CABRI

COLLABORATIVE AFRICA BUDGET REFORM INITIATIVE

BUDGET REFORM SEMINAR

Overview and Summary of Discussions

1–3 December 2004
Pretoria, South Africa

ANGOLA • BOTSWANA • KENYA • LESOTHO • MALAWI • MAURITIUS • MOZAMBIQUE • NAMIBIA • NIGERIA • RWANDA • SENEGAL • SOUTH AFRICA
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Investment in public services is the route to good governance. I want to welcome the Collaborative Africa Budget Reform Initiative (CABRI) as a timely initiative by senior budget officials of Finance Ministries in Africa. This initiative, the first in Africa, creates a permanent forum that brings together budget officials for the purpose of sharing experiences, deliberating on necessary improvements to budgeting systems, and deciding on collaborative programmes. I strongly support this initiative which is aligned with the New Partnership for Africa's Development, the work done on the Millennium Development Goals and the Commission for Africa. While each seeks to drastically improve the lives of African citizens – through actions that include the deepening of democracy and increased funding for education, health and public infrastructure – the CABRI project provides a pillar that is crucial for the successful achievement of these objectives. I am therefore pleased that the National Treasury in South Africa took responsibility for hosting the delegates who attended the very first CABRI budget reform seminar held in Pretoria in December 2004.

The budget reform seminar was a good start. It brought together practitioners who are at the coalface of budget reform efforts in their own countries. The seminar tackled the common as well as the unique difficulties that African countries often encounter when attempting to establish credible budgets, implementing a medium-term budget framework and improving the quality of expenditure. While these may not be the only reforms that have been attempted, and which pose implementation difficulties, they are considered critical to the shared goal of ensuring that scarce resources are allocated to our most pressing priorities, and that our spending programmes contribute to economic growth and the upliftment of our people.

I am particularly encouraged about CABRI because it illustrates our belief that good financial governance, and its complementary practices and procedures, is an essential contributor to social and economic growth. We have known this for a very long time – this time we are taking steady steps forward, and we will succeed.

Many individuals and institutions contributed to the success of the budget reform seminar, particularly the budget officials who put so much effort into preparing the case studies and presentations. A special thank you to the representatives from the three countries that initiated the project – José Sulemane from Mozambique, Ishmael Magona and Florence Kuteesa from Uganda, and Neil Cole, Taz Chaponda and Mickie Schoch from South Africa – and the panel of resource persons who shared their insights and guidance – Salvatore Schiavo-Campo, Alta Fölscher, Malcolm Holmes, Alex Matheson, Tania Ajam and Adrienne Shall.

It is by sharing our experiences as Africans that we will achieve sound public finance management on the continent.

Trevor Manuel, MP
Minister of Finance, South Africa

Across Africa citizens are demanding that governments use public funds more responsibly and at the same time accelerate service delivery. More attention than ever before is focused on improved budget management and its contribution towards achieving welfare goals. The Collaborative Africa Budget Reform Initiative (CABRI) is an African-led initiative aimed at supporting senior budget officials in their reform efforts to deliver on these ideals.

Public finance management is central to the public sector reform efforts that are underway in many African countries. With the aim of long-term, multilateral African support for budget reform and sound public finance management, the ministries of finance in South Africa, Mozambique and Uganda jointly hosted a budget reform seminar from 1–3 December 2004.

The impetus for CABRI and the seminar arose from the recognition that budgets, as significant macroeconomic policy tools and determinants of the level and nature of public services, have an important role in development and poverty reduction. The extent to which this role is realised is greatly dependent on public institutions that are capable of efficiently allocating resources and effectively implementing public programmes. Therefore, quality planning, budgeting and implementation are important elements in determining a government's ability to deliver on its development objectives. The link between budget management and development is a strong feature of reform programmes across Africa. Unfortunately, many of these programmes have had limited success.

Budgeting systems in Africa are characterised by systemic weaknesses that hamper the effective formulation and implementation of credible budgets. Some of these weaknesses are summarised in the box alongside. Financial volatility, fluctuating world prices for commodities, political instability and natural disasters profoundly impact on normal budget practices and undermine the significance of the budget as a vehicle for government action.

CHARACTERISTIC WEAKNESSES OF BUDGETING IN AFRICA

Unrealistic foundations for budget formation. When actual revenues are below what was budgeted, the ability to meet aggregate expenditure targets is undermined, resulting in unanticipated in-year reductions to line ministries and the implementation of plans being abandoned.

Insufficient co-ordination between policies, planning and budgeting. When policies, plans and budgets are developed in isolation of each other, there is likely to be a mismatch between what is promised and what is affordable.

Dual budgeting. Many countries operate dual budgeting systems, in which the 'development' or capital budget is separated from the recurrent budget. This has resulted in co-ordination problems.

However, despite these difficulties, African countries have the scope to improve their budgeting systems. Many countries now recognise that the realisation of developmental goals – assisted by higher economic growth rates and increases in external resources – requires a disciplined and coherent framework for budget allocation and management. As a result, for much of the past decade and more, the management of public finances has been the subject of extensive reforms, which are both internally and externally driven.

Finance ministry officials are at the heart of many of these reform efforts, as success depends to a large extent on their ability to analyse existing deficiencies, decide on changes and manage implementation. While external assistance has been available for this process, experience has shown that it cannot replace the need for local ownership and management. The ability of officials to manage the budget process is dependent on their knowledge of what makes an effective public management system, what alternatives have been tried elsewhere, and their understanding of good practice when it comes to sequencing and implementation.

While there is a considerable literature on budget reform efforts, it has been developed mainly by multilateral providers of development assistance and international research institutions. These studies are valuable, but represent external evaluations of reform efforts based on external knowledge frameworks.

CABRI is an African-led and managed initiative that aims to improve the efficacy of public financial management reforms in Africa. Its objectives are, firstly, to bolster the capacity of senior budget officials to take an active role in planning and managing reforms, and, secondly, to expand existing knowledge of successes and common failures.

As the first activity of CABRI, the budget reform seminar provided an opportunity for participants to share their experiences of reform modalities that had worked and those that had failed. Four main themes formed the basis of presentations and discussion between country representatives, regional and international institutions and experts, and also informed country case-study papers prepared for the seminar. Each of the themes – *building budget credibility, introducing multi-year budgeting, improving the quality of expenditure, and reform design and implementation* – and the deliberations of the seminar are summarised in this publication.

PROGRAMME AND ORGANISATION OF THE SEMINAR

Seminar content was delineated into four major themes focusing on the planning, budgeting and implementation aspects of the budget cycle and reform design and management. For each theme, a series of sessions addressed concise case studies that together highlighted particularly significant technical reform issues and attempted solutions. The programme was aimed at affording as many participants as possible an opportunity to present an overview of public finance reforms in their country. All sessions were presided over by a panel of presenters and resource persons. The resource person for each session was responsible for stimulating discussion and extracting the main lessons from the presentations.

Countries prepared case studies highlighting aspects of their budgeting practices and procedures that related to the themes of the seminar and also formed the basis of the country presentations. A resource document for practitioners, containing the edited case studies, a report summarising common themes, lessons and challenges, and additional notes on key concepts, complements this publication and contributes to a public finance resource base for and by Africans.

The opening address of the seminar was delivered by Kuben Naidoo, a senior manager in the Budget Office of the National Treasury of South Africa. The address emphasised that democracy, accountability and budgeting all work hand in hand and that good financial governance is essential for better service delivery. Mr Naidoo also stressed that there is no perfect system of budget management – different challenges require different solutions.

The programme of the first day focused on budget credibility. A case study from Uganda was presented which highlighted mechanisms that increased the credibility of the budget, both technically and politically. Following the case study, Zambia, Malawi, Mauritius and Botswana made presentations on topics such as predictability of funding, cash management, in-year expenditure control and integrated financial management information systems. The last session of the day was dedicated to mechanisms that increase accountability and transparency in public finances; South Africa and Lesotho provided examples of efforts illustrating how this can be improved.

On the first evening, the Deputy Minister of Finance of South Africa, Mr Jabu Moleketi, hosted a dinner to celebrate the efforts that participants had put into the preparations for the seminar. Ambassadors of countries and regional bodies that sponsored and attended the seminar were also present. The Deputy Minister expressed pride in the participants' efforts and the frankness with which they were willing to exchange and examine their experiences of public finance reform. His speech further emphasised his strong enthusiasm for the establishment of a network for African senior budget officials, particularly one that is a fully African-owned initiative.

The second day's programme centred around multi-year budgeting and improving the quality of expenditure. The day started with a descriptive presentation of the South African case study, with an emphasis on how this country had made the medium-term expenditure framework (MTEF) succeed. The seminar then divided into parallel sessions with the topics 'Fiscal policy, fiscal discipline and medium-term planning' and 'Contestability of policy: MTEFs as vehicles for implementation of priority programmes, and MTEFs and donor management'. In these sessions, Namibia, Kenya, Mozambique, Uganda and Rwanda made presentations that reflected their experiences of the introduction of MTEFs – both successes achieved and challenges encountered. The main lessons of each session were summarised in the plenary by the resource persons.

The second half of day two was allocated to discussions on improving the quality of expenditure. Uganda, Malawi, South Africa, Rwanda, Namibia and Mauritius presented their experiences of attempting to introduce a 'performance focus' into budgeting. Items discussed were transparency in disbursements, managing performance from the centre, the introduction of sector-level performance frameworks and other tools such as public expenditure reviews that aim to instil a focus on the outcomes of public spending.

The final day started with a presentation on experiences of reform design and implementation, highlighting lessons from the country case studies and including a reflection on discussions of the previous days. Following this, the Organisation for Economic Co-operation and Development (OECD) shared its experiences of setting up and sustaining networks of senior budget officials in different regions of the world, emphasising those elements that contribute to a network's success. The programme allowed for further discussion on the benefits of a network of African senior budget officials.

This booklet highlights some of the main points of discussion under each of the themes. A more in-depth review is contained in the resource document that complements this publication.

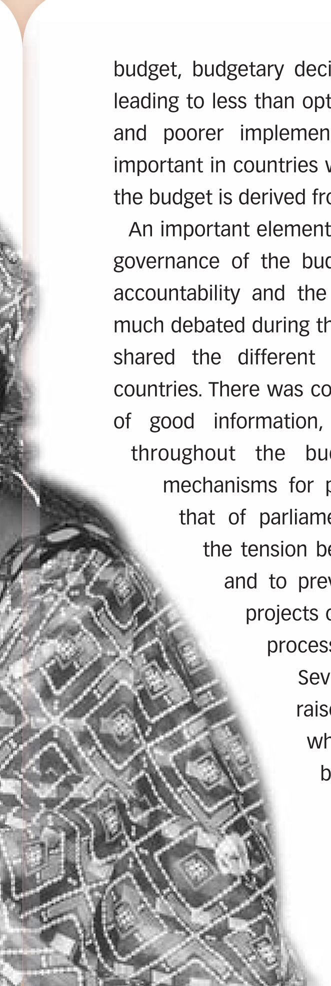
THEME ONE

BUDGET CREDIBILITY

The seminar began with discussion on credible budgets, which was a recurrent theme throughout. Different notions of a credible budget were articulated. On the one hand, a credible budget can be interpreted as a contract between citizens and government that reflects policy priorities. On the other hand, from a more technical perspective, a credible budget is one that is affordable, sustainable and comprehensive, and which is implemented as planned, delivering on broad policy objectives.

Participants discussed what technical features a budgeting system requires to deliver on these aspects of a credible budget. The following were seen as indispensable: robust macro-fiscal frameworks and realistic revenue projections; credible assessments of the existing cost of government programmes and the cost of new initiatives; a transparent and disciplined budget planning process; dependable systems of budget execution, financial management and accountability; and the availability of good information on spending and service delivery. Where these factors are absent, frequent in-year 're-budgeting' results in funding unpredictability and ad hoc decision-making throughout the system.

Participants also noted the importance of having a comprehensive budget where all public resources are channelled through the budget and all liabilities are accounted for. Where funding sources exist outside of the



budget, budgetary decision-making is fragmented, leading to less than optimal allocation of resources and poorer implementation. This is particularly important in countries where a substantial share of the budget is derived from donor funding.

An important element for a credible budget is the governance of the budgeting system. Ownership, accountability and the role of stakeholders were much debated during the sessions, and participants shared the different models used within their countries. There was consensus that the availability of good information, internally and externally, throughout the budget process, and clear mechanisms for political oversight, including that of parliament, are key for managing the tension between competing priorities and to prevent parachuting of special projects outside of the formal budget process.

Several participants pointedly raised the issue of credibility to whom for what. Is a credible budget one that conforms to macro objectives, ring-fences poverty reduction priorities and protects statutory expenditures or one that funds political aspirations? Participants emphasised the role of the budget as an agreed plan that balances these competing priorities and pressures, and the budget process as the means towards the implementation of a plan that has the support of most stakeholders. Key to generating such support is effective participation by line ministries and sector working groups, consultation with the public and with parliamentary committees and, in many countries, discussions with the donor community. However, while such involvement (particularly of external stakeholders) has substantial benefits, difficulties have also been experienced. For example, participatory approaches can be prohibitively expensive, narrow interest groups can exert undue influence (especially where their own priorities are pursued while the overall spending picture is unclear or not understood) and direct participation by non-state actors can undermine broader democratic processes.

Participants also noted that credible budgets crucially depend on having predictable rules and processes in place for budget formulation and implementation, including how to deal with changing circumstances. The role of robust, transparent cash management systems – as opposed to ad hoc, emergency cash rationing, which has bedevilled budget implementation in circumstances of revenue uncertainty throughout the continent – and appropriate financial management systems was underscored.

Participants debated public financial management information systems at length and concluded that, like other narrow technical solutions, these systems are not the panacea for poor budgetary outcomes. Also, their implementation needs to take account of capacity on the ground and the incentives for good financial management, since ultimately it is people who make financial decisions and enter financial data. Therefore, the importance of an accountability framework that identifies the roles and

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BUDGET CREDIBILITY

responsibilities of the various key players was highlighted. Such a framework does not work on its own; it needs to be imbedded in appropriate legislation and requires effective implementation and sanctions for misconduct.

The seminar concluded that budget credibility entails more than ensuring that the numbers contained in the document are correct and based on a realistic macroeconomic foundation. It involves broad ownership of the priorities, predictable budget rules and processes and systems that ensure discipline in implementation.

THEME TWO
MULTI-YEAR BUDGETING

Countries across Africa are at various stages of implementing a medium-term expenditure framework (MTEF), with varying degrees of success. The seminar afforded participants an opportunity to discuss the merits of and difficulties associated with the implementation of MTEF-related reform programmes. While acknowledging the merits of an MTEF approach in principle, discussions also noted its limitations.

Narrowly defined, an MTEF is a comprehensive, government-wide spending plan that links policy priorities to expenditure allocations within a fiscal framework (linked to macroeconomic and revenue forecasts), usually over a three-year forward-planning horizon. However, participants agreed that an MTEF denotes more than just a set of multi-year spending plans: MTEFs should be the outcome of an approach to budgeting that requires early policy prioritisation, a better evaluation of competing policies and programmes and a deliberate matching of current and medium-term plans with available resources through a disciplined process. Participants agreed that MTEF reforms are often too narrowly focused on financial planning and technical tools, such as detailed activity-based costing. While these aspects are important, discussions at the seminar highlighted that their impact is likely to be limited if not backed by a proper process that creates buy-in to trade-offs.

Participants noted that there are necessary preconditions for the successful implementation of an MTEF. An MTEF becomes unstuck quickly if there is lack of fiscal discipline or macroeconomic instability or when forecasts for key macroeconomic variables and revenue collection targets are unrealistic, thereby preventing the formulation of an accurate resource envelope within which to operate. Lack of success can also be explained, in part, by the inadequacy of supporting institutional mechanisms and by the technical demands placed on staff.

Participants agreed that an MTEF is not a cure-all. If MTEFs are to result in improved spending and service delivery, they need to be well integrated with and complemented by improvements in other public policy and management processes.

The rules of the MTEF system itself determine the contribution it can make, particularly regarding the link between planning and budgeting. Over time, the MTEF system can ensure that a higher proportion of public funds is spent on priority programmes if: (i) within the resource-constrained framework approach,

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marginal changes in resource availability are used to force trade-offs between and within spending areas; and (ii) the medium-term perspective is used to reprioritise resources from low priority programmes and activities, and to overcome spending rigidities.

The MTEF approach provides an alternative to incremental line-item budgeting and is seen as critical to the implementation of poverty reduction strategies. Participants agreed that, in order to make this shift effective, fiscal policy targets and the fiscal framework need to be determined to provide a foundation for planning, before any detailed expenditure bids are considered. The overall expenditure in the main budget framework is then a function of what is fiscally affordable, which disciplines subsequent spending options and makes trade-offs explicit. In addition, the MTEF process must determine the annual budget allocations, or rules need to be in place that link the MTEF process to annual budget decisions.

A further determinant of the success of an MTEF is the extent of co-operation and buy-in from spending ministries. The potential benefits of an MTEF are compromised when there are insufficient incentives for ministries to co-ordinate activities or assist in the planning exercise, or if ownership at the political level is not strong.

The introduction of an MTEF raises the demand for technical competence not only in the ministry of finance but also in line ministries. Because of these requirements, several countries have chosen to introduce a multi-year perspective only in selected ministries. It was noted that while sector-level MTEFs can be introduced selectively, they operate far more efficiently if placed within an overall medium-term fiscal framework and in the context of medium-term sector allocations. If sector-level MTEFs are completely isolated from macro budgetary decisions, the predictability of a medium-term planning horizon falls away, resulting in a largely hollow exercise.

Participants agreed that MTEFs afford countries a better framework within which to engage more strategically with development partners. During the discussions on MTEF implementation and development support, the importance of development partners using existing country instruments for planning, budgeting and disbursement, and improving the predictability of their support, was emphasised.

In summary, a well-designed and effectively implemented MTEF, supported by complementary reforms in other critical systems, provides a platform around which government can co-ordinate its plans and budget implementation, in order to achieve a more orderly management of public finances and, ultimately, better service delivery.

THEME THREE

IMPROVING THE QUALITY OF EXPENDITURE

budgeting is a means towards service delivery. Consequently, the quality of expenditure – the degree to which expenditure projections relate to the real cost of government and service delivery and the degree to which the activities funded are likely to achieve policy priorities – is of critical importance in making budgeting effective. Better quality of expenditure is often associated with introducing a performance orientation into the process of budgeting.

Different people understand different things as constituting measures to improve the quality of expenditure. In this context, topics discussed at the seminar were: budgeting by programmes and activities, classification reforms, performance budgeting, costing programmes, the complementary public sector reforms required to improve service delivery, the critical role of quality information and the relation of the central ministry of finance to the line ministries. Monitoring and evaluation practices are also key, and this can imply the use of methodologies such as public expenditure reviews and public expenditure tracking surveys to generate crucial information for future budget allocation decisions.

Participants agreed that the introduction of a performance orientation into budget discussions is enabled by the setting of clear and comprehensible strategic policy priorities and objectives for government action. These can then be translated into specific goals for spending ministries. When done correctly, this should ensure a shift in planning focus from inputs to outputs and outcomes. Experience in the participating countries has been that increased budget transparency and accountability of public officials result from making the intended achievements of spending explicit. However, the successful introduction of a performance orientation cannot be achieved without addressing some of the wider human resources management incentive problems of the public sector.

Also, when targets are set in a top-down manner with little input from spending ministries, the result is often bureaucratic resistance. Country participants emphasised that a smaller number of indicators, at higher levels of budget planning, cuts down on the amount of information coming into the centre, and reduces the cost of monitoring and verification, facilitating better use of more reliable information. Participants discussed their experience that effective management is enabled when indicators are set from within a sector, but targets negotiated with central control and oversight agencies. Furthermore, it is important to understand that performance budgeting is only as effective as the processes that are in place to use the information generated.

Budgeting by programmes rather than by administrative agencies and line items is a prerequisite for a successful shift towards performance-oriented budgeting. Then the focus is on deliverables aligned to strategies and programmatic objectives, and the activities required to produce them, rather than on the inputs. Traditional budget systems that work on line items entail that expenditure items correspond to salaries, vehicle expenses, travel and subsistence allowances, and so on. In such systems, the allocation and spending of resources is not justified on the grounds of policy, and expenditure increases do not usually rely on any long-term financial and strategic planning.

A move towards budgeting by programme does not mean that inputs are no longer relevant. Controlling expenditure totals during implementation remains a matter of controlling inputs. While substantial benefits derive from introducing budgeting by programme, the rethinking required for the shift from line-item budgeting is a process that does not happen overnight; developing good classification systems, reclassifying expenditures and adjusting the working and mindset of spending ministries to these changes requires time and continuous effort.

Several countries have introduced public expenditure tracking surveys and public expenditure reviews as a way to study the flow of public funds and other resources, including various levels of government and administrative capacity. It was

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emphasised that while these surveys certainly have been helpful in assessing performance, they are not a substitute for good, systematic reporting and evaluation mechanisms and should be used primarily to draw attention to wider systemic and organisational problems.

The introduction of performance-oriented budgeting and other initiatives to improve the quality of expenditure has not always lived up to expectations, although the seminar did note exceptions. The difficulties experienced can be attributed partially to an overly narrow, technical focus that does not adequately address the issues of sustainability or of incentives for performance in budget management. The seminar emphasised that more realistic and localised initial system designs are more likely to achieve long-term, sustainable reorientation of the budget.

THEME FOUR

REFORM DESIGN AND IMPLEMENTATION

The budget is a contract between citizens and government. Budget planning, execution and accountability systems are important mechanisms for deciding on and enforcing this contract. Theme four of the seminar provided participants with an opportunity to reflect on the design and implementation of reform programmes aimed at improving budgeting systems.

Designing a budget reform or improvement programme that ensures ownership by all actors, and subsequently implementing it, is difficult to get right, as all seminar participants attested.

The discussion on reform design and implementation focused mainly on the principles that should drive a reform programme. It was emphasised that there are no uniformly applicable reform instruments – what works elsewhere may not be appropriate or desirable for a particular country. Therefore, it is important to be clear on objectives and principles rather than adopting a technical approach. The principles and objectives of good budgeting practice – authority, comprehensiveness, predictability, contestability, transparency and accountability – are universal; how they are achieved differs from locality to locality.

The summary presentation focused on the building blocks necessary to construct a good budgeting system. These are:

(i) credible budgets, where out-turns match estimates;
(ii) an effective link between policy and budget;
(iii) an effective link between budget and service delivery; and
(iv) institutional mechanisms that provide clear guidance on rules, processes, roles and responsibilities that support budget formulation and implementation.

A narrow technical agenda is insufficient if sustainable improvements within and across these building blocks are to be achieved. Specific reforms may be necessary to achieve better outcomes, but no single reform is ever sufficient. A holistic governance approach has a greater chance of success. Similarly, in budget reform, a focus on changing the incentives for role-players in the budget system is important. Without a change in how people behave, the introduction of technical budget planning and execution instruments (such as macroeconomic forecasting models or financial management information systems) is unlikely to bring about the desired improvements in service delivery. This means that institutional structures, rules and

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processes matter a great deal, as they are determinants of how people respond to policies and reform programmes. A good budget reform programme adjusts incentives to deliver better budgeting.

In focusing on the substance of reform programmes, the session consolidated discussion on budget management issues and principles that were raised throughout the seminar. The links between democracy, accountability and budgeting were highlighted. Participants stressed the importance of a robust macro-fiscal framework for budget planning in ensuring affordability and enabling revenue certainty. The benefits and challenges of medium-term expenditure frameworks (MTEFs) were debated: participants recognised the necessity of a forward-planning horizon and framework, but agreed that MTEFs need to be supported by complementary reforms in order to deliver improved outcomes. Institutional mechanisms that allow for optimal political involvement, yet at the same time discipline the actions of politicians, were seen as key for a good budgeting system, as was political will for the implementation of budget reform programmes.

Participants also recognised that tension between predictability and flexibility of funding and policy was an inevitable part of budget planning and execution. A good budget system would include mechanisms that manage this tension, such as transparent cash management systems and contingency reserves as a budgetary device. Participants acknowledged that there is a need for a performance orientation, but that it should be introduced gradually, in line with capacity. The direction of change is important. A sophisticated system that gets it right on paper is often destined to fail in implementation.

Once parts of the budget system that require improvement have been identified, careful consideration of how to proceed with reform is essential. In this assessment, costs are as important as benefits. Sequencing of reforms is a function of locality, and suitable, specific entry points should be selected. The effect on the overall incentive framework, and available capacity, should determine the substance and speed of reform efforts. A reform programme needs to be dynamic and responsive to its own impact as much as to changing circumstances.

Incentives are important when reforms are implemented. Only rules that can be enforced and institutions that will matter should be introduced. A demonstration of early gains and political support is important to generate and reinforce the will to implement reforms and to keep minds focused. Reform fatigue can become a problem, particularly when leadership is discontinuous or budgetary actors are subjected to multiple, repetitive reform waves.

Participants agreed that while valuable lessons have been learned over several decades of budget reform, several challenges persist. These are:

(i) direct participation by external stakeholders versus consultation;

(ii) ensuring political involvement, while managing the parachuting of special projects;

(iii) the integration of donor funding;

(iv) managing relations between different spheres of government;

(v) the integration of planning instruments; and

(vi) making monitoring and evaluation more effective.

One of the key messages of the seminar was that there are many right ways of addressing these challenges, and there are many good, practical examples of this from across Africa that can and should be shared.

The seminar was an important first step towards creating a forum for institutionalised debate on public finance management in Africa supporting the capacity to undertake and sustain reforms. It provided the foundation for the establishment of a network of African senior budget officials – which was what the organisers set out to achieve. Part of the final day of the seminar was spent on exchanging ideas regarding the network. This discussion was informed by members of the OECD Senior Budget Officials Committee (SBO), who made a presentation on the evolvement of this network and similar networks in other regions of the world.

There was general consensus among participants, both during the discussions and in the evaluation forms, that such a network is highly desirable. Participants noted that this network would engender benchmarking and self-checking on reform programmes pursued. It could also help to promote managerial value as well as the sharing of information and experiences (both successes and failures). Several participants reflected that the network would be important as a resource base, with the keeping of a database of the different budget reform programmes on the African continent. It was further put forward that the network could provide support for donor management.

Similar professional networks are at different stages of development elsewhere in the world. The best known is the OECD SBO, which has been in operation for nearly three decades. Success factors for the OECD SBO are its open and informal discussions, the variety of countries involved and models presented and the control of the network by its own members. These elements have helped the maturation of the network, which has resulted in the development of a common language and mutual understanding, the building of a database and the practical nature of the network's meetings. Members of this network emphasise the benefits in terms of designing the most suitable reform programmes, including support in undertaking and sustaining such programmes and stressing the importance of good budgeting practices to politicians.

Strengthened by the discussions and outcomes of the seminar, work is underway that will result in the establishment of the network, including a secretariat to co-ordinate its activities. A meeting, to be hosted by the Kenyan Ministry of Finance, is scheduled for mid-2005 to discuss and take forward the proposed network's structure, membership (eventually pan-African) and relation to other regional initiatives, and to formulate a programme for 2005 and the medium term. Preliminary suggestions for activities of the network are to:

(i) organise peer reviews of African public expenditure management systems;

(ii) conduct regular thematic as well as networking meetings of African senior budget officials;

(iii) entertain requests for information and the preparation of meetings; and

(iv) function as a depository for information on public expenditure management systems in Africa.

Given the importance of public finance institutions in achieving development objectives, and the number of public financial reform initiatives across Africa over the years, the network will provide an excellent opportunity for those central to the reforms – senior budget officials – to broaden their knowledge and circulate queries to their peers, to network on reform progress and to access information on peer expertise in particular technical areas. In addition, and most importantly, the network will stimulate and institutionalise intra-continental debate by African decision-makers and practitioners on practical solutions to ubiquitous problems, ultimately resulting in better living conditions for Africa's citizens.

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CABRI

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For information on the Collaborative Africa Budget Reform Initiative, including the Budget Reform Seminar, or to obtain copies of this booklet, please contact:

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