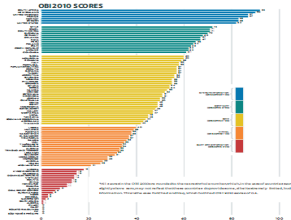


# Can people follow their money?

## Budget transparency in East Africa



### 1. Introduction

Without information about budget allocations and execution, citizens are left clueless on how their tax money is spent. Public scrutiny of the budget process is an important element of any system of checks and balances. How do countries in East Africa fare in this regard?

To assess how accessible or 'open' budget processes are to citizens, the International Budget Partnership (IBP) has implemented the Open Budget Survey (OBS) for several years now. This survey follows a rigorous methodology of measuring budget practices and presents the only available independent and comparative measure of government budget processes. The survey comprises two sets of questions, totaling 123 altogether. The first set (92 questions) assesses the transparency of a country's budget to citizens and collects information about the availability, timeliness and comprehensiveness of budget reports.<sup>1</sup> The remaining set of questions assesses the strength and effectiveness of institutions that oversee the budget process, the Legislatures<sup>2</sup> (Parliaments) and the Supreme Audit Institutions (SAIs).<sup>3</sup>

Using data from three OBS survey rounds (2006, 2008 and 2010), this brief presents eight facts on budget openness in East Africa, covering Kenya, Sudan, Uganda, Tanzania and Rwanda (information for Burundi is not available). The brief reveals a trend towards more openness, but also shows that the level of budget transparency remains poor and that oversight institutions are weak. It is further found that governments fail to publish key budget documents and that the documents that are published provide only limited information.



This brief was produced by Uwazi-Twaweza in association with the International Budget Partnership (IBP).

Uwazi, P.O. Box 38342, Dar es Salaam, Tanzania.  
Tel +255 22 266 4301. Fax +255 22 266 4308.  
Email: [info@uwazi.org](mailto:info@uwazi.org). Web: [www.uwazi.org](http://www.uwazi.org)

Released November, 2010



INTERNATIONAL BUDGET PARTNERSHIP  
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It is clear that countries of East Africa could significantly improve their budget transparency. Doing so does not have to be difficult. Some measures are as simple as making public documents that are already produced for internal government use or for donor agencies. Other measures, such as strengthening the role of oversight institutions, Parliaments and the Supreme Audit Institutions may be more challenging, but successful East African examples can provide guidance on how to go about it.

## 2. Eight facts about budget transparency in East Africa

### Fact 1: Budget transparency in East Africa is poor

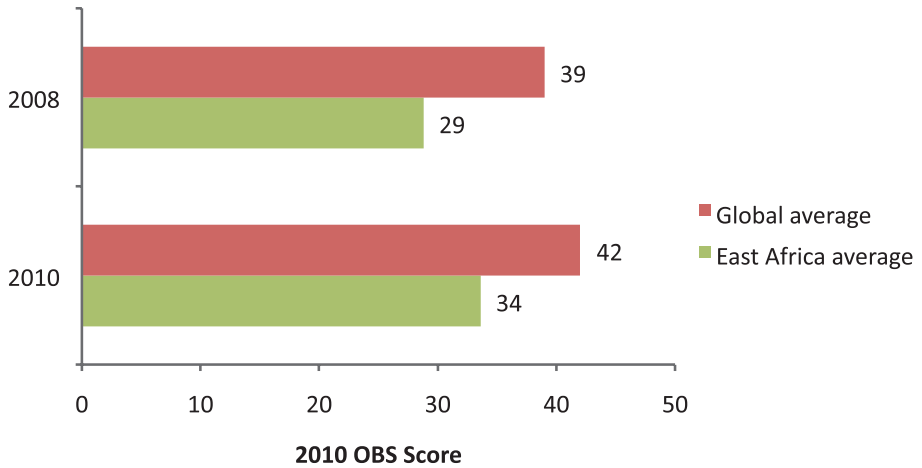
The Open Budget Survey (OBS) scores budget transparency in five bands ranging from 0 to 100 in steps of 20 points. Depending on the score from 92 questions asking about availability, timeliness and the comprehensiveness of budget reports, a country could be rated as providing:

- a. **Scant information:** score 0-20
- b. **Minimal information:** score 21-40
- c. **Some information:** score 41-60
- d. **Significant information:** score 61-80, and
- e. **Extensive Information:** score 81-100.

The average score for all 94 countries surveyed in 2010 was 42, indicating that countries typically provide the public with only some budget information. Some countries perform notably better: India's score is 67 (significant information) and the United States achieved a score of 82 (extensive information). At the top of the Open Budget Index ranks South Africa, with a close to perfect score of 92.

Countries in the East African region lag behind these high performers. In fact they even lag behind the global average. In both 2008 and 2010 (years for which comparable data was obtained for the five countries under consideration), the regional average is less than 40 (Figure 1). In other words, due to the limited budget information that is made available, it is virtually impossible for citizens in East Africa to hold their governments accountable for the way public money is managed.

**Figure 1: East Africa and Global Open Budget Survey scores 2008 and 2010**



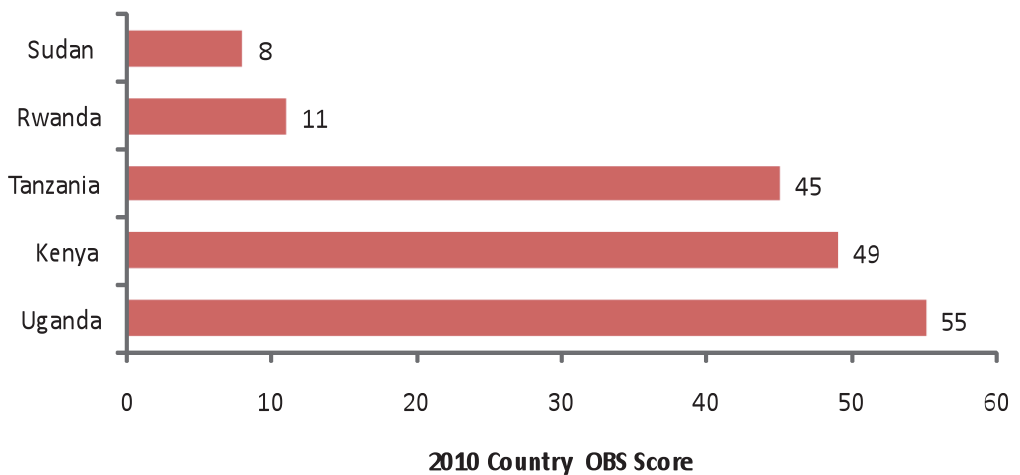
**Source of data:** The Open Budget Survey, 2008 and 2010.

**Fact 2: Performance in budget openness varies considerably**

Budget transparency varies considerably between countries in East Africa, with scores as low as 8 (scant information) to as high as 55 (some information), (Figure 2). With 55 points, Uganda achieved the highest Open Budget Index score in the region in part because the country produces and publishes all eight core budget reports identified by the OBS (see table 1) including in-year reports, mid-year reviews and year-end reports.

With scores of 8 and 11 respectively, Sudan and Rwanda are at the bottom of the scale, not only in East Africa, but globally. These countries provide only scant budget information to their citizens.

**Figure 2: 2010 country specific Open Budget Index**



**Source of data:** The Open Budget Survey, 2010.

### Fact 3: Countries of East Africa often fail to publish key budget documents

For the public to engage with the budget process, people need timely access to key budget documents. The OBS identifies eight such documents (Table 1) and shows that countries of East Africa typically fail to publish a mid-year review (only Uganda publishes it) or a Citizen’s Budget (only Uganda and Rwanda publish it). Tanzania and Sudan are the worst performers failing to make 5 out of the 8 key budget documents publicly available. Uganda is the only country that produces and releases all key budget documents to the public.

**Table 1: Availability of eight key budget documents in countries of East Africa**

Budget document	Uganda	Kenya	Tanzania	Rwanda	Sudan
Pre-Budget statement	Published	Published	Produced, not published	Published	Produced, not published
Executive’s Budget Proposal	Published	Published	Published	Produced, not published	Produced, not published
Enacted Budget	Published	Published	Produced, not published	Published	Published
Citizen’s Budget	Published	Not produced	Not produced	Published	Not produced
In-Year Reports	Published	Published	Published	Produced, not published	Produced, not published
Midyear review	Published	Produced, not published	Not produced	Produced, not published	Produced, not published
Year-End report	Published	Produced, not published	Not Produced	Published	Published
Audit report	Published	Published	Published	Published	Published
Performance	<b>8 out of 8</b>	<b>5 out of 8</b>	<b>3 out of 8</b>	<b>5 out of 8</b>	<b>3 out of 8</b>

**Source of data:** The Open Budget Survey, 2010.

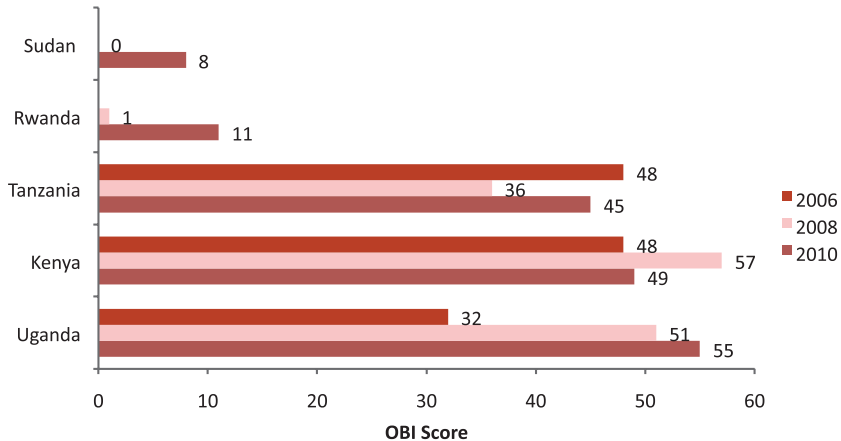
Interestingly, there are numerous instances in which documents are produced, but not made publicly available. Tanzania, for example, produces an Enacted Budget but unlike other countries in East Africa, fails to release it to the public. Similarly Rwanda and Sudan produce the Executive’s Budget proposal, but restrict its release to the Government.

### Fact 4: There is a trend towards greater openness, but some move backward

Between 2008 and 2010 the regional OBI score increased from 29 to 34, signalling a trend towards more budget transparency. Between countries however, there are markedly different degrees of improvement. Uganda made the most significant strides in enhancing budget transparency, improving its score from 32 to 55 between 2006 and 2010 (Figure 3). Similarly, Rwanda and Sudan managed to raise their scores considerable from very low levels in 2008.

Not all countries show improvements, however. Kenya and Tanzania even moved backward. Tanzania's score in 2010 is higher than it was in 2008 but it is still below what was achieved in 2006. For Kenya, the score in 2010 (48) is much lower than the score achieved in 2008 when it was 57.

**Figure 3: Countries progress in opening their budgets processes**



**Source of data:** The Open Budget Survey 2006, 2008 and 2010.

**Fact 5: The information provided in budget documents remains minimal**

Table 1 already indicated that most countries in East Africa (except Uganda) do not produce and release all key budget documents. Table 2 below demonstrates that the comprehensiveness of the information provided in the documents that are released leaves much to be desired.

The score for completeness of the budget information in the available budget documents is calculated from a subset of questions from the Open Budget Survey, using a grading system that is indicated below:

- a. **Scant or no information:** score 0-20, graded E
- b. **Minimal information:** score 21-40, graded D
- c. **Some information:** score 41-60, graded C
- d. **Significant information:** score 61-80, graded B, and
- e. **Extensive Information:** score 81-100, graded A.

The OBI shows that the East African countries need to make improvements in comprehensiveness of information provided in almost all the budget documents they produce and release. Uganda provides the most comprehensive information compared to the rest of the countries in East Africa, but even this country provides scant to minimal information in its mid-year and year-end reports and provides at best only some information in its in year and audit reports.

**Table 2: Comprehensiveness of information provided in budget documents**

Document Name	Uganda	Kenya	Tanzania	Rwanda	Sudan
Pre-Budget statement	A	A	E	B	E
Executive's Budget Proposal	B	C	C	E	E
Enacted Budget	A	B	E	A	B
Citizen's Budget	B	E	E	A	E
In-Year Reports	C	B	B	E	E
Mid-year review	D	E	E	E	E
Year-End report	D	E	E	D	E*
Audit report	C	C	C	D	C

\* This is the only report that is released and scores an E (scant information). The rest E's represent reports that are either not produced or produced but not released.

**Source of data:** The Open Budget Survey, 2010.

Among the eight key budget documents, the Executive's Budget Proposal is arguably a country's most important policy and planning document. Rwanda and Sudan stand out for failing to release this document altogether, whereas although Uganda, Kenya and Tanzania publish it, they provide three fifths or less of the information called for by the OBS, with scores of 62, 55 and 56 respectively.

### **Fact 6: National legislatures engage little in the budget process**

The Executive<sup>4</sup> has traditionally dominated the budget processes. However, an effective budget process requires both giving citizens access to budget documents and facilitating strong budget oversight agencies that are capable of scrutinizing budget proposals and their execution. Weak oversight bodies are a recipe for waste, misplaced priorities, and, sometimes, outright corruption. Strong oversight bodies on the other hand, require adequate resources, independence and authority for them to do their job.

The key budget oversight institutions are the Parliament and the Supreme Audit Institution (SAI). The score for strength of these oversight institutions is calculated from the Open Budget Survey with a grading as follows:

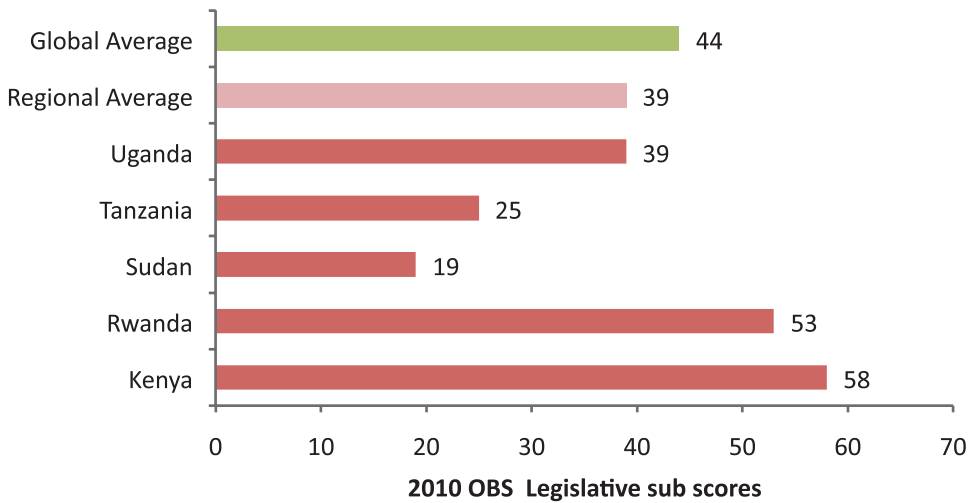
- **Weak:** score between 0-33
- **Moderate:** score between 34-66
- **Strong:** score between 67-100

For East Africa, the OBS finds that legislatures play only a limited role in the budget process. The average score for the role played by legislatures is 39, barely a moderate

score. Sudan’s and Tanzania’s parliaments play the weakest role in the budget process with scores of 19 and 25 respectively.

Reasons for weaknesses vary, but typically parliaments are given too little time to adequately scrutinize budget proposals before their approval is due, and lack the powers needed to amend the executive’s budget proposals (including changes made to the budget over the course of the fiscal year). It is also found that parliaments do too little to adequately scrutinize and discuss audit reports from the country’s supreme audit institution.

**Figure 4: Strength of engagement of legislatures in the budget process**



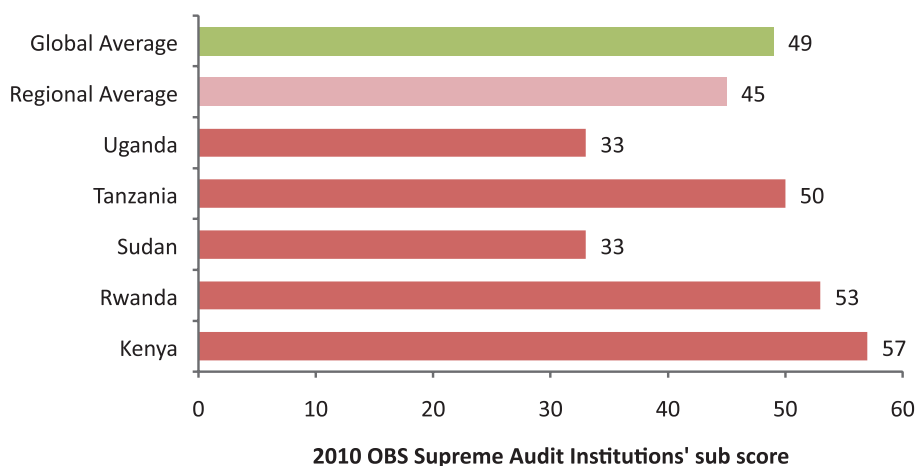
**Source of data:** The Open Budget Survey, 2010.

**Fact 7: Budget engagement by Supreme Audit Institutions is weak**

A strong Supreme Audit Institution (SAI) is another oversight agency that an effective budget process requires. SAIs check whether revenues are being collected and expenditures effected in a manner that is consistent with the Enacted Budget and with applicable financial management regulations.

The scoring for strength of audit institutions in the OBS is like that for legislatures. The global average is 49 out of 100 indicating moderate strength. Countries of East Africa score just below the global average: 45. Uganda and Sudan have the weakest SAIs in the region, scoring 33 out of 100. Kenya and Rwanda, on the other hand have the strongest with scores of 57 and 53 respectively.

**Figure 5: Strength of engagement of Supreme Audit Institutions in the budget process**



**Source of data:** The Open Budget Survey, 2010.

Lack of independence from the executive, an inability to select what should be audited, inadequacy of resources as well as an inability to report on time, to communicate findings effectively to the public and to follow up on findings are the main reasons why East Africa’s supreme audit institutions are ranked low in the global OBI score.

**Fact 8: The voice of the public is largely ignored**

To promote effective public discussion and participation, the legislature would do well to convene public hearings at each stage of the budget process. Similarly, the public should be provided with opportunities to engage directly with the audit institutions in the evaluation phase of the budget process. Mechanisms such as ‘fraud hotlines’ could be used to provide an essential feedback loop between them and the public.

The OBS shows that countries in East Africa fall short when it comes to engaging the public in the budget process. This can be concluded from questions related to legislative hearings and mechanisms used by audit institutions to communicate with the public. Only Kenya has a score above 50 on questions related to public hearings. Uganda is the only country in which the SAI has established a mechanism to receive complaints and suggestions from the public.

**Table 3: Public voice in the budget process**

Criteria being assessed	Open Budget Survey Sub score				
	Kenya	Uganda	Rwanda	Sudan	Tanzania
Score on three public hearing questions (the Legislature)	89	44	33	33	0
Audit institution’s mechanisms of communication to receive complaints and suggestions from public (Question 119)	0	33	0	0	0

**Source of data:** The Open Budget Survey, 2010.



### 3. Conclusion

The Open Budget Survey demonstrates that there have been modest improvements in budget transparency in East Africa over time. It also shows that overall budget transparency remains low. Key documents are not produced or are produced and not released. Documents that are released contain too little information to adequately inform citizens about the budget.

Sudan and Rwanda perform poorly in their overall scores, rated as providing only 'scant' information and falling in the bottom fifth of global rankings. Uganda, Kenya and Tanzania fall in the middle fifth, rated as providing only 'some' information. Relative to other countries in East Africa, Uganda has made the greatest strides towards budget transparency over the past four years. Uganda's improvements in enhancing transparency provide persuasive evidence that progress is achievable, while South Africa's ranking at the top of the global budget transparency chart demonstrates that one does not have to be an OECD country to do well in making budgets open to its citizens.

Differences in performance between the various East African countries suggest scope for regional learning. Countries interested in quick progress may want to emulate steps taken by Uganda. Uganda and other countries have much to learn from Kenya and Rwanda in particular in how to strengthen the role of the Legislature and the Supreme Audit Institution in the budget process.

Some steps can be implemented immediately, for example, publishing budget documents that are already being produced and opening corruption hot lines for the public to engage with the SAIs. In addition, the countries should take steps to:

- Enhance comprehensiveness of information provided in the budget documents;
- Strengthen the oversight institutions through stepping up their resource base, authority and independence; and
- Create space for public hearings so that the public can engage directly with the legislature in the budget process.

Governments spend public money on behalf of citizens, and citizens have a right to follow how their money is being used. Greater public transparency could enhance the conditions for greater accountability and effectiveness, as well as strengthen the legitimacy of governments in the eyes of their people.

### Reference

IBP (2006, 2008 and 2010), The Open Budget Index. Accessed on 21<sup>st</sup> October, 2010 from <http://www.internationalbudget.org/what-we-do/open-budget-survey/?fa=full-report>.

### Annex: Open Budget Index Scores, 2010

Country Name	Score	Budget Openness Classification
South Africa	92	Releases extensive information
New Zealand	90	
United Kingdom	87	
France	87	
Norway	83	
Sweden	83	
United States of America	82	
Chile	72	Releases significant information
Brazil	71	
South Korea	71	
Slovenia	70	
Germany	68	
Sri Lanka	67	
India	67	
Peru	65	
Poland	64	
Spain	63	
Czech Republic	62	
Ukraine	62	
Columbia	61	
Russia	60	
Mongolia	60	
Romania	59	Releases some information
Italy	58	
Portugal	58	
Papua New Guinea	57	
Croatia	57	
Slovakia	57	
Turkey	57	
Argentina	56	
Bulgaria	56	
Uganda	55	
Philippines	55	
Georgia	55	
Ghana	54	
Serbia	54	
Namibia	53	
Mexico	52	
Botswana	51	
Indonesia	51	
Jordan	50	
Guatemala	50	
Kenya	49	
Egypt	49	
Macedonia	49	
Bangladesh	48	

Country Name	Score	Budget Openness Classification
Malawi	47	Releases minimal information
Costa Rica	47	
Nepal	45	
Tanzania	45	
Bosnia-Herzegovina	44	
Azerbaijan	43	
Thailand	42	
Liberia	40	
Malaysia	39	
Pakistan	38	
Kazakhstan	38	
El Salvador	37	
Nicaragua	37	
Zambia	36	
Mali	35	
Timor-Leste	34	
Venezuela	34	
Albania	33	
Trinidad and Tobago	33	
Lebanon	32	
Ecuador	31	
Mozambique	28	
Morocco	28	
Angola	26	
Yemen	25	
Afghanistan	21	
Nigeria	18	Releases scant or no information
Kyrgyz Republic	15	
Cambodian	15	
Dominican Republican	14	
Vietnam	14	
Bolivia	13	
China	13	
Honduras	11	
Rwanda	11	
Sudan	8	
Democratic Republic of Congo	6	
Burkina Faso	5	
Niger	3	
Senegal	3	
Cameroon	2	
Saudi Arabia	1	
Algeria	1	
Chad	0	
Iraq	0	
Equatorial Guinea	0	
Fiji	0	
São Tomé Príncipe	0	

**Source of data:** International Budget Partnership, 2010.

## Notes

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<sup>1</sup> The OBS considers the following key budget reports:

1. **A pre-budget statement:** This document sets forth the broad parameters that will define the government's forthcoming budget.
2. **An Executive's Budget Proposal:** The government's most important policy instrument. It presents how the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action.
3. **An Enacted Budget** which becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide the public with the data it can use to assess the government's stated policy priorities and hold it to account.
4. **A Citizens Budget:** A nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans.
5. **In-Year Reports: These** provide a snapshot of the budget's effects during the budget year. They allow for comparisons with the Enacted Budget figures and thus can facilitate adjustments.
6. **A Mid-Year Review: This** provides a comprehensive overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies. Information in this report allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made for the remainder of the budget year. While a Mid-Year Review is produced for internal.
7. **A Year-End Report:** This compares the actual budget execution to the Enacted Budget. A Year-end Report can inform policymakers on tax policies, debt requirements, and major expenditure priorities, thus facilitating adjustments for upcoming budget years. And,
8. **An Audit Report: This** is an evaluation of the government's accounts by the country's Supreme Audit Institution (SAI). It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government's bookkeeping is balanced and accurate, and whether there were problems in the management of public funds.

<sup>2</sup> **The Legislature** (Parliament) is required to approve the budget presented to it and is expected to hold the Government to account for its performance in executing the budget.

<sup>3</sup> **The Supreme Audit Institution** assists the Legislature in conducting oversight of the budget. SAIs may assume names such as Controller and Auditor General (CAG), National Audit Office (NAO), Office of the Auditor General, Board of Audit, or Court of Accounts.

<sup>4</sup> **The Executive** typically represents the finance ministry or treasury. It is the agency that is primarily responsible for producing budget data.