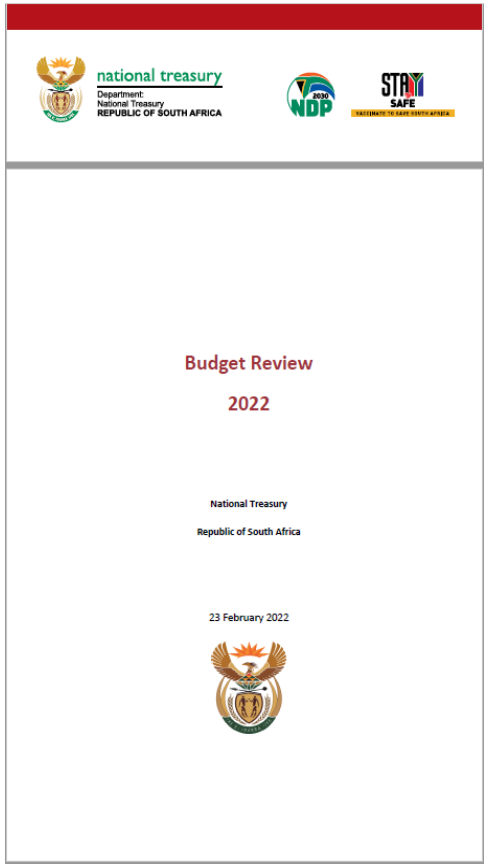
A. MOF reviews submissions to ensure compliance with policy, limits, and effectiveness
B. MOF suggests revisions and negotiates with spending ministries
C. MOF reconciles final submissions with expenditure ceilings
D. Draft Budget is approved by the Cabinet/President

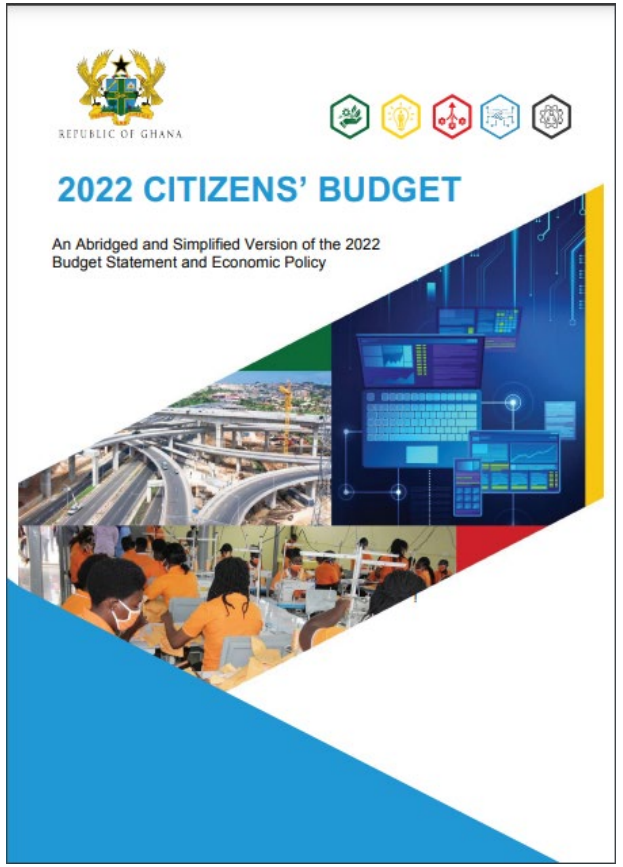
Means-Based vs. Performance-Based Budgeting

- Means-Based Budgeting
  - Basic (and standard) budget approach
  - Identifies Who? From where? For what purpose?
    - Administrative; Funding; Economic; classifications
  - Will often include Functional classification (COFOG)

- Performance-Based Budgeting (and Programme Budgeting)
  - Systematically incorporates the results to be achieved by expenditure
  - Includes information about the objectives and results of government expenditure
  - A "program" classification of expenditure (usually)
  - Fits well with a Medium-Term Budget Framework

Final Budget Presentation





2. Fiscal Transparency

Fiscal Transparency

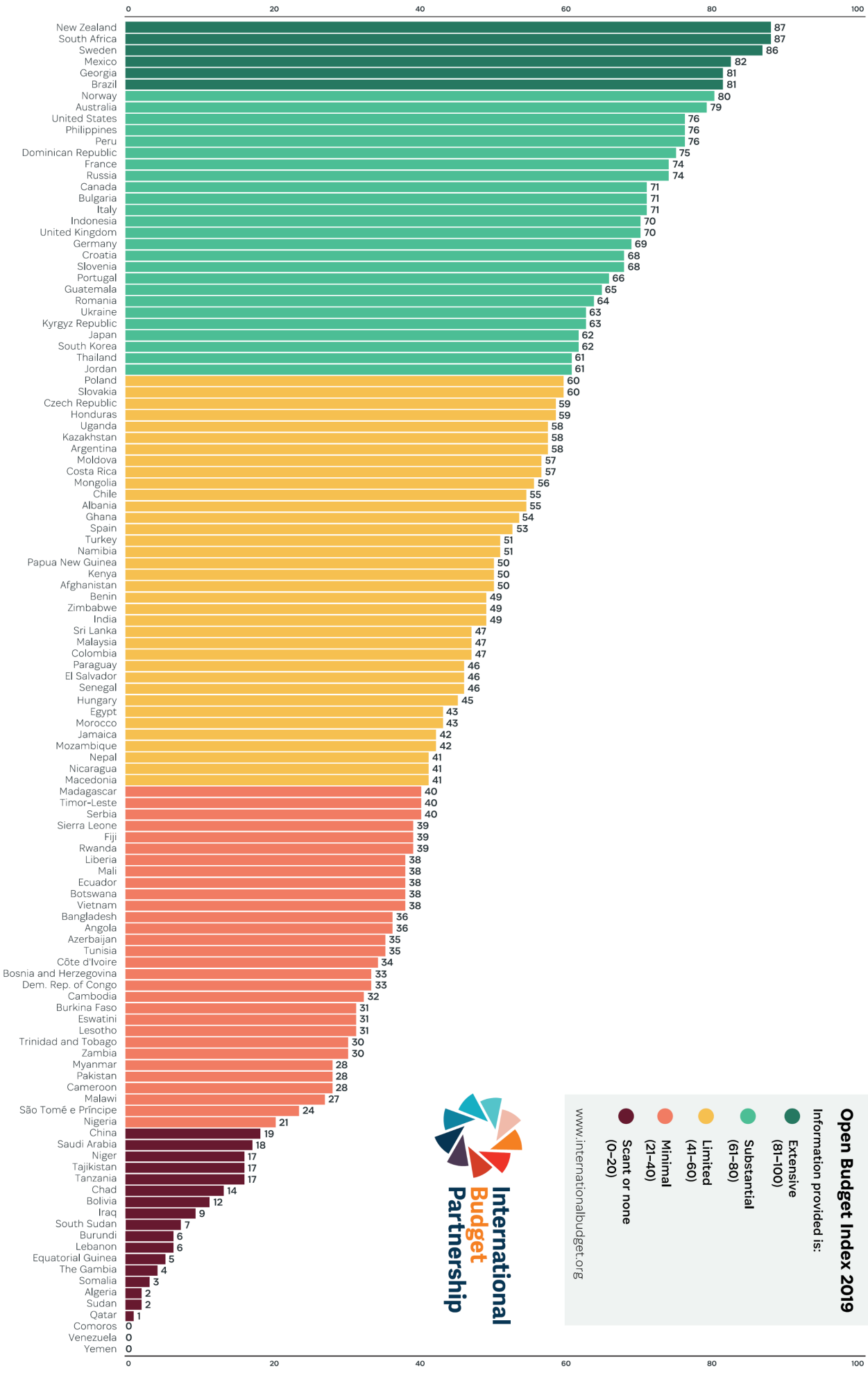
Openness of public finances

Lack of Fiscal Transparency

Publishing partial information	Publishing information that is difficult to understand	Exploiting weaknesses in accounting rules
• No information on off-budget government entities • Only aggregated data	• Without summary tables of explanatory text • Not shared online/Difficult to access	• Selling assets, and treating the proceeds as revenue • Overcompensation/graft

Fiscal Transparency

PEFA (Public Expenditure and Financial Accountability)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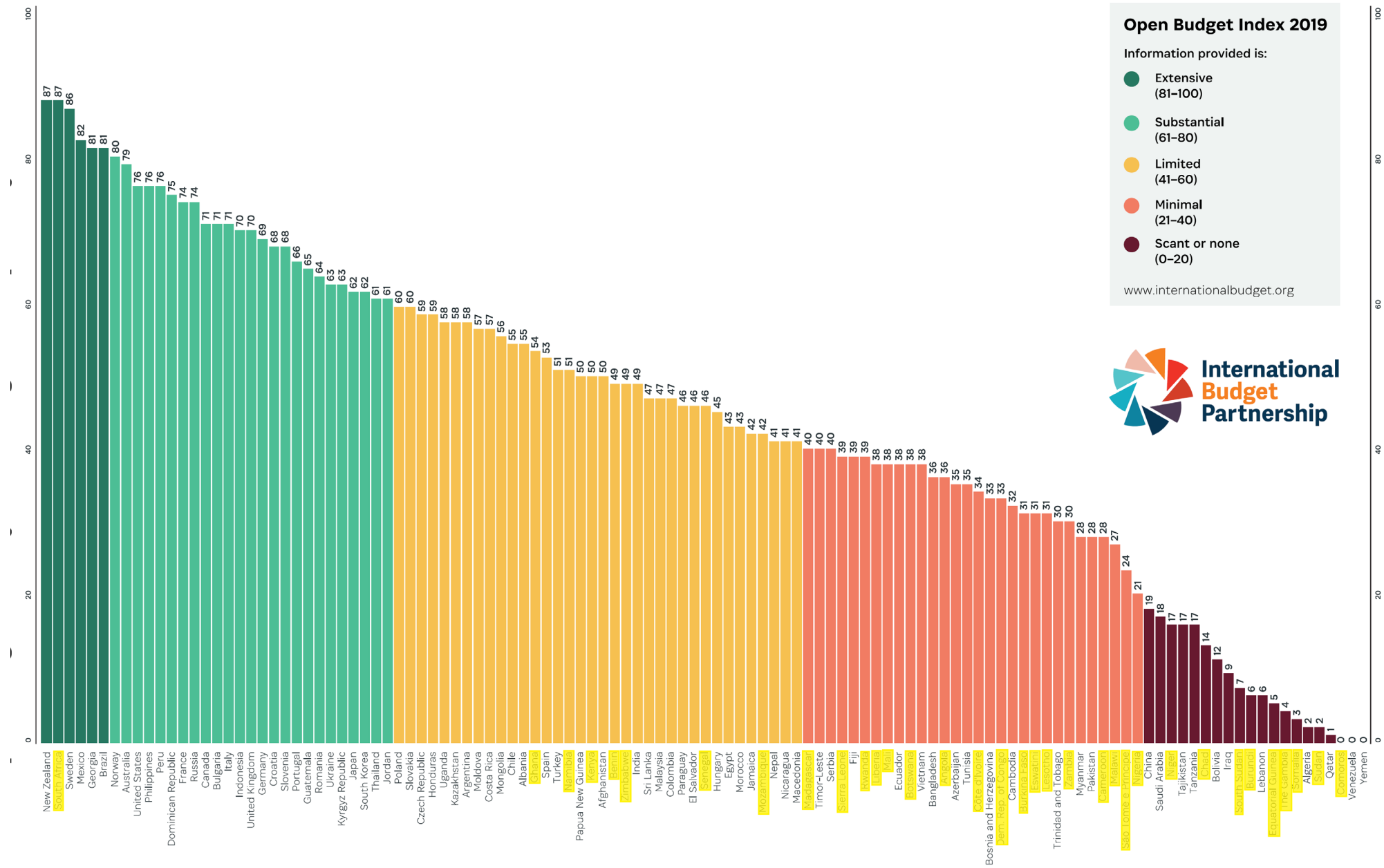
International Budget Partnership
Open Budget Index 2019
Information provided is:
Extensive (81–100)
Substantial (61–80)
Limited (41–60)
Minimal (21–40)
Scant or none (0–20)
www.internationalbudget.org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Burundi 6
Lebanon 6
Equatorial Guinea 5
The Gambia 4
Somalia 3
Algeria 2
Sudan 2
Qatar 1
Comoros 0
Venezuela 0
Yemen 0

3. World Bank Focus: BOOST Databases & Open Budgets Portal

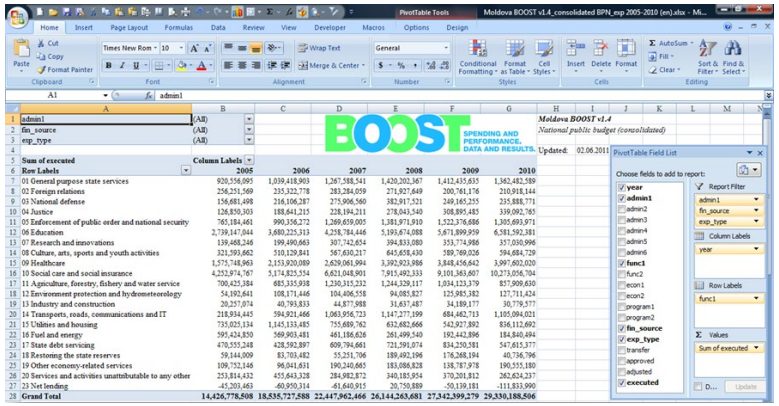
World Bank Open Budgets & BOOST

- The BOOST initiative is a World Bank collaborative effort launched in 2010 to facilitate access and analysis of public expenditure data
- BOOST platforms are developed to **support expenditure and revenue analysis** and improve decision-making within government
- They are also powerful tools to **promote open budgeting**

BOOST SPENDING AND PERFORMANCE. DATA AND RESULTS.

World Bank Open Budgets & BOOST

- BOOST platforms can be used as enablers of open budgeting
  - User-friendly dissemination of budget data
  - Entry point for capacity building
  - Promotion of public participation in the budget process



BOOST features an easy-to-use Pivot Table Interface

BOOST SPENDING AND PERFORMANCE. DATA AND RESULTS.

Advantages of the BOOST approach

- Reduce bottlenecks
  - Bypass fragmentation of diverse financial management systems
  - Facilitate data sharing between Ministries
  - Fill the gaps wrt the quality and reliability of budget data
- Expand the scope of budget analysis
  - Improve the macro-fiscal framework and contribute to the elaboration or public expenditure (and revenue) reviews, and other reports
  - Rapid budget analysis
  - Sectoral analytical applications
  - Efficiency and equity analysis

Complementing Government Budget Systems (IFMIS)

BOOST Database	
Main objective	Analysis
Accessibility	Easy to use and Excel-based
Data integration	Platform integrating and consolidating fragmented data and promoting their uses for analytical purposes.
Availability	Relatively easy and affordable design for any country with data in electronic format

IFMIS	
Main objective	Monitoring, report production
Accessibility	Complicated system; not universally accessible. Data source for BOOST databases
Data integration	Depends on the stage and quality of system development; fragmented.
Availability	A long and expensive process to achieve a functional IFMIS system.

BOOST: Cross-Analysis

Spending Agents
- Ministries
- Departments
- Agencies

Economic Categories
- Salaries and Wages
- Goods and services
- Transfers
- Investment

Sectors
- Education
- Health
- Infrastructure and Transport
- Social Protection

Funding Source
- Treasury
- External funds
- Co-financing

BOOST Template

YEAR	ADMIN1	ADMIN2	ECON1	ECON2	ECON3	ECON4	SECTOR1	SECTOR2	FUNCTION	FUNCTION	FUNCTION	GEO1	SOURCE_F	SOURCE_F	APPROVEI	MODIFIED	COMMITT	VALIDATEI
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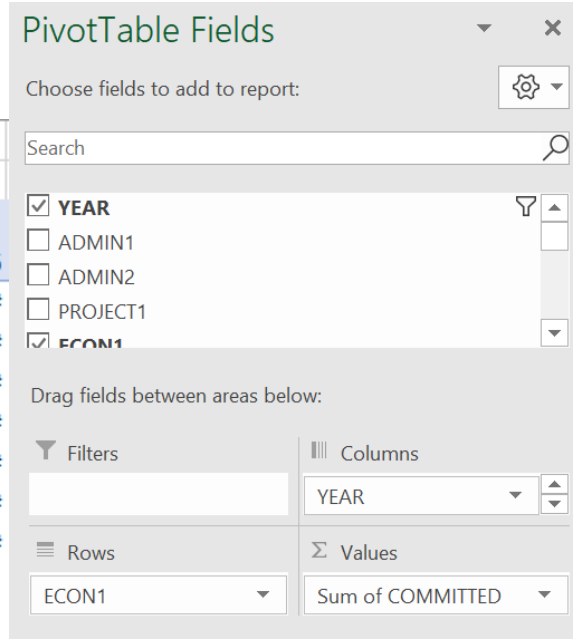
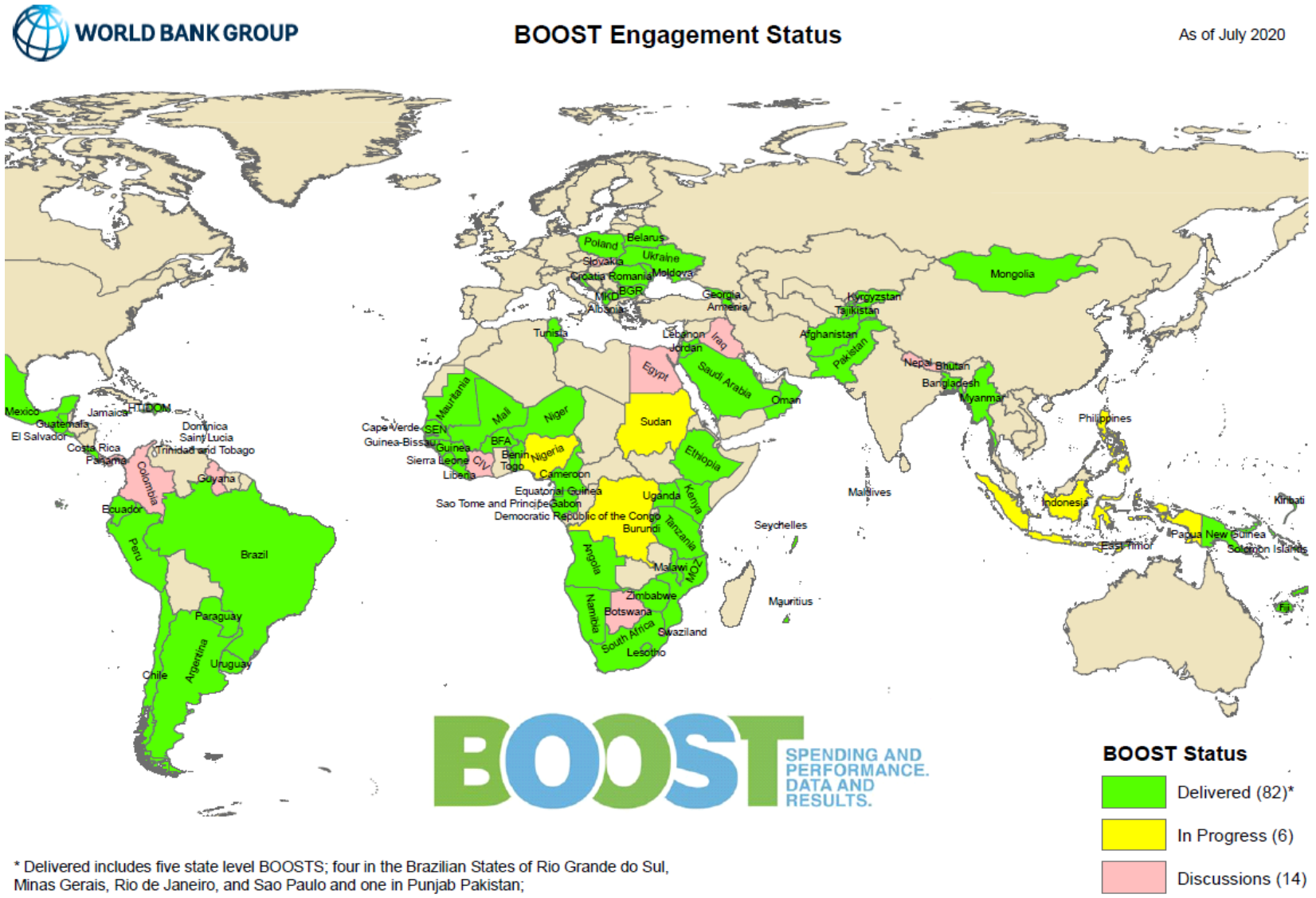
Sum of COMMITTED	Column Lal			
Row Labels	2013	2014	2015	2016
1 Amortissement, charge de la dette et dépenses en atténuation des recettes	##########	##########	##########	##########
2 Dépenses de personnel	##########	##########	##########	##########
3 Dépenses de fonctionnement	##########	##########	##########	##########
4 Dépenses de transferts Courants	##########	##########	##########	##########
5 Investissements exécutés par l Etat	##########	##########	##########	##########
6 Transferts en capital	##########	##########	##########	##########
7 Comptes speciaux du Trésor	##########	##########	##########	##########



Source: Burkina Faso, 2016


WORLD BANK GROUP
BOOST Engagement Status
As of July 2020
Poland
Belarus
Ukraine
Slovakia
Moldova
Croatia
Romania
BGR
MKD
Albania
Georgia
Armenia
Kyrgyzstan
Tajikistan
Mongolia
Tunisia
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Gabon
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Tanzania
Angola
Malawi
MOZ
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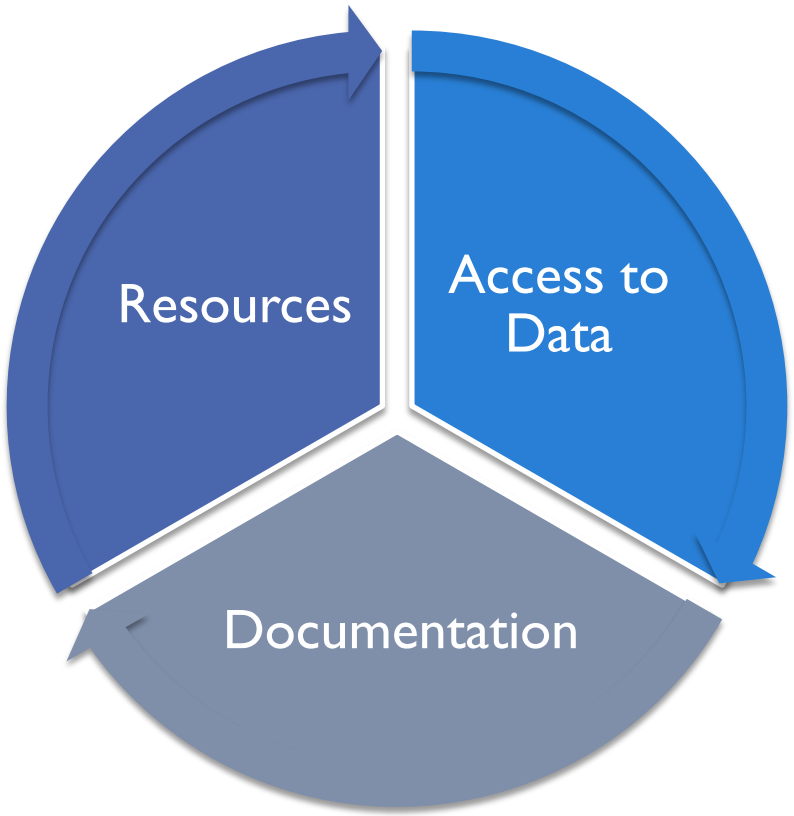
Botswana
South Africa
Swaziland
Lesotho
Seychelles
Mauritius
Maldives
Indonesia
Kiribati
Papua New Guinea
East Timor
Solomon Islands
Fiji
BOOST
SPENDING AND PERFORMANCE. DATA AND RESULTS.
BOOST Status
Delivered (82)*
In Progress (6)
Discussions (14)
* Delivered includes five state level BOOSTS; four in the Brazilian States of Rio Grande do Sul, Minas Gerais, Rio de Janeiro, and Sao Paulo and one in Punjab Pakistan;

Open Budgets Portal

- The portal provides access to the BOOST databases 35+ countries and states

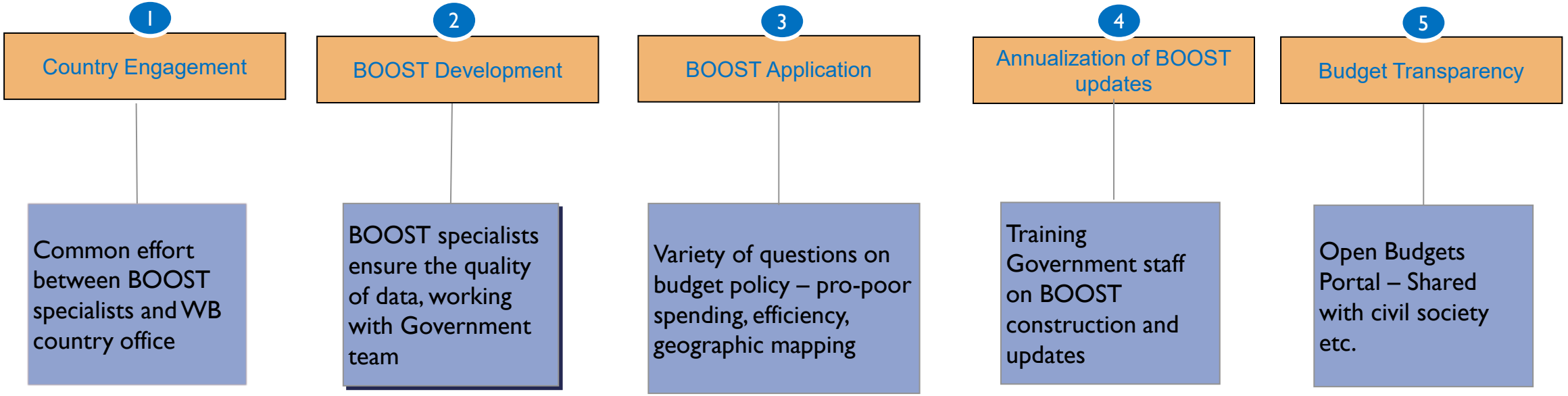
- https://www.worldbank.org/en/programs/boost-portal

Main Features of the Portal



- Country Pages
- Local Resources
- Global Resources
- Excel
- Interactive Tables
- Open Datasets
- Visualizations
- Highlights
- Uses of the Data
- User's Manual

5 Steps of BOOST Development



- A typical BOOST engagement is 3-6 months
- Careful attention to each step results in a sustainable program with long-term benefits.
- The BOOST tool provides a collaborative platform where data enriches analysts' benchmarking skills and provides insights to decision makers.

4. Experience

In practice…

1. Country Engagement
2. BOOST Development
3. BOOST Application
4. Annualization of BOOST updates
5. Budget Transparency

- Open communication with government
  - Situational challenges
    - Can de difficult to achieve Government buy-in
      - Hesitation to make data transparent
      - Do not see what benefit it can bring
    - Difficult to identify correct counterparts
  - Technical challenges
    - Organization may not be sufficiently advanced

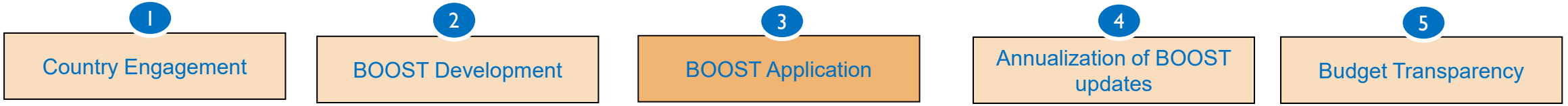
In practice…

1 Country Engagement | 2 BOOST Development | 3 BOOST Application | 4 Annualization of BOOST updates | 5 Budget Transparency

- Development
  - Technical Challenges
    - Different budget types (Means vs. Program – Several countries – **WAEMU countries recently transitioned**)
    - Poor data quality (internally inconsistent w/ Chart of Accounts)
    - Poor systems management
    - Separate budgets depending on type of expenditure/revenue (recurrent vs. investment (**Mauritania**), diverse tax/royalty databases)

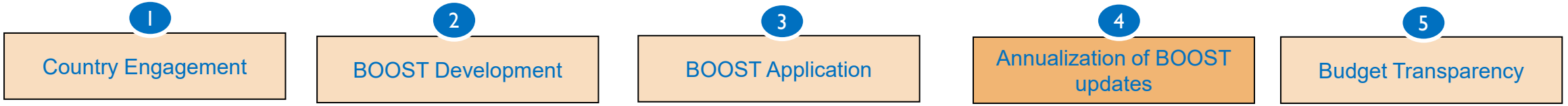
EMIS unit, Kampala, Uganda

In practice…



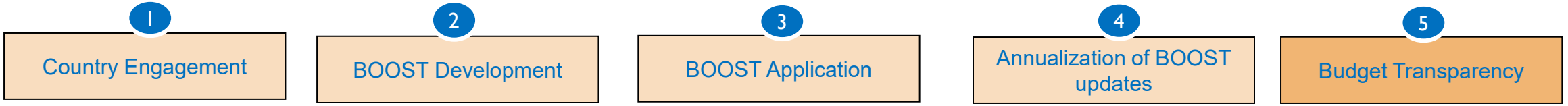
- Application
  - Technical challenges
    - Do we have enough data? We can get snapshots, but that might inform relatively little in a policy space
    - Is it correctly mapped?
  - Situational challenges
    - Do we have strong collaboration with the government?

In practice…



- Training and annualization
  - Technical challenges
    - Too few staff sufficiently familiar with budget system
    - Poor equipment
  - Situational challenges
    - Continuation seen as unnecessary (e.g. no longer tied to a specific report)
    - Loss of institutional knowledge
  - Successes
    - Government staff update sufficiently (several: **Senegal, Mauritania**)
    - Wide training and buy-in (**Niger**, **Burkina Faso**)

In practice…



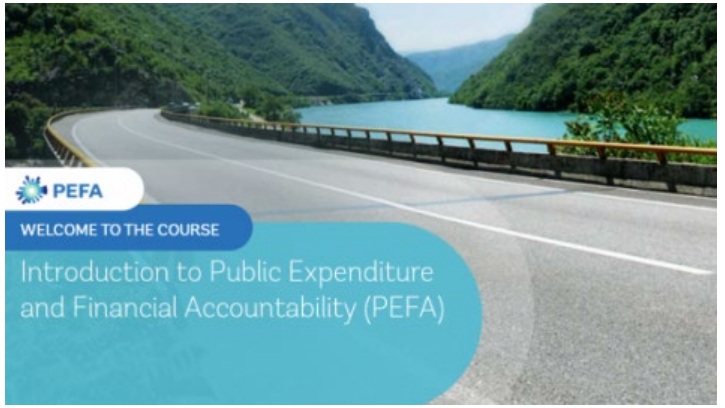
- Transparency
  - Many successes
  - Situational challenges
    - Many countries will implement BOOST databases without making them public (outright, or with delay)

Country and Field Experience

- Concentrated on francophone Africa
- Most recent work in the Sahel
- However, our team works worldwide

Resources

- Open Budgets Portal (www.worldbank.org/en/programs/boost-portal)
- OECD (COFOG: www.oecd.org/gov/48250728.pdf)
- International Budget Partnership
- IMF (www.imf.org)
- PEFA (www.pefa.org/)
- Courses:
  - IMF (Public Financial Management)
  - PEFA (Introduction to Public Expenditure and Financial Accountability)



Thank you

8th Economic Development Days – May 2022

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