

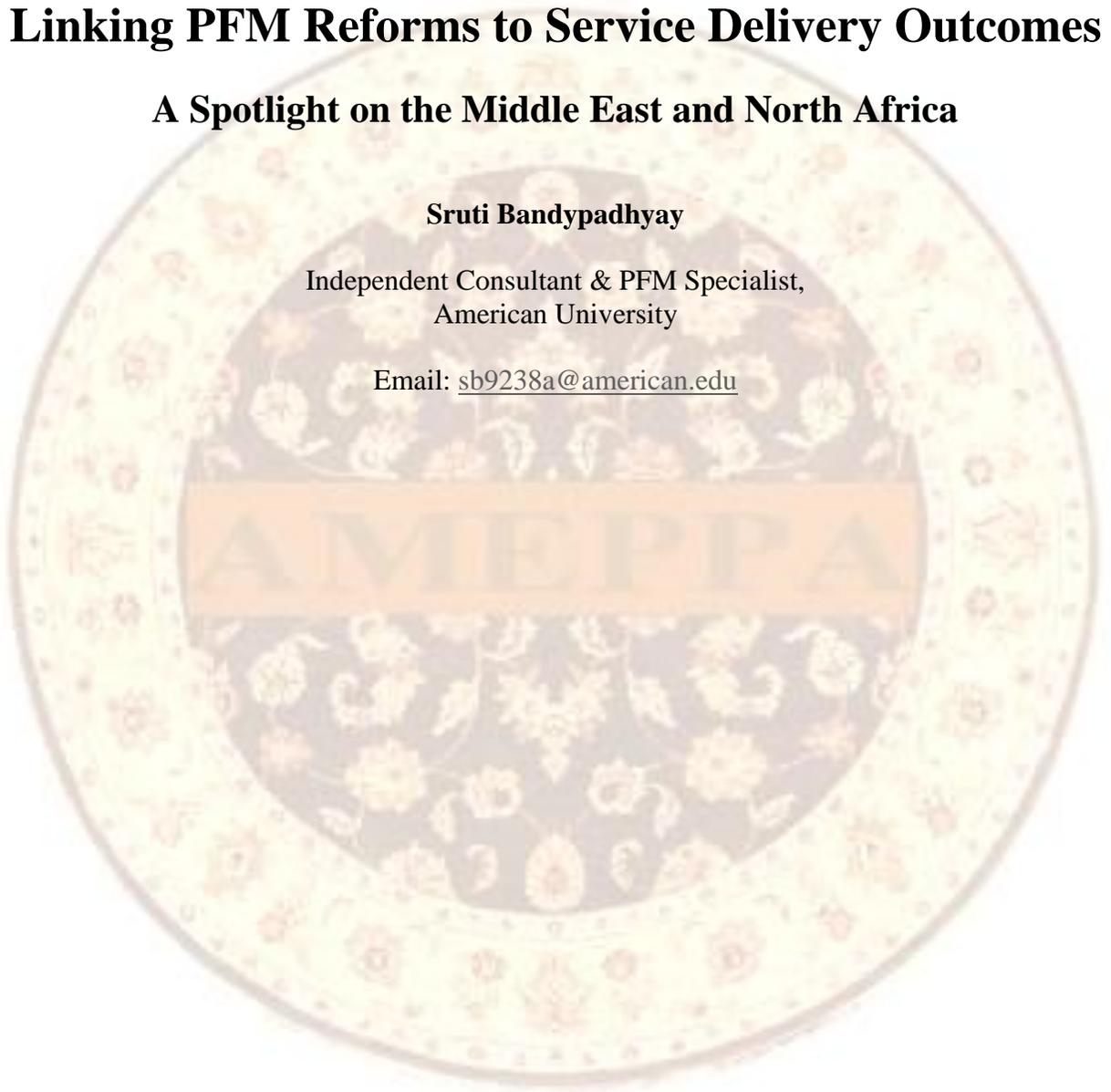
Linking PFM Reforms to Service Delivery Outcomes

A Spotlight on the Middle East and North Africa

Sruti Bandypadhyay

Independent Consultant & PFM Specialist,
American University

Email: sb9238a@american.edu



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Abstract

There is a general lack of understanding on why Public Financial Management reforms are not resulting into better service delivery outcomes for the Middle East and North Africa region. This paper aims to bridge this gap through qualitative and quantitative analysis. Themes emerging can broadly be summarized into three points: budgets are planned better than they are executed, there is an “accountability gap” between the budget oversight by auditors and the parliaments and greater budget transparency has not triggered social accountability. Changing this requires a new fund flow process, establishing PBOs, citizen participation in audit and citizen led initiative to generate evidence for action.

Keywords: MENA, Public Financial Management, Service Delivery, Parliament, Citizen Participation

Introduction

The Middle East and North Africa (MENA) region is in a state of volatile change. This period of change is imposing hardships on the people of the region, and the outbreaks of conflict and violence represent a clear danger not only regionally, but globally as well. Under these circumstances, it is essential to focus on the state of essential service delivery outcomes in the region. The centrally sponsored service delivery model has delivered high enrolment rates and basic health, not to mention civil-service jobs, however it is unable to provide quality education and health, or jobs in the private sector. Although quality health and education requires that the doctor or teacher be accountable to the patient or student—something that a centrally financed and provided system has not achieved.

Additionally, the dissatisfaction with services is widespread. In the 2013 Gallup World Poll, on average about half of respondents in the MENA region, compared with about 30 percent in Asia and Latin America and the Caribbean, expressed dissatisfaction with education services and health care in their country. The 2010–11 Arab Barometer found that about two-thirds of MENA respondents perceived the performance of their government in improving basic health services as “bad” or “very bad.” More broadly, citizens of MENA countries tell pollsters that their government should do better in ensuring service delivery and fighting corruption. (Hana Brix, 2015).

Under the current circumstances, with huge number of internally displaced citizens & refugees and these findings do not come as a surprise. Fortunately, the region is not poor per se and most of the countries in the region have large amounts of financial, physical and other resources (both national and those supplied by donor agencies) with which to provide services to their citizens. So, it is of critical importance that these resources are well managed and used economically, efficiently and effectively. Equally important is the need for transparency and accountability in

the way in which they spend their resources, in other words the transparency and accountability in “budget implementation” process (TABe).

Despite widespread recognition that transparency and accountability in budget implementation process would improve service delivery outcomes (Welham, 2013), there is surprisingly little academic research on why budgetary outlays are not resulting into better service delivery outcomes on the ground for MENA countries. This paper aims to bridge this gap through qualitative and quantitative analysis.

This paper approaches the topic through analyzing the performance of budget planning, budget execution and the state of public oversight on the budget process and aims to determine their overall impacts on the service delivery outcomes.

Today, as the region continues to reel from deep dissatisfaction—struggling with ongoing transitions, conflicts, and fragility—it is ever more critical to assess the status of PFM system and its link to downstream service delivery, recognize the underlying causes for “accountability gap” in the management of public finances (Halleberg, 2009), and look for effective solutions.

Understanding the Problem

Quantitative and qualitative analysis conducted by the author offer critical insights into the public financial management systems as it operates today in various countries in the region. The quantitative data comes from studies of country systems using the PEFA¹ methodology. The qualitative materials include researching on various publicly available public finance databases and public financial management sources for each country. Three major problem areas emerge as a result of this quantitative and qualitative analysis: 1) Budgets are better planned than they are executed 2) There is a general lack of oversight by Parliament and Supreme Audit Institutions on status of budget execution and service delivery outcomes 3) There is a lack of citizen led initiative to monitor the status of budget execution and service delivery outcomes. Therefore, poor outcomes in service delivery are actually a consequence of an “accountability gap” and fixing this would need a multi-pronged approach.

Better Budget Planning than Budget Execution

The first theme relates to the observation that budget preparation processes are comparatively stronger than budget execution and oversight processes across MENA countries. In PFM jargon, this is commonly presented as ‘upstream processes are stronger than downstream processes’ (Andrews M. , 2013).

For this theme, the paper analyzed the PEFA score for Jordan (2011), Morocco (2009), Tunisia (2010), and Yemen (2008). 90% of donor funding for ‘Public Sector Financial Management’ in MENA region went to these four countries as recorded in the DAC/CRS database for the period 2005-2014². Because of their prominent place as major recipients of donor findings, the paper decided to only analyze data from these four countries.

¹ For details, please refer to <https://www.pefa.org/en/content/pefa-framework>

² For details, please refer <http://stats.oecd.org/Index.aspx?datasetcode=CRS1>

Also, the PEFA indicators have been useful to many governments and members of the donor community by providing a guide for mechanism to evaluate PFM system quality. It allows assessment of PFM system quality in respect of 31 indicators, most ‘scored’ with reference to multiple dimensions. 73 independently assessed dimensions constitute the full PEFA framework, with each dimension assessed on a four point ordinal scale from A to D, against detailed criteria that require evidence based argument. In enumerating PEFA’s ordinal symbols (Renzio), in order to facilitate comparisons, all PEFA scores have been converted to numerical values, according to the table 1 below.

Table 1 Numeric Equivalence of PEFA scores

| PEFA Score | A | B+ | B | C+ | C | D+ | D |
|------------|---|-----|---|-----|---|-----|---|
| Num. Value | 4 | 3.5 | 3 | 2.5 | 2 | 1.5 | 1 |

Numerical values are then averaged across the various budget dimensions and by country (See Annex, Table 1 for details). For calculation, all dimensions have been given equal weighting, having no theoretical reason to do otherwise.

Figure 1 explains which PEFA indicators (18 in total) and sub indicators are considered reflective of the budget planning and budget execution clusters respectively. The first few PEFA indicators are not included as they reflect outcomes. For the purpose of simplicity, the author follows similar classification as Andrews 2007 (figure 1)³.

Also, the use of averages is based on the assumption that all dimensions are equally important. However, the rigorous design of the methodology, and its clear definition of the thresholds for scoring the indicators, ensures that in most cases cross-country comparisons are indeed feasible, with possible measurement errors and biases being compensated by the multiple countries included in the sample.

As shown in figure 2, the theme cuts across all countries, regardless of income or colonial legacy and suggests simply that budgets are made better than they are executed (and overseen). It means that while MENA region produces great looking budgets, we have very little idea about what it actually does with its money after these budgets are published. One could say that the gaps are probably only apparent in these four countries, so it isn’t a real problem. One might also argue that these gaps exist when reforms are new and that these close over time, so it isn’t a real problem. But the paper suggests both of these responses are not valid. By many estimates the vast majority of MENA countries have gaps and ‘good looking’ governance problems and the gaps are growing in many countries after reforms—not closing.

At a strategic level, the figure indicates that current PFM reforms are focusing on the process of regular transfer of funds to the relevant service-delivery ministries, but this does not guarantee that funds will then reach delivery units, or that other factors promoting effective service delivery will be in place to incentivize proper use of these funds to deliver quality services. As a result,

³³ (Andrews M. , 2007)

‘standard’ PFM reform packages that focus on upstream ministry of finance control maybe unlikely to materially impact on service delivery, given their central focus.

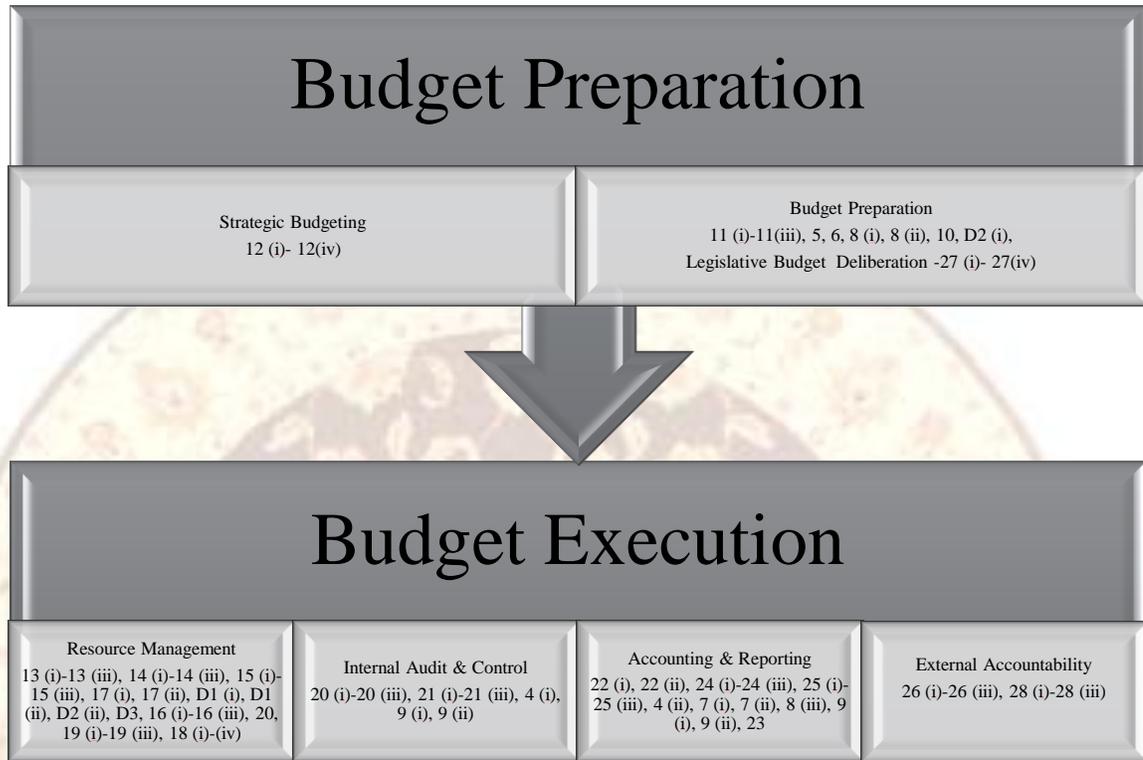


Figure 1

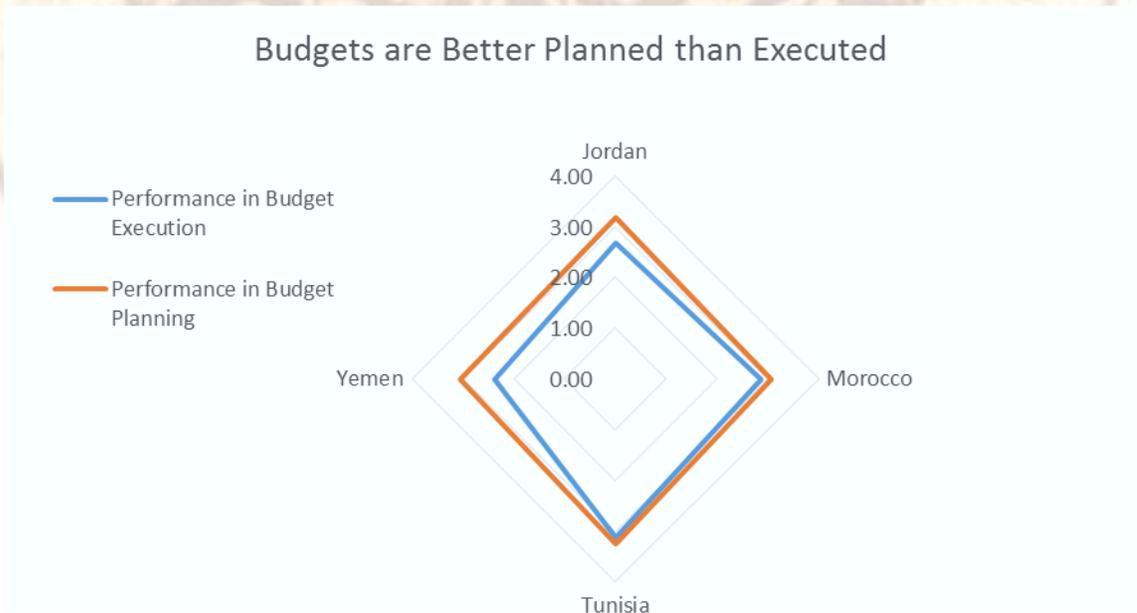


Figure 2: Source: PEFA assessments. Based on authors’ calculations. Note: For individual scores refer to Table 1 (Annex). The outer most line depicts the maximum score.

Also, it is an established fact that budget preparation content is inherently more politically important and publicity worthy than budget execution. Notwithstanding, international community should put pressure on MENA governments to make their budget execution more transparent. Because it can lay the seed for oversight that can lead to better service delivery outcomes.

Role of Parliament and Audit Agencies in Budget Oversight and in Overcoming Service Delivery Challenges

The second theme this paper explored is more nuanced, which puts the spotlight on the role of Parliament, audit agencies and their roles on strengthening budget oversight. It is often argued that greater public oversight on the status of budget implementation would translate into better government services; and better services, in turn, would improve health and well-being.

Most of the MENA countries follow the court model or Napoleonic model of Supreme Audit Institutions. This model consists of a collegiate court of auditors or tribunals of accounts, endowed with quasi-judicial powers in administrative matters, often acting as an administrative tribunal. The links with the legislature are weaker than in the monocratic model; yet those with the judiciary are also ambiguous (Santiso, July-September/2015).

Nonetheless, Supreme Audit Institutions (or Court of Accounts) are critical partners and advisers of parliaments in the oversight of the budget and the enforcement of accountability on government. However, the linkages between them as well as their individual roles are not as effective as they could be due to a combination of technical capacity constraints and political economy disincentives.

The Elusive Links between Parliaments and Audit Agencies in the Oversight of the Budget

The quality of the public oversight on budget implementation can be gauged using three PEFA indicators as proxies: (i) Timeliness of examination of audit reports by the legislature (for reports received within the last three years). (ii) Extent of hearings on key findings undertaken by the legislature. (iii) Issuance of recommended actions by the legislature and implementation by the executive⁴.

Qualitative research carried out by author as well as analysis of PEFA scores confirm that parliamentary influence on the budget process is not so much hindered by limited budgetary powers, but rather by the effective use of those budgetary powers and their limited technical capacities. For example, the interaction between the audit agency and parliament is important to close the feedback loop in the budget process and establish outcome based accountability. Ideally, parliament ought to have examined the audit report of the previous fiscal year to understand where the governments raised revenue from, how that money was spent, and whether commitments for delivering health care, education and other public services are being fulfilled when considering the government's budget proposal for the following fiscal year (Santiso, July-September/2015). Thus, to be relevant, the status of budget execution ought to be examined a few months after the end of the fiscal year and coincide with the pre-budget parliamentary

⁴ Please refer to Table 2 (Annex) for detailed calculation.

debate. However, in many countries, limited capacity to analyze technical and lengthy audit reports as well as time lags in publishing them by auditors in time, do not allow for the findings and recommendations of the previous year to feed back into the consideration of next year's budget proposal.⁵ Also, Parliamentarians would need data driven analysis that is independent from the executive in order to effectively execute its accountability and oversight functions. They would need this information during public hearings or during overseeing governmental projects.

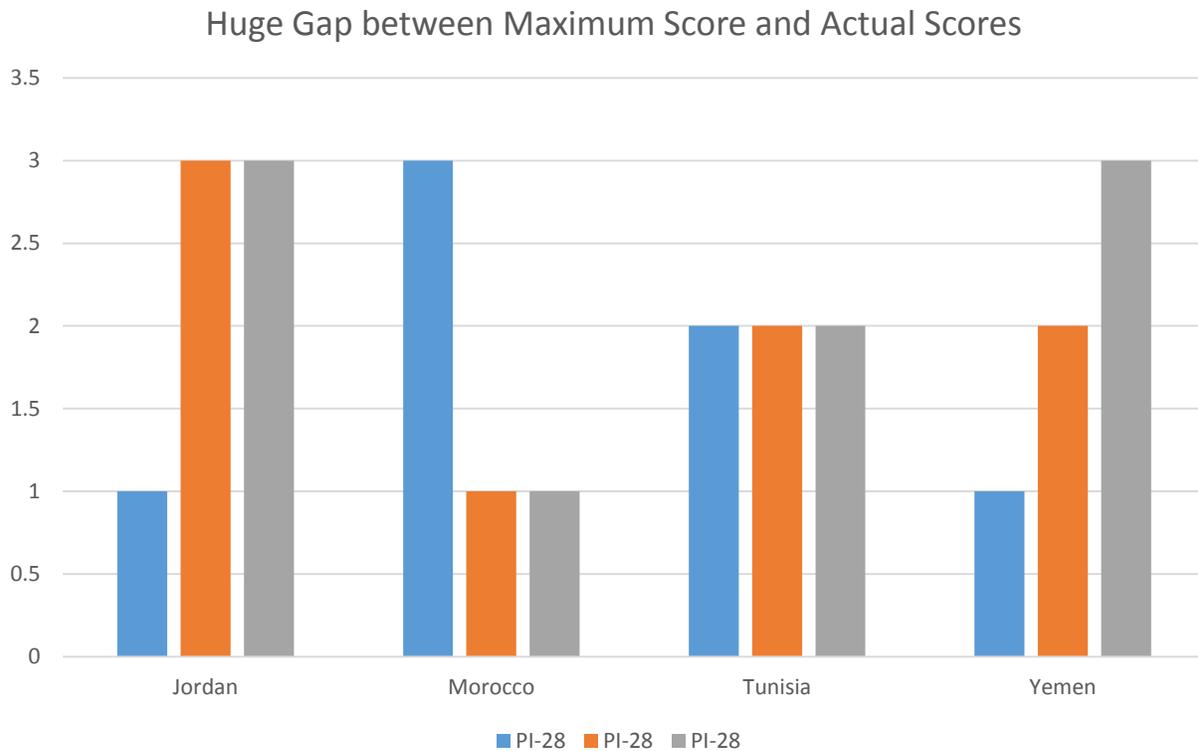


Figure 3: Source: PEFA assessments. Based on authors' calculations. Note: For individual scores refer to Table 2 (Annex). All three indicators are far below the maximum scores (=4).

This raised an important question, whether we need an institutional innovation; an “agent” or “auxiliary institution” of parliaments, assisting their “principals” with the hard data and analysis. This institution can enable the legislature to engage in the budget process (Allen) in a more objective, effective, and responsible manner. The role of this budget office would be largely “prospective” in nature and in a “decision support role” rather than providing a “retrospective” view and “assurance role” carried out that of the auditor general.

Another, important shortcoming in the oversight of the budget is the lack of follow-up of audit reports and findings. Audit recommendations are effective only if auditees complied with them.

⁵ Source: Website of various supreme audit institutions (Court of Auditors) in the MENA region

Therefore, audit agencies and parliaments have a role in ensuring that their recommendations are acted upon.

Often, yet not systematically, audit agencies provide regular follow-up to the audit recommendations of past audit reports. Parliaments, through their public accounts committees, do so less systematically, reducing the effectiveness of the ex-post scrutiny of budget execution.

But, citizens who deal with government agencies on a daily basis and civil society advocacy groups who monitor public services are uniquely positioned to detect deficiencies in the implementation of audit observations, and they can complement and collaborate with SAIs' compliance monitoring.

Therefore, does involving media and advocacy groups to put pressure on government to implement the audit recommendation can be a right step towards it?

Lack of Data on How Outlays Translates into Outcomes on the Ground

The third problem area is the lack of citizen oversight on the budget execution process. While there are many factors that enable citizen oversight, access to information on the process and outcomes of services is critical. Fortunately, compared with just a decade ago, far more information about the government revenue sources, public budgets and expenditures is now routinely available for MENA countries.

But for all the progress, the paper recognizes a basic fact: greater transparency in most countries has not triggered many citizens to use the newly available information. Without citizens acting on this information to hold their leaders accountable, the problems of poor quality government services persist.

The third theme in this paper, offers an explanation on why greater transparency is not always translating into greater public participation. Author's own research shows that to translate transparency into participation, citizen need actionable data point. This lack of "useful" information and data creates disincentives for participation and a lack of ownership further compromising accountability for service delivery outcomes. But what is "useful" data that enables citizen participation. For citizen to meaningfully participate in the budget process with the aim to hold service providers accountable, they need empirical data and analysis on the specific processes by which budgetary fund translate in to action on the ground.

As per research conducted by the author on national public finance databases across the region, one could assert that very little is known in the public domain about planning processes and mechanisms through which expenditure priorities are determined within a PFM system across various countries in the region- particularly at the district level. Following on from this, information on fund flows- the processes through which monies flow through the system and arrive at their final destinations - is scarce. This fiscal governance related information is extremely important, as once one understands how it is spent, one can get clues about why we're not getting the outcomes we hope to get.

Curiously, the author's own research shows that this information is hard to access not just for citizens but also for policy makers and decision makers within the system. And so, plans are made without adequate data and consideration of local realities, needs and priorities. Consequently, the region has a service delivery system where annual plans are poorly designed, expenditure priorities are not grounded in local needs and inefficiencies of one year simply translate on to the next.

Solution: Towards Building an Outcome-Focused PFM System in MENA

So, if the PFM system in MENA region faces a design challenge that relates to lack of appropriate process and mechanisms to incentivize a focus on service deliver, if politicians lack capacity and institutional support system to hold government to account and if citizens lack ownership, proper platform and “useful data” to hold the service providers accountable, what can be done?

To overcome Challenge #1: Reforming Budget Execution Process

Reforming the Process: Smoothen Fund Flows

This paper argues that a major reform initiative is needed in the expenditure management system that currently has a major process related bottlenecks which result in delays in fund flows⁶. To address this problem, the paper proposes that international donor communities should work with Ministry of Finance and line ministries to move towards building a just-in-time system for expenditure management so that expenditure units (i.e., for education sector: schools, district level offices, regional offices and line ministries) can receive funds directly in their accounts, on a needs basis. This will eliminate the delays caused in transferring money across different levels of government, reduce the quantum of unutilized funds that are currently parked in bank accounts across the delivery chain and ensure greater transparency by enabling regular, real-time tracking of funds. To build a just-in-time transfer system, an Expenditure Information Network (EIN) can be set up, which functions as a fund allocation, release and monitoring system. This will bring all fund allocating agencies (i.e. Central and local) and all expenditure incurring agencies (schools, districts level entities) onto one single IT-based platform. Each implementing agency (state, district, and school) will be given a unique institutional identity code.

Designing a Performance-Based Financing System

Even if the process bottlenecks are resolved, the overarching problem of creating a planning and budgeting system that incentivizes a focus on service delivery outcomes remains. The paper argues that the current service delivery system in MENA is not capable of supporting an outcome-focused system. In other words, funding through the current financial governance mechanism is likely to widen (rather than bridge) the current gap between outlays and outcomes. To lay the foundations of an alternative implementation architecture for delivering effective service delivery, the paper proposes a design for a performance-based financing system by the national governments. One way of designing a performance-based financing system is through the creation of a three window financing system. The first window is a block grant to district to

⁶ Source: Authors own interviews.

meet overhead. The second window is a formula-based untied grant designed specifically to fund district specific proposals to improve service delivery goals, against service delivery targets. The third window is a performance based incentive to be secured by districts that show improvements against targets set by each district. For example, as a result of performance of financing, a marked improvement can be visible at health facilities across Samburu, a semi-arid county in Kenya's Rift Valley. There are freshly painted maternity rooms, the presence of suggestion boxes, and even in the flowerbeds out front. Reports also suggest that because of result based performance, there are the positive changes in the way that frontline health workers approach their duties⁷.

To overcome Challenge #2: Bridging the accountability gap between Parliament and Audit Agencies

From Parliament side: Bridging the Gap by Establishing Parliamentary Budget Offices

The effectiveness of Parliament and its sectoral Committees are largely dependent on the expertise of their members, i.e. the capacity of Committee members to critically evaluate the performance of government departments in relation to departmental allocations, strategic plans, in-year spending reports, annual reports and audit results that give rise to probing questions around service delivery as opposed to asking simple clarity questions that provide little insight on how to improve upon service delivery outcomes. The creation of parliamentary budget offices (PBOs) within parliaments could be an institutional innovation that enables the legislature to engage in the budget process in a more objective, effective, and responsible manner⁸. It can support Parliament, through information and analysis, to enable them to ask key questions related to allocative and operational efficiency of various government dept. using: timely economic and fiscal analysis, business decision support analysis and information ,due diligence on off cycle budget pressures and assessment of the performance of government expenditure (Johnson J. a., 2007).

These units are different in role and functions from Parliamentary research institutes. Parliamentary research institutes produce information on a wide scope of issues, whereas budget office's typically specialize in fiscal and financial analysis that contribute to the adoption of the budget and to developing budgetary implications of a broad range of legislations. Effective legislative budget offices can simplify complex budget information provided by executives so that legislators can understand and use it. Budget information is presented in terms of governmental accounting codes, expenditure classifications, and other financial administration requirements. This is not always understandable to legislators and citizens, so it must be adjusted and synthesized. In addition, the simpler, more transparent and accountable budget resulting through the work of a legislative budget unit makes the budget process more straightforward and easier to follow. They can analyze the public expenditure management and can enable Parliaments and its sectoral committees to ask key questions on allocative and operational efficiency: Are govt. baseline estimates appropriately linked to the demand on the ground? Is

⁷ Source: <https://www.rbfhealth.org/resource/performance-based-financing-kenya-motivating-health-workers-and-spurring-change>

⁸ For details, please refer to <http://e-pbo.org/>

new expenditure framework based on sound business cases that reflect due diligence, effectiveness and efficiency relative to best practices? What are the processes and mechanisms through which funds get translated into outcomes that determine the quantity and quality of services provided? For Example, Moroccan Parliament (Jeffrey D. Straussman, 2009) expanded its participation in the formation of the national budget by proposing 24% more amendments to the annual budget bill in Fiscal year 2008, after the creation of its Parliamentary Budget office in 2007. Resisting such partiality amongst legislators is evidence of the strength already achieved in this new budget office.

The functions of the PBOs may change over time, depending on their mandates, the extent of institutional development and the demand for their services. In order to effectively function, the PBO should receive sufficient financial, technological, and human resources. More fundamentally, they should be anchored on guaranteed independence and impartiality, that is, they should not be party organizations comprised of officials nominated because of their capacity and technical credibility.

From External Audit Side: By Introducing Citizen Participation in External Audit

The paper argues that to enhance the quality and credibility of public external audit in the MENA region, the court of auditors need to mainstream citizen engagement into the audit process. There is a new global trend where Supreme Audit Institutions (SAIs) are increasingly looking for innovative ways to engage citizens and leverage the capacity of civil society. It builds on the emerging global consensus that impact of external audit on strengthening overall PFM system can be improved through the involvement citizen and non-executive stakeholders⁹. Given their mandates to “watch” over government accounts, operations and performance, they are also natural partners of citizens in exercising public scrutiny.

There is also widespread empirical evidence that public participation in external audit decreases systemic leakages and irregularities and increase beneficiary awareness of their entitlements (Prof. Farzana Afridi, 2014).

In order to increase the effectiveness of external audit, the court of auditors need to¹⁰:

- 1) Involving the legislatures and CSOs in identify audit projects: In Argentina, Court of Audit organize Annual Multi-stakeholder Planning Meetings. This participatory mechanism consists of a non-binding consultation process through which the CoA holds annual meetings with CSOs and other stakeholders to receive proposals on entities and programs to be audited for their potential inclusion in the annual plan. The main goal of “participatory planning” is to identify audit projects through technical knowledge and information provided by external actors. This mechanism is an innovative way to incorporate citizen voices, their concerns and specific knowledge on the status of the implementation of government programs, and more importantly to increase

⁹ For details , please refer to <http://www.e-participatoryaudit.org/>

¹⁰ ¹⁰ For each case study , please refer to <http://www.e-participatoryaudit.org/>

responsiveness and foster trust in the SAI. Audit selection is a technical issue, that needs to remain objective and systematic, but working with civil society to incorporate their suggestions for potential audits, to the extent that they are consistent with technical needs, is a strong mechanism of public engagement.

- 2) Increase the quality of performance audit by involving citizen auditors during the field visits and focus group discussions. The case of the Philippines is one of the most advanced ones in involving CSOs and citizens (“citizen auditors”) in the implementation of audits. The Citizen Participatory Audit (CPA) program is unique in its kind as citizens comprised of CSOs, students, private sector and academic groups, conduct joint audit of selected government projects with the Commission of Audit (COA). Aside from joint audits, citizens are also involved in designing surveys, take on the role as survey enumerators, and facilitate the implementation of community scorecard process, among others. Thus far, COA has implemented three participatory audits to assess the effectiveness of conditional cash transfers (CCTs), a solid waste management program, and a flood control project.
- 3) Leverage Public Accounts Committees, advocacy groups and economic journalists to put pressure on executives to act upon audit recommendation and findings. In South Africa, the Public Service Accountability Monitor (PSAM) — a research and advocacy organization — works closely with the legislature to track government agency responses to financial control weaknesses and instances of financial misconduct and corruption contained in the Auditor General’s reports.
- 4) SAIs and legislatures may create a parliamentary liaison office/officer. The creation of a liaison institution can ensure continuity and availability and send a strong signal of cooperation and goodwill. Such units’ responsibilities may include maintaining day-to-day contact and communications with the relevant parliamentary committees.

To overcome Challenge # 3 Supporting Citizen Led Local Initiatives to Generate Evidence for Action

This is probably the most difficult challenge to overcome in the short or even in medium term. Measurement of service delivery outcomes, which is critical to generating action on the ground, has been an exclusive domain of experts for the MENA region. The paper argues these citizen measurements need to be citizen led and need rigorous, and most importantly need to be easy to understand and to act upon. When ordinary people learn to measure what affects their lives, they can communicate with each other across villages, municipalities both and district and national level, to identify and understand their problems, take steps to resolve them, and change the service for the better. This paper argues that donors need to support local initiatives that aims to generate evidence for action (Johnson J. e., 2012). Those initiatives should focus on outcomes and processes in social sectors. It is important to focus on building the capacity of individuals and institutions to measure at scale, understand, communicate and act upon the findings of assessments and research, with the objective of improving the quality of social sector programs. For example, every year, hundreds of thousands of volunteers in South Asia and East Africa walk many miles crossing rivers, mountains, deserts and farmlands to do something amazing:

reach remote rural communities to assess whether children can read or do simple maths. Collectively known as Citizen-led Assessments (CLA), every year they show that most children are going to school, but less than half of them can read or write at grade level in countries like India, Pakistan, Kenya, Uganda and Tanzania. In India, NGO Pratham that started this movement with the ASER Survey in India is turning its army of volunteer data collectors into change agents to mobilize entire communities and raise awareness about the learning crisis across the whole country. The idea is to create informed communities to take action on children's learning. Engaging and mobilizing the community more directly, it is believed, will create the necessary pressure for the system – school administrators, teachers, local politicians, etc. – to respond and perform.¹¹

At the end, MENA region needs to create a culture where rigorous measurement of outcomes is integral to action, thus bridging the gap between theory and practice, assumption and reality. Specifically, three main areas of work that can motivate public participation on the ground:

- Measure to understand: National government and donors need to support initiatives that produce new evidence for action.
- Understand to communicate: The successful initiative should design and conduct courses and workshops that aim to build the capacity of individuals and institutions to design, implement, and understand assessment in their own locations or fields of work.
- Communicate to change: These initiative need to disseminate evidence to the widest possible audience and through a variety of media, in order to build awareness and catalyze action by communities, governments, and non-government actors.

Hope this paper can start a discussion on how to enhance “transparency and accountability in budget execution” (TABe) and create a delivery system that is bottom up, grounded in innovation and truly reflective of people's needs and priorities. More research is undoubtedly needed on the political economy of budget accountability institutions and the institutional architecture of the fiscal governance to design such a system for the region.

About the Author

Sruti Bandyopadhyay is a PFM specialist with 10 years of experience. Her area of research includes: budget formulation, budget execution, financial management, legislative review and process, regulatory review etc. She have been working as a governance consultant with the World Bank's Governance & Inclusive Institutions team for about four years now. While working on the PFM reform projects in the Middle East and North America region, she has experienced that there isa general lack of understanding on why budgetary outlays are not resulting into better service delivery outcomes on the ground. This paper aims to bridge this gap through qualitative and quantitative analysis. As part of her professional development, she holds a Masters in Economics degree from Jawaharlal Nehru University (2003) and since then worked in India, Pakistan, Bangladesh, Tunisia, Nepal, Georgia, Tanzania, Ghana, Philippines, Dominican Republic, Jamaica, South Africa , Kenya, Rwanda, Lebanon, Uganda and Zambia. He can be contacted at: sb9238a@american.edu

¹¹ For details, please refer to <http://www.asercentre.org/p/76.html>

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Tables

Table 1. *Budgets are better planned than executed*

| Indicator | Description | Jordan | Morocco | Tunisia | Yemen |
|--|---|--------|---------|---------|--------|
| Date | | Sep-11 | May-09 | Jun-10 | Jun-08 |
| Performance on Budget Execution | | | | | |
| PI-4 | (i) Stock of expenditure payment arrears (as a percentage of actual total expenditure for the corresponding fiscal year) and any recent change in the stock | | 4 | 4 | |
| PI-4 | (ii) Availability of data for monitoring the stock of expenditure payment arrears | 1 | 2 | 4 | 1 |
| PI-7 | (i) The level of extra-budgetary expenditure (other than donor funded projects) which is unreported i.e. not included in fiscal reports. | 2 | 4 | 4 | 4 |
| PI-7 | (ii) Income/expenditure information on donor-funded projects which is included in fiscal reports. | 2 | 2 | 4 | 3 |
| PI-8 | (iii) Extent to which consolidated fiscal data (at least on revenue and expenditure) is collected and reported for general government according to sectoral categories. | 1 | 1 | 1 | 4 |
| PI-9 | (i) Extent of central government monitoring of AGAs and PEs. | 2 | 3 | 3 | 2 |
| PI-9 | (ii) Extent of central government monitoring of SN government's fiscal position | 1 | 3 | 4 | 4 |
| PI-13 | (i) Clarity and comprehensiveness of tax liabilities | 3 | 4 | 3 | 2 |
| PI-13 | (ii) Taxpayer access to information on tax liabilities and administrative procedures. | 4 | 4 | 3 | 4 |
| PI-13 | (iii) Existence and functioning of a tax appeals mechanism. | 3 | 4 | 3 | 3 |
| PI-14 | (i) Controls in the taxpayer registration system. | 3 | 3 | 3 | 3 |

| | | | | | |
|-------|--|---|---|---|---|
| PI-14 | (ii) Effectiveness of penalties for non-compliance with registration and declaration obligations | 3 | 4 | 4 | 2 |
| PI-14 | (iii) Planning and monitoring of tax audit and fraud investigation programs. | 2 | 3 | 3 | 3 |
| PI-15 | (i) Collection ratio for gross tax arrears, being the percentage of tax arrears at the beginning of a fiscal year, which was collected during that fiscal year (average of the last two fiscal years). | 1 | 3 | 4 | 1 |
| PI-15 | (ii) Effectiveness of transfer of tax collections to the Treasury by the revenue administration. | 4 | 4 | 4 | 4 |
| PI-15 | (iii) Frequency of complete accounts reconciliation between tax assessments, collections, arrears records and receipts by the Treasury. | 4 | 3 | 4 | 4 |
| PI-16 | (i) Extent to which cash flows are forecast and monitored. | 4 | 4 | 4 | 1 |
| PI-16 | (ii) Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure commitment | 4 | 2 | 3 | 3 |
| PI-16 | (iii) Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs. | 4 | 2 | 2 | 2 |
| PI-17 | (i) Quality of debt data recording and reporting | 4 | 4 | 4 | 4 |
| PI-17 | (ii) Extent of consolidation of the government's cash balances | 3 | 4 | 4 | 3 |
| PI-18 | (i) Degree of integration and reconciliation between personnel records and payroll data. | 4 | 3 | 3 | 2 |
| PI-18 | (ii) Timeliness of changes to personnel records and the payroll | 4 | 3 | 4 | 1 |
| PI-18 | (iii) Internal controls of changes to personnel records and the payroll. | 4 | 4 | 4 | 1 |

| | | | | | |
|-------|---|---|---|---|---|
| PI-18 | (iv) Existence of payroll audits to identify control weaknesses and/or ghost workers. | 2 | 3 | 3 | 2 |
| PI-19 | (i) Transparency, comprehensiveness and competition in the legal and regulatory framework | 2 | 4 | 2 | 1 |
| PI-19 | (ii) Use of competitive procurement methods | 4 | 3 | 4 | 2 |
| PI-19 | (iii) Public access to complete, reliable and timely procurement information | 2 | 2 | 2 | 1 |
| PI-20 | (i) Effectiveness of expenditure commitment controls. | 2 | 4 | 3 | 1 |
| PI-20 | (ii) Comprehensiveness, relevance and understanding of other internal control rules/ procedures | 3 | 3 | 4 | 3 |
| PI-20 | (iii) Degree of compliance with rules for processing and recording transactions | 4 | 2 | | 2 |
| PI-21 | (i) Coverage and quality of the internal audit function. | 1 | 3 | 3 | 1 |
| PI-21 | (ii) Frequency and distribution of reports | 2 | 3 | 3 | 3 |
| PI-21 | (iii) Extent of management response to internal audit findings. | 2 | 2 | 3 | 2 |
| PI-22 | (i) Regularity of bank reconciliations | 3 | 4 | 4 | 3 |
| PI-22 | (ii) Regularity of reconciliation and clearance of suspense accounts and advances. | 4 | 4 | 3 | 3 |
| PI-23 | (i) Collection and processing of information to demonstrate the resources that were actually received (in cash and kind) by the most common front-line service delivery units (focus on primary schools and primary health clinics) in relation to the overall resources made available to the sector(s), irrespective of which level of government is responsible for the operation and funding of those units | 1 | 3 | 3 | 3 |

| | | | | | |
|-------|--|---|---|---|---|
| PI-24 | (i) Scope of reports in terms of coverage and compatibility with budget estimates | 1 | 4 | 4 | 2 |
| PI-24 | (ii) Timeliness of the issue of reports | 4 | 3 | 3 | 1 |
| PI-24 | (iii) Quality of information | 3 | 4 | 4 | 3 |
| PI-25 | (i) Completeness of the financial statements | 2 | 2 | 2 | 3 |
| PI-25 | (ii) Timeliness of submission of the financial statements | 4 | 1 | 2 | 3 |
| PI-25 | (iii) Accounting standards used | 2 | 2 | 3 | 2 |
| PI-26 | (i) Scope/nature of audit performed (incl. adherence to auditing standards). | 3 | 3 | 1 | 3 |
| PI-26 | (ii) Timeliness of submission of audit reports to legislature. | 3 | 1 | 4 | 4 |
| PI-26 | (iii) Evidence of follow up on audit recommendations. | 2 | 2 | 4 | 4 |
| PI-28 | (i) Timeliness of examination of audit reports by the legislature (for reports received within the last three years). | 1 | 3 | 2 | 1 |
| PI-28 | (ii) Extent of hearings on key findings undertaken by the legislature. | 3 | 1 | 2 | 2 |
| PI-28 | (iii) Issuance of recommended actions by the legislature and implementation by the executive. | 3 | 1 | 2 | 3 |
| D-1 | (i) Annual deviation of actual budget support from the forecast provided by the donor agencies at least six weeks prior to the government submitting its budget proposals to the legislature (or equivalent approving body). | 4 | | 3 | 1 |
| D-1 | (ii) In-year timeliness of donor disbursements (compliance with aggregate quarterly estimates) | 1 | 1 | 1 | 1 |
| D-2 | (ii) Frequency and coverage of reporting by donors on actual donor flows for project support. | 2 | 1 | 3 | 2 |
| D-3 | (i) Overall proportionation of aid funds to central government that are managed through national | 2 | 3 | 2 | 1 |

| | | | | | |
|---------------------------------------|---|----------|----------|----------|----------|
| | procedures | | | | |
| Performance on Budget Planning | | | | | |
| PI-6 | Comprehensiveness of information included in budget documentation | 4 | 3 | 4 | 4 |
| PI-8 | (i) Transparent and rules based systems in the horizontal allocation among SN governments of unconditional and conditional transfers from central government (both budgeted and actual allocations); | 4 | 3 | 4 | 4 |
| PI-8 | (ii) Timeliness of reliable information to SN governments on their allocations from central government for the coming year; | 4 | 2 | 3 | 4 |
| PI-10 | (i) Number of the above listed elements of public access to information that is fulfilled (in order to count in the assessment, the full specification of the information benchmark must be met) | 2 | 4 | 3 | 2 |
| PI-11 | (i) Existence of and adherence to a fixed budget calendar; | 2 | 3 | 4 | 4 |
| PI-11 | (ii) Clarity/comprehensiveness of and political involvement in the guidance on the preparation of budget submissions (budget circular or equivalent); | 4 | 4 | 1 | 4 |
| PI-11 | (iii) Timely budget approval by the legislature or similarly mandated body (within the last three years); | 1 | 4 | 4 | 4 |
| PI-12 | (i) Preparation of multi -year fiscal forecasts and functional allocations | 4 | 1 | 1 | 2 |
| PI-12 | (ii) Scope and frequency of debt sustainability analysis | 4 | 4 | 4 | 4 |
| PI-12 | (iii) Existence of sector strategies with multi-year costing of recurrent and investment expenditure; | 4 | 2 | 2 | 3 |

| | | | | | |
|-------|---|---|---|---|---|
| PI-12 | (iv) Linkages between investment budgets and forward expenditure estimates. | 3 | 2 | 3 | 2 |
| PI-27 | (i) Scope of the legislature's scrutiny. | 3 | 3 | 4 | 3 |
| PI-27 | (ii) Extent to which the legislature's procedures are well-established and respected. | 4 | 4 | 4 | 2 |
| PI-27 | (iii) Adequacy of time for the legislature to provide a response to budget proposals both the detailed estimates and, where applicable, for proposals on macro-fiscal aggregates earlier in the budget preparation cycle (time allowed in practice for all stages combined) | 3 | 4 | 4 | 4 |
| PI-27 | (iv) Rules for in-year amendments to the budget without ex-ante approval by the legislature. | 4 | 3 | 4 | 2 |
| D-2 | (i) Completeness and timeliness of budget estimates by donors for project support. | 1 | 3 | 3 | 1 |

Note: Source: PEFA assessments. Based on authors' calculations. Note: Numerical scores are based on methodology described in de Renzio and Dorotinsky (2007)..

Table 2

| Indicator | Description | Jordan | Morocco | Tunisia | Yemen |
|-----------|---|--------|---------|---------|--------|
| Date | | Sep-11 | May-09 | Jun-10 | Jun-08 |
| | Legislative Audit Analysis | | | | |
| PI-28 | (i) Timeliness of examination of audit reports by the legislature (for reports received within the last three years). | 1 | 3 | 2 | 1 |
| PI-28 | (ii) Extent of hearings on key findings undertaken by the legislature. | 3 | 1 | 2 | 2 |
| PI-28 | (iii) Issuance of recommended actions by the legislature and implementation by the executive. | 3 | 1 | 2 | 3 |

Note: Source: PEFA assessments. Based on authors' calculations. Note: Numerical scores are based on methodology described in de Renzio and Dorotinsky (2007).