

A Questionnaire
for Assessing
Institutional
Arrangements

ANNEX 8:

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Table of Contents

1	Aggregate Fiscal Discipline.....	3
1.1	Budget preparation and approval	3
1.2	Budget execution and monitoring	4
2	Expenditure Prioritization and Allocative Efficiency	4
2.1	Budget preparation and approval-breadth of consultations.....	4
2.2	Budget preparation and approval-allocation rules and criteria	5
2.3	Budgeting preparation and approval-norms.....	6
2.4	Budgeting preparation and approval-capital recurrent budgeting.....	6
2.5	Budgeting preparation and approval-donor rules.....	6
2.6	Budget execution and monitoring	7
3	Technical Efficiency.....	7
3.1	Autonomy.....	7
3.2	Accountability	8

This Annex provides a range of questions to be adapted and used to assess the institutional arrangements for the public expenditure. The answers can be used to conduct analysis of economy, efficiency and effectiveness in the absence of financial data.

1 Aggregate Fiscal Discipline

1.1 Budget preparation and approval

1. Are there formal constraints (constitutional or legislatively mandated) on aggregate spending and/or deficits?
 - a. Is the government required to publish actual figures relative to these constraints?
 - b. Are these constraints imposed and monitored by parliament or any other independent agency?
2. Are there formal constraints (constitutional or legislatively mandated) on public debt and domestic/external borrowing by (i) central government, (ii) subnational governments; and (iii) public enterprises?
 - a. Is compliance monitored by the Central Bank?
 - b. Are these constraints imposed and monitored by parliament or any other independent agency?
 - c. Is the government required to publish actual figures relative to these borrowing constraints?
3. Is there a medium-term expenditure framework which projects an aggregate expenditure ceiling over a three- to five-year horizon, consistent with the macroeconomic targets?
 - a. Is this published?
 - b. What is the percent difference between the aggregate spending in the medium-term projection and that in the annual budget?
4. What is the percent deviation between the aggregate spending in the budget as proposed by the central agencies (i.e., Minister of Finance in the Budget Call Circular) and that approved by Cabinet at the end of budget discussions?
5. What is the percent deviation between aggregate spending proposed by the Cabinet and the legislature?

1.2 Budget execution and monitoring

1. Are there formal rules that guard against overspending by agencies relative to budgeted amounts (e.g., central agencies, chief accountants or banks having the authority to refuse expenditures if there are insufficient funds in the ministerial account)?
 - a. Is there a published reconciliation of actual expenditures versus budgeted amounts?
 - b. Is there punitive action taken against overspending agencies?
2. Is there a formal or informal requirement to report on aggregate fiscal outcomes relative to targets?
 - a. Are these published?
 - b. If so, with what lags?
 - c. What is the percent deviation between the aggregate spending in the annual budget and the total amount actually spent at the end of the fiscal year?

2 Expenditure Prioritization and Allocative Efficiency

2.1 Budget preparation and approval-breadth of consultations

1. What percent of expenditures are allocated by the central government (as opposed to local governments)?
 - a. For which of these activities do local governments have constitutional responsibility in allocating their budgetary expenditures? (Check only those which apply): (i) primary education; (ii) secondary education; (iii) university education; (iv) hospitals; (v) health clinics.
2. Are there explicit pre-budget consultations about budgetary priorities between government and the following groups in the private sector (Check only those which apply): (i) business community; (ii) public interest groups (e.g., NGOs), (iii) labor unions; (iv) farmers' associations?
 - a. How large a change vis-a-vis existing priorities in the current budget have emerged from such consultations: negligible, modest or large?
 - b. Are there post-budget consultations with the same group which attempt to reconcile pre-budget understandings with actual allocations?
3. At the start of budget preparation, is there a session in the legislature about budget priorities?
 - a. How large a change vis-a-vis existing priorities in the current budget have emerged from such a session: negligible, modest or large?

4. Rank the following in terms of their relative influence of the following in deciding upon broad priorities for the composition of expenditures: (i) Ministry of Finance/Planning; (ii) the Cabinet; (iii) the Legislature; (iv) Donors; (v) private sector-government consultation committees.
 - a. What is the average percent deviation in the allocation for major sectors and programs (i) between the budget as proposed by the central ministries and that by the Cabinet, and (ii) between the budget as proposed by Cabinet and that approved by the legislature? Range: negligible (0-10%), modest (10-30%), high (more than 30%).

5. Does the government publish expenditure priorities corresponding to the following levels of disaggregation:
 - a. (i) sector expenditures; (ii) activities/programs, (iii) projects? Check only those that apply.
 - b. If so, are these expressed in terms of
 - i. outcomes (i.e., impact on beneficiaries-e.g., infant mortality)
 - ii. outputs (i.e., goods and services produced-e.g., number of health clinics or immunizations provided)?
 - c. Are actual achievements of sectoral expenditures published?
 - d. If so, is there a public or published reconciliation with the targets?

6. What percentage of public spending is financed by donors?
 - a. Is there a prior agreement among donors about the composition of expenditures that are being collectively financed?
 - b. If so, is this agreement induced by the leadership of a central donor?

2.2 Budget preparation and approval-allocation rules and criteria

1. Are expenditure allocations across ministries and programs increased or decreased in the same proportion across-the-board?
 - a. Are there formulas or rules which earmark funds for specific expenditures?
 - b. What proportion of total expenditures do they constitute?

2. Is there a formal or informal rule which requires an explicit consideration of whether individual programs or projects that are to be funded by the budget can be undertaken by the private sector?
 - a. For which sectors is this done?
 - b. For what percentage of programs/projects is this actually done (100%, 50-99%, 20-49%, less than 20%)?

3. Is there a requirement to conduct an *ex ante* quantitative analysis of costs and benefits before a new program/project is initiated?
 - a. For which sectors is this done?
 - b. Indicate the percentage of programs/projects for which this is actually done (100%, 50-99%, 20-49%, less than 20%)?
4. Is the distributional impact of public spending explicitly quantified and considered in allocating resources among programs and projects?
 - a. For which sectors is this done?
 - b. Indicate the percentage of programs/projects for which this is actually done (100%, 50-99%, 20-49%, less than 20%)?

2.3 Budgeting preparation and approval-norms

1. Is there a system of forward estimates which projects the future cost implications of existing and proposed programs and projects?
 - a. Are these automatically rolled over into the next budget, adjusted only for key national parameters such as inflation rate?
 - b. Are these forward estimates published?
 - c. Does the government publish a reconciliation statement explaining any significant deviations in the composition of expenditures between the original forward estimates and the annual budget?
2. Are line agencies required to identify cuts in their existing programs to match new spending proposals?
 - a. Are various new spending proposals and offsetting cuts discussed systematically at a Cabinet or sub-Cabinet level?

2.4 Budgeting preparation and approval-capital recurrent budgeting

1. Are there separate budgets for capital and recurrent expenditures?
 - a. Is there a requirement to estimate the recurrent cost implications of new capital investments?
 - b. Are there different ministries responsible for preparing capital budgets (e.g., Ministry of Planning) and recurrent budgets (e.g., Ministry of Finance)?
 - c. What percent of public investments is donor financed?

2.5 Budgeting preparation and approval-donor rules

1. Is there donor conditionality on the overall composition of expenditures?
2. Has expenditure composition been changed in accordance with this conditionality?
3. What percent of donor financed expenditures are earmarked for particular programs and projects?

2.6 Budget execution and monitoring

1. What is the average percent deviation between the composition of expenditures as approved in the annual budget and the actual allocation at the end of the budget year?
 - a. On what basis was the composition changed: (i) arbitrary/ad *hoc*; (ii) related to specific problems?
 - b. What was the relative role of the following in inducing these changes: (i) Ministry of Finance/Planning; (ii) the Cabinet; (iii) the Legislature; (iv) private sector-government consultation committees?
 - i. Rank these in order of importance, with **1** for the least influence and **4** the most.
2. Is there a requirement for carrying out *ex post* evaluation of programs/projects?
 - a. By whom: central agencies, line agencies, or by independent external agencies? Check all those that apply.
 - b. For what percentage of programs/projects (100%, 50-99%, 20-49%, less than 20%)?
 - c. Are the results used in expenditure allocations for the next budget?
 - d. Are the results of *ex post* evaluations published?
3. Are client surveys routinely carried out as part of these evaluations?
 - a. For which ministries or services?
 - b. With what frequency?
 - c. Are the results published?

3 Technical Efficiency

3.1 Autonomy

1. What is the percent and type of expenditure items over which line agencies have flexibility in allocating budgetary resources during budget preparation?
2. During budget implementation, what percent of budgeted allocations are automatically released to line agencies?
 - a. What percentage of items require additional documentation and approval from the central agencies?
 - b. How much time (in weeks) does it take on average to secure approval for these items?
3. What is the frequency of turnover over the last 15 years of heads of agencies for:
 - i. health,
 - ii. education
 - iii. agriculture
 - iv. social protection
- b. Whenever there is a change in government, is there a corresponding change in personnel in line agencies?
 - i. If so, how deep do these personnel changes go?

3.2 Accountability

1. Is there a clear specification of the output to be produced by: (i) a ministry; (ii) a department within a ministry; and (iii) a division, programme or project unit within a department?
 - a. If so, are these outputs published?
2. Are performance indicators specifically linked to senior managers' (i) tenure; (ii) promotion; and (iii) compensation?
 - a. Are these performance indicators based on the achievement of the following:
 - i. outputs
 1. goods and services produced
 2. industries to be targeted
 3. number of immunizations
 4. health clinics
 - ii. outcomes / impact on beneficiaries
 1. Lower infant mortality.
 2. Lower maternal mortality.
 - b. Have chief executives been fired on account of non-performance?
3. What is the percentage deviation between public and private pay for different grade levels?
 - a. Is there an explicit link between pay and performance?
4. Is competitive bidding required for the procurement of major expenditure items?
 - a. Are the rules for bidding made public?
5. When are financial accounts of line agencies prepared: (i) quarterly during the budget year; (ii) every 4 months during the budget year; (iii) within six months from the end of the fiscal year; (iv) more than six months but less than one year; (v) between one and three years; (vi) more than three years.
 - a. Are there punitive actions taken against (i) delays; and (ii) discrepancies?
 - b. Are these accounts tabled before a separate session of the Legislature?
 - c. Are they made public?
6. Are the agency accounts audited on time? [yes] [no]
 - a. If yes, by whom (Check all that apply):
 - iii. internal agency auditor,
 - iv. the government auditor within the Executive,
 - v. independent auditor

- b. When are audits of agency accounts undertaken?: (i) quarterly during the budget year; (ii) every 4 months during the budget year; (iii) within six months from the end of the fiscal year; (iv) more than six months but less than one year; (v) between one and three years; (vi) more than three years.
 - c. What percent of programs have been audited in the last five years?
 - d. What percent are financial audits as opposed to performance audits?
 - e. Are the results published?
7. Has there been punitive action or promotion based on these audits?
- a. Are there client surveys undertaken?
 - b. How frequently?
 - c. Are the results published?
 - d. Do these surveys measure satisfaction?
 - vi. with service delivery
 - 1. (i.e., outputs)
 - vii. with success of the program
 - 1. (i.e., outcomes)
 - viii. with both
8. How many major donors provide project financing? Indicate the number.
- a. Do these projects specify the amount and type of expenditures on which project resources will be spent?
 - b. Does each donor have its own rules about disbursement, procurement, accounting and auditing of project funds?
 - c. Do these rules match those of the government?