



THE MUNICIPAL DEVELOPMENT PARTNERSHIP
Eastern and Southern Africa
-A Partnership Enabling Local Government Capacity-

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**OPERATIONAL PRINCIPLES OF BUDGET TRANSPARENCY
AND DEMYSTIFICATION**

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CONTENTS

- Key principles, benefits and challenges in promoting transparency in Local Government Public Expenditure Management
- Role of LG and Civil Society Organizations (“CSOs”) in the demystifying the Local Government budgeting process
- Legislative and institutional arrangements to ensure demystification of fiscal policy, revenue generation and expenditures
- Designing Municipal Finance information systems to ensure reliable revenue and expenditure information, and public access
- Organizing public campaigns and Civil Society actions to promote budget transparency and demystification

INTRODUCTION

Broader context:

- Public sector reforms
- Requirements of open and democratic societies

Definitions:

- Budget transparency: open and clear process
- Budget demystification: understandable, unambiguous, simplified documents

LOCAL GOVERNMENT BUDGET

- Single most important policy document
- Formal quantitative statement of resources
- Plan
- Monetary terms

EVALUATION of LG Budgets

- Are funds spent on intended purposes?
- Is budget process and documents open, understandable and accessible to public?
- How easy is it to follow decision-making process?
- What mechanisms need to be put in place to improve transparency and demystification?

MEASURES FOR IMPROVING TRANSPARENCY

- Avoid off-budget activities
- Donor co-ordination
- Sound budget and expenditure management systems
 - Public Expenditure Management approach (PEM)
 - Medium Term Expenditure Framework (MTEF)
 - Communication Technology
- Making information available
- Build budget literacy
- Quantitative control over expenditure
- Accuracy and clarity in accounting
- Accurate coding

BENEFITS OF TRANSPARENCY IN LOCAL GOVERNMENT PUBLIC EXPENDITURE MANAGEMENT

- Increased understanding and appreciation
- Facilitates capacity building
- Enhances political legitimacy and support from voters
- Increased interest in monitoring and evaluation of development projects
- Improvements in revenue generation

CHALLENGES IN PROMOTING TRANSPARENCY IN LOCAL GOVERNMENT PUBLIC EXPENDITURE MANAGEMENT

- Time
- Cost
- Specific guidelines
- Expertise; jargon and formats
- Forecasts- not always correct; estimates
- Dysfunctional behaviors:
 - Resentment
 - Pressure
 - Discouragement
- Information Technology

THE ROLE OF LOCAL GOVERNMENT AND CIVIL SOCIETY ORGANIZATION IN DEMYSTIFYING THE LOCAL GOVERNMENT BUDGETING PROCESS

- Training of Local Government public officials (induction)
- Joint training of Local Government Public Officials and CSOs' executives and members
- Tours/ visits
- Service charter; social contract
- Openness of LG
- Genuine/ No hidden agenda on part of CSOs
- Services required- no wastages, budgeted for

LEGISLATIVE FRAMEWORK

- Amendments to Constitution
- Amendments to existing laws
- New laws on Budget Transparency-
budget reports, budget process, openness
- Regulation of procurement; contracts;
vendors/suppliers; leases
- Access to public information

INSTITUTIONAL FRAMEWORK

- Requires technical support and training
- Example of LGSP/ Zimbabwe

OBJECTIVES OF LGSP-ZIMBABWE

- Supporting LA/CSO participatory strategic planning and budgeting including periodic budget reviews.
- Supporting LA, local CSOs and private sector stakeholder dialogue on various municipal issues to deepen transparency and accountability.
- Supporting improved LA utilization of the PROMUN Accounting system for improved financial management and disclosure to citizens.
- Providing technical assistance and training to grassroots CSOs to build their institutional capacity and advocacy skills.
- Supporting LA-CSO efforts on publication of periodic newsletters on municipal issues to improve information flow and communication.

LESSONS FROM LGSP-ZIMBABWE (CONT)

- Strengthening Local Government capacity to comply with the principles and mechanisms of public awareness, transparency and accountability is a process and requires skill, and resources
- Facilitated coverage through publicly broadcasting the system of laws that guarantee the public's right to be informed and to demand accountability,
- Local Governments can report regularly on the way they are using their financial resources and authorizations for natural resource concessions and leases as well as their evaluations of their funds.

DESIGNING MUNICIPAL FINANCE INFORMATION SYSTEMS TO ENSURE RELIABLE REVENUE AND EXPENDITURE INFORMATION AND PUBLIC ACCESS

OECD Best Practices in Budget Transparency:

- Principal Reports: Budget reports; Monthly reports; Mid-Year Reports; Year-end reports
- Specific Disclosures: economic assumptions
- Integrity, Control and accountability-accounting policies, systems and responsibilities, audit, public scrutiny

Organizing Public Campaigns And Civil Society Actions To Promote Budget Transparency And

Demystification

- Feedback meetings
- Outreach programs, newsletters/ circulars, suggestion boxes, periodic budget reviews
- Press, radio, and television advertising, posters, exhibitions, window displays, postal circularization, and door-to-door distribution of simplified LG budgets
- Civic awareness workshops.
- Joint budget analysis workshops.
- Exchange visits with other LAs/CSOs.
- Regular community planning workshops.
- Joint residents and LA meetings.
- Posters at Public places

CONCLUSION

- Lessons learnt
- Democracy requires that the citizens be informed
- Legislation and institutional frameworks are important
- Best Practice in Budget Transparency-Budget reports, specific disclosure and integrity, control and accountability
- Publicity
- Africa can achieve budget transparency and demystification