

Parliamentary Audits and Budget Review in Africa

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Poverty Reduction, Budgets and Parliament:

This working paper examines the evidence from an initiative to assess parliamentary performance in Africa regarding Poverty Reduction Strategy Papers (PRSPs) and the budget cycle process. As part of the Africa-Canada Parliamentary Strengthening Program (ACPSP,) the Centre has launched a number of self-administered Parliamentary Audits, with the goal of documenting baseline assessments of effectiveness in selected Parliaments. These “audits” are based on the views of focus groups in response to a series of detailed questions, with returns so far received from Benin, Ghana, Kenya, Niger, Senegal and Tanzania.

These Parliamentary Audits contribute to several important features of the ACPSP. First, they provide a baseline against which improvements in performance can be measured throughout the life of the ACPSP. Second, they help identify the specific key weaknesses within individual parliaments on which strengthening efforts should focus. Third, their use results in capacity-building within participating Parliaments to apply such assessment techniques in the future to sustain performance improvements.

These African initiatives in the context of the ACPSP build on other work by the Centre. An extensive set of performance indicators regarding parliamentary budget work was tested in Cambodia (as reported in detail on the Parliamentary Centre website -- www.parlcent.ca.) Analysis of these results showed a Cambodian parliament that was only “slightly effective” in oversight and influence related to the budget -- with very poor ratings on openness and transparency, on accountability pressures exercised during the budget process, and on encouragement of public input into the budget. Parliament did have some policy influence in setting budget priorities and in approving loan agreements, but the overall impact on directions was unimpressive.

The Centre also undertook a field-based rapid appraisal review in 2004 of four African countries (Ghana, Malawi, Niger and Tanzania) with respect to the capacity of parliaments to plan, implement and monitor PRSPs. Supported by GTZ, the Centre met with key parliamentary committees in each of the countries, visited field locations for consultations with civil society groups and the poor, and contracted expert policy analysis institutions in each case to identify concerns and trace poverty policy developments. Results of this work were reported to an international conference at Wilton Park in the UK, and showed:¹

- Serious failures in all four parliaments in effectively reaching out to the poor and involving them in the PRSP process

¹ Rasheed Draman and Steven Langdon, “PRSPs in Africa: Parliaments and Economic Performance,” Wilton Park Conference, June 11-14, 2004. See also Parliamentary Centre website.

- Major gaps in the effectiveness of the parliaments with respect to assessing and strengthening budget performance, especially in the area of macroeconomic management
- Some weaknesses in the capacity of the parliaments to work seriously toward gender equity attention in policy reduction policy – although a number of women-led committees in three of the parliaments were demonstrating notable activism
- Considerable commitment and developing effectiveness in the parliaments to move into serious monitoring of PRSP results in the field, and
- Selective policy areas where the parliaments were pushing ahead important policy points in the PRSP context – from universal primary education in Tanzania to mainstreaming of PRSP action on HIV/AIDS in Malawi.

The results of these Parliamentary Audits confirm the general picture conveyed by this rapid appraisal review. African parliaments show many areas of weakness, though there are also some points of strength. What is especially helpful about the Audits, however, is the detailed differentiation provided from parliament to parliament. That provides a basis for tailored strategies that respond more effectively to where gaps are most serious, case by case.

Methodology:

A focus group was brought together in each country to assess the level of effectiveness of the national parliament with respect to each of 36 questions on budget and poverty reduction policies.² These questions treat five broad areas of concern – the *level of activity* on budget and PRSP matters, the *openness and transparency* of such work, the *public participation and outreach* of parliaments on these questions, how detailed and effective their financial *accountability role* seems, and their *overall policy impact* on budget and poverty policies. For each question, participants were asked to rate parliament on a scale of 0 (not at all effective) to 5 (very good effectiveness.)

The focus groups varied somewhat in size (5 in Niger, 6 in Senegal, 7 in Benin and in Ghana, 10 in Kenya and 11 in Tanzania,) but in each case included senior M.P.s (usually chairs and chief opposition critics on key financial policy committees,) plus a few informed non-parliamentary experts and senior public servants.

In examining these six countries, two basic measures have been calculated. First, average-level responses have been calculated for each of the 36 question areas, for each of the countries – with summary averages as well for each of the five groups of questions. An overall response average for each country is calculated from these five group averages.

Second, a measure is calculated that is termed the “consensus index,” in order to provide an indication of whether there is full agreement within the focus group, or more diverse

² The 36 questions investigated are outlined in Appendix One.

views. It is assumed that an assessment on which there is stronger agreement should be taken somewhat more seriously than one on which opinions vary widely.

This “consensus index” calculation represents the number of answers there could be in the one cell with most responses if everyone agrees (A_m) minus the number and distance of divergences from that cell (N_d) – all divided by the first maximum number (A_m) – then multiplied by 100 to give an index number;

i.e.,

$$\text{“Consensus index”} = \frac{A_m - N_d}{A_m} \times 100$$

Thus, if there are 6 answers, all giving 3 as the response, then $A_m = 6$, $N_d = 0$, so the “Consensus index” is $6/6 \times 100 = 100$. If there are 6 answers, 4 giving 3 as a response, and 2 giving 1 as a response, then $A_m = 6$, $N_d = 4$ (2 not in the cell with the largest number of responses, and each of these divergent from that cell by 2,) and the “Consensus index” is $2/6 \times 100 = 33.3$.

The Overall Image:

The detailed responses and the averages for each country are provided in Appendix 2.

Using these two measures, two broad points become clear. First, the overall performance rating which M.P.s apply to themselves is quite low. Only 7 of the 30 broad groupings across the six countries receive an average rating higher than 2 (out of 5.) And only two broad groupings (the “Accountability role” in Tanzania and in Ghana) merit an average more than 2.5. As a measure of the improvements that can be made in strengthening parliaments within Africa, this low rating almost across the board conveys a strong sense of urgency from these countries – especially given that these six parliaments are commonly seen as quite strong and active compared to many of their counterparts in other nations.

A second broad point to stress is that there is a fair degree of consensus among the focus groups on this conclusion. Some 26 of the 30 broad groupings have a positive “consensus index,” with more than half of the groupings (16) having an index number higher than 20. Only in the case of Tanzania does there appear to be a fair amount of disagreement about ratings (with 4 of the 5 groupings, and 21 of the 36 questions showing negative consensus index numbers.) By contrast, Senegal shows only 4 of the 36 questions with such negative consensus index numbers, Ghana shows only 6 of 36 with such wide divergences, and Benin shows 8 of the 36 negative.

Several other broad points should also be made:

- Across all six countries, there is a subset of quite basic points on parliaments and the budget where M.P.s do feel performance is more positive. All of the

- countries assess the debates they carry out on the overall budget to be quite serious and substantive (ratings between 2 and 3.28 in all six countries;) all feel the media report fairly on opposition criticisms of the budget (ratings between 2 and 3.64 across the six;) all feel they do quite a good job on questioning government leaders, ministers and officials during the budget process (ratings between 2.4 and 4.2 across the four parliaments;) and all feel their approval is of at least some significance for PRSP documents (ratings between 1.71 and 3.71 across the four countries.) These are important fairly positive factors that differentiate these parliaments from the “rubber-stamp” legislatures that continue to exist in some African countries.
- At the same time, there are certain cross-country results that underline key areas of common weakness in dramatic terms. There are universally low ratings for parliament openly and independently participating in the priority setting stage of the budget process (0.2 to 1.8 across the six parliaments;) the role of the poor in poverty reduction policy is seen as quite limited everywhere (ratings from 0.29 to 1.83 across the countries;) gender analysis is rarely used in budget consideration (ratings from 0.3 to 1.86;) and overall influence on budget priorities is rated as low (from 0.6 to 1.73 across the countries.)
 - There are also somewhat notable differences between the three Francophone cases and the three Anglophone cases in the analysis. Tanzania, Kenya and Ghana all have a clear system of an Auditor General reporting to Parliament with his report being handled by a Public Accounts Committee led by an Opposition M.P. These facts result in much higher scores in a set of questions reflecting this form of financial accountability than for Benin, Niger and Senegal. But this is not enough to overcome the otherwise very low scores in the assessments of the Kenya Parliament – this Parliament emerges as seeing itself especially weak on budget-related matters given the high PAC-related scores.
 - Taking these six African countries, their overall averages are in four cases lower than the Cambodian case noted above. Benin, Senegal and Kenya show average ratings of 1.21, and Niger is at 1.54, compared to the 1.7 of Cambodia; Tanzania does somewhat better at an average of 2.17, and only Ghana at 2.3 comes close to the 2.5 that has been described as marking a “somewhat effective” parliament on budget-related performance.

These African parliaments are **not** irrelevant and ineffectual. They show strength and effectiveness in questioning ministers about budget matters, in using the parliamentary arena in conveying the opposition critique of budgets and economic policy, and in debating poverty and budget approaches. But there is a wide range of areas where performance can be improved very much to strengthen openness, public participation, accountability and policy impact.

Individual Country Perspectives:

Examining each of the six countries separately, it is possible to identify a more detailed profile of problems and potential improvements for each parliament.

a) **Benin** represents in some senses a base case. This is a parliament in which there have been transfers of political power, various parties have strength, and there have been past aid projects to improve performance. Yet the well-balanced focus group produced a very negative assessment of the parliament's budget-related effectiveness – with quite a strong consensus supporting this critical judgement.

Five key features stand out in this poor performance:

- The engagement of parliament in most areas related to budget performance is very low, from scrutinizing economic models used in budget projections to reviewing monetary policy; no other parliament is so consistently marginalized on the whole range of budget policy involvement
- Openness to the public is almost totally absent in this parliament, with five key transparency measures below one in assessment ratings; again, no other parliament is so consistently poor in its performance on openness
- Outreach to the poor and to women is also worse in this parliament than in most of the other cases, despite the fact that this parliament also has the highest level of public consultation shown with civil society and with business; there is clearly a degree of specific exclusion of women and the poor that is quite dramatic
- There is also a consensus that even on issues of poverty policy monitoring, where parliamentary effort in Africa is beginning to expand quite significantly, this parliament performs very poorly (with an 0.86 rating level)
- On accountability, too, though the self-evaluation is somewhat better overall, there are key areas of very poor performance, for instance in reviewing departmental workplans or undertaking program and policy evaluations.

Benin is a country with a tradition of active and serious parliamentary committees on economic and financial affairs. But this review shows that parliamentary budget work has not moved beyond the conventional areas of the budget debate, reasonable media coverage of parliamentary comments, questioning of government ministers and leaders, and review of public loans before approval. There is clearly important work needed to reform and improve parliament's role, so as to

- Understand and analyse all stages of the budget cycle process
- Review monetary policy regularly
- Open all parliamentary budget exchanges to the public, including committee meetings
- Share with parliament the results of governmental internal audits
- Establish much stronger input from the poor on poverty reduction policies
- Engender the budget cycle process, including through consultation with women's groups
- Provide much more extensive review of ministerial workplans and undertake policy evaluations
- Strengthen parliamentary influence in the budget process
- Improve monitoring of PRSP implementation.

b) **Niger** also exhibits many of the weaknesses of the Benin base case, particularly in its low parliamentary engagement at different stages of the budget process and review of

monetary policy, in the low public level of inputs to the budget process (especially by women,) and the limited influence parliament suggests it has on budget priorities and policies.

But there are some important differences between the two countries:

- Niger's parliament operates with a greater degree of transparency to the public, with budget-related exchanges between MPs and Ministers open, some committee meeting openness, and more sharing of results of internal audits
- Under the impetus of a special committee on the PRSP, the Niger parliament has also ensured strong consultation with the poor on poverty reduction policies
- The Niger parliament also seems to have clearly established its strength on the issue of parliamentary approval being required for the PRSP (contrary to Benin) and stresses its key role in approving public borrowings.

The Centre's work in Niger has identified a serious and engaged parliament, operating effectively in the face of infrastructure constraints and severe poverty challenges. This parliamentary audit identifies the following areas of strengthening on which to work:

- Extending budget analysis and review to all stages of the budget cycle process, including scrutiny of economic models and monetary policy
- Improving independent audit reports to parliament so they are timely and relevant to spending resources as effectively as possible
- Ensuring greater public input into the budget process, particularly with respect to women
- Stronger parliamentary accountability activity, including review of department workplans, program and policy evaluations, and parliamentary review of the performance record of senior public servants
- Ensuring parliamentary impact on budget priorities by setting clear conditions for performance reports that the Executive must make, reviewing appointments of senior budget officials, and requiring responses to policy changes that parliament suggests.

c) **Senegal's** Parliament has a long history, has also seen shifts in regimes, and includes a large number of different parties. As a democratic institution, it is perhaps the most mature of the parliaments being analysed. It might be expected to show a particularly solid budget-related capacity, and to some degree that is the case relative to Benin and Niger. Senegal's parliament is somewhat more engaged in the full range of budget activities, with only 2 of the 5 measures on which ratings are very low (compared to three such areas in Niger and four in Benin.) The Senegalese record on transparency is somewhat better, too, on such basic matters as the openness of budget exchanges between M.P.s and ministers. The preliminary debate that takes place on the budget in Senegal, too, before it is drafted in its final form, helps explain why Senegal rates strongest on its parliament playing an open role in the setting of budget priorities. Senegal also rates much more highly than its Francophone counterparts in scrutinizing departmental workplans and undertaking program and policy evaluations – key accountability areas where Senegal rates strongest of all the parliaments in this audit.

Nevertheless, there are areas of surprising weakness in Senegal's performance, too:

- Budget-related committee meetings are rated very low on transparency
- Internal audits are almost never shared with parliament
- Senegal has by far the lowest level of parliamentary consultation with civil society groups and business amongst all four countries
- Parliamentary consultation with outside policy experts is also the lowest of all the cases
- Senegal also has the weakest parliament of all when it comes to setting the conditions for budget reports.

The picture that emerges is of a parliament that has built some areas of strength in its work, and is quite good on accountability work, yet has cut itself off to a fair degree from the public and from civil society and policy institutes in its approach. Not surprisingly, this strategy has left the parliament assessing itself as very weak in influencing budget priorities, despite its pre-budget debates.

This Senegal audit shows the value of this instrument. Although the overall level of performance of both Benin and Senegal are similar (average of 1.21 in both cases,) there are very marked differences between the two in the pattern of strengths and weaknesses in budget-related matters. These differences point toward a much different focus of activities in work to strengthen parliament in Senegal:

- Accountability weaknesses are much more a central problem in Benin than in Senegal; there needs to be much more concentration in Senegal on improving consultation and outreach to civil society, women and policy experts
- Strengthening committees seems a crucial priority in Senegal, where transparency is missing, and independent audit reports are not being received in a timely fashion (unlike the case in Benin)
- Senegal's greatest budget weakness may well be its failure to work toward parliamentary input at all stages of the budget cycle process; that, plus the lack of scrutiny of economic models used, both reflect the lack of consultation with key informants, and help explain the low ratings on parliamentary influence with respect to budget priorities.

d) **Tanzania:** If Benin represents the base case in this set of countries, Tanzania appears closer to the other end of the spectrum – a parliament in which there is much less consensus among the 11 respondents in the focus group, and a case where (despite these divergences in opinion) far more areas of strength seem to exist.

Taking budget-related areas alone (and ignoring poverty reduction policy for the moment,) the Tanzanian parliament has by far the greatest degree of activity at all stages of the budget process (1.82 rating compared to 0.29 in Benin,) including scrutiny of economic models (1.89 compared to 0.33 in Senegal) and review of monetary policy (2.45 versus 0.43 in Benin;) it shows the greatest use of openness in committee meetings (2.44 compared to 0.29 in Benin) and has reasonable access to internal audits (1.8 rating versus 0.71 in Benin, though less than the 2.29 in Ghana;) it is the only parliament amongst the six reviewed with reasonable performance in conveying budget information

to the regions and districts (2.09 rating compared to 0.5 in Senegal;) its rating is quite solid on ensuring public input on the budget (2.45 compared to 1 in Senegal and 1.57 in Ghana,) on consulting women (2.18 versus 0.71 in Benin,) and on outreach to policy experts (2.09 versus 0.5 in Senegal, though less than the Ghana level of 2.43.) Accountability measures are also quite reasonable, with 2.56 on scrutiny of department workplans and 2.09 on parliament reviewing personal commitments made in workplans presented by senior public servants (versus 0.14 in Benin.) Parliament's own evaluation in Tanzania therefore is that it has stronger influence on budget priorities than in any of the other parliaments (1.734 rating versus 0.6 to 1.0 in all five of the others.)

It is true that some of these relatively better ratings do show very poor consensus index levels (especially in the accountability context,) and should perhaps not be stressed too much. But other strong results show positive consensus responses – including all those dealing with levels of activity and extent of transparency.

Yet Tanzania also points to a glaring area of weakness in its responses to the audit, compared both to its general budget performance ratings and to the situation in other countries analyzed. MPs in Tanzania consider their role on poverty reduction policy to be very weak, and there is fair consensus on this judgement:

- They claim much less strength in activity on reviewing the PRSP before adoption than in other countries (0.82 rating compared to their average of 1.87 on all budget-related matters)
- They stress their role has been very weak in ensuring that the poor have a role in poverty policy diagnosis input (a rating of 0.7, lower than in Ghana, Senegal and Niger)
- They emphasize how weak their role has been in monitoring of PRSP performance (a rating of 1.09, again lower than in Senegal, Ghana and Niger.)

Overall, Niger's parliament has much higher ratings in its performance on poverty reduction policy in all relevant categories, and so have Senegal and Ghana, than is true for Tanzania. This points to the priority area of attention for parliamentary strengthening in Tanzania. Tanzania shares a number of similar areas on which to work as the other countries – in the contexts of widening the scope of budget-related work, improving transparency (especially in setting budget priorities,) extending public participation (particularly civil society participation,) and tightening accountability (program and policy evaluation work is limited.) But the key focus which MPs clearly have identified is the need to strengthen the Tanzanian parliament's role in poverty reduction, especially via greater engagement with the poor at all stages of policy development, and via more extensive parliamentary involvement in PRSP monitoring.

e) **Kenya:** Perhaps the most surprising results from these first audits are those from Kenya, where the Parliament has been working hard to become more assertive and effective for some years (through establishment of a new committee system, for instance.) With respect to the budget-related issues and poverty policies assessed by M.P.s in this examination, Kenya nevertheless emerges as the weakest performer

amongst the six countries (once we allow for the high scores associated with the role of an Opposition-led PAC system.)

The Parliament does undertake serious debate on the budget, with public exchanges between M.P.s and Ministers, and Parliament does play a significant role in reviewing PRSP work. But on the great range of indicators probed in the audit, assessments are remarkably low:

- Kenya has the lowest level for an open role in setting budget priorities, at 0.2 (compared to 1.57 in Ghana, 1 in Senegal and 2.45 in Tanzania;)
- The Parliament is particularly weak at assuring budget-related input from the public, from the poor regarding poverty policy, from women's groups and from civil society and business (0.2 or 0.3 on all these points, lower overall than in all five other countries;)
- Kenya is also much weaker than any other country in scrutiny of departmental workplans (0.7 compared to 2.6 in Senegal and 2.56 in Tanzania,) and in doing program or policy evaluations (0.8 versus 2.57 in Ghana and 2.4 in Senegal;)
- Kenya's Parliament is also especially lax in applying gender analysis in budget considerations (0.3 versus 1.86 in Ghana, 1.82 in Tanzania and 1.17 in Senegal;)
- The Parliamentary role in PRSP monitoring is also very meagre (0.4 compared to 3.0 in Ghana and 2.8 in Niger.)

Given these specific weaknesses, it is not at all surprising that Kenya M.P.s should rate themselves as the least effective in influencing budget priorities (0.6 compared to 1.73 in Tanzania,) and the least effective in having feedback from them lead to economic policy changes (0.6 versus 2.86 in Ghana and 2.17 in Senegal.)

The Kenya Parliament has suggested that these major gaps require establishment of a Budget Resource Office in Kenya to assist the institution to improve its performance. This would undoubtedly help. But there are other priorities, too, that emerge from these audit results:

- The Kenya Parliament needs to expand its financial policy input to understand economic models being used to shape policy (this Parliament gives less attention to this than the other Parliaments,) and expand its work to all stages of the budget cycle process;
- There needs to be much more openness on these issues practiced by Parliament (the degree to which its committees operate in closed session is much greater than in all five other parliaments;)
- There also needs to be a major push to emphasize inputs into the Parliamentary budget-review process from the public, the poor, women's groups, civil society and business – given how weak the Kenyan parliament is compared to all five others in this respect;
- Parliament must also extend its instruments of accountability review to include departmental workplans, program evaluations, reviews of commitments made by senior public servants in their contracts, and approvals of public loans – all areas where some or all of the other parliaments in the audit have much stronger records of activity.

f) **Ghana:** If Kenya's assessment was surprisingly low, then Ghana's assessment through this audit showed surprisingly strong performance in a wide number of indicators, despite involvement of a well-balanced number of government and opposition M.P.s.

The Ghana Parliament, too, gave itself high marks for seriously debating the budget (3.28, the highest score in the six countries,) felt M.P.s questioned government ministers effectively (3.57 – about the same level as in other countries,) insisted it approve PRSPs (3.71 compared to 3.5 in Senegal and 3.18 in Tanzania,) and felt the media conveyed opposition views well on the budget from parliament (2.86 compared to 2 in Kenya and 3.64 in Tanzania.) But the Ghana M.P.s also gave good performance ratings to a number of more specific indicators:

- The audit stressed that M.P.s received information from internal government audits for oversight purposes (rating of 2.29, well above the score for any other country;)
- The Ghana Parliament also scored well on consulting civil society and business, and policy experts (2.57 and 2.43 respectively, a combination well above any other country;)
- Scores on using accountability measures such as program evaluations and review of public service commitments were also quite high (2.57 and 2.14, much better than the combinations for these two points in any of the other five countries;)
- The Parliament also performed well on being able to make changes in spending plans in the budget (2.29, compared to 1.55 in Tanzania and 1.2 in Kenya;)
- Plus Parliament indicated good performance on monitoring of PRSP work (with a score of 3, compared to 2 in Senegal and 1.09 in Tanzania.)

Overall, the Ghana Parliament therefore felt that its feedback can lead to significant economic policy changes (score of 2.86, compared to 2.17 in Senegal and 0.6 in Kenya.)

It is striking that a number of these areas are points of focus on which the Parliamentary Centre's ongoing work with the Ghana Parliamentary Committees has concentrated – the importance of links with civil society, the importance of PRSP monitoring, and the value of various accountability measures. However, the audit also points to several areas for ongoing work:

- Parliamentary input to the budget still has to be extended to all stages of the process;
- More openness is needed to have more influence on setting budget priorities;
- Inputs from the public, the poor and women's groups still need further improvement to improve Parliamentary performance;
- This should include better use of gender analysis (though it should be noted that Ghana scores best in this context among the six countries reviewed;)
- Review of monetary policy and the use made of economic models are specific areas where strengthening seems to be needed.

Conclusion:

This review of responses suggests that the process of undertaking Parliamentary Audits can generate rich insights.

The general picture that emerges provides a compelling benchmark from which to move forward with urgency on parliamentary strengthening efforts. These African parliaments show some areas of positive strength on budget-related and poverty policy performance. But there are widespread and major gaps that often lower the overall self-assessment done by the focus groups to poor performance levels, for the most part lower than those generated in the case of a weak Asian parliament (the case of Cambodia.) This African result confirms the rather bleak picture that emerged from the rapid appraisal reviews undertaken by the Parliamentary Centre in early 2004 in four African countries, though at the same time the stronger performance of the Ghana parliament provides evidence that broad improvements can be achieved.

Of most importance, however, are the country-by-country results that emerge from this analysis. It has been possible to draw out a specific diagnosis and set of priorities areas for action for each of the six countries. That gives direction to future work in the ACPSP. And it also demonstrates the value that ongoing parliamentary audits can provide.