

69473

ECONOMIC COMMISSION FOR AFRICA

Public Administration, Management
and Manpower Division

IMPROVEMENTS IN BUDGETARY SYSTEMS AND MANAGEMENT
IN SELECTED AFRICAN COUNTRIES
(Project 9.504.03(i))

IMPROVEMENTS IN BUDGETARY SYSTEMS AND MANAGEMENT IN SELECTED AFRICAN COUNTRIES

INTRODUCTION

1. During the past two decades or so considerable thought and attention have been given to changes in the concepts and techniques of government budgeting and its management. Emphasis in government budgeting is now on what the Government is doing or proposes to do and what the country is getting for the money raised from both the public and private sectors of the economy. This type of government budgeting puts programmes and activities side by side with their financial costs and has the following characteristics:

- (i) Budgetary allocations under meaningful functions, programmes sub-programmes and activities;
- (ii) Budget classifications introduced on these lines;
- (iii) Accounting systems and financial management being in line with the above classification;
- (iv) Measurement of units of work and evaluation of performance.

2. In some African countries, improvements which have taken place in budgetary systems and policies have not kept pace with new demands made on the system. In spite of the efforts of African countries to improve their budgetary management, the traditional budgetary approach is still cherished in many African countries. For instance, the budgets of some African countries concentrate more on inputs than on providing a basis for making alternative decisions or choices; the ends to be achieved through the allocation of these countries' scarce resources are lost in a morass of accounting details. Because of the many disadvantages of the traditional budgeting approach pursued by many African Governments, there is now a growing desire among African countries to improve and restructure their budgetary systems, techniques and policies to make their budgets effective tools in the implementation of national development plans and objectives.

3. Many African Governments are dissatisfied with their budgeting systems and are seeking ways and means to initiate broad and fundamental reforms in that respect, and the Economic Commission for Africa has been helping them to bring about rapid improvements in their budgetary systems and administration. This assistance has consisted primarily of the provision of fiscal advisory services and the conducting of regional seminars, workshops and national training courses. In the 1960s and the first half of the 1970s, the following budget courses were organized and conducted by ECA for African countries:

- (i) Workshop on Problems of Budget Reclassification and Management in African Countries (Addis Ababa, 1961);
- (ii) Seminar on Budget Planning and Management (Addis Ababa, 1966);
- (iii) Seminar on Budget Planning and Management (Kinshasa, 1967);
- (iv) Training Course in Budget-Plan Harmonization (Addis Ababa, 1970);
- (v) Bilingual Training Course on Budget-Plan Harmonization (Addis Ababa, 1971).

4. In addition to these regional courses, an interregional workshop on problems of budget classification and management in developing countries was held in Copenhagen, Denmark, in 1964 under the auspices of the United Nations Technical Assistance Programme and organized jointly by the United Nations and the Government of Denmark. African countries represented at this workshop included Ghana, Nigeria, the Sudan, Tunisia, Egypt and the United Republic of Tanzania.

5. In the first half of the 1970s, the regional courses and seminars on budgeting were supplemented by national training courses organized and conducted by ECA on request by its member States.

6. Since budgetary improvements have many dimensions, the emphasis in the recommendations made and conclusions reached in the above-mentioned workshops, seminars and training courses has been varied. On the whole, the courses have, however, come up with recommendations aimed at the structural transformation of the current and capital budgets to be able to form a basis for the gradual adoption of programme/performance budgeting in African countries. Moreover, because of the national budget training courses, some African countries have adopted or are in the process of adopting phased programmes for the introduction of budgetary improvements. The ECA fiscal advisory service has also recommended ways and means for countries to improve their budgetary systems and procedures quickly.

7. The purpose of this study is to review the improvements in budgetary systems and management which have been made as a result of the various ECA advisory services and of the recommendations adopted at the regional budget workshops and seminars organized and conducted by ECA for African Governments. The review is concerned with the preparation of current and capital budgets and with improvements needed in their structure per se before the programme performance budgeting approach can be adopted.

8. Improvements in the structure of the budget should not, however be taken as the sole prerequisites for the adoption of the programme-performance budgeting approach. Another improvement which is needed is budget-plan harmonization, which has been the subject of some budget seminars organized by ECA for African countries. These budget seminars have pinpointed some

of the ways in which the plan and the budget may diverge in which case some adjustment is required. Plan may also err in not clearly stating the respective roles in plan implementation of the public and the private sectors. Other difficulties are that financial resources available from public savings are often inadequate for the implementation of projects in the plan; projects included in the annual capital budget have sometimes not been properly formulated or evaluated and there is frequently no liaison between the organizational and institutional bodies responsible for both planning and budgeting. These problems are not considered in this study but is dealt with separately under the title "Development of techniques and procedures for effective co-ordination of the budget and the plan at national and local government levels", which together constitute a comprehensive study entitled "Innovative developments and improvements in budgetary systems".

9. So as to profit by the experience of African budgeters and planners, the ECA secretariat will circulate the comprehensive study to Ministries of Finance and Development Planning of its member States for comments and suggestions. It will also be reviewed by participants in future budget seminars and training courses to be organized by ECA. The comments and suggestions received from the Ministries and the participants at budget seminars and training courses will then be incorporated into the study which will be circulated to all ECA member States as a way for countries of the region to share their practical experience in budgetary improvements and administration. It will also provide some guidelines for hastening the adoption of the programme/performance budgeting approach in African countries.

PART ONE: SYNOPSIS OF BUDGET COURSES

10. A synopsis of the budget seminars, workshops or training courses organized by ECA for African countries in the 1960s and the first half of the 1970s is given below:

1. Workshop on Problems of Budget Reclassification and Management in Africa — Addis Ababa, 4-15 September 1961

Countries represented: Cameroon, Ethiopia, Gabon, Ghana, Kenya, Liberia, Mali, Madagascar, Mauritania, Morocco 1/, Niger, Nigeria, Nyasaland 2/, Senegal, Sudan, Tanganyika, Tunisia.

Recommendations

- (1) That continued use be made of the Manual for Economic and Functional Classification of Government Transaction as a standard mode of reference.

Follow-up

The Manual is still being used in national training courses mounted in individual countries.

1/ Withdrew from Workshop.

2/ Then part of the Federation of Rhodesia and Nyasaland; now the independent State of Malawi.

Recommendations

Follow-up

- | | |
|--|---|
| (2) That ICA should prepare an annex to the Manual, said annex to relate to practical problems involved in reclassification. | Nil. |
| (3) That the simplified version of the classification of current and capital accounts contained in the report of the Workshop be sent to the countries of the region for consideration | The report of the workshop was sent to all African countries. |
| (4) That concise definitions of all the items and sub-items in the simplified accounts be prepared. | Nil. |
| (5) That the Statistical Office of the United Nations prepare an international standard for the cross-classification of government transactions by economic and functional categories. | Economic and functional classifications are now used in the public finance statistics published by the ECA secretariat. |
| (6) That the Draft Manual for Programme and Performance Budgeting be studied by budget authorities in African countries with a view to the adoption of this type of budgeting. | The Manual is distributed to participants whenever a national training course is held. |
| (7) That technical assistance be made available to Governments wishing to improve their methods of budget formulation, control and management or to reclassify their transactions, said assistance to take the form of experts assigned to individual countries on a regional basis and of fellowship grants from developed countries for the study of budgetary techniques. | A Fiscal Advisory Service has been established in the ECA secretariat to assist African countries in budgeting and taxation at their request. Experts have not yet been assigned to individual African countries. |
| (8) That another workshop be convened to review progress made and experience gained in reclassifying government transactions. | Training courses in budget-plan harmonization were conducted in 1970 and 1971. |

2. Seminar on Budget Planning and Management

Addis Ababa, 3-13 October 1966

Countries represented: Algeria, Burundi, Cameroon, the Congo, Dahomey, Ethiopia, Egypt, the Gambia, Ghana, Liberia, Nigeria, the Sudan, Tanzania, Togo, Tunisia, Upper Volta, Uganda, Zaire.

Recommendations

Follow-up

- | | |
|---|--|
| (1) That efforts to modernize government budgets be intensified in African countries | With help from ECA, African Governments are now organizing training courses for the purpose of modernizing their budgets. |
| (2) That uniform object classifications gradually be adopted. | Uniform object classification is emphasized in the national training courses mentioned above. |
| (3) That programme and performance budgeting be gradually applied. | Some African countries are trying to adopt a programme and performance budgeting approach. Progress in this regard has, however, been slow. |
| (4) That ECA and UNDP should provide a team of experts to give technical assistance to African countries in the application of adoption of programme and performance budgeting. | The Fiscal Advisory Service mentioned above was established for this purpose, but because it is manned by only one regional adviser, it has not been possible to meet the requests of many Africans' States. |
| (5) That general standards be formulated for uniform classification by programme and activities. | Nil. |
| (6) That ECA should organize training courses in budgeting and accounting on a subregional basis. | Nil because of funds. |
| (7) That a comprehensive manual on revenue forecasting be prepared for use in African countries. | Nil. |

- | <u>Recommendations</u> | <u>Follow-up</u> |
|--|---|
| (3) That ECA should facilitate the sharing of practical experience in budgeting between countries in the region by undertaking case studies in African countries where new techniques are introduced. Those case studies should be supported with technical commentaries and distributed to all member countries at least once a year. | Nil. |
| (9) That similar seminars should be held every two years. | Seminars emphasizing the harmonization of budget planning were held in 1970 and 1971. No further seminars were organized for lack of funds. |

3. Training course in budget-plan harmonization for English-speaking African countries - 16 February-18 March 1970

Countries represented: Botswana, Ethiopia, Ghana, Liberia, Libya, Somalia, the Sudan, Swaziland, Tanzania and Zambia.

- | | |
|--|---|
| (1) That similar training courses be held every year for a period of four to five years. | One regional training course was held in 1971. |
| (2) That steps be taken to meet the need for in-service training facilities. | Local training courses are now being held. |
| (3) That revenue forecasting be related to a realistic analysis of economic trends. | Nil. |
| (4) That proper procedures be established for the formulation and approval of development projects. | Nil. |
| (5) That phased programme for the introduction of new budgetary techniques and reform measures should be worked out by each country as soon as possible. | Some budgetary authorities have worked out such programmes with the assistance of the ECA Advisory Service. |

4. Bilingual Training Course in Budget-Plan Harmonization
Addis Ababa, 5-23 July 1971

Countries represented: Burundi, Dahomey, Equatorial Guinea, Ethiopia, the Gambia, Liberia, Sierra Leone, the Sudan, Tanzania, Togo, Tunisia, the United Arab Republic.

Recommendations

Follow-up

- | | |
|--|---|
| (1) That surveys of each country's existing budgetary and accounting systems be carried out with the help of technical assistance programmes or ECA advisory services. | ECA provides advisory services to member States on request. |
| (2) That programme/performance budgeting be introduced in selected departments on an experimental basis before being extended to other departments. | Liberia has introduced this system in all its government offices. |

11. As these recommendations show, the main emphasis in these courses was on budget reform in African countries, with particular attention given to:

- (i) The harmonization of budgeting and planning;
- (ii) Functional and economic budget classifications;
- (iii) Budgetary administration and management;
- (iv) The relationship between revenue forecasting and economic trends.

12. In Part II, an attempt will be made to show the extent to which these training courses, seminars and workshops have borne fruit.

PART TWO: SELECTED COUNTRY REVIEW

13. In this section, improvements in budgetary systems and management in selected African countries are reviewed with a view to pinpointing the budgetary processes and structure now in force in the light of the recommendations of the budget courses detailed in Part I. The review is based on recent country budget documents, most of which relate to the 1960s and the first half of the 1970s.

14. Budgetary improvements may relate to the administrative processes involved in budgeting, budget classifications; the phases of budgeting; specialized budget problems such as revenue forecasting and income efficiency and economy or a more effective use of resources. Although some of these aspects of budgeting are touched upon in this review, the

main emphasis is, on budget structure or reforms which are essentially "public" that is, where the improvements are visible to all. Such improvements would include, for instance, improvements in budget documents or changes in budgetary classifications and would fall into the category of improvements needed in the administrative process involved in budgeting if a programme planning budgeting system (PPBS) is to be adopted to make the budget a tool for decision-making in the hands of government. Related techniques such as financial discipline and expenditure control which are considered "private" or visible only to the participants in the system, are not considered in detail.

I. EASTERN AFRICAN SUBREGION

A. Ethiopia (1973/74 ^{3/} ^{4/})

15. Government budgeting in Ethiopia is fairly recent. The first written constitution of the 1930s called for, the formulation of a national budget.

16. The budgetary cycle in Ethiopia starts a whole year before the fiscal year for which the budget is prepared. On the first of the month of Hamle (8 July), the Ministry of Finance requests all government ministries and agencies to submit their estimates of revenue and expenditure for the fiscal year commencing the following first of Hamle. Ministries and agencies are issued instructions which include an assessment of the financial situation of the country, an economic forecast for the coming fiscal year and the principle to be applied in estimating expenditure. They are also provided with the forms on which proposals should be submitted and informed of the time for submission of the proposals. All estimates must be submitted to the Ministry of Finance not later than Tikimt 30 (November 10). The Ministry of Finance prepares estimates for any ministry which fails to submit its estimates on time and appoints a committee to analyse and modify the estimates submitted.

17. The revenue estimates are prepared by the Ministry of Finance on the basis of actual revenue returns in the preceding two years, the emerging revenue figure for the current year and apparent revenue trends. Government ministries and departments also estimate their own earnings on similar basis and submit those estimates to the Ministry of Finance along with their expenditure estimates.

^{3/} The year in brackets against each country refers to the year of the budget document used for the review.

^{4/} The budget process reviewed relates to the period before the Revolution.

18. The Ministry of Finance submits the draft budget to the Council of Ministers not later than Tir 15 (24 January). After discussing the draft, the Council of Ministers submitted it to Parliament not later than Megabit 15 (24 March). By Sene 30 (7 July) both the Senate and the Chamber of Deputies were expected to have finished discussing the draft and to have submitted the budget proclamation to the Head of State. The main budget document, which contains the ordinary or current estimates of expenditure and revenue, gives three general summaries: the summary of expenditure schedule, the schedule for financing government expenditure and the revenue estimates. There is also an expenditure schedule based on functional classification and object classification. The functional classification is for both current and capital expenditure of the central government and thus gives an overall picture of the Government's activities.

19. The budget document of Ethiopia is divided into four parts, namely:

- Part I - current and capital expenditure schedule;
- Part II - schedule of objects of expenditure;
- Part III - establishment of schedule showing number of posts and monthly salary;
- Part IV - capital expenditure.

20. In the detailed current expenditure schedule, the estimates are classified by ministries and departments. However, estimates of expenditure are grouped under four functional classification: general services; economic services; social services and unallocated expenditure. The classification used in the current estimates is, however, different from the classification employed in the capital budget, where classification is by sector: economic development, social development, planning and programmes and public building. This difference in classification makes it difficult to harmonize structure-wise the budget and the plan.

21. The objects of expenditure are classified into six broad categories, namely, personal services, non-personal services, maintenance of premises and equipment, motor vehicles and equipment and materials and supplies, each of which is itemized further in detail. The personal services category does not, however, show staff establishment as it does in most African budgets. In Ethiopia that information is provided in Part III of the budget. The object classification of the capital estimate is as follows:

- (i) Studies and designs;
- (ii) Land and right of way;
- (iii) Buildings and other constructions;
- (iv) Plant machinery and equipment;
- (v) Financial and other works;
- (vi) Management, labour and mining expenses;
- (vii) Investments, loans and grants.

B. Kenya (1973/74)

22. In Kenya the fiscal year runs from 30 June to 30 June. The Government publishes four budget documents in respect of every fiscal year, this include one for estimates of recurrent expenditure, one current revenue estimates, one for development estimates and one for capital receipts estimates. In addition, the Central Bureau of Statistics publishes an economic survey of the country.

23. In the document containing estimates of recurrent expenditure, a summary of the total expenditure is given. The total expenditure is classified by organizational units and not by function or sector which does not provide a framework for decision-making in the budgetary process or for purposes of programme formulation. The detailed current expenditure estimates are classified according to votes which correspond to the various government ministries/departments. This classification is of significance for legislative authorization.

24. Classification by objects of expenditure is extensively used in the Kenya recurrent budget. Objects of expenditure run into the hundreds and vary from ministry to ministry and staff and related expenses are also given in complete detail. This is typical of government budgeting in most African countries which is still dominated by accounting.

25. Development estimates are classified by sector (27 in the 1973/74 fiscal year). Details of appropriations and external revenue are presented to indicate the extent to which expenditure incurred by ministries is financed from external sources.

26. Economic and functional classification is shown in the Economy Survey and not in the budget document.

27. The estimates of current revenue are classified into two broad divisions, as follows:

(1) Taxation on income and consumption

- Customs and excise
- Income tax
- Sales tax
- Other taxes
- Stamp duty
- Licences

(2) Other revenue

- Land revenue
- Forest and mining revenue
- Game reserves
- Airport revenue
- Investment revenue
- Fines and forfeitures
- Interest and redemption
- Reimbursement and others
- Fund contribution
- Miscellaneous revenue.

C. Lesotho (1973)

28. The fiscal year of Lesotho runs from 1 April to 31 March. The annual budget of the country is prepared by the Ministry of Finance. Two separate budget documents are published, part I containing estimates of revenue and expenditure, revenue account and part II, estimates of revenue and expenditure, capital account.

29. The part of the budget which deals with revenue account contains estimates of the current expenditure and revenue, which are broken down according to the practice followed in the United Kingdom.

30. Three summaries precede the detailed current estimates: under the title "budget at a glance". These include a summary of revenue analysis, a summary of total expenditure by heads and by parts and the comparative budget statements. These summaries show the expenditure allocations approved by the Government.

31. The format of Lesotho's current estimates of expenditure was modified in the 1971/72 fiscal year to reduce the number of accountable units or objects of expenditure and to give greater discretion and flexibility to chief accounting officers. Chief accounting officers are now required to account only for the total provision under each heading and subheading for which they are responsible. The system of budget classification remains the same as in 1971/72 namely detailed itemization of objects. Subheads or objects classification have been increased.

32. Organizational classification is used in the detailed statement of current expenditure. With regard to objects of expenditure, there are nine subheadings which are itemized in detail for purposes of information since, as already mentioned above accounting officers are required to account only for the provision made in respect of each of the nine subheadings under each heading. The revenue estimates are classified according to the ministries and departments responsible for the collection of the revenue. As will be seen in Part III, this sort of revenue classification does not lend itself to better revenue forecasting. The capital account or the development estimates are classified according to ministries and projects undertaken in each ministry or department. No functional classification is given in the budget document.

33. In Lesotho some progress has been made with the preparation of a memorandum explaining recurrent budget requests by the ministries. To secure budget plan harmonization, the recurrent and capital estimates are now examined together by the finance and planning group. This joint working group establishes a priority order in the light of national objectives. A good deal of attention is also paid to the preparation of guidelines on budget formulation and management by ministries and departments. The Ministry of Finance is actively engaged in the compilation of a budget procedure manual.

D. Malawi (1973/74)

34. The Government of Malawi prepares four budget documents for each fiscal year. Estimates of expenditure on revenue account, estimates of expenditure on development accounts, the financial statement for both the recurrent and capital budget and an economic report prepared by the Office of the President and the Economic Planning Division. The budget statement is published separately. The overall picture of the financial status of the Government is given in the financial statement. The estimates of current expenditure show the total expenditure requirements and not the receipts incidental to the ordinary business of a ministry. Such revenue estimates are contained in a separate document.

35. The estimates of recurrent expenditure are presented in two parts. The first part is concerned with statutory expenditure in connexion with the Office of the President, miscellaneous statutory expenditure, pensions and gratuities and public debt charges while the second part deals with voted expenditure or the estimate expenditure for the various governmental organizations, ministries and departments.

36. The current expenditure estimates are classified by ministries and departments. Functional and economic classifications of the current budget are given as background information in a separate document.

37. The recurrent expenditure estimates are presented in three parts, the first of which specifies the net amount of the appropriation required for the financial year concerned, and part B which sets out the subheads under which the amount allocated for a particular ministry or department is to be entered. The third part is an appendix which shows the staff breakdown and the detailed itemization of some of the subheads or objects of expenditure other than personal emoluments.

38. The object classification, which varies from ministry to ministry comprises 30 or more subheads, including such items as salaries and wages; non-established staff and allowances; overseas addition; plant and vehicle charges, internal travelling and maintenance and running expenses; hospitality; external travelling; postal service charges; miscellaneous other charges; grants, subscriptions and subventions; minor works; rents; ammunition and explosives; rations and provisions; medical equipment, drugs and stores; maintenance and rehabilitation of buildings; public assistance; prison consumable stores; H.M. grants; passages; tuition and boarding; agencies; education allocations; refunds and repayments; ex-grants payments and losses of public money.

39. Development estimates are classified by sector, as follows:

- (i) Community and social development;
- (ii) Education;
- (iii) Finance, commerce and industry;
- (iv) Miscellaneous services;
- (v) Health;
- (vi) Housing;
- (vii) Agriculture;
- (viii) Fisheries;
- (ix) Forestry and games;
- (x) Survey and lands;
- (xi) Veterinary services;
- (xii) New capital;
- (xiii) Posts and telecommunications;
- (xiv) Power;
- (xv) Transportation;
- (xvi) Water supplies and sanitation;
- (xvii) Works organization.

They are also divided into two parts, part I covering projects financed from external resources and Part II, projects financed from local resources. In respect of each head or project there is an explanatory memorandum which gives a progress report on the project, what it involves and how it is financed.

E. Zambia (1973)

40. The fiscal year of Zambia runs from 1 January to 31 December. For each fiscal year, the Ministry of Finance publishes two main budget documents, each consisting of expenditure and revenue, one for the constitutional and statutory expenditure and the other for the capital expenditure. The budget document provides, in addition to detailed estimates of expenditure, a financial statement and a summary of the expenditure estimates.

41. In January 1970 the format of the current estimates of Zambia was altered to show expenditure by departments rather than by ministries. The major purpose of this change was to provide more information on programmes and to make expenditure control more effective. It was also intended to facilitate portfolio changes which may take place.^{5/} Other developments in the budgetary field include the devising of detailed forms for estimating recurrent expenditure and the releasing of funds. The functional and economic classifications are given in the economic report.

42. To ensure further control on expenditure, some objects of expenditure, such as recurrent departmental charges, grants, subsidies and other payments and special expenditure have since 1973 been broken down into subitems. The broad object classifications are personal emoluments; grants, subsidies and other payments and special expenditure.

5/ Budget Address, Republic of Zambia
(Lusaka, Government Printer, January 1970).

Revenue estimates are classified as follows:

- (i) Income tax;
- (ii) Customs and excise;
- (iii) Fines, licences and other taxes;
- (iv) Mineral revenue;
- (v) Interest;
- (vi) Fees of court or office: Payments for specific services or earnings or ministries;
- (vii) Overseas service aid scheme;
- (viii) Miscellaneous and other reimbursement;
- (ix) Interest (loans and investments);
- (x) Capital repayments;
- (xi) Capital grants;
- (xii) Miscellaneous capital receipts;
- (xiii) Loan floating;
- (xiv) Other loans.

II. WEST AFRICAN SUBREGION

A. Liberia (1976/77)^{6/}

43. In Liberia, the fiscal year runs from July 1 to June 30. During this period, two documents necessary for budget formulation are prepared. These are the budget guidelines and time schedule. It is worth mentioning that the budgeting process followed in Liberia is patterned after that in the United States of America, where the national budget is prepared by the Budget Bureau and submitted to the Congress by the President.

44. During the fiscal year, agencies are called upon to prepare their estimates on the basis of their priority needs, taking into consideration the financial constraints on Government as outlined in the budget guidelines. The estimates and the justifications for them are then submitted to the Budget Bureau. Analysts normally assist the agencies in preparing their estimates. Forms and instructions for the preparation of estimates are provided. When the estimates are received by the Budget Bureau, they are analyzed for the purpose of:

- (i) Determining that the estimates have been prepared within the framework of the budget guidelines;
- (ii) Ascertaining that they take note of the agency's priorities;
- (iii) Determining the incremented cost in relation to the planned programme of the agencies;
- (iv) Ensuring that activities are not duplicated and that no mathematical errors are contained in the calculations.

^{6/} See: Report on Workshop in Budget-plan Harmonization and Tax Policy, Legislation and Administration, held in Monrovia, Liberia, from 4 to 23 November 1976.

45. After the agencies have submitted their estimates and have been analyzed by the Budget Bureau, a schedule of meetings to be held with each agency is prepared and circulated. The ensuing budget hearings are conducted by the Budget Committee, of which the Director of the Budget Bureau is Chairman and the Minister of Finance, the Minister of Planning and Economic Affairs, the Auditor-General and the Minister of State without Portfolio are also members. During the budget hearings, each agency's estimates are scrutinized, and the head of the agency concerned is cross-examined in detail on every item included in his estimates. When additional funding is requested, the Budget Committee looks for both the economic and social justification. It has been observed that line items are discussed and programmes that should be funded are left out and that estimates submitted by agencies are usually overstated to fend off predictable cuts. At the time of the hearings no indication is given as to the final decision of the Budget Committee. However, priorities are noted pending the receipt of the final global revenue forecast from the Finance Ministry. Since the Planning and Economic Affairs Ministry handles the development budget alone, it conducts separate hearings on the development estimates of agencies under consideration for development activities during the fiscal year concerned. The "development" hearings begin when agencies are called upon to submit a special form on which are noted their requirements for projects planned for the year. The form provides for information as to the title, purpose, description and benefits and cost of projects. The recurrent and the development budget hearings are conducted simultaneously. As soon as all the estimates submitted by agencies have been examined, the Budget Committee and the Planning Ministry set to work on their respective recommendations for submission to the Budget Committee for its consideration, approval and inclusion in the National Budget.

46. Upon the receipt of the final revenue ceiling from the Ministry of Finance, the Budget Bureau in consultation with the Budget Committee, sets a ceiling for each agency on the basis of the results of the budget hearings taking into consideration presidential directives and other important Government commitments. This procedure of setting ceilings for agencies so that they can determine their own priorities, is known as "budgeting from the top".

Formulation of development budget

47. The reason the Ministry of Planning and Economic Affairs is been solely responsible for the formulation of the Development Budget may be because the Budget Bureau does not have manpower trained to handle development projects.

48. The 1976/77 budget of Liberia is based on programmes and activities, which reflects a very important improvement. The activities of the Government are classified in six broad groups: General services, social and community services, economic services, debt services, general government and reserve. This classification is used in both the budget summary and the budget detail. Objects of expenditure are divided into seven major

categories within each activity, namely, personnel services, other services, materials and supplies, equipment, property, contributions, scholarships, grants and subsidies, and debt service. In this connexion consideration must also be given to the question whether or not a separate budget document containing a detailed listing of staff is necessary.

B. Mali (1965/66)

49. In Mali, the fiscal year runs from 1 July to 30 June. The preparation of the national budget is the responsibility of the Ministry of Finance and Trade. One document contains both the recurrent and the capital estimates as in the majority of the French speaking African countries, a report presenting the budget is included in the Budget document. In the case of Mali, this Report gives the economic survey of the country.

50. In "Budget at a glance" the following tables are provided:

- (i) Revenue estimates;
- (ii) Estimates of recurrent expenditure by organization and function;
- (iii) The staffing position of the various Ministries/ Departments;
- (iv) The financial statement of the previous fiscal year

51. The detailed estimates of expenditure are classified under four chapters, each of which represents a function, as follows:

Chapter I: General Affairs

- Section 11. National Assembly
- Section 12. President of the Government
- Section 13. Foreign Affairs
- Section 14. National and security defence
- Section 15. High Commissioner for Youth
- Section 16. Justice
- Section 13. Interior
- Section 19. Information and tourism

Chapter II: Economic and Financial Affairs

- Section 20. Finance and trade
- Section 22. Planning
- Section 23. Development
- Section 24. Livestock
- Section 31. Public works, communications and energy
- Section 32. Infrastructure and works

Chapter III: Public Works, Social Welfare

- Section 41. Civil Service
- Section 42. Works
- Section 44. National education
- Section 45. Public health

Chapter IV: State participation and services

- Section 51. Interventions
- Section 52. Participation
- Section 53. State services

52. The objects of expenditure are classified into two main divisions personnel and materials. The personnel object of expenditures is itemized line by line by the staff assigned to any given ministry or department. The material object of expenditure is divided into subsections, which vary with each ministry or department. The subsections are also itemized. For instance, in the 1965/66 budget the following material objects of expenditure were identified in respect of the Ministry for Foreign Affairs:

- (i) Office expenses
- (ii) Maintenance of transport
- (iii) Expenses of the Minister

53. In addition to these two main objects of expenditure, there is another class of object, which relates to the whole government and makes up a separate chapter in the budget document. This class of object is divided into two sections, one covering common expenditure relating to personnel and materials of the whole government and the other relating to contributions, subventions and repayments.

54. Capital estimates of expenditure are classified differently. In the budget for fiscal year, 1965/66, capital expenditure was classified by infrastructural works, construction of buildings, acquisitions and subventions, participation and assistance for equipment. In each section, the projects to be undertaken were identified.

55. Revenue estimates are classified under ten sections: Direct taxes, indirect taxes, registration and stamp duties, customs duties miscellaneous taxes and taxes for services rendered, revenue from public property and services, revenue from State participation in industrial and commercial enterprises, miscellaneous receipts, external aid, internal revenue and extraordinary receipts.

C. Niger (1973)

56. In the Niger, the fiscal year runs from 1 October to 30 September. The main budget document which is presented to the National Assembly contains tables collected together with the title "Budget at a glance",

a report presenting the budget, the financial law for the coming fiscal year, details relating to receipts and expenditure of national investment and the budget annex dealing with State services.

57. The tables which summarize the budget accounts are based on organizational classification. These summaries pertain to the budget year only. The organizational classification by ministries and departments, is also employed in the detailed estimates of current expenditure. The classification is based neither on functions nor programmes.

58. In the Niger, each Ministry/Department, for the purpose of classification by objects of expenditure, is divided into four chapters, covering public debt, public administration, means of services and contributions. These chapter classifications are summarized in one of the tables included in the section entitled "budget at a glance" so that it is possible to determine the total amounts expended by the government on the four chapters of each ministry/department. Each of the chapters, except the one covering public debt is subdivided into personnel, equipments, transport and buildings. As in most of the countries reviewed, so far these subdivisions are further itemized in detail.

59. The capital budget, on the other hand, is divided into three chapters, which are classified on the basis of economic sectors rather than organizational units. The three chapters cover direct contributions, other contributions and financial grants. The chapters are subdivided into sections. For example, under direct contributions, there are six sections, namely:

Section I	Natural resources
" II	Roads and bridges
" III	Other communications
" IV	Human infrastructure
" V	Administrative infrastructure
" VI	Productive equipment

D. Sierra Leone (1971/72)

60. In Sierra Leone, the preparation of the estimates of recurrent revenue and expenditure for each ensuing financial year is the responsibility of the Ministry of Finance. The capital estimates are prepared by the Ministry of Development. These two estimates are, however, incorporated in one document. While the estimates of revenue and expenditure are presented to Parliament in an Appropriation Bill, the capital estimates are laid before Parliament by the Minister of Development. The budget calendar in Sierra Leone runs from July 1 to June 30.

61. Each year, prior to the preparation of the budget, the Ministry of Finance issues a circular to all revenue-earning departments requesting them to submit an estimate of their revenue for the next financial year and to make proposals for increasing or raising revenue. Another circular is issued at the same time requesting estimates of expenditure from all departmental heads. Similarly, the Permanent Secretary of the Ministry of Development sends out a circular for estimates of development expenditure.

62. Two committees, namely, the Estimates Committee and the Budget Committee, have been set up in the Ministry of Finance. The membership of the two committees is identical and comprises the Financial Secretary, the Governor of the Bank of Sierra Leone, the Economic Adviser, Deputy Economist and the Deputy Financial Secretary in charge of the Budget Section. The committees examine the estimates submitted by the various ministries and make recommendations on them to the Minister of Finance. In the end, the deliberations of these committees and of the Minister are submitted to Parliament in an Appropriation Bill and its Annex, which are presented in a budget statement. When the appropriation bill is approved, it becomes law. This seems to be the procedure in most English-speaking African countries.

63. The structure of the budget estimates of Sierra Leone is still of the line-item type. The "Budget at a glance" consists in three tables; the abstract of estimated revenue and revised estimates, summary of estimates for the two previous years and the abstract of estimated expenditure and revised estimates. The budget speech, which is part of the budget document, is not incorporated in the main budget document.

64. The Ministries and Departments form the basis of the organizational classification known as Heads in the detailed estimates of expenditure. There are two main object classifications, namely, personal emoluments and other charges.

65. Personal emoluments are itemized line by line by staff in each Ministry/Department. The same kind of detailed itemization is also done for the other charges. The number of such items varies with each Ministry and Department. The budget section of the Ministry of Finance does not concern itself with functional or economic classification. The Bank of Sierra Leone, which is not, of course, part of the Ministry of Finance, provides functional/economic classification of the budget in its quarterly Economic Review.

66. The organizational classification of the development estimates is by Ministries/Departments as in the recurrent estimates. The object classification is by project to be undertaken by each ministry or department.

67. Recurrent revenue is divided into:

- Customs and Excise
- Direct Taxes
- Licences, Duties, Fees and Receipt for Departmental Service
- Posts and Telecommunications
- Reimbursements
- Royalties and Revenue from Government Lands
- Interest and Loan Repayments
- Miscellaneous
- Land sales
- Receipts from Investments

68. To improve the administrative co-ordination of the plan and the budget, a central planning unit has been set up. One of its most important features is an interdepartmental technical committee of civil servants and advisers which prepares material for the National Planning Council with the help of the Planning Unit and also checks the progress and implementation of the development programmes.

III. NORTH AFRICA SUBREGION

A. Egypt (1964/65)

69. In Egypt the fiscal year runs from July to June. The annual budget is prepared within the framework of the development plan allocation for each year of the plan year.

70. In fiscal year 1964/65 there was one main budget document containing the current and capital expenditures, the public organizations and local administration budgets. Another budget document known as the Budget Report is also published and serves as background document.

71. Unlike the budgets of other African countries, the budget of Egypt is distinguished by its comprehensiveness. It comprises the service budget, which covers all government departments and ministries, and the business budget, which covers the various public organizations and authorities. Budgetary appropriations cover current expenditure (wages, salaries, and periodical expenses), investment expenditure (expenditure on new projects incorporated into the service budget or incorporated into the Business Budget) and the budget for the local government.

72. The classification used for both the current and investment expenditures in the Service and Business budgets conforms to the sectoral classification in the five-year development plan. For the purposes of appropriation measures, organizational (ministries/departments) classification is used.

73. The object classification varies between the service budget and the business budget. In the service budget, there are three titles or objects of expenditure, namely:

- Title I - Salaries and wages
- Title II - General expenditure
- Title III - Investment expenditure

74. In the business budget, there are four titles, viz.:

- I Wages and salaries;
- II Production requirements;
- III Investment expenditure;
- IV Transfer payments.

75. Egypt is one of the few countries which has made much progress in the adoption of a programme budgeting approach.

76. In Egypt revenue is classified by source (taxes on income and wealth, commodity taxes and duties, stamp duties, service revenue, extraordinary receipts, surplus of business budget, local councils revenues). In this area improvement is needed.

B. Morocco (1968)

77. The preparation of the budget of Morocco is the responsibility of the Budget Department in the Ministry of National Economy and Finance. Not only is the Department charged with the preparation, centralization and presentation of the budget, it is also responsible for the control and execution of the budget and the country's accounts.

78. The preparation of the ordinary budget commences with a circular from the Ministry of Finance requesting the different administrations to prepare their recurrent estimates for the coming fiscal year. As in most African countries, this circular gives the guidelines for the preparation of the budget. A separate circular is also issued by the Ministry of Finance requesting the preparation of the capital estimates.

79. In Morocco, one single budget document is in principle published. This document comprises:

- (i) The ordinary (recurrent) budget;
- (ii) The extraordinary (equipment) budget;
- (iii) A special budget of expenditure and revenue
- (iv) An annex budget.

80. The budget document also contains the financial law for the fiscal year. This law is divided into parts and articles. The financial law is a legislative document which successively shows the budget position, the annual authorization for the raising of revenue and the expenditure as detailed in the budget and the annex budget. It also indicates permanent legislation concerning revenue, modification of taxation tariffs and reform of fiscal procedure.

81. The budget document of Morocco contains summary tables showing the revenue of the general budget, the current expenditure classified by departments and ministries, capital expenditure classified by organization and estimates of amortization of the public and floating debt. The detailed estimates of the current budget are classified by departments and ministries. For each administration there is a chapter on personnel and a chapter on materials, which constitute the two broad objects of expenditure. These two objects of expenditure are subdivided into articles. For example, the personnel chapter is subdivided as follows:

- Article I - Salaries and wages, indemnities of permanent staff;
- Article 2 - Wages and indemnities of temporary staff;
- Article 3 - Occasional expenses.

82. Personnel is further broken down to show the various staff employed in each ministry or department.

83. The estimates of revenue are presented in chapters (11 in 1968) relating to sources of revenue as follows:

- Chapter 1 - Direct and similar taxes;
- Chapter 2 - Customs duties;
- Chapter 3 - Indirect taxes;
- Chapter 4 - Stamp and registration duties;
- Chapter 5 - Revenue from public property;
- Chapter 6 - Revenue accruing from operating and financial state participation in services;
- Chapter 7 - Miscellaneous receipts;
- Chapter 8 - Receipts ... or expenses;
- Chapter 9 - Extraordinary receipts and repayment of loans;
- Chapter 10 - Co-operation and similar receipts;
- Chapter 11 - Receipts of claims.

84. The estimates of capital expenditure are classified in the same way as the estimates in the first part of the general budget, i.e., by chapters, articles and paragraphs. There is, however, only one chapter per Ministry. The organizational classification is by ministries and departments.

85. No functional classification is used in any official publication. Economic classification is performed each year by a section in the Ministry of Finance but this work is not published officially and is included only in an internal document for administrative use.

The Sudan (1972/73)

86. The General Budget of the Sudan consists of the budget of the ministries and units of the central government, the development budget and the budget of public corporations and independent bodies. This procedure, which was adopted in the 1972/73 fiscal year, is in accordance with Republican Resolution No. 6, whereby the Ministry of the Treasury is required to look over and into all budgets of the public sector and to make sure that all their financial activities are in accordance with the interests of the general public. It is planned to present an overall budget including all activities of the public sector in which the central, local, regional and other relevant budgets will be covered. The budget also comprises grants given by the Government to some independent bodies, such as the University of Khartoum and the Islamic University.

87. In addition to the main budget document, which contains the various budgets mentioned above, the following budget documents are published:

- (i) Memorandum on the Budget Estimates;
- (ii) Review of the Economy Supplement to the Budget.

38. The Memorandum on the Budget Estimates provides policy guidelines according to which budget estimates are prepared each fiscal years. It also provides additional explanations on salient features of the budget.

39. Under existing arrangements, the Ministry of Public Service and Administrative Reforms is responsible for scrutinizing and finalizing Chapter 1 of the budget relating to pay and allowances of personnel, while the Ministry of Local Government is the co-ordinating agency for the budgets of the provincial governments. The development budget is prepared by the Planning Office, and the Ministry of Defence is responsible for finalizing the allocations for defence, the Civil Aviation Department, the Meteorological Services and the Surveys Department. The Office of the Director of the Budget in the Ministry of Finance and National Economy is responsible for the allocations under chapter 2 relating to services and chapter 3 relating to new minor services.

40. As the above procedure and the proliferation of agencies concerned with the finalization of the budget would indicate, there seems to be no effective co-ordination in the process of budgetary scrutiny among the various ministries concerned with the preparation of the budget. There is, however, some co-ordination in the budgetary process at the higher level, i.e., in the interministerial budgetary or finance committee.

41. The layout of the central budget still follows the traditional budgeting approach in which revenue and expenditure are classified by ministries and departments and not by function or sectors. The classification of the current budgetary estimates is as follows:

Chapter 1 - Personnel

Sub-Chapter 1 - Pay

Sub-Chapter 2 - Personal allowances

Chapter 2 - Services

Sub-chapter 1 - Office and general expenses

" 2 - Departmental services

" 3 - Transport (other than departmental services)

" 4 - Maintenance and repairs (other than Ministry of Works services)

" 5 - Materials and supplies

" 6 - Current transfers

" 7 - Miscellaneous

" 8 - Loans services, capital interest and management charge

" 9 - Special

Chapter 3 - New expenditure, new minor services.

92. The development budget is classified by the following sectors:

- (i) Agriculture;
- (ii) Industry;
- (iii) Transport and communications;
- (iv) Construction, housing and public utilities;
- (v) Services;
- (vi) Reserves.

93. This classification is only used in the summary table of detailed development estimates. The detailed estimates of the capital budget are classified by ministries and departments. The budgets of public corporations and independent units are classified by sector as follows:

- (i) Commercial;
- (ii) Industrial;
- (iii) Transport;
- (iv) Agricultural;
- (v) Tourism;
- (vi) Miscellaneous.

94. Revenue estimates are shown under headings relating to direct and indirect taxes; licences, royalties, fees and charges for goods and services; rent from government lands and buildings; interest; sale of government property and proceeds from government enterprises.

IV. CENTRAL AFRICA SUBREGION

A. Camercon (1971/72)

95. The method of presentation and the general conditions for implementing the national Budget of the Federal Republic of Cameroon were laid down in article 52 of Ordinance No. 62 of 4 February 1962. The budget calendar runs from July to June. The Federal Republic of Cameroon published one budget document which contained estimates for both recurrent and capital expenditure and revenue. This document also contained the annex budget for the Port and Navigable Waterways Department.

96. The budget document contained the statement of reasons on the financial bill and provided an economic conspectus and frame for seeing the full consequences on the economy of the proposals contained in the financial bill or expenditure proposals. In other African countries, notably in the English-speaking African countries, the reasons for new fiscal measures are contained in the budget speech or address, which is published separately and made known only on the day the budget of the nation is presented to the Parliament or National Assembly. The financial law provides a review of the budgetary situation or out-turn in the previous fiscal year, new taxation measures and estimates of revenue and expenditure for the coming fiscal year.

97. In the budget of Cameroon, two summary tables were included to give the budget at a glance. They showed the pattern of recurrent revenue and expenditure and the development estimates. These summary tables were classified by ministries and departments. The detailed estimate was presented in two parts one relating to common and miscellaneous expenditure and containing estimates of State participation and the other relating to government expenditure and containing estimates of the expenditure of the various ministries and departments corresponding to the heads of the budget.

98. The objects of expenditure varied with each budget. They in turn were itemized in detail to show the full staff establishment in each department or ministry.

99. The capital estimates, comprising the "equipment budget" and covering capital works and purchases of real property and equipment, came under a separate head which was broken down into the following subheads:

- (i) Studies;
- (ii) Infrastructural works;
- (iii) Construction;
- (iv) Equipment and arrangement of buildings;
- (v) Public health and population;
- (vi) Education, culture and vocational training;
- (vii) Territorial administration;
- (viii) Youth and sports;
- (ix) Postal services and telecommunications;
- (x) Labour and social insurance;
- (xi) Purchases of real property;
- (xii) Transport, etc.

100. This classification is at variance with the one used in the recurrent budget, thus making it difficult to compare total government expenditure on a functional or sectoral basis. The recurrent revenue estimate was classified as follows:

- (i) Fiscal revenue
- (ii) Revenue from public property
- (iii) Revenue accruing from operating estate services, miscellaneous revenue
- (iv) Contributions, subsidies and grants-in-aid
- (v) Sums drawn from reserve fund, loans and advances.

B. The Central African Republic (1972)

101. In the Central African Republic, the fiscal year runs from 1 January to 31 December. One document was published in respect of the annual budget and contained estimates of this document contains both current and capital and the financial law specifying the fiscal and other financial procedures which would apply for the coming fiscal year. It also contained the statement of reasons and the financial bill submitted by the Minister of Finance. The statement of reasons analysed the estimates of revenue and expenditure and the public debt.

102. The budget of the Central African Republic did not provide summary tables of the estimates of expenditure. Such tables were contained in the statement of reasons of the financial Bill. However, the budget contained a tables relating to the revenue estimates and another concerning the loans granted to the country.

103. The mode of presentation of the general current budget was by titles, chapters and articles, as in most French-speaking African countries. The current and capital budgets were divided into four titles, as follows:

- Title I - Public debt;
- Title II - Service facilities;
- Title III - Common expenses
- Title IV - State contributions
- Title V - Capital estimates

104. The chapters, on the other hand, corresponded to the various ministries and departments and most of them fell under Title II. Objects were classified as articles. In the current estimates of expenditure, there were three articles entitled "personnel", "materials" and "special fund". These were further sub-itemized.

105. The capital estimates were divided into three chapters, namely, "amortization of loans", "development operations financed by State resources" and "projects financed by external aid". The chapter on development operations financed by State's resources was divided into five articles which more or less corresponded to sectors.

D. Chad (1973)

106. The Government of Chad publishes separate documents for the ordinary budget, the revenue estimates and the capital budget. The detailed estimates of current expenditure are classified by ministries and departments. The budget is divided into titles, chapters, articles and paragraphs, with the chapters corresponding to separate ministries or departments. The titles correspond to the various tables used in the detailed estimates of expenditure. The articles correspond to the divisions in a ministry or department while the paragraphs represent the two objects of expenditure which are itemized under subparagraphs. In addition one chapter is devoted to the personnel establishment, one to common expenses and one to contributions by the State.

V. CONCLUSION

107. The participation of African countries in the budget training courses organized in the 1960s and the first half of 1970 shows that these countries were keen to improve their approach to budgeting and to budget management and administration. However the review of the budget documents of selected African countries presented above indicates that the actual progress made in the 1960s and the first half of the 1970s with regard to the programme

or performance budgeting approach advocated in these budget training courses was slow. In the majority of the countries reviewed budgeting is still conventional. However, mention should be made at this point to Egypt, Ethiopia, Ghana and Liberia, where some aspects of programme budgeting have been adopted. In none of the countries studied for purposes of the review was performance budgeting practised; however, a number of governments have introduced economic and functional classifications and are now using them on a regular basis although in some cases not as part of their budget system.

108. Some of the short-comings observed in the budgetary systems of the African countries covered in this paper are listed below. It should be noted that these short-comings are common to the budget structure in the majority of African countries.

- (i) Non-comprehensiveness of budgets (except in Egypt, Morocco, the Niger, the Sudan and the visited Republic of Cameroon);
- (ii) Multiplicity of budget documents;
- (iii) No structural co-ordination of the budget and the plan because different classifications are used in the current and capital budgets;
- (iv) No programme or sectoral classification of the detailed current budget estimates;
- (v) Detailed itemization of objects of expenditure as accountability is still considered to be the primary purpose of budgeting in these countries;
- (vi) Tax revenue classification does not facilitate revenue forecasting which is necessary for appraising the capacity of tax increase or otherwise in each country as the pressing need for government outlays for economic and social development influences the appropriate level of taxation in these countries.

109. The table below summarizes some of the improvements which have been made in the budget structure of selected African countries and shows where improvements are still required to facilitate the adoption of programme budgeting.

Summary of budgetary improvements
and short-comings
in selected African countries

<u>Country</u>	<u>Improvements already made or being made in budget structure</u>	<u>Aspects of budget structure still needing improvement</u>
<u>EASTERN AFRICA</u>		
<u>Ethiopia</u>	<ol style="list-style-type: none">1. Programme budgeting is in progress;2. Functional classification used in detailed estimates of expenditure;3. Economic classification is given.	<ol style="list-style-type: none">1. Different budget classifications;2. Detailed itemization of objects of expenditures.
<u>Kenya</u>	<p>Economic survey published as budget background document. The document employs economic and functional classifications in the estimates of expenditure.</p>	<ol style="list-style-type: none">1. Traditional type of budgeting;2. Multiplicity of budget documents;3. No functional or sectoral classification in detailed estimates of expenditure;4. Classification in detailed estimates by departments or ministries;5. Detailed itemization of objects of expenditure.
<u>Lesotho</u>	<ol style="list-style-type: none">1. Preparation of a memorandum to explain budget requests by ministries;2. The recurrent and capital estimates are examined by a joint group composed of representatives of the Ministry of Finance and the Planning Group.	<ol style="list-style-type: none">1. Traditional type of budgeting;2. Detailed estimates of expenditure still being classified by department;3. Detailed itemization of objects of expenditure;4. No functional classification in detailed estimates of current expenditure.

<u>Country</u>	<u>Improvements already made or being made in budget structure</u>	<u>Aspects of budget structure still needing improvement</u>
<u>Malawi</u>	Background budget document gives the functional and economic classifications of the budget.	<ol style="list-style-type: none"> 1. Traditional type of budgeting; 2. Multiplicity of budget documents; 3. Current estimates classified by department or ministry; 4. Detailed itemization of objects of expenditure; 5. Different classifications employed in the current and the capital budgets; 6. Revenue classified by type of tax.
<u>WEST AFRICA</u>		
<u>Liberia</u>	<ol style="list-style-type: none"> 1. Programme budget structure; 2. Identical functional and sectoral classifications for both current and capital estimates of expenditure; 3. Objects of expenditure classified by broad categories. 	Detailed listing of staff requiring a separate budget document.
<u>Mali</u>	Functional classification given in the detailed current budget.	<ol style="list-style-type: none"> 1. Traditional type of budgeting with detailed itemization of objects of expenditure; 2. Different classifications employed in the current and the capital budgets; 3. Revenue classification by type of tax.

<u>Country</u>	<u>Improvements already made or being made budget structure</u>	<u>Aspects of budget structure still needing improvement</u>
<u>The Niger</u>		<ol style="list-style-type: none"> 1. Traditional type of budgeting; 2. Detailed estimates of current expenditure classified by ministries and departments; 3. Revenue classified by type of tax.
<u>Sierra Leone</u>	Central planning unit set up to improve co-ordination of the plan and budget.	<ol style="list-style-type: none"> 1. Traditional type of budget based on line-item; 2. No functional or sectoral classification in detailed estimates of current expenditure; 3. Different classifications employed in the current and the capital budgets; 4. Detailed itemization of objects of expenditure; 5. Revenue classified by type of tax.
<u>NORTH AFRICA</u>		
<u>Egypt</u>	<ol style="list-style-type: none"> 1. Comprehensiveness of the budget which comprises government ministries and departments and public corporations; 2. One budget document containing estimates of both current and capital expenditure; 3. Programme budgeting in progress; 4. Sectoral classification used in estimates of both the current and investment expenditure; 5. Objects of expenditure classified by broad categories. 	Different object classification in the estimates of current and capital expenditure.

Country

Morocco

Improvements already made or being made budget structure

One budget document.

Aspects of budget structure still needing improvement

1. Traditional type of budgeting with detailed itemization of objects of expenditure;
2. No publication of functional or economic classification.

The Sudan

1. One budget document containing estimates of expenditure of corporations as well as estimates of current and capital expenditure;
2. A background budget document is published which gives economic classification of the budget.

1. Finalization of budget estimates not centralized;
2. Traditional type of budgeting;
3. Different classifications employed in the estimates of current and capital expenditure;
4. Broad categories of objects of expenditure.

CENTRAL AFRICA

Central African Empire

1. One budget document containing estimates of both current and capital expenditure.

1. Traditional type of budgeting with detailed itemization of objects of expenditure;
2. No summary tables are given;
3. Different classifications employed in the estimates of the current and the capital expenditure.

<u>Country</u>	<u>Improvements already made or being made budget structure</u>	<u>Aspects of budget structure still needing improvement</u>
Chad		<ol style="list-style-type: none"> 1. Three separate budget document containing estimates of current expenditure, estimates of capital expenditure and revenue estimates; 2. Traditional type of budgeting with detailed itemization of objects of expenditure; 3. Classification of estimates of current expenditure by ministry or department.
<u>United Republic of Cameroon</u>	One budget document containing estimates of both current and capital expenditure.	<ol style="list-style-type: none"> 1. Traditional type of budgeting with detailed itemization of objects of expenditure; 2. No functional or economic classification; 3. Different classifications employed in estimates of the current and the capital expenditure.

**PART THREE: SUGGESTIONS FOR DESIRABLE BUDGETARY APPROACH
MANAGEMENT AND ADMINISTRATION**

109. A budget is more than an instrument of government administration. It serves as a decision-making tool indicating how government spends its resources, who receives the benefits and who bears the costs. Budgeting therefore includes the scheduling of the activities of the entire Government as well as evaluating them.

110. To inspire public confidence in government administration, there is need for a well prepared budget which is comprehensive and unitary. It must cover all the operative work programmes and indicate how they are financed. It is only in this way that a budget can be rightly defined, as a comprehensive plan expressed in financial terms by which a total operating programme is affected for a given period ^{7/}. In considering this type of budgeting, due regard has to be given to a certain additional emphasis. In the first place, budgeting has to be synonymous with planning; secondly, it ought to cover the total operating programme of the government for a stated period of time and thirdly it ought to relate to the entire economic capacity of the society. The budgets of some African countries are concerned only with the activities of the central government. The activities of local governments and state-assisted public enterprises are excluded. There is need to include these activities in the government budget if the budget is to cover the whole economy.

I. Preparatory Budget Work

A. Central Budget Agency

111. The first step in government budgeting is to prepare a budget. The preparation of a budget is also considered to be first stage in the implementation of the government plan and must be centralized in one agency or department, which should be responsible for collecting and consolidating information to assist the Government to decide on a general course of action enabling it to establish a rational budgeting policy so that the budget coincides with national policies and objectives. In addition, the central budget agency should ascertain that the basic information contained in departmental requests is correct. The central budget agency should also be the vehicle for seeing that overall budget policies previously established by the government are reflected in departmental requests. In the absence of such policies, the central budget office can formulate policy proposals to be acted upon by the Government.

112. The current practice in the majority of African countries is to locate the budgeting function in the Ministry of Finance or in the office of the Chief Executive. This is a desirable practice. But there are countries where the Ministry of Public Services and Administrative Reforms, the Ministry of Local Government and the Planning Office are responsible for the preparation and finalization of certain chapters of the budget. Here there is need for centralizing the budgeting function of the country in one department or ministry.

^{7/} For other definitions of budgeting by Frank P. Sherwood - The Management Approach to Budgeting. International Institute of Administrative Series, Brussels, 1954.

B. Budget staff

113. The functions of a central budget office can be performed only by personnel complement in budgeting. They are responsible for maintaining relations between the budget office and the operating departments to facilitate the review of departmental requests by the office. It would be impossible to work out a precise pattern of budget office staffing which would be applicable in all countries. However, the following considerations/ ought to be borne in mind with regard to the assignment of central budget staff.

- (i) Each Ministry in the Government should be the specific responsibility of an individual budget analyst or a group of budget analysts. This is a need for regular channel of communication between all individual departments or ministries and the central budget staff;
- (ii) In countries where there is a considerable shortage of trained budget staff, it becomes necessary to assign a number of ministries and departments with related functions to a single budget analyst. For example, institutions responsible for general administration would constitute one group and those in economic services, another;
- (iii) From time to time, the budget analysts should be rotated so that new ideas can be brought to bear upon the problems of other departments. Such rotation is also necessary in countries where there is a rapid turnover in budget personnel;
- (iv) There should be specialization within the budget staff, and it should not be along the lines of departmental or functional groupings. For example, a budget staff should have access to information pertaining to such subjects as staff salaries, objects of expenditure, public debt subsidies and grants. Specialization in such questions is along non-departmental or functional lines.

C. Decentralization of budget preparation

114. Since effective budget preparation depends upon actual job experience, budget planning and control must take place at the level of direct operation, which means that budget activities must be decentralized. The budget calendars of African countries show that the current practice is for departments and

/ See various editions of Municipal Financial Administration
Chicago, International City Managers Association.

ministries to prepare their budget and submit it to the Central Budget Office for scrutiny and review. It follows that a considerable amount of the actual budget work devolves upon the operating units, which means that there is participation in the budget process at subordinate levels. Another important effect of the decentralization of budgeting is that it makes those involved aware of the increasing current expenditure in African countries. If more responsibility for decisions relating to costs is delegated to operating ministries, ministry officials will become conscious of the importance of keeping costs down. Departments should be involved in the budgetary process, and to achieve such involvement, a good relationship ought to exist between the departmental budget personnel at the central budget office and the operating ministries. If the decentralization is to be effective and adequate improvement in the quality of budgeting work in African countries is to be secured, budget proposals should be prepared by trained budget staff in the operating ministries.

D. Harmonization of the budget calendar

115. In carrying out its functions, the Central Budget Office must bear in mind that the budget is the annual plan of the Government expressed in financial terms. This means that the development programme of the Government has to be reflected in the annual budget. There are several ways of bringing about this harmony between the budget and the plan. One is to synchronize the budget calendar a procedure which has been adopted in the majority of African countries, for both the current and the capital budgets. They should be synchronized^{9/} within the framework of existing procedures and the time-table for the formulation, scrutiny and approval of the budget. As development expenditure has to be included in the annual budget, the preparation of the annual plan has to start early to be finalized in consultation with the central budget agency.

116. The following are generally taken to be the phases of the budget process for which synchronization of budget and plan procedures are necessary:

- (i) Distribution of instructions and forms;
- (ii) Preparation of revenue estimates;
- (iii) Return of completed budget and plan request forms to the central budget office and the planning office;
- (iv) Review of the forms by the budget office;

^{9/} See "Lectures given at the Bilingual Training Course in Budget-Plan Harmonization" (E/CN.14/BUD/17), 26 May 1972.

- (v) Review of the estimates by a special budget committee;
- (vi) Completion of review by Council of Ministers or by the Cabinet;
- (vii) Submission of the budget to the legislative body;
- (viii) Approval of the budget and issue of the appropriation ordinance;
- (ix) Beginning of the fiscal year.

117. In the preparation of the budget calendar, the above phases should be borne in mind and as much time as possible should be allowed between each phase. The budget calendar should be distributed early to put all operating departments involved in the process on notice as to the time by which specific activities must be completed.

E. Budget Review Committee

118. In the preparatory work on the budget, the Administrative Estimate Committee or Budget Review Committee plays an important role. Such a committee exists in the majority of African countries. They are established to review the departmental estimates and to make recommendation to the Finance Minister or other Minister responsible for Government finance in a country.

119. In some countries the work of these Estimate Review Committees seem to concern only the review of revenue and expenditure in a restricted governmental sense and not the entire economy of the country. A desirable practice for these committees is to review the estimates using an economic frame in which they can see the full effects on the economy of any budget proposals or alternatives recommended. This means that these committees should have before them a yearly economic survey which could serve as the basis on which proposals relating to the entire budget could be considered. This procedure has the advantage of shifting the emphasis from accounting to economics. It calls for the annual publication of an economic survey of the country as a background document to the budget. Some African Governments now publish such surveys which show among other things, the economic and functional classification of the government accounts.

F. Budget classifications

120. The budget structure clearly shows, what efforts are being made to modernize the budget, and its format becomes a factor in plan implementation. The structure of a budget usually dictates the utilization of the various systems of budget classification which have been the subject of study in various budget training courses. These include the organizational, sectoral, functional, economic and object systems. The use of these systems removes the objections to the conventional or traditional budgeting approach.

121. One of the short-comings of the conventional or object-of-expenditure system of budget classification is the difficulty of determining how expenditure is being allocated among the different services, such as the general administration, the economic and social services and others. This information could be obtained by rearranging expenditure or ministries and departments along functional or sectoral lines irrespective of the organizational unit responsible for performing the services. Only when such a breakdown is available does it become possible to relate government activities shown in the budget to economic development plans.

122. Functional classification is now a regular feature of the budget documents of many African countries. In other countries although this system is not used in the main budget document, it is used in supplementary documents. Of the countries reviewed in Section II, Ethiopia and Mali are the only ones where the functional system of classification is used in the detailed estimates of expenditure. In Kenya, Malawi and Zambia, the functional classification is given in supplementary budget documents. In Egypt, sectoral classification is used in the detailed budget document. In the rest of the countries covered in the review, systematic use of classification is not being made. The systems of functional classification used vary with each country. In Liberia, for instance, classification is by the following functions: General Services; Social Services; Economic Services; General Government; Debt Services; Reserve.

123. Another deficiency of the traditional budgeting approach, namely, the difficulty of analysing the impact of governmental transactions on the total economy, could be overcome by classifying all levels of government expenditure and receipts by significant economic categories. This type of budget classification is known as "economic classification". Its use in a budget makes it possible to determine how much of the national income originates from government activity, how large a part of the national product is purchased by government and so on. Some countries including Kenya, Ethiopia, Malawi and Zambia classify their budgets by economic categories in background budget documents. Although the importance of the functional system of classification is stressed, the reclassification of the budget along purely functional lines would be inadequate for many purposes if the "economic" character of the transactions were ignored. What is, therefore, required is economic-functional classification^{D/}. Of the two types of classification - economic and functional - the latter will necessarily vary from one country to another in accordance with a country's prevailing political and social philosophies. The economic and functional system of classification of government transactions is a useful instrument for the budget review committees described in paragraphs 118 and 119.

D/ A Manual for Economic and Functional Classification of Government Transactions (United Nations Publication, Sales No. E.58.XVI.2)

124. Classification by organizational units is a useful means of presenting government accounts. This system of classification is based on ministries and departments and reflects the departmental and agency structure of a Government. Organizational classification is important for showing the legislative authority by which a ministry or department may incur obligations or make disbursements for specific purposes. All African Governments use this system of classification not only in their detailed current and capital estimates but also in the major budget summary account, which usually shows the "budget at a glance".

125. In African countries, the most widely used system for classify the budget expenditure is that based on objects, an object being that on which the money budgeted is expended, such as personnel services, supplies and materials, equipment, travel, printing and rental of buildings. In Sierra Leone, Malawi, the Gambia, Nigeria, Mali and some other countries the budget consists of a detailed listing of the staff employed and a detailed itemization of non-personal services. Object classification centres attention on the accounting aspect of governmental operations in terms of the purchase of goods and services. This type of classification characterizes the traditional approach to budgeting which is still in use in many African countries. Fundamentally, budgets prepared on this basis leave unanswered the important question exactly what work was proposed and what accomplishments were anticipated? Objects of expenditure are important, but their detailed itemization should be confined to supporting schedules of budget estimates. What is needed in the detailed current budget is the classification of objects in broad categories, such as "Personnel emoluments", "Material and equipment", etc. Objects of expenditure are being classified in broad categories in Egypt, Lesotho, Zambia, the Sudan and Ethiopia although in Ethiopia the staff establishment is listed in detail. In the 1976/77 budget document of Liberia, objects of expenditure are classified in broad categories and another document gives a detailed listing of staff establishments.

126. The chart below illustrates the purposes served by each of the various types of classification described above and in which part of a budget document each classification should be used. Although many African governments now recognize the usefulness of these systems of classification, they are in some cases not employed in the appropriate place (see Part Two).

Systems of budget classification

<u>Purpose</u>	<u>Kind of classification</u>	<u>Where used</u>
Related governmental activities (i.e. current budget)	Sectoral	Detailed current and capital budget
to development plans	Functional	Budget summary and detailed budget.
Programme formulation	Organizational	Budget summary and detailed budget.
Economic analysis	Economic	Background document
Execution and accountability	Object	Detailed current and capital budget, but only in broad categories detailed itemization of objects in supporting documents.

G. Programme budgeting approach

127. When a budget is classified as shown in the chart, it becomes easy to identify programmes which contribute towards the achievement of the objectives of the functions of a Government. These systems of classification also provide the base for programme-planning budgeting.

128. Programme classification has not gained prominence in many African countries although their budgets provide for various divisions of ministries or departments. The name of a division of a ministry or department does not indicate the programmes and activities which are carried out by that division. A programme budget should properly comprise not only the title of the programme but also narrative statements defining its objectives, scope and activities^{11/}. Such statements provide the financial justification for a programme and explain its relation to the overall objectives of the Government. When the functional, sectoral, programme and object systems of classification are used in a budget, the legislative authority for expenditure will be granted for the purpose of carrying out of a programme rather than for that of paying the salaries of personnel or purchasing equipment and supplies. Increased progress in the programme budgeting approach is being made in Ghana, Egypt, Ethiopia and Liberia. Considering the reforms in Government budgeting which have been made in South American and Asian countries through the adoption of programme budgeting, it could be said that progress towards programme budgeting in African countries has been very slow.

129. In order to initiate programme budgeting, the following approaches are necessary:

- (i) Selection of programmes in relation to the sectoral or functional classification used, i.e. in relation to the development plan;
- (ii) Determination of activity or project categories;
- (iii) Incorporation of descriptive statements of the programmes.

As already pointed out, programme budgeting should start with the adoption of the sectoral or functional system of classification used in the development plan of the country. This procedure makes it possible to co-ordinate current and development expenditure with a view to ensuring that all expenditure proposals, both capital and operating, are presented on a common programme objective basis. This is also the most important means of harmonizing the plan and the budget^{12/}.

^{11/} See for instance the 1976/77 budget document of Liberia.

^{12/} See paragraph 115 for the administrative procedure.

130. The format for a sample is shown below. The object classification will vary with each individual country.

Format of Programme Budget Estimate

Sector/(classification): Development of Agricultural Sector
 Ministry/Department (organizational): Ministry of Agriculture and Natural Resources
 Programme: Development and improvement of the crop sector.
 Narrative Statement: (Describe in concise form the objectives, scope and content of the programme, the measures and activities planned to achieve the objectives).

Sub-Programme/(Activities or project)

Number: II-001 General Administration - Minister's Office

Narrative Statement - (objective and content of activity)

Code	Particulars	Revised estimates 1973/74 (in US dollars)	Estimates 1974/75 (in US dollars)
<u>Current expenditure</u>			
11-001-01	Personal services	...	...
11-001-02	Non-personal services	...	...
11-001-03	Materials and supplies	...	...
11-001-04	Transfers	...	...
<u>Capital expenditure</u>			
11-001-05	Construction	...	...
11-001-06	Machinery and equipment	...	...
11-001-07	Purchase of immovables	...	...
11-001-08	Transfers	...	...
Total: General Administration		...	...

11-002 Agricultural education

Narrative statement:

Code	Particulars	Revised estimates 1973/74 (in US dollars)	Estimates 1974/75 (in US dollars)
<u>Current expenditure</u>			
11-002-01	Personal services	...	...
11-002-02	Non-personal services	...	...
11-002-03	Materials and supplies	...	...
11-002-04	Transfers	...	...
<u>Capital expenditure</u>			
11-002-05	Construction	...	...
11-002-06	Machinery and equipment	...	...
11-002-07	Purchase of immovables	...	...
11-002-08	Transfers	...	...
Total: Agricultural education		...	...

11-003 Crop protection

Narrative Statement

Code	Particulars	Revised estimates 1973/74 (in US dollars)	Estimates 1974/75 (in US dollars)
<u>Current expenditure</u>			
11-003-01	Personal services	...	...
11-003-02	Non-personal services	...	...
11-003-03	Materials and supplies	...	...
11-003-04	Transfers	...	...
<u>Capital expenditure</u>			
11-003-05	Construction	...	...
11-003-06	Machinery and equipment	...	...
11-003-07	Purchase of immovables	...	...
11-003-08	Transfers	...	...
Total: Crop production		...	...

		Revised estimates 1973/74 (in US dollars)	Estimate 1974/75 (in US dollars)
<u>Summary</u>			
11-001	General administration	...	...
11-002	Agricultural education	...	...
11-003	Crop protection	...	...
Total: II. The development and improvement of the crop sector		...	...

131. The presentation of a budget estimate according to the format suggested above has the advantage of showing the estimates of current and capital expenditure for each programme. This provides a structural link between the annual budget and the plan. Another advantage of this format is that it might no longer be necessary to use two types of budget documents, one for current estimates and the other for capital estimates, as is done in many African countries.

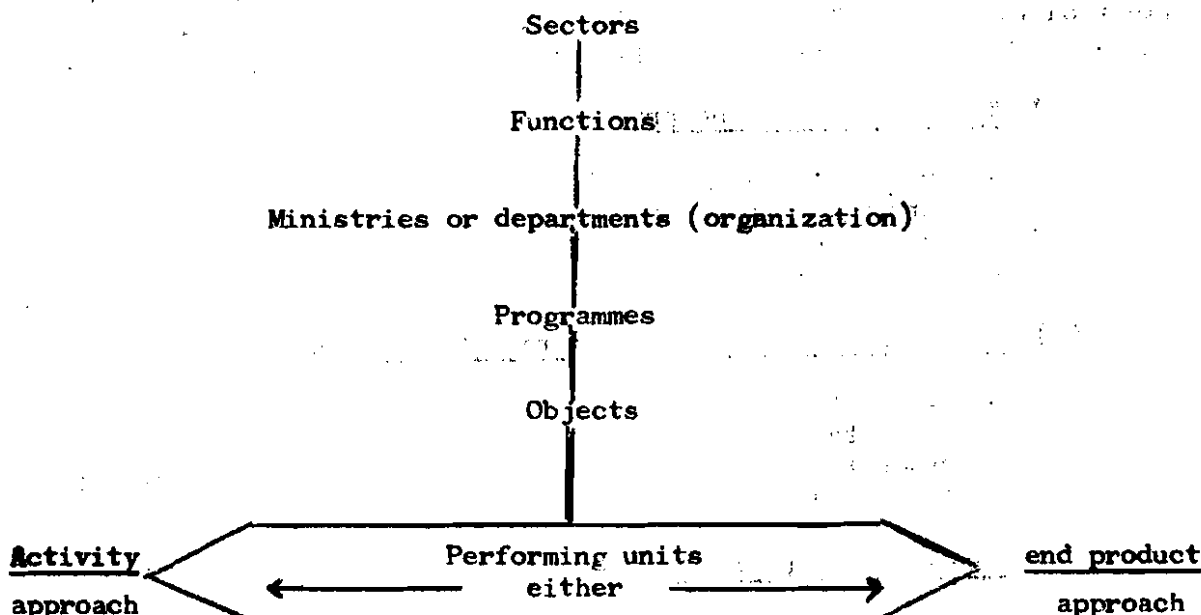
H. Performance budgeting approach

132. Another important improvement in government budgeting which has not been attempted by African countries is the performance budgeting approach. This budgeting approach shows what a Government accomplished with the available resources in that it emphasises, the end products of government programmes and begins where programme budgeting ends. The difference between performance and programme budgeting is that while the latter is essential and considered in relation to a higher level of organization for purposes of review and decision-making, the former seeks to measure the cost and accomplishment of detailed activities in terms of end products and things done. Performance budgeting is therefore a useful tool in the hands of administration and management for evaluating achievements.

133. To measure accomplishment by performance budgeting, additional systems of budgeting classification are needed. Two approaches are necessary for this additional classification, the end product approach and the activity measurement approach.^{13/} The end product approach is used for those programmes which are significant and measurable such as acres of trees planted by a forestry department or lengths of road built by a public works department or scholarships given by a ministry of education. The activities measurement approach is used for those programmes which are not measurable. This means each activity of a programme will be described and a monetary cost attached to it. This will provide information about what government is doing or has done.

^{13/} Jesse Burkhead, Government Budgeting, (New York, Wiley, 1956).

134. The performance budget structure will look like this:



I. Tax Revenue Classification

135. Budget documents in all African countries give the estimates of tax revenue needed to finance the expenditure side of the budget. The improvement which is desirable in this area relates to the classification of the taxes to facilitate revenue forecasting. In many African countries (according to the review in section II), tax revenues are classified by ministries or as in Lesotho or by type of tax as is done in Ethiopia, Kenya, Malawi, the United Republic of Cameroon, Sierra Leone, Mali, the Niger, the Sudan and Chad. Revenue forecasting ^{to be} considered ^{to be} the most important aspect of government budgeting in African countries where the size of the government investment programme depends in large part on the capacity of the tax systems to mobilize the necessary resources.

136. To facilitate revenue forecasting, the revenue sources have to be looked at in terms of change in the level of economic activity of a country. This means, therefore, that tax revenue classification in budgeting ought to be based on economic categories in accordance with the degree of their influence on tax revenues. The functional relationships between specific taxes and other economic variables should serve as guide lines in the classification of tax revenues in the budget document. For instance, the yield of income taxes depends largely on such factors as national or personal income and its distribution; whereas the yield from foreign trade taxes depends on the volume, value and commodity composition of foreign trade.

137. To be able to serve the purpose of forecasting tax revenues, taxes should be classified according to economic categories or variables and not by type of tax, which influences the revenue. This sort of classification is used in Ghana and Egypt. The following is a taxation classification which could be adapted to suit individual countries:^{14/}

(1) Taxes on income and profits:

- Company taxes
- Personal income taxes
- Poll taxes
- Property taxes, etc.

(2) Taxes on production and internal transactions

- Excise taxes
- Sales taxes
- Other taxes on internal transactions, such as stamp and license duties.

(3) Taxes on international trade

- Import duties and such taxes as statistical duties
- Export duties.

(4) Other forms of Tax

J. Government accounting system

138. The purpose of budgetary accounts are to reflect current budget operations and conditions, furnish a base for keeping expenditure within the limitations of available appropriations and provide budgetary information which is essential to the preparation of the budget for the succeeding year.

139. Government budgetary accounts are to be distinguished from proprietary accounts, which reflect actual financial conditions and operations (e.g. assets, liabilities, surplus revenue and expenditure). Government budgetary accounts, on the other hand, reflect budget operations and conditions and include accounts of estimated revenue, appropriations and encumbrances.

140. Budgetary accounting entries are sometimes made on an accrual bases and sometimes on a cash basis. In accounting on an accrual basis, revenue is recorded when earned or when levies are made and expenditure is recorded as soon as liabilities are incurred. Accounting on a cash basis is the opposite of accounting on all accrual basis.

^{14/} See: Raja J. Chelliah, "Trends in taxation in developing countries", IMF Staff Paper No. 18 (July 1971).

141. As soon as the appropriation and revenue bills are passed, the base for budgetary accounting could be established by setting up accounts for estimated revenue and appropriations. The type of appropriations made - determines the number of accounts for appropriations and expenditures.

142. As indicated earlier, budgetary accounting provides the means for limiting expenditure and commitments to the amount appropriated and for comparing actual revenue with estimated revenue. While these are important forms of expenditure control, there are other types of control which are achieved through budgetary accounting. Encumbrances and expenditure have to be kept within the limit of available resources. This can be accomplished by the use of the budgetary allotment system. Such a system involves two major procedures:

- (i) The allotment or "splitting" of annual appropriations on a quarterly or monthly basis. The allotments are based upon estimates of the amount of actual expenditure during each individual quarter or month;
- (ii) The use of the allotments or "splits" as a control device by integrating them into the budgetary accounting system or by setting them up on a memorandum basis outside of the budgetary accounting system.

143. In allotting appropriations or encumbrances certain factors should be taken into consideration. The first and foremost of which is the budget work programme for the fiscal year, the second the amount of expenditure made on each object during each of the 12 months in the past 3 to 5 years; and the third the availability of receipts to finance appropriation.

The budget document

144. The budget document is more than a document containing tabulations of expenses and receipts. It should present a country's programmes and activities for a fiscal period in package form and reflect the work schedules and programme data. Public confidence in government administration is inspired by a well prepared budget document, which is simple in form and lucid in style and covers the work-programmes of the entire economy and the means of financing them. Such a document makes it possible to weigh the desirability of each service proposed against the estimated cost to the taxpayer. The document should not be made more complex by the inclusion of unnecessary work-sheet information, such as a list of staff.

145. A complete budget document should consist in two major parts. The first part should include a title page, an alphabetical index of the budget, the budget speech or message (according to the law of the country), a condensed statement of the budget, the general budget summary, the tax and miscellaneous revenue summaries and the expenditure summaries. The summary estimates of expenditure should be classified by function, organization and objects of expenditure. This is necessary for legislative authority. The second part of the budget document should contain detailed

estimates relating to the various functions, organizations, programmes and activities. As the important consideration in budgeting is the work or service to be performed, the functional classification in the detailed budget should be made the primary base in estimating expenditure needs, which should be broken down into identifiable programmes in the budget document. These programmes should serve as the base for appropriations, allotments, expenditure controls and performance report references or performance budgeting.

146. Certain expenditure details arranged according to character and object classification can be included in the estimates without complicating the presentation of the document or making the budget format complex. It would be a disservice to the legislative body to include personnel data in the detailed estimates of expenditure in the budget document as such data divert the attention of the legislature from policy and programmes to administrative matters.

147. The budget document should enable the legislator to refer quickly to all work programmes and capital projects, which should be presented in sufficient detail to give a picture of the operation and provide information on the total estimated revenue and expenditure. For the convenience of the taxpayer, a budget document should be a document which can be easily read and understood and contains sufficiently detailed list of capital projects and current expenses. The taxpayer would like sufficient programme data to explain the functions of each ministry or department and the progress and cost (performance) of programmes under its control. Properly developed, the budget document becomes a focal point of reference for the administrator, legislator and taxpayer; it is the instrument by which the citizen weighs the effectiveness of his government.

K. Concluding Remarks

148. In African countries, budgetary reforms are still in transition and much remains to be done. New demands are being made on the fiscal policies and systems of African Governments which make budgetary reform even more imperative. In the 1970s and beyond, budgetary reforms in African countries should continue to aim at improving budgetary management and administration with the emphasis on a programme/performance budgeting approach. To this end, it is necessary that:

- (i) Efforts should be devoted to the harmonization of the budget and the plan. This would require the development and establishment of proper procedures for the formulation, scrutiny and approval of development projects and their reflection in the plan and budget;
- (ii) The budget preparation is decentralized so that budget planning and control will occur at the level where direct operation takes place;
- (iii) Sectoral, functional, organizational, economic and object budget classification is employed in the appropriate places in the budget document;

- (iv) Estimates of tax revenue is classified in order to facilitate revenue forecasting, the classification to be in accordance with functional relationships between specific taxes and other economic variables. Techniques for revenue forecasting should relate the growth of tax revenue to a realistic analysis of economic trends. In this respect, revenue forecasting should be assigned a special function in the planning and budget-making process.
- (v) The installation of programme-and-performance budgeting is focused on making the systems meet the specific requirements of each country. However, programme budgeting should be the aim of all the improvements undertaken. It would be desirable if each country evolved phased programmes for the introduction of programme/performance budgeting either with bilateral technical assistance or with ECA assistance. At the country level for the purpose of adopting programme budgeting a ministry should be constituted as a pilot project to see how the system works or a start could be made with the capital estimates which lend itself easily to programme budgeting.
- (vi) Improvements made in the accounting system conform with various systems of budget classification and serve the purposes of proper financial management and control. While the mechanization of accounts can be of great help in avoiding delays, it has been the experience of some African Governments that a lot of preparation and streamlining of the procedures for the regular flow of statistical data is necessary if the proper use is to be made of such sophisticated devices.

For the rapid improvement of budgetary administration and management, there is need for more comprehensive and extensive training for mid-career budget officers through national and regional training courses and on-the-job training on functional aspects of budgeting, and there should be exchange of information among African Governments on improvements in budget administration and management. Such an exchange should be supplemented by the organization of study tours for senior budget officers to those developing countries where programme budgeting is practised.